

**Börsen-Zeitung**

**WM Datenservice**

Düsseldorfer Straße 16

D-60329 Frankfurt

Telefon: +49/69/2732-224

Telefax: +49/69/233702

e-Mail [o.wirsching@boersen-zeitung.com](mailto:o.wirsching@boersen-zeitung.com)

## **Executive Summary**

to the asked questions in the  
**CESR's Advice on Possible Implementing Measures  
of the Transparency Directive Ref. 04/511**

**The European Commission** seeks to enhance transparency of corporate information for all European investors. Therefore, environments for the publication of regulated information are going to be deregulated and harmonized in order to provide all European participants with symmetrical access to that information.

**WM Gruppe** would like to contribute to these efforts by offering the experience contained within Börsen-Zeitung and WM Datenservice as two of the most widely accepted distributors of financial news in Germany.

Based on the **CESR consultation** papers 04-511, WM Gruppe has developed a model which ensures the fulfilment of the requirements set up by CESR. This model can be understood as a further development of the original model from CESR, extended by the needs of market participants. Those extensions were added to the original model in order to guarantee the lowest organisational and financial burdens possible for all involved parties.

The **5-layer model** developed by WM Gruppe facilitates the use of the following parties:

<i>Issuer:</i>	Legal entity that publishes regulated information
<i>Media:</i>	Publisher of mandatory announcements and other information received by the Issuer
<i>Licensed Operator:</i>	LO Collector and disseminator of regulated information
<i>National Central Storage Mechanism:</i>	NCSM Competent Authority Central registry for all regulated information
<i>European Central Storage Mechanism:</i>	ECSM Pan-European database of all National Central Storage Mechanism
<i>Other Storage Mechanisms:</i>	Competing private storage mechanisms

See enclosed Chart Fig. 1

We recommend a business model with **operators, media and storage mechanisms**. But we believe in continuing with financial advertisements (mandatory announcements) as today.

We recommend to publish mandatory announcements as today for the professional market, but to make these announcements available publicly via the internet or other electronic media where full information is available for each listed security and issuer. The access to the mandatory announcement will be free of charge for everyone. Access to other information on a security or an

issuer might be free—when sponsored by the issuer or other interested parties—or available at a reasonable price. For users with a specific interest in a security or a market segment there will be a “push service” for updated information.

The **Licensed Operator** creates a set of **core data** of the regulated information, using **ISO standards**. Those sets are distributed to a Competent Authority (National Central Storage Mechanism) via established networks and protocols. The NCSMs of all European countries are linked together to a European Central Storage Mechanism (ECSM). Besides this we see competing private storage mechanisms who hold the kind of data which the clients of this storage mechanism do need. Licensed Operators are not appointed, only audited in respect of their operational and technical risks. Therefore, this market is open to all potential participants, creating a market-driven environment.

In the core data is the information included which storage mechanism holds the full document for each need. So everybody is leaded from the NCSM or ECSM to the original documents. On other storage mechanisms there should be data filed for specific users and usages. Major professional users have a completely different need for information than, for instance, private investors.

The proposed model can provide a robust framework for offering the utmost **transparency**, nevertheless giving enough leeway to the **self-regulation** of the market economy. This can only be accomplished by using state of the art **technology** and highly sophisticated communication networks, ensuring the fast and widespread dissemination of regulated information.

We have answered the questions asked in the CESR consultation papers according to our model, and ask you not to hesitate to contact us for further information or inquiries.

Encl.: Chart Fig. 1

Otto Wirsching

Börsen-Zeitung  
Düsseldorfer Straße 16  
D-60329 Frankfurt  
Telefon: +49/69/2732-224  
Telefax: +49/69/233702  
e-Mail o.wirsching@boersen-zeitung.com

Georg Eisel

WM Datenservice  
Düsseldorfer Straße 16  
D-60329 Frankfurt  
Telefon: +49/69/2732-245  
Telefax: +49/59/239972  
e-Mail:g.eisel@wmDaten.com

## **Answers to the questions posed in CESR's Advice on Possible Implementing Measures of the Transparency Directive Ref. 04/511.**

1.

Additional is required: ISIN and „subject of the message. There should be a catalog of subjects for all kinds of messages. Furthermore, a transmission of issuer data, instrument data, and certain core data of the published information according to international standards is advisable.

2.

Today mandatory announcements in newspapers (Börsenpflichtblätter) offer very efficient information on regulated information. Our recommendation is a combination of mandatory announcements in newspapers and the dissemination through an operator. Since there is a payment to publish the mandatory announcement the ad can be made available free of any additional charge in the net.

Using the internet, it'll be possible to access all regulated information of all issuers that are published by Börsen-Zeitung.

3.

No. Details see answer 2.

4.

There must be a direct relation between issuers and media. No media (newspaper) will publish (print) any regulated information without an order that generates direct revenues from the employer.

5.

Yes. The issuers must know that their information will reach the relevant audience. This has to be approved by competent authorities. In germany: BaFin. The LO (Licensed Operator) sends a message of receipt to the issuer.

6.

The operator should have a reliable database with all ISINs and additional data of all issued securities to be able to disseminate correct data and can make plausibility checks.

7.

No. But it should be easier and more comfortable for the issuer to use an operator.

8.

There are competitive private player in the market to fulfill the operator job. "We don't need more state but less state".

9.

It is only theory that every (private) investor in the EU does need the same level of information at the same time. Private investors do invest primarily local. If one is interested in one or more issues from abroad he must be able to access a CSM to get any information he needs.

10.

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11.

We recommend as well the mandatory announcement. This announcement will be available online as a pdf file, as well as all information related to this announcement, for example, a link to a full interim report and the possibility of ordering the full report online (against payment).

12.

It will not work to collect and disseminate information without any charges. News papers will not publish regulated information without getting paid for that. Our recommendation is a combination of mandatory announcements in news papers and the dissemination through an operator. Since there is a payment to publish the mandatory announcement the ad can be made available free of any additional charge in the net.

13.

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14.

5 year storage is okay.

What happens when the name of company does change? How are the new and old names linked? What happens in case of mergers and takeovers? The possibility of matching old to new entities (issuers and instruments) must be ensured.

Section 1 (page 38ff)

1.

Yes completely. All information on one single central storage would generate a very large inflexible institution. There are different structures for different types of data required. Many data should be on different central storages in different formats for different usage and users.

We see for any stored document a kind of bibliography record which holds the information:

date of storage

Delivered from

Company

Company code

ISIN

Type of message

Where stored in full length

This "Index information" has to be stored in a central authority unique by country.

Via the central storage, it's possible to access the original document.

An internationally standardized set of information regarding issuer, instrument and content should be transmitted to the NCSM (National Central Storage Mechanism). This can most easily be done by using the S.W.I.F.T. network.

On other storage mechanisms there should be data filed for the specific users and usages. Big professional users do have a complete different need of information than f.e. private investors.

2.

No. We believe in multiple storage mechanisms. But there should be a free market who files what.

3.

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4.

It does not make sense that every issuer sends its information to any storage mechanisms. Storage mechanisms must have access to the operators which serve for their markets only. We should avoid redundancies of data. The standardized set of information is sent to market participants, whereas the original documents stay within a defined storage mechanism.

6.

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7.

There should be a private market for information and a competition between private vendors. A non commercial host would be inflexible and very expensive.

8.

-

9.

Does the option “i” mean the “Competent Authorities Website” holds all data or only links to all data?  
We would agree with “links to all data” on many storage mechanisms.

In “iii” basic information is offered free. This would be possible for online mandatory announcements.  
For all other information there must be a fee.

10.

There should be a private market for information and a competition between private vendors. A non commercial host would be inflexible and very expensive.

11.

Don't over regulate the market. The dissemination of information and the collection of information through media and storage mechanisms always uses many different ways. There can not be only one true way of dissemination. There must be more players and competition.

12.

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13.

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14.

Price sensitive information is already today regulated through the ad hoc-publicity.

15.

Yes.

16.

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17.

The dissemination of regulated information should not be funded by the public. Where operators, media and storage mechanisms generate added value, this has to be compensated through revenues. Revenues can come from handling fees, royalties, advertising revenues or sponsoring. There should be a competition between private companies.

18.

-

19.

All information on one single central storage would generate a very large inflexible institution. There are different structures for different types of data required. Many data should be on different central storages in different formats for different usage and users.

We see for any stored document a kind of bibliography record which holds the information:

date of storage

Delivered from

Company

Company code

ISIN

Type of message

Where stored in full length

This "Index information" has to be stored in a central authority unique by country.

Via the central storage, it's possible to access the original document. This central storage should be in Germany under the management of the BaFin.

On other storage mechanisms there should be data filed for the specific users and usages. Big professional users do have a complete different need of information than f.e. private investors.

20.

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21.

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22.

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23.

No. Don't over regulate the market.

24.

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25.

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26.

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27.

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28.

-

29.

Yes.

30.

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31.

No. There could be data that is more comfortable if you get it in paper format. But there should be an ordering service for all documents.

32.

No. There should be as well links to other storage mechanisms.

33.

Definitely no.

34.

Yes.

35.

Yes. An issuer must have a document to prove that he fulfilled his obligations.

36.

Yes. The operators and storage mechanisms have to create short records out of the hard copy documents.

37.

No.

38.

Yes. There are many configurations for browsers in use which might prevent access of data.

39.

No. Different users do need different types of aggregated information. Private users might need regulated information which are value added with other types of information like research or market data.

40.

No. The business case of the storage mechanism is not relevant to the client. The client only needs a clear and transparent rate card for the information he likes to receive.

## Section 2 (page 63 ff)

41.

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42.

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43. and 44.

Yes. We see for any stored document a kind of bibliography record which holds the information:  
date of storage

Delivered from

Company

Company code

ISIN

Type of message

Where stored in full length

This "Index information" has to be stored in a central authority unique by country.

45.

No. There should be a strict separation between issuers of securities and other companies.

46.

A linkage between this two kind is only relevant, where an issuer has subsidiaries or controls other not listed companies.

47., 48., 49., 50., 51.

We believe that the complexity of the project of a "one stop shop" for all regulated information for all EU countries is underestimated. There are many languages, there are many different products in each market, there are different legal situations for investors.

The costs for a project like this would be tremendous.

There should be the strategy to have a national solution with a complete reference database operated by a national CSM (national Central Storage Mechanism) (BaFin) and links to various private storage mechanisms. In a next step there could be managed links between the national authorities to a European wide database (European Central Storage Mechanism ECSM).

52.

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53.

Between media, operators and the NCSM, only digital transfer of information should take place, ideally using the S.W.I.F.T.-network.

54. - 55.

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56.

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57.

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58.

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Frankfurt, 21st January 2005

Otto Wirsching

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D-60329 Frankfurt  
Telefon: +49/69/2732-224  
Telefax: +49/69/233702  
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Georg Eisel

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**Figure 1: 5-layer model recommended by WM Gruppe**



