



## **Proposal for Transparency Directive review. November 2011.**

The proposal for amending the Directive 2004/109/CE on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market Directive has been submitted by the EC to the Council and to the Parliament of the EU on the 25th of October. The most remarkable items of the Transparency Directive review are:

### **Choice of the Home Member State for third country issuers.**

In case of issuers of third countries that have not chosen their home Member State during a period of three months, a default home Member State is established, concretely, the one addressed in the prospectus Directive.

### **The requirement to publish interim management statements and/or quarterly reports is abolished.**

In order to reduce the administrative burden linked to listing on regulated markets, reduce costs and encourage long-term investment, the requirement to publish interim management statements is abolished for all listed companies in regulated markets.

### **Broad definition of financial instruments subject to notification requirement.**

In order to take account of financial innovation and ensure that issuers and investors have full knowledge of the structure of corporate ownership, the definition of financial instrument should be broadened to cover all instruments of similar economic effect to holdings of shares and entitlements to acquire shares, whether giving right to a physical settlement or not and, also, financial instrument that, on maturity, give the holder the unconditional right to acquire or the discretion as to his right to acquire shares.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instruments; only long positions shall be taken into account for the calculation of voting rights and shall not be netted with short positions relating to the same underlying issuer.

### **Great harmonisation for notifications of major holdings.**

Holding of shares need to be aggregated with the holdings of financial instruments for the calculation of notification thresholds; netting of long and short positions should not be allowed.

Member States should continue to be allowed to set lower national thresholds for notification of major holding than those foreseen in the Transparency Directive.

### **Storage of regulated information.**

In order to facilitate cross border access to regulated information, the current network of officially appointed storage mechanisms should be enhanced. To that effect, ESMA should assist the EC on the operation of a central access point for the search of regulated information at the UE level that should be used to prepare the

possible future creation of a single European storage mechanism.

### **Reporting of payments to governments.**

In order to make governments accountable for the use of these resources and promote good governance, it is proposed to require from extractive industry (oil, gas and mining) or loggers of primary forest enterprises the disclosure of payments to governments at the individual or consolidated level of a company country by country. This proposal is comparable to the Dodd-Frank Act (USA) but does not require to publicly report payments to governments also on a project-specific basis.

### **Sanctions and investigation.**

In order to provide for a better implementing framework of the provisions of the Directive, the sanctioning powers of authorities are enhanced. In particular, the publication of sanctions is important to improve transparency and to maintain confidence in the financial markets. Competent authorities in the Member States should have the power to suspend the exercise of voting rights of the issuer who had breached the notification rules on major holdings. Finally, to ensure consistent application of sanctions, uniform criteria should be set for determining the actual sanction applicable to a person or a company.

If you want to read the whole documentation please do click on:  
[http://ec.europa.eu/internal\\_market/securities/transparency/index\\_en.htm](http://ec.europa.eu/internal_market/securities/transparency/index_en.htm)