



WARSAW STOCK EXCHANGE

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Response of the Warsaw Stock Exchange with reference to the Call for evidence on Consolidation of Market Transparency Data, published by CESR on March 24, 2006 (Ref.: CESR / 06-134).

The Warsaw Stock Exchange would like to submit the following statement concerning the aforementioned document (CESR / 06-134):

Publication:

What are the costs and benefits of firms publishing their transparency information in a uniform format? For example:

- standards for date and time recording (precise format the trading day is displayed in; precise format the trading time is displayed in, e.g. use of 24h/12h clock);***
- type of instrument identifier to be used;***
- standards for displaying price and quantity (how should figures be displayed)?***

In order to decrease the risk of data fragmentation, which was mentioned in the introduction of the document and which results from the implementation of the MiFID, it is recommended that the publication takes place in a manner that is most similar to the one that the investors already know. At the moment, the most commonly known methods for data presentation are the standards developed by the securities exchanges and data vendors. Thus the eventual, detailed regulations concerning the method of publication should take into account the already existing standards. Such



the solution will allow avoiding unnecessary costs, which may arise in case when implementation of new standards is required from the information sector.

What is the minimum length of time transparency information needs to remain published (and accessible)?

According to the WSE, such information should be subject to the same regulations that are in place for the information generated by the regulated markets.

What steps could firms take in order to ensure the information they publish is accurate / reliable?

The investment firms should approach discharge of their information obligations with due diligence, equal to the diligence applied in performing their investment activities, as well as in the best possible way secure their interests in contracts with the companies, which will process the data and offer them to the final users.

Consolidation:

What are the market needs for consolidation?

According to the WSE, the consolidation should, among others, guarantee the participants comprehensive picture of the market (markets) situation. The general rule should be to provide for the market mechanisms as the basic ground for the decision on data consolidation. Whether the existing rules on competition are sufficient to assure proper regulation of the information distribution may still be subject for discussion among the CESR participants. In the WSE opinion, it should be accepted that the way the consolidation process is executed, takes into account primarily protection of clients' interests, as well as ensures safety, trust and transparency of the market.

What are the obstacles for consolidation?

What is needed to remove the obstacles and by whom?

The eventual obstacles for consolidation may be of both technical (in the area of standardisation) and business nature. The decisive factor for elimination of these obstacles seems to be the profitability of data consolidation for those, who intend to pursue this activity. Therefore, in the WSE opinion, it is not recommended to intervene excessively in the consolidation process.

Moreover, the WSE stands on the position that the requirements set by art. 28 of the MiFID and art. 31 of Draft Commission Regulation Implementing Directive 2004/39/EC of the European Parliament and the Council concerning record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purpose of that Directive, with regard to – among others – the publication of information on the basis of proper business/trade rules, should not cause the problems amass, even if the interpretation of this provision made signing of a contract with the data vendor



necessary. In the WSE opinion, it would be advisable that CESR takes position on this subject within the framework of level III.

Timing and prioritisation of the necessary actions

What costs would arise by moves to facilitate consolidations and who would bear them?

According to the WSE, the entities, which will profit from the consolidation process, should also bear the related costs.

CESR's role in the process

The WSE shares the opinion that the question of consolidation process should be left to the market. Regardless of the above-statement, CESR could undertake to coordinate further discussion concerning the need for implementation of additional regulations in the sphere of consolidation. According to the WSE, CESR should play an important role with regard to the future regulations on level II, in particular with regard to the correctness of data. CESR may also introduce on level III the standards concerning the consolidation, which will not be covered by regulations on level I and II, but which may prove very useful in this area.