

Securities: issuers trading on a regulated market, transparency requirements

2011/0307(COD) - 27/09/2012 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Arlene McCARTHY (S&D, UK) on the proposal for a directive of the European Parliament and of the Council amending Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and Commission Directive 2007/14/EC.

The Committee on Economic and Monetary Affairs, in exercising its prerogatives as an associated committee in accordance with [Article 50 of Parliament's Rules of Procedure](#), was also consulted for an opinion on this report.

The committee recommends that the position of the European Parliament in first reading following the ordinary legislative procedure should amend the Commission proposal. It proposes several amendments for **increasing transparency** at all levels and for **ensuring conditions for fair competition** for EU companies and their investors.

Small and medium-sized issuers: in order to encourage sustainable value creation and **long-term oriented investment strategy**, Members feel that it is essential to reduce short-term pressure on issuers and to give investors incentive to adopt a longer term vision. They propose to **abolish the requirement to publish interim management statements for small and medium-sized issuers**.

By 31 December 2012, the Commission shall submit a report to the European Parliament and the Council analysing different options for a definition of European small and medium-sized issuers.

Harmonised regime for notification of major holdings of voting rights: the Commission's proposal stated that such a regime should improve legal certainty, and enhance transparency. Members recommend, nevertheless, measures to incentivise long-term investment and also a **requirement for full transparency of voting for any borrowed shares**.

Member States should also be able to continue to apply their laws in relation to **take-over bids**, merger transactions and other transactions affecting the ownership or control of companies regulated by the supervisory authorities appointed by Member States pursuant to Directive 2004/25/EC on takeover bids that impose disclosure requirements more stringent than those in Directive 2004/109/EC.

Report on payments made to governments: Members want Member States to require issuers active in the extractive industry, the logging of primary forests, banking, construction or telecommunications to disclose and prepare a **report on payments made to governments on an annual basis**.

It is stipulated that for the issuers, disclosures should be on a **country-by-country** and, for all issuers active in the extractive and logging industries, on a **project-by-project basis**, where any payment or multiple related payments of the same type amount to more than **EUR 80 000**. Rules shall be put in place to ensure that the threshold cannot be circumvented.

For purposes of transparency and investor protection, the **report lays down the principles regarding the reporting of payments made to governments**, such as integrated reporting, materiality, project-by-project reporting, universality, comprehensiveness and comparability.

Penalties: in cases of the **most serious and non-negligent breaches**, competent authorities should be able to suspend the exercise of voting rights for holders of shares and financial instruments who do not comply with the notification requirements, insofar as those voting rights exceed the notification threshold. Member States may provide for additional sanctions or measures and for higher levels of administrative pecuniary sanctions than those provided for in the Directive.

Any sanction should be published, **unless such publication is not in conformity with existing national laws** or if the publication would seriously jeopardise ongoing official investigations.

Harmonised electronic format for reporting: Members want the preparation of financial statements in a single electronic reporting format to be mandatory with effect from **1 January 2018**.

The European Securities and Markets Authority (ESMA) should develop draft regulatory standards for adoption by the Commission, to specify the electronic reporting format, with due reference to current and future technological options, such as *eXtensible Business Reporting Language (XBRL)*. Before adopting those regulatory standards, the Commission should, together with ESMA, carry out an **adequate assessment of possible electronic reporting formats** and conduct appropriate tests in all Member States.

Review clause: Members inserted a review clause providing that the Commission shall within three years after the date of the publication of the Directive in the Official Journal of the European Union report on the operation of the Directive together with a legislative proposal, if appropriate.