



Date: 27 April 2005

Ref: CESR/05-307

PRESS RELEASE

CESR launches a second consultation on dissemination of financial information and other implementing measures of the Transparency Directive

CESR published today for a second round of consultation, its draft technical advice (Ref. CESR/05-267) on possible implementing measures covering five aspects of the Transparency Directive:

- dissemination of regulated information
- notification of major holding of voting rights;
- half yearly financial reports;
- equivalence of transparency requirements for third countries issuers;
- the procedural arrangements whereby an issuer may elect its 'home Member State' competent authority for the purposes of the Directive.

The content of this second consultation paper responds to comments received during the consultation on CESR's draft technical advice on dissemination and storage of regulated information published in October 2004 (Ref: CESR/04-511) and CESR's proposed advice regarding notification of major holdings of voting rights, half yearly reports, equivalence and procedural arrangements published in December 2004 (Ref: CESR/ 04-512c).

Regarding:

- **Dissemination of regulated information** (such as price sensitive information, half yearly financial reports, interim management statements, major shareholdings information):

CESR proposes a set of minimum standards that issuers should meet when disclosing regulated information. These principles include that the information should be made available to consumers without delay (particularly if the information is of a price sensitive nature); issuers should benefit from free competition when choosing media operators to disseminate information; all investors should have access to the information and therefore it should not only be directed at specific categories of investors, but it should also be available across Europe and free of charge to investors.

CESR has chosen to remain neutral regarding which type of media should be used to publish company information. Nevertheless, CESR has sought to address concerns expressed during the first round of consultation, by specifying the types of media connections an issuer is expected to have as a matter of course in order to achieve its obligations under the Directive. These include press agencies, newspapers with a wide readership and websites dedicated to financial matters.

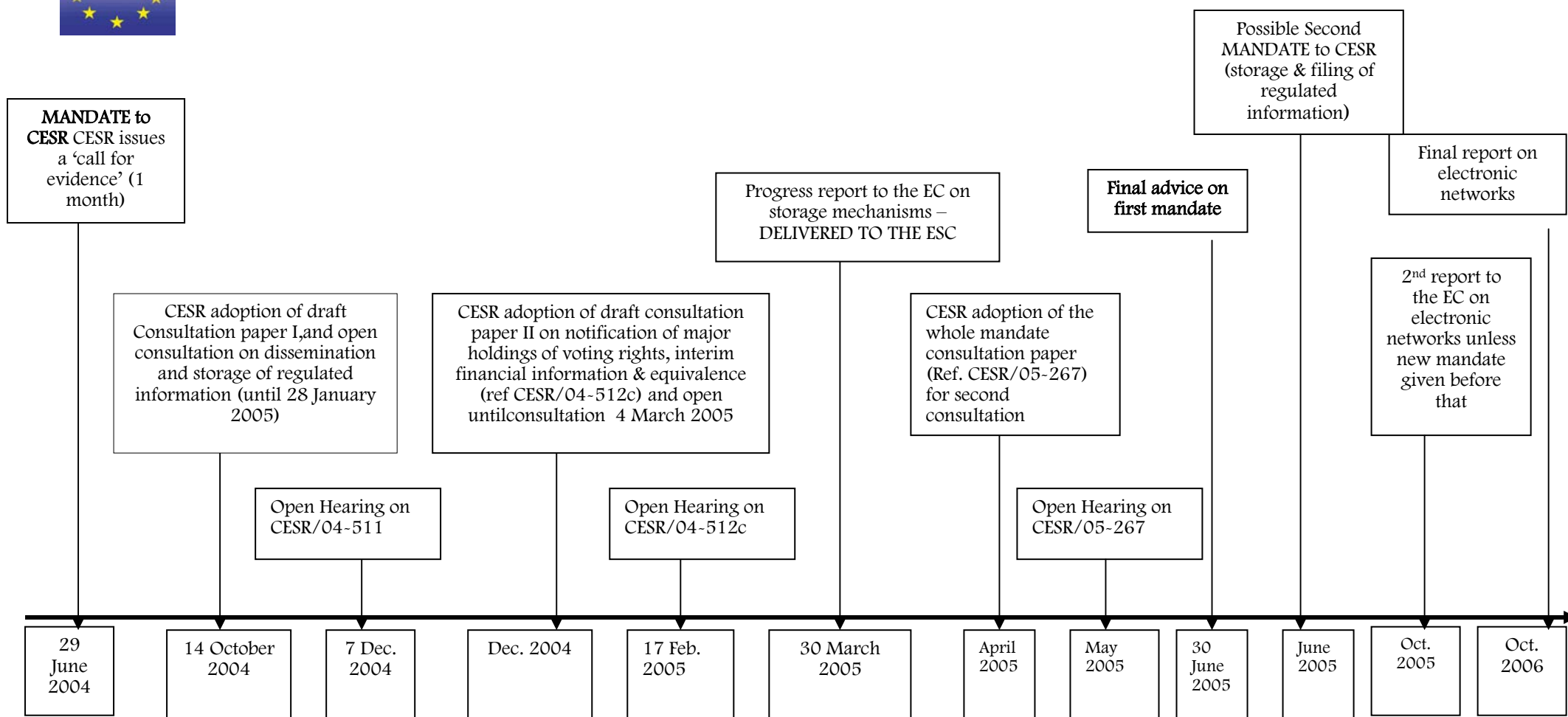
CESR also recommends that issuers be free to choose to disseminate all regulated information themselves or to use a third party such as a service provider or operator to carry out this function. Where service providers are used by issuers, CESR proposes that the service providers must meet the minimum standards set for an issuer and, in addition, they must ensure they can meet some more specific minimum standards such as ensuring an appropriate level of security into their mechanisms to disseminate information. They must also be able to operate on a 24 hour basis, seven days a week. CESR has also further clarified proposed rules regarding separation of functions and charges in such cases where service providers also perform other functions. CESR does not, however, propose compulsory approval of service providers.



- **Notifications duties of major holding of voting rights** in companies whose securities are admitted to trading on regulated markets (Chapter II). The key aspects of this part of the advice are:
 - o A clarification regarding how shareholders should fulfil their notification duties when the voting rights attached to their shares have been passed to someone else, so called ‘Article 10 situations’.
 - o CESR’s advice seeks to provide greater convergence regarding the information requirements that shall be included in the standard notification forms, and consults on a few technical issues, such as the resulting situation when a notifiable interest is no longer held.
 - o Greater clarity in relation to the question of independence to be complied with by a management company wishing to benefit from the exemption of aggregating holdings. CESR therefore develops, in this consultation, practical guidance on how to demonstrate that the test of independence is fulfilled.
- **Specific implementing measures on half yearly reporting** (Chapter III) CESR received strong support for its proposals in the previous consultation.
- **Equivalence of third countries’ requirements** with those disclosure requirements established under the Transparency Directive: Briefly, CESR’s proposed approach is to test equivalence by looking first at the key principles and objectives of the different disclosure requirements of the Directive and then to establish what a third country’s framework has to include in order to be deemed to be equivalent. It is worth noting here again that the advice proposed by CESR in this paper should be seen as separate, although consistent, with the advice that CESR will in parallel develop on GAAP equivalence. This consultation paper develops further the concepts that will be used to establish equivalence.

A second aspect of the EC mandate on equivalence relates to the issue of independence requirements for third countries’ management companies and investment firms. Following support in the consultation for CESR’s initial suggestions, CESR does not propose a separate test of equivalence in this regard and therefore these firms are under the same test of independence as EU firms. The assessment of equivalence by regulators will be co-ordinated by the members through CESR in the near future.

Responses to the proposed advice are welcomed by **27 May 2005** and can be submitted online via CESR’s website under the heading “consultations”. CESR will also be hosting a public hearing in the week of 16-20 May 2005 at CESR’s premises in Paris. The date will be confirmed shortly via the CESR website. All those wishing to attend the open hearing can register via the CESR website (www.cesr-eu.org) under the heading “hearings”.





Notes to Editors

1. CESR received on 29 June 2004 a mandate from the European Commission requesting CESR's technical advice on implementing Level 2 measures of the Transparency Directive. The purpose of this consultation document from CESR is to seek comments on the draft technical advice that CESR proposes to submit to the European Commission.
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 **second element** of the Commission's request was presented through a 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 has been delivered from CESR on 30 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.
5. 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. 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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