



Mr. Fabrice Demarigny
Secretary General
CESR

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CESR's revised draft Technical advice on possible implementing measures of the Transparency Directive

Introduction

OMX Exchanges (OMXE) is Northern Europe's leading provider of exchange services in respect of the Nordic and Baltic equity markets as well as trading in other financial instruments traded on the Nordic and Baltic markets. OMX Exchanges currently comprises Stockholm Stock Exchange, Helsinki Stock Exchange, Copenhagen Stock Exchange and the exchanges in Tallinn, Riga and Vilnius.

OMXE has responded to the two previous consultations under the Transparency Directive and refer to the statements made in those responses. The below response concerns only the aspects in the revised advice that OMXE has found any reasons to comment.

Dissemination throughout Europe

Under p. 47 of the advice CESR states that to ensure that an issuer fulfills its obligation under Article 21 of the Directive the issuer shall (itself or through a service provider) have connections with at least the key national and European newspapers, specialist news providers, news agencies with national and European coverage and financial website accessible to investors. Under p. 12 CESR concludes that the dissemination should be as wide as reasonable possible and that there has to be a proper balance between practicability and the objective of dissemination throughout Europe.

OMXE would like to stress that the proper balance between practicability and the objective of dissemination for an issuer with a national investor base that takes care of the dissemination itself should lead to that the issuer does not need to have connections to European newspapers and news agencies with European coverage. This applies even further to a company providing its regulatory information only in its local language. The costs and arrangements for such connections widely exceed the advantages with a European wide coverage. Instead of having a model based on "one size fits all" there should be adjusted disclosure requirements for companies with securities listed only at the national market. The requirements should be based on the actual need and interest for and cost of regulated information for such companies. It is only reasonable to require dissemination for smaller

OMX Exchanges

STOCKHOLM HELSINKI RIGA TALLINN VILNIUS

STOCKHOLMSBÖRSEN AB STOCKHOLM STOCK EXCHANGE. SE-105 78 Stockholm. SWEDEN. Tel. +46 8 405 60 00. Fax +46 8 405 60 01
Visiting Address: Tullvaktsvägen 15. Reg. No. 556383-9058. www.omxgroup.com

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companies in areas where they have their securities listed. Some responsibility for seeking information should rest on an investor that has invested in a small company listed in another country than the investor's home country. When these companies grow larger the European coverage shall apply.

Operational hours for service providers

The CESR advice suggests that service providers must be able to receive and push regulated information to media on a 24 hours 7 days basis. OMX Exchanges questions the advice in this respect since the economical burden for such service will in the end be born by the issuers using the service. Operational hours should instead be adjusted to the hours when the market has any use of the information, i.e. when the markets are open and a few hours before and after.

Notification about major holdings

With regard to notification about major holdings OMX Exchanges is of the opinion that if an acquisition or disposal has been disclosed to the market according to self regulatory rules containing a requirement to file the information also to the exchange where the share is listed the issuer shall not be obliged to make public any information regarding the transaction.

For example in Sweden there is a very well functioning self regulatory system that requires the holder of a financial instrument to disclose changes in his holdings to the market within a short time frame (next exchange day before 09.00), to notify certain media, the exchange where the shares are listed and the issuer. OMX Exchanges is of the opinion that such a system, containing more efficient disclosure to the market, should be allowed as a substitute for the disclosure rules in the directive. Otherwise there is a risk that the market receives double disclosure, one very quick from the holder of the financial instrument or the exchange where the share is listed (under the self regulatory rules) and one a week later from the issuer (according to the timeframe of the directive), which would be very confusing.

Formally the self regulatory rule described above should be accepted under Art 12 section 7 of the Transparency directive if for example the exchange that receives the notification has a delegation from the competent authority to make public information on major holdings that it receives according to the self regulatory rules. OMX Exchanges is of the opinion that a system as the described should be acknowledged in the level two rules.

The time frame in the directive for disclosure compared to for example the time frame applied in the Swedish self regulatory rules risks to confuse the investors. If for example an investor acquires shares and thereby exceeds a notification limit and then a few days later divests the acquired shares the market risks to receive the information on the acquisition (within the time frame of the directive) after the investor has divested the shares. This means that the market gets wrong information and has to wait several days before it receives correct information. Under a system with almost immediate disclosure to the market the above described situation does not risk to provide the market with incorrect information.



Necessary output information fields

Despite the clarification in the advice OMX Exchanges can not see the difference between sequence number of an announcement and unique announcement identification number.

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Staffan Ringvall
Legal Counsel