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PRESS RELEASE

CESR completes its final advice and its opinion on the storage and filing of regulated information

CESR published today its final advice which covers, in particular, the minimum quality standards of the national storage systems and its opinion on establishing the interoperability amongst national storage systems (EU network) (Ref. CESR/06-292). The advice responds to the European Commission's mandate (received in July 2005) on the issues of storage and filing of regulated information by issuers whose securities are admitted to trading on regulated markets. The information affected by the Transparency Directive and these implementing measures includes price sensitive information, regular financial reports, notifications for major holdings and, according to the Commission's Mandate, prospectuses.

The issue of how such information is stored is crucial for the development of EU financial markets. For the first time, there is a requirement to ensure that EU investors have easy access to information about all EU issuers on a pan EU basis, irrespective of where they are located. This will enable investors to better evaluate investment opportunities and make informed assessments of an issuer's business performance and assets. The storage system is intended to become a key tool in the integration of EU financial markets, fostering investor confidence.

In accordance with the relevant mandate, CESR provides its advice and its opinion in relation to both the development of the national storage mechanisms and the creation of an EU network of these national mechanisms.

The content of CESR's final advice and opinion reflects comments received during the consultation on CESR's draft technical advice on the storage and filing of the regulated information. The responses to this consultation have been largely supportive of the CESR approach. Moreover, it reflects comments that CESR received during the Investors' Hearing that it organised in March 2006, as well as the comments of the Consultative Working Group on Transparency. CESR has modified its advice in response to comments received as a result of the consultation and the investor hearing and takes this opportunity to describe fully how it has adapted its advice in response to these comments in a Feedback Statement (Ref. CESR/06-293), also published today.

The CESR paper on storage encompasses CESR's advice and CESR's preliminary opinion and more particularly it contains four parts, the main issues of which are analysed below:

CESR's final advice on the minimum quality standards of the national storage systems

The first part of the consultation paper relates to the national storage mechanisms called Officially Appointed Mechanisms (the "OAM"). CESR sets out some minimum 'quality standards' that such mechanisms would need to meet. The main standards are:

- assurance of adequate security of the IT systems such as, an effective validation procedure, availability of the stored information, acceptance of waivers and recovery and back-up systems;
- certainty as to the information source and authenticity of origin of the information stored (authentication procedures);
- easy access by end-users, this includes for example ensuring the search functions can operate in different languages.



CESR's opinion on establishing the interoperability amongst national storage systems (EU network)

The second part of the mandate deals with the architecture of the EU network of national storage systems (national OAMs).

CESR also considers how a network model could be implemented. To this end, CESR describes three alternative approaches. The first and preferred approach is based on the development of a binding provision, by which the model of network will be defined and an oversight responsibility would be assigned, Member States will ensure that the OAMs to be appointed, abide by an interoperability agreement and that co-ordination is ensured. This structure will be complemented with an interoperability agreement to be drafted by the competent authorities and to be followed by the OAMs. According to the second approach, interoperability could be achieved with stand alone agreements among Member States alone and the third possible approach proposes that interoperability could be achieved with stand alone agreements between the OAMs themselves.

CESR presents four possible network models as a basis for its work on developing a system which can link the national OAMS, these models range from the most centralised of systems to the least centralised and can be summarised as follows:

- **Model A: A Central Access Point (CAP)** which is based on a central application server, which collects the search requests coming from a web page available to the users and dispatches these requests to the OAM(s) of each Member State;
- **Model B : A De-centralised system** under which an application server is located in each OAM;
- **Model C: A Central list of issuers option** which would operate as if there is a central server hosting an application, containing a complete list of issuers and the links to each OAM holding information on that issuer; and,
- **Model D: Basic Access Model** which would require every national competent authority to publish on its website a list of hyperlinks to every OAM in the EU.

The main functionalities of the four network systems are presented in a user friendly comparative table attached as an Annex to the opinion.

Although CESR has not been mandated to opt for a preferred network model, it expresses a preference for Model C, which was also the one that gathered most support from consultees who expressed views on these issues. It is also the model that, in accordance with preliminary cost estimates, has proved to have adequate functionalities with lower costs.

CESR also presents the possible content of the interoperability agreements, which will cover government and technical issues. For the more advanced network models, the technical issues would be common reference data items, common interface and communication standards as well as common search keys.

CESR's final advice on the technical issues in relation to the role of the competent authority and on the standards of filing of the regulated information with the competent authority

Finally, CESR's paper also addresses a number of technical issues regarding the role of the national competent authority as well as CESR's technical advice on the filing standards of the regulated information with the competent authority such as, standards in relation to security and certainty as to the information source and in relation to time recording and examined possible ways of alignment of the filing with the storage procedures.



Notes for Editors:

1. The work that CESR is carrying out in this capacity forms part of the four level approach to European legislation for financial services. The four level approach was proposed in the report by the working group chaired by Baron Lamfalussy (available on the CESR website as described in para. 5). The approach can be summarised very briefly as follows: Level one measures set out the high level objectives that the legislation must achieve. Level two measures set out some of the technical requirements necessary to achieve these objectives. Level three measures are intended to ensure common and uniform implementation by the use (amongst others) of common interpretative guidance and standards agreed amongst regulators in CESR. Level four measures relate to the enforcement of the legislation.
Page 6 of the Lamfalussy report illustrates diagrammatically how these four levels of legislation fit together and the procedure to adopt these measures. The Level 3 'strengthened co-operation between regulators to improve implementation' including the conditions for their adoption are described in more detail on page 37 of the report.
2. The European Commission published the Prospectus Directive (Directive 2003/71/EC) on 31 December 2003. This set out the high level policy objectives that the legislation must achieve and established the areas and scope of what should be included in the implementing measures which later took the form of a Regulation. The Regulation on Prospectus No 809/2004 implementing the Directive (2003/71/EC) was published on 30 April 2004 and this set out the technical implementing measures. The technical measures developed by the European Commission followed a request to CESR for its advice.
3. 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, chaired by Baron Alexandre Lamfalussy. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on CESR's website.
4. 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. From 1st January 2006, the securities supervisors of Romania and Bulgaria attend CESR meetings as observers.
5. For further information please contact:

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