

Basic information

2011/0307(COD)

COD - Ordinary legislative procedure (ex-codecision procedure)
Directive

Securities: issuers trading on a regulated market, transparency requirements

Amending Directive 2003/71/EC [2001/0117\(COD\)](#)
Amending Directive 2004/109/EC [2003/0045\(COD\)](#)

Subject

2.50.03 Securities and financial markets, stock exchange, CIUTS, investments
2.50.10 Financial supervision
3.45.01 Company law
3.45.02 Small and medium-sized enterprises (SME), craft industries
3.45.08 Business environment, reduction of the administrative burdens
8.50.02 Legislative simplification, coordination, codification




Procedure completed

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
JURI Legal Affairs	MCCARTHY Arlene (S&D)	21/11/2011
	Shadow rapporteur LEHNE Klaus-Heiner (PPE) THEIN Alexandra (ALDE) HÄFNER Gerald (Verts/ALE) SPERONI Francesco Enrico (EFD)	
Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	BRANTNER Franziska Katharina (Verts/ALE)	14/11/2011
DEVE Development	HALL Fiona (ALDE)	14/02/2012
INTA International Trade	SCHOLZ Helmut (GUE/NGL)	25/01/2012
ECON Economic and Monetary Affairs (Associated committee)	PIETIKÄINEN Sirpa (PPE)	10/05/2011

	EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meetings	Date
	Agriculture and Fisheries	3265	2013-10-17
European Commission	Commission DG	Commissioner	
	Financial Stability, Financial Services and Capital Markets Union	BARNIER Michel	
European Economic and Social Committee			

Key events			
Date	Event	Reference	Summary
25/10/2011	Legislative proposal published	COM(2011)0683 	Summary
15/11/2011	Committee referral announced in Parliament, 1st reading		
24/05/2012	Referral to associated committees announced in Parliament		
18/09/2012	Vote in committee, 1st reading		
27/09/2012	Committee report tabled for plenary, 1st reading	A7-0292/2012	Summary
11/06/2013	Debate in Parliament		
12/06/2013	Decision by Parliament, 1st reading	T7-0262/2013	Summary
12/06/2013	Results of vote in Parliament		
17/10/2013	Act adopted by Council after Parliament's 1st reading		
22/10/2013	Final act signed		
22/10/2013	End of procedure in Parliament		
06/11/2013	Final act published in Official Journal		

Technical information	
Procedure reference	2011/0307(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2003/71/EC 2001/0117(COD) Amending Directive 2004/109/EC 2003/0045(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 050 Treaty on the Functioning of the European Union TFEU 114-p1

Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	JURI/7/07694

Documentation gateway




European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE486.067	26/03/2012	
Amendments tabled in committee		PE489.400	09/05/2012	
Committee opinion	DEVE	PE487.944	06/06/2012	
Committee opinion	INTA	PE485.869	21/06/2012	
Committee opinion	ECON	PE483.735	25/06/2012	
Committee report tabled for plenary, 1st reading/single reading		A7-0292/2012	27/09/2012	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0262/2013	12/06/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00037/2013/LEX	23/10/2013	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2011)0683 	25/10/2011	Summary
Document attached to the procedure	SEC(2011)1279 	25/10/2011	
Document attached to the procedure	SEC(2011)1280 	25/10/2011	
Commission response to text adopted in plenary	SP(2013)520	16/07/2013	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0683	09/01/2012	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
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ECB	European Central Bank: opinion, guideline, report	CON/2012/0010 OJ C 093 30.03.2012, p. 0002	10/02/2012	Summary
EESC	Economic and Social Committee: opinion, report	CES0471/2012	22/02/2012	

Additional information		
Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	
European Commission	EUR-Lex	

Final act	
Corrigendum to final act 32013L0050R(01) OJ L 014 18.01.2014, p. 0035	Summary
Directive 2013/0050 OJ L 294 06.11.2013, p. 0013	Summary

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.

Securities: issuers trading on a regulated market, transparency requirements

2011/0307(COD) - 12/06/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 655 votes to 18, with 11 abstentions, a legislative resolution 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.

Parliament adopted its position at first reading under the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated with the Council. They amend the Commission's proposal as follows:

Notification of choice of home Member State: to avoid that competent authorities of the host Member State(s) and of the Member State where the issuer has its registered office are not informed about the choice of home Member State by the issuer, all issuers should be required to communicate the choice of their home Member State to the competent authority of its home Member State, the competent authorities of all host Member States and to the competent authority of the Member State where they have their registered office, where it is different from their home Member State. The rules concerning notification of the choice of home Member State should therefore be amended accordingly.

Publication of financial information: a host Member State may subject an issuer to stricter requirements than those laid down in the Directive but **it should not be allowed to impose the requirement to publish periodic financial information on a more frequent basis than annual financial reports and half-yearly financial reports** in their national legislation. However, Member States may nevertheless require issuers to publish additional periodic financial information if such requirement does not constitute a significant financial burden and if the additional information required is proportionate to what contributes to investment decisions.

Member States may require the publication of additional periodic financial information by financial institutions.

Frequency of publication of information: the amended text provides that the issuer shall make public its **annual financial report** at the latest four months after the end of each financial year and shall ensure that it remains publicly available for at least 10 years.

With effect from 1 January 2020 all annual financial reports shall be prepared in a **single electronic reporting format** provided that a cost benefit analysis has been undertaken by ESMA.

The issuer of shares or debt securities shall make public a **half-yearly financial report** covering the first six months of the financial year as soon as possible after the end of the relevant period, but at the latest three months thereafter. The issuer shall ensure that the half-yearly financial report remains available to the public for at least 10 years.

Report on payments to governments: to improve transparency and investor protection, Member States shall require issuers active in the extractive or logging of primary forest industries, in accordance with the **Accounting Directive**, a report on payments made to governments on an annual basis. In accordance with the Accounting Directive, the following principles shall apply: (i) any payment, whether made as a single payment or a series of related payments, need not be taken into account in the report if it is below EUR 100 000 within a financial year; (ii) reporting on payments to governments

should be done on a government and project-by-project basis; (iii) no exemptions, for instance for issuers active in certain countries, should be made which have a distortive impact and allow issuers to exploit lax transparency requirements, and (iv) all relevant payments to governments should be reported.

Notification of major holdings of voting rights: to improve legal certainty, enhance transparency and reduce administrative burdens for cross-border investors, the Directive provides for a harmonised regime for the notification of major holdings of voting rights, especially regarding aggregation of holdings of shares with holdings of financial instruments.

According to the amended text, Member States shall not be allowed to adopt more stringent rules than those in Directive 2004/109/EC regarding the calculation of notification thresholds, aggregation of holdings of voting rights attaching to shares with holdings of voting rights relating to financial instruments and exemptions from the notification requirements. However, taking into account the differences in company laws in the Union leading to the total number of shares differing from the total number of voting rights for some issuers, Member States should continue to be allowed to set **both lower and additional thresholds for notification of holdings of voting rights**, and to require equivalent notifications in relation to thresholds based on capital holdings.

Access to regulated information on listed companies in the Union: an internet portal serving as a European electronic access point will be created by 1 January 2018. ESMA should develop and operate the access point.

Sanctions: Member States shall lay down rules on **administrative measures and sanctions** applicable to breaches of the national provisions adopted in the implementation of this Directive and shall take all measures necessary to ensure that they are implemented.

Competent authorities shall impose as a minimum the following administrative measures and sanctions: (a) a public statement which indicates the natural person or the legal entity responsible and the nature of the breach; (b) an order requiring the natural person or the legal entity responsible to cease the conduct and to desist from a repetition of that conduct; and (c) **administrative pecuniary sanctions** (for example, up to EUR 10 million or up to 5% of the total annual turnover, in the case of a legal entity, and up to EUR 2 million in the case of a natural person).

Member States may provide for additional sanctions or measures and for higher levels of administrative pecuniary sanctions than those provided for in this Directive.

Competent authorities shall **publish every decision on sanctions** and measures imposed for a breach of this Directive **without undue delay**.

Securities: issuers trading on a regulated market, transparency requirements

2011/0307(COD) - 22/10/2013 - Final act

PURPOSE: to harmonise transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (Directive "Transparency 2").

LEGISLATIVE ACT: Directive 2013/50/EU of the European Parliament and of the Council amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC.

CONTENT: the directive updates the transparency requirements introduced in 2004 for the issuers of securities on regulated markets and aims to ensure a high level of investor confidence throughout the EU. It requires issuers of securities to publish periodic financial information on their results throughout the year and continuous information on major holdings of voting rights.

The main amendments introduced are the following:

Simplification and reduction of the administrative burden: the new directive aims to reduce the administrative burden associated with obligations linked to admission to trading on a regulated market for small and medium-sized issuers in order to improve their access to capital. To this end, it **removes the obligations to publish interim management statements or quarterly financial reports**.

The home Member State may make an issuer subject to requirements more stringent than those laid down in this directive, except that it may not require issuers to publish periodic financial information on a more frequent basis than the **annual financial reports** and the **half-yearly financial reports**.

The issuer should make public its annual financial report **at the latest four months after the end of each financial year**; this report should remain publicly available for at least 10 years.

Notification of major holdings of voting rights: with the aim to improve legal certainty, enhance transparency and reduce the administrative burden for cross-border investors, the directive provides a **harmonised regime** for notification of major holdings of voting rights, especially regarding the aggregation of holdings of shares with holdings of financial instruments.

Report on payments to governments: the directive requires **issuers active in the extractive industries** (gas, oil and minerals) or **logging of primary forest industries**, to prepare on an annual basis, a separate report on payments made to governments in the countries where they operate. This obligation flows from a commitment made by members of the G8 at Deauville in May 2011.

Sanctions: the directive harmonises the legal frameworks of the Member States concerning administrative sanctions, in laying down minimum common standards for key essential aspects of sanctions regimes.

The competent authorities have the power to impose at least the following administrative measures and sanctions: (a) a **public statement** indicating the natural person or the legal entity responsible and the nature of the breach; (b) an **order** requiring the natural person or the legal entity responsible to cease the conduct constituting the breach and to desist from any repetition of that conduct; (c) **administrative pecuniary sanctions** (for example, up to EUR 10000000 or up to 5 % of the total annual turnover in the case of a moral person and up to EUR 2000000 in the case of a natural person).

The competent authorities must **publish without undue delay** every decision on sanctions and measures imposed for a breach of this directive, including at least information on the type and nature of the breach and the identity of natural persons or legal entities responsible for it.

Revision: by 27 November 2015, the Commission should report on the operation of this Directive to the European Parliament and the Council, including on its impact on small and medium-sized issuers, as well as on the application of sanctions; it should also review the effectiveness of the retained method for the purposes of calculating the number of voting rights relating to the financial instruments referred to in Directive 2004/109/EC.

ENTRY INTO FORCE: 26/11/2013.

TRANSPOSITION: 26/11/2015.

Securities: issuers trading on a regulated market, transparency requirements

2011/0307(COD) - 23/10/2013 - Corrigendum to final act

Corrigendum to Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC

([Official Journal of the European Union L 294 of 6 November 2013](#))

On page 27, Article 5:

for:

'By 27 November 2015, ...',

read:

'By 27 November 2018, ...'.

Securities: issuers trading on a regulated market, transparency requirements

2011/0307(COD) - 10/02/2012 - European Central Bank: opinion, guideline, report

OPINION OF THE EUROPEAN CENTRAL BANK on a 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.

On 30 November 2011, the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a 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 (1) (hereinafter the 'proposed directive').

The proposed directive amends Directive 2004/109/EC to achieve inter alia the following regulatory objectives.

(1) Limit the reporting burden for issuers of listed securities by eliminating or harmonising certain reporting obligations: the proposed directive abolishes the requirement for the issuers to make public interim management statements with a view to decreasing the reporting burden that has become excessive particularly for small and medium-sized enterprises. The ECB in principle supports these amendments, while it considers that the obligation to make public interim management statements should continue to apply to financial institutions with a view to contributing to public confidence in such institutions and to preserving financial stability. At the same time, the standard forms and templates used to prepare management reports and interim management reports should be harmonised through technical standards to be developed by the European Securities and Markets Authority (ESMA). The contents of financial statements accompanying the management reports and interim management reports should also be harmonised with the use of technical standards.

(2) Ensure the effectiveness of the obligation to report acquisitions of major holdings of shares, including such acquisitions made with the use of derivative financial instruments: the proposed directive introduces an obligation to report financial instruments with economic effects similar to entitling their holder to acquire the underlying shares of a listed company, also where this economic effect is achieved without a formal agreement between the holder of a financial instrument and its counterparty. Consequently, the proposed directive subjects three categories of holdings to the reporting obligation: (a) major holdings of shares or holdings of major proportions of voting rights, (b) holdings of instruments having equivalent effect to the holdings in the first category, and (c) aggregate holdings in the two preceding categories. The ECB agrees with this amendment, while it also supports maintaining the existing exemptions from the disclosure obligations, including the exemption of holdings related to market making activity.

(3) Improve access to financial information disclosed by the issuers: the proposed directive delegates to the Commission the power to adopt measures, and technical standards to be developed by ESMA, which will: (a) introduce interoperability rules to be followed by the national officially appointed mechanisms collecting regulated information from issuers of listed securities, and (b) facilitate the creation of a central access point to such regulated information at Union level. The ECB supports these amendments but makes a number of drafting proposals aimed at increasing their effectiveness and legislative precision.

Where the ECB recommends that the proposed directive is amended, specific drafting proposals are set out in the Annex accompanied by explanatory text to this effect.

Securities: issuers trading on a regulated market, transparency requirements

2011/0307(COD) - 25/10/2011 - Legislative proposal

PURPOSE: to amend Directive 2004/109/EC (Transparency Directive) in order to provide for the simplification of certain issuers' obligations with a view to making regulated markets more attractive for small and medium-sized issuers raising capital in Europe.

PROPOSED ACT: Directive of the European Parliament and of the Council.

BACKGROUND: the [Commission's report](#) on the operation of the Transparency Directive shows that the transparency requirements of the Directive are considered to be useful for the proper and efficient functioning of the market by a majority of stakeholders. However, the review of the operation of the Transparency Directive also showed that there are areas where the regime it created could be improved. In particular, Improvement of the regulatory environment for small and medium-sized issuers and their access to capital are high political priorities for the Commission, as noted in the Single Market Act Communication of April 2011. It is thus desirable to provide for the simplification of certain issuers' obligations with a view to making regulated markets more attractive for small and medium-sized issuers raising capital in Europe. Additionally, the legal clarity and effectiveness of the existing transparency regime needs to be increased, notably with respect to the disclosure of corporate ownership. Lastly, the [Commission Communication on reinforcing sanctioning regimes in the financial services sector](#) envisages EU legislative action to set minimum common standards on certain key issues of sanctioning regimes, to be adapted to the specifics of the different sectors.

IMPACT ASSESSMENT: the Commission conducted an impact assessment of policy alternatives. It sets out the best policy options which were retained in the proposal:

(i) allow for more flexibility regarding the frequency and timing of publication of periodical financial information, in particular for small and medium-sized issuers: abolish the obligation to present quarterly financial reports for all listed companies. Introducing differentiated disclosure regimes for companies listed on a regulated market according to their size was considered undesirable as such a regime would introduce double standards for the same market segment and would therefore be confusing for investors. The preferred policy option reduces compliance costs for all companies listed on regulated markets but should in particular benefit the smaller ones, reducing considerably the administrative burden linked to the publication and preparation of quarterly information. This option:

- enables the small and medium-sized issuers to redirect their resources to publish the kind of information that suits best their investors;
- should reduce short term pressure on issuers and incentivise investors to adopt a longer term vision. It should not have negative impact on investor protection, which is already sufficiently guaranteed through the mandatory disclosure of half yearly and yearly financial results, as well as through the disclosures required by the Market Abuse and Prospectus Directives;

(ii) simplify the narrative parts of financial reports for small and medium-sized issuers: require ESMA to prepare non binding guidance (templates) on narrative content of the financial reports for all listed companies. This option allows for cost savings and improves comparability of information for investors. It also increases the cross-border visibility of the small and medium-sized issuers;

(iii) eliminate the gaps in requirements for notification concerning major holdings of voting rights: extend the disclosure regime to all instruments of similar economic effect to holding of shares and entitlements to acquire shares. This option captures cash settled derivatives as well as any future similar financial instruments and closes a gap in the existing disclosure regime. It has a strong positive impact on investor protection and market confidence as it discourages secret stock building in listed companies;

(iv) eliminate divergences in notification requirements for major holdings: harmonise the regime for the disclosure of major holdings of voting rights by requiring the aggregation of holdings of shares with those of financial instruments giving access to shares (including the cash settled derivatives). This option creates a uniform approach, reduces legal uncertainty, enhances transparency, simplifies cross-border investments and reduces its costs.

LEGAL BASIS: Article 50 and Article 114.

CONTENT: the proposal contains the following provisions:

Choice of the home Member State for third country issuers: the Transparency Directive is currently unclear with regard to which country is the home Member State for issuers who have to choose their home Member State but who have not done so. It is important that the Transparency Directive does not provide for any possibility to implement the rules in such a way that a listed company can operate without being under the supervision of any Member State. Therefore, a default home Member State is established for third country issuers who have not chosen their home Member State in accordance with Article 2(1) (i) during a period of three months.

The requirement to publish interim management statements and/ or quarterly reports is abolished for all listed companies. The publication of such information is not considered necessary for investor protection and should therefore be left to the market in order to eliminate unnecessary administrative burden. For the sake of efficiency and in order to provide for a harmonised regime for disclosure, Member States should not continue to impose such an obligation in their national legislation. Currently, many Member States impose stricter disclosure requirements than the minimum foreseen in the Directive. In order to ensure that all listed companies in the EU benefit from equal treatment and that the administrative burden is effectively reduced, Member States should be prevented from gold plating and should not require more than what is necessary for investor protection.

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.

Currently, the Transparency Directive does not require notification of certain types of financial instruments that do not give the right to acquire voting rights, but which can be used to build secret stakes in listed companies without being disclosed to the market.

Greater harmonisation for notification of major holdings - aggregation of holdings of shares with holdings of financial instruments. The Transparency Directive does not require aggregation of holdings of voting rights with holdings of financial instruments to calculate the thresholds for notification of major holdings. Member States have adopted different approaches in this field, resulting in a fragmented market and additional costs for cross-border investors. Holdings 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. The notification should include the breakdown by type of financial instruments held to provide the market with detailed information on the nature of the holdings.

However, in order to take into account the differences in ownership concentration, Member States should **continue to be allowed to set lower national thresholds for notification of major holdings than those provided in the Transparency Directive where this is necessary** to ensure appropriate transparency of holdings.

Storage of regulated information: access to financial information on listed companies on a pan-European basis is currently burdensome. Interested parties need to go through 27 different national databases in order to search for information. In order to facilitate cross-border access to regulated information, the current network of officially appointed storage mechanisms should be enhanced. It is proposed that the Commission receives further delegated powers in this respect, in particular regarding the access to regulated information at the Union level.

ESMA should assist the European Commission by developing draft regulatory technical standards concerning, for example, the operation of a central access point for the search of regulated information at the Union level. These measures should also be used to prepare the possible future creation of a single European storage mechanism ensuring storage of regulated information at the Union level.

Reporting of payments to governments: the Commission has publicly expressed support for the Extractive Industry Transparency Initiative (EITI), and envisaged willingness to present legislation mandating disclosure requirements for extractive industry companies.

Furthermore, the European Parliament has adopted a [Resolution](#) reiterating its support for country-by-country reporting requirements, in particular for the extractive industries. EU legislation does not currently require issuers to disclose, on a country basis, payments to governments made in countries where they operate. In order to make governments accountable for the use of these resources and promote good governance, it is proposed to **require the disclosure of payments to governments at the individual or consolidated level of a company**. The Transparency Directive requires issuers to disclose payments to governments by referring to the relevant provisions of Directive 2011/.../EU Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings which provides for the detailed requirements in this respect. This proposal is comparable to the US Dodd-Frank Act, which was adopted in July 2010, and requires extractive industry companies (oil, gas and mining companies) registered with the Securities and Exchange Commission to publicly report payments to government on a country- and project-specific basis.

Sanctions and investigation: the sanctioning powers of competent authorities are enhanced. In particular, the publication of sanctions is important to improve transparency and to maintain confidence in the financial markets. Sanctions should normally be published, except in certain well-defined circumstances. In addition, the 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, as this is the most efficient sanction to prevent a breach of these rules. In order to ensure consistent application of sanctions, uniform criteria should be set for determining the actual sanction applicable to a person or a company.

BUDGETARY IMPLICATIONS: the proposal has no implications for the EU budget.