EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES

CESR
Mr Fabrice Demarigny
Secretary General

via Email/Internet

Einsteinstrasse 5
DE - 63303 Dreieich

Contact: Claudia Stinnes
Direct number: +49 6103 5833-48
Fax number: +49 6103 / 5833-35
e-Mail: claudia.stinnes@effas.com
Internet: www.effas.com

31 March 2006

CESR´s Consultation Paper on Possible Implementing Measures concerning the Transparency Directive Ref. 06-025
Storage of Regulated Information and Filing of Regulated Information

Response by EFFAS European Federation of Financial Analysts Societies

Dear Mr Demarigny,

The European Federation of Financial Analysts Societies, EFFAS, is the European umbrella organisation of national analysts societies. It comprises 24 members representing more than 14,000 investment professionals mainly in the areas of Equity and Bond Research, Asset and Portfolio Management, Investment Advice.

In the following, EFFAS comments on those issues which are relevant for the members of EFFAS. For those questions and issues where no answer or comment is provided, CESR may assume that EFFAS agrees with the position taken by CESR in the Consultation Paper, or that EFFAS is not taking any position because its members do not seem to be affected.

Q 1: Do you agree that, taking into consideration the main purposes of the Directive in relation to the OAM, end users of the OAM will be investors seeking information on issuers and that the specific needs of particular investors or users should be tackled by the OAM itself and not require further and more burdensome requirements on issuers or on the OAM itself? Please provide reasons for your answer.

We agree with CESR’s reading of the Directive that investors seeking information will be the end users of the OAM and the information made available by and through them all be it private investors, or non-professional investors.

Professional service providers in the capital markets and the financial service industry already have existing adequate avenues in order to obtain the issuer information they need for their work. As far as they are concerned, the provision of information would be a duplication of efforts and expenses. This can be definitely said for investment professionals such as financial analysts or institutional investors. Financial Analysts obtain the information required for their work from existing data vendor services (e.g. Reuters, Bloomberg) or from the issuer himself. These avenues might be either too costly or not available to the majority of small and middle-sized investors.

This premise leads to the conclusion that the organisation of OAMs and investor needs should be determined by the OAMs themselves. The regulation should not introduce any requirements more burdensome than, or in addition, the minimum requirements imposed by the Directive itself.

Q 2: **Do you agree that, taking into consideration the main purposes of the Directive in relation to the OAM, what needs to be stored and to be accessed in the OAM is just the regulated information, as produced and disseminated by the issuer or more than that? If so, please provide reasons for your answer and indicate what kind of facilities you would expect and indicate how to cover the costs of such value added facilities.**

EFFAS agrees with this approach.

The reasons for this answer have been described under Q1. The provision of information beyond the minimum, as prescribed by the respective regulation, should be left to the OAM under market considerations. If such additional information is provided by the OAMs, the issuer and/or the user of this information as interested parties, should pay for it, as they would for information delivered by any other information collector and vendor.

Q 3: **Do you agree with the views above or do you envisage a more ambitious approach to “easy access”? If so, please indicate what facilities you would like to see in place and detail the additional estimated costs of implementing them, how to cover those costs and explain the advantages of such an approach.**

Q 4: Do you agree with the views above or do you envisage a more developed approach for the network? If so, please detail what additional functionalities you would like to see and if possible, provide your opinion on the implications, namely in terms of costs, of setting up such a network. In considering the above, please take into account the alternative funding implications.

EFFAS agrees with CESR’s views.

The same reasoning as in the answer to Q2 applies. Because European legislation is aimed at fostering “one internal market”, EFFAS shares the view that the mandatory information should be made accessible for the end user everywhere in this internal market. Any additional services, including translations, should be left to the market forces and the competitive position of OAMs with corresponding charges to interested issuers and/or users.

We would also like to point to an existing system installed at Deutsche Börse for the purpose of collecting information from stock-listed companies. To our knowledge, similar systems and tools are being offered by other European stock exchanges, such as EuroNext and London Stock Exchange LSE.

Exchange Reporting System (ERS) is a tool for the storage and filing of regulated information, run by German Stock Exchange Deutsche Börse and its business partners, which might exemplify a standard for OAMs. The Exchange Reporting System of Deutsche Börse, outsourced to commercial partners, collects information from issuers of Deutsche Boerse's Prime Standard in view of the fulfilment of their reporting duties, e.g., the transmission of annual financial statements, quarterly reports and financial calendars to Deutsche Börse. In parallel, the data are disclosed through the Deutsche Börse internet web site and made available at very short notice to the financial community, including international investors and private investors. In technical terms, the system offers an open interface to which the issuer can deliver either directly or through a service provider. The tool has been available since March 2003.

Q 22: **Do you consider that a competent authority can, within the limits set out above, change the standards over time in case new technological evolutions occur ?**

Technological progress is a fact that should not be overlooked. It is obvious that standards should be improved along new developments. However it should always be remembered, especially when it concerns archived data, that new standards must be implemented in such a way that all the old data are still available without much effort. Therefore when standards are being changed, new versions should be down-compatible without necessity of converting the previously collected data.

Yours sincerely,

Fritz H. Rau
Chairman of EFFAS