

REPLY BY THE CNMV ADVISORY COMMITTEE TO THE CALL FOR EVIDENCE ON POSSIBLE CESR LEVEL THREE WORK ON THE TRANSPARENCY DIRECTIVE

INTRODUCTION

The Transparency Directive (Directive 2004/109/EC – "TD") establishes periodic reporting requirements for companies having securities admitted to trading on official secondary markets and for the shareholders of such companies once they attain specific percentages of ownership.

Also, Directive 2007/14/EC (level 2) lays down rules for applying certain provisions of the Transparency Directive in connection with half-yearly reports, major holdings, dissemination of information and equivalence of third country regulations.

Once most Member States have implemented the Transparency Directive and in view of diverging national practices in implementing it, CESR raises the possibility of performing level 3 work to ensure the harmonisation required by the Directive.

RESPONSE TO THE CALL FOR EVIDENCE

1. Do you consider that CESR should start working in its Level 3 capacity in order to promote a consistent application of the TD and the Level 2 Directive?

Yes, although perhaps consideration should be given both to the fact that the reference legislation (the level 2 Directive) has not yet come into force and, therefore, it may be premature to identify areas of the Directive where supervisory convergence is not attained, and to the volume of regulations and recommendations currently faced by the EU's financial sector.

That said, it would be advisable for CESR to work on developing level 3 regulations to ensure that various practices that can be observed in connection with EU transparency regulations (TD and level 2 Directive) respond to legitimate options under the regulations and not to inconsistent or arbitrary application by the Member States.

This level 3 contribution by CESR will foster convergence in application of the regulations and provide greater clarity for issuers and investors.

**2. If yes, which areas do you think CESR's work should cover?
Could you prioritise them?**

- Guide for drawing up interim management reports to ensure information quality and establish basic requirements in terms of content and dissemination.
- Cost/benefit analysis of issuers' reporting obligations. Greater convergence between Member States in the cost of information dissemination.
- Adoption of standard forms for disclosing significant holdings.
- Establishment of obligations to disclose significant holdings attained through stock loans or derivatives.
- Equivalence with third countries that have different systems to those of the Member States.

3. Do you think CESR's work to harmonise should be published in the form of a Q&A section of its website (in a similar way as CESR is currently doing in the prospectus area)?

Yes.

Publication in the form of a Q&A may assist in responding rapidly and efficiently to the questions raised by market participants about the interpretation of the Transparency Directive and the level 2 Directive.

4. Do you think CESR should facilitate the establishment of an EU network of national storage mechanisms?

Yes.

The availability of all the information required by the transparency regulations via a platform giving access to all the national data bases would greatly facilitate investor access to that information.

Such a single platform might also contribute to disseminating issuer disclosures among all investors in the Member States in the same conditions, thus avoiding discrimination, in line with the requirements of the Directive.

It is also necessary to consider whether a platform of this type might have a cost impact that ought to be borne by issuers or investors.