## THE COMMITTEE OF EUROPEAN SECURITIES REGULATORS



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### PRESS RELEASE

# CESR sets out how a Single Point of Information on all EU Corporate Issuers might be realised

The progress report (report, Ref. CESR/05~150b), published today by CESR, presents a clear and concise view of what the role of an officially appointed mechanism for storage of corporate information could be; sets out the options of how such an electronic network of information about issuers could be established in the EU and how issuers might be able to file electronically regulated information with the EU competent authorities.

This report was prepared at the request of the European Commission and formed part of the work conducted by CESR for the Transparency Directive. The final report published today and submitted to the European Commission follows a consultation which began on 28 October 2004 (Ref. CESR/04~511). This consultation also covered the draft advice proposed by CESR on the issues of dissemination of regulated information. The analysis of responses on these latter aspects is still ongoing. Nevertheless, the 48 responses received in relation to storage of information and electronic filing of regulated information by corporate issuers greatly informed the final form of the progress report which was amended to reflect the points raised. The consultation showed clear preferences in a number of areas, which have been indicated in the paper. However, in other areas, a clear orientation was not yet visible and therefore in these areas, CESR retained a more open approach as it did in the initial consultation paper.

The initial deadline for CESR to submit its progress report to the European Commission was extended from 28 February to 30 March 2005.

Key elements covered in the report can be summarised as follows:

## - The development of a central storage mechanism

On central storage mechanisms, the progress reports touches on different general and technical question for EU integration.

The most important issues are:

Whether there should be one storage mechanism at each national level: In this area, CESR notes that a number of options exist: this could include the creation of one single storage mechanism or alternatively, multiple storage mechanisms but which are compatible both in IT respects and in content to enable comparability.

Who should operate a central storage mechanism: The progress report indicates that two solutions are broadly possible, i.e. a system operated by the competent authority or by a specifically appointed (commercial) entity. The report indicates that any of these solutions will primarily need to be adapted to the market conditions of each Member State.

How would users gain access to the regulated information: This relates to general access to the central storage mechanism. CESR notes a generic question must first be considered, namely, whether the mechanism should provide strictly the bare essentials of regulated information which is made public under the Transparency Directive, or, whether, this mechanism should be allowed also to provide – at a charge – additional services and/or information (e.g. analyst reports, price and



market data). The progress report therefore sets out the benefits and disadvantages that both of these solutions may provide.

Whether regulated information should be made available free of charge to users (and if so, who should fund the costs of operating a central storage mechanism): On funding of storage mechanisms the report discusses different solutions and some of the pros and cons that might be associated with each alternative. The alternatives range from charging users for the amount of regulated information accessed (which might be a model better suited to a commercial operator maintaining the central storage mechanism); or charging a fee to issuers whose regulated information is made available via the central storage mechanism. Alternatively, charging commercial entities that make use of regulated information. Equally, the storage system could potentially be paid by means of public funding either out of the national governments budgets or, the competent authority responsible for supervision or, potentially via a combination of these options.

When regulated information in the central storage mechanism should be made accessible: CESR made a clear distinction between dissemination and storage of regulated information. The Transparency Directive relies on media for the dissemination of regulated information. However, there are possible interactions between dissemination and storage if storage mechanisms can make price sensitive information available in real-time, as such, this issue is highlighted in the report.

This section also deals with a number of technical issues regarding issuer's responsibility to make regulated information available to a central storage mechanism and how regulated information would be input into to the storage mechanism. Finally, CESR proposes some 'quality' standards that any central storage mechanisms should

#### - Electronic networks

Regarding electronic networks, CESR has adopted a pragmatic approach and provided several proposals for achieving the objectives of an EU network of information about issuers. One of these objectives is to set up a "one stop shop" for users to access regulated information on a pan-European basis. The report explores the different possible alternatives, i.e. an electronic linkage of all the national storage mechanisms, or, the creation of one Pan- European central storage mechanism in which all regulated information of European listed issuers would be stored and accessible.

## - Electronic filing

The last section of the report deals with the procedure regarding how regulated information is filed with the competent authority using electronic means. In this regard, the progress report explains the reasons why CESR would favour introducing mandatory electronic filing, and sets out the minimum standards that any electronic filings procedures should meet.

#### - Timing issues

The implementation of the Transparency Directive will be critical to the establishment of a central storage mechanism and the development of an EU electronic network. This is expected to be a very demanding and a costly IT project which involves technical difficulties that should not be underestimated. For that reason, CESR believes that finalisation of level 2 measures to establish storage mechanisms and electronic networks should be accelerated in order to allow sufficient time to Member States for a cost effective and proper implementation of the Transparency Directive.



#### Notes to Editors

- 1. CESR received on 29 June 2004 the official request from the European Commission for technical advice on implementing Level 2 measures of the Transparency Directive.
- 2. There were two elements in the request of the European Commission.

This first element was a mandate given to CESR for technical advice on priority measures that are needed to complete the Directive. This advice must be delivered by June 2005. This mandate covered a number of different technical issues which can be grouped as follows:

- a. Different technical issues related to notifications of major holdings of voting rights in companies whose shares are admitted to trading on regulated markets.
- b. The minimum standards for the dissemination of regulated information and implementing measures on the conditions under which periodic financial reports of issuers must be kept available.
- c. Different technical questions related to half-yearly financial reports and to equivalence of transparency requirements for third countries issuers.

The <u>second element</u> of the Commission's request was presented through letter of the Commission to CESR, inviting CESR to present a progress report on the conditions for officially appointed mechanisms for storage of information and on possible electronic networks of information about issuers. A first progress report was expected from CESR in February 2005 (deadline extended to March 2005). Based on this progress report, the Commission will consider whether a second mandate should be sent to CESR requesting technical advice on these issues.

- 3. CESR's work on Transparency is taken forward by an expert group chaired by Andres Trink, Chairman of the Estonian Financial Supervision Authority.
- 4. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:
  - Improve co-ordination among securities regulators;
  - Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
  - Work to ensure more consistent and timely day to day implementation of community legislation in the member states.

The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC). It is one of the two committees envisaged in the Final Report of the group of Wise Men on the regulation of European securities markets. Baron Alexandre Lamfalussy chaired this group. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on the CESR website.

- 5. Each Member State of the European Union has one member on the Committee. The members are nominated by the Member States and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level.
- 6. For further information please contact:

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