



WARSAW STOCK EXCHANGE

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Reply of the Warsaw Stock Exchange with reference to the Call for evidence on Mandate to CESR regarding technical advice on possible implementing measures concerning Transparency Directive (CESR 05-493)

The Warsaw Stock Exchange would like to submit the following statement concerning the aforementioned document (CESR 05-493):

3.1 (1)

The regulation on cooperation of Officially Appointed Mechanisms (OAMs) of the EU member states should primarily aim at creating effective and secure central system for storage of information. In our opinion its participants (OAMs), as well as the authorities, which supervise particular markets of member states, could be endowed with the task of controlling the system operational effectiveness.

3.1 (2)

Initially, the process of creation of central storing system will certainly focus on creation / extension of domestic systems for information distribution. Thereafter, integration of these systems will be necessary in order to create the European central system. In this respect, the costs become an important issue. However, in our opinion, it is difficult to assess both the costs of creation of domestic systems for information distribution and the outlays required to integrate these systems at European level. Therefore, it cannot be ruled out that the commercial entity, which will be the operator of the information storing system being created, will have to bear the costs of integrating the systems.

3.2 (1)

(a) Bearing in mind the quality standards of security to be complied with by the OAM, the electronic documents have to be ensured of the same level of security as the documents that are stored in paper form, but without the need of providing printed originals.

(b) In our opinion, the proper security standards for information being filed, stored and made available in electronic form should be developed.



3.2 (2)

(a) (b) Filing information in electronic form is an optimal method, when costs are brought into consideration. This method ensures also that the information is being collected, processed and made available to the recipients in an effective manner. However, filing information in electronic form only, recommended by the Warsaw Stock Exchange, calls for proper procedures to ensure authenticity of origin (e.g. electronic certificates), especially if the information is to be filed with the OAM by an agent. In our opinion, creation of the authentication system on the basis of original written documents is ineffective, both from cost and operational perspective.

3.2 (3)

(a) (b) The process of information receipt, processing and storage should be automated in such a way as to enable the information being made available as soon as possible. Therefore, any supplementary (non-automatic) procedure for the information content checking would cause unnecessary delays in making information available. In the WSE opinion, the best solution would be unification of forms for information being received in order to ensure efficient automatic processing and prompt availability of information.

Moreover, if the OAM is of commercial nature, the issue of content checking should be agreed upon between the issuers and the OAM (taking into account the respective regulations in force).

3.2 (4)

(a) In our opinion, equal requirements and standards for any information made available guarantee that the end users are able to review the data promptly and easily.

(b) The concept of central system for collecting and making the data available calls for linguistic unification of information. The use of English should guarantee easy access for the greatest number of final users.

(c) The information stored in OAM should be available to the user in such a way as to allow them to print and process these data. Therefore, the information has to be made accessible in commonly available format. If the OAM was of commercial character, a compromise between the general accessibility of information and the paid access to the processed data or data arranged in templates that allow further processing would have to be found.

(d) The final users should be entitled to obtain the information only in electronic form. Transmission of information in printed form could be allowed for extra charge.

3.2 (d) In relation with the above statement, the OAMs should be allowed to collect extra fees from recipients not only for making the data available in printed form, but also when the supplementary and alternative electronic format, which constitutes a commercial offer to the users, differs from the obligatory ("minimal") standard.

(e) In order to collect, process and make information available in an effective way, it is necessary that the issuers use proper forms to file data.

(f) The principle of publishing the received data without unnecessary delay should be put in force. However, the information of significant size but immaterial (price-insensitive) should be submitted to less strict time regime than the current and material (price-sensitive) data. In our opinion, the central mechanism of information storage should in this case make the stored data available not later than before the opening of the trading session on the day following the filling of report by the issuer.

(g) The method of collection of fees will depend on the system for information distribution that will develop on a given market and on the mutual relations between the market participants. In the WSE opinion, the cost of access to the information stored in the central mechanism for



information storage should be set at the level, which would be acceptable to investors active on a given market.

The OAM should derive revenue from investors (especially for value added services) and issuers. The support from public funds may be additionally considered.

The implementation of "one-stop-shop" concept will also call for a decision, whether the domestic OAMs will have a form of government agency (then the cost of financing them may turn out to be significant burden for budgets of respective countries) or of commercial entity. If OAMs are to be run by market-oriented entities, it is very important to allow them to diversify the sources of their revenues, in order to prevent the fees being paid by the recipients (especially the individual ones) from being prohibitive.

3.2.5 The competent authorities should not only supervise OAMs, but also cooperate already at the stage of creation of electronic systems for collection and distribution of information in member states in order to make sure that the required standards are met.

3.4 (1)

The format, which would be used by the issuers to file information, should guarantee that the data will be easily collected and processed. The method and the form of data filing should also ensure ability to verify their source easily. If there was any agent in the process of electronic information filing, it would be advisable to insure that the agents have no possibility to modify the data they transmit. Moreover, the information should be accompanied by the certificates that authenticate the issuer and should be filed via the authorised channels for data transfer. In the case of printed information, the proper procedures for agents' responsibility for the filed data authenticity have to be developed.

3.4 (2)

(a) With no regard to which entity would be the OAM's operator, the supervising authority should be the primary recipient of all regulated information, as the entity that supervises public market in a given country.

(b) In the WSE opinion, the most prompt publication of received information should be absolutely guaranteed. The supervising authorities' entitlement to verify information may be executed after the publication of information.