

## **Transparency obligations of listed companies – Commission reviews the operation of Transparency Directive and calls for views on future changes**

***The European Commission has published its report to the Council and to the European Parliament on the operation of Directive 2004/109/EC (the Transparency Directive) that set out minimum transparency requirements for listed companies. The Commission considers that transparency obligations could be adjusted to the size of issuers to alleviate the burden of smaller issuers. The report also shows that there are transparency gaps on the disclosure of control of voting rights in companies resulting from the increased use of sophisticated financial instruments. Finally, the report outlines that the level of harmonisation achieved by the Directive is not optimal. The Commission services are calling for views on ways to modify the Directive so as to improve the transparency regime for listed companies. The deadline for responses is 23 August 2010.***

Internal Market Commissioner Michel Barnier said: "The recent period of market turmoil and illiquidity has highlighted yet again the importance of reliable and useful financial disclosures for investor confidence. Transparency is key for robust, well functioning markets. Effective financial reporting helps measure the financial condition and performance of companies. Sound disclosure practices are therefore essential to achieve transparency, to maintain market confidence and to promote effective market discipline."

The Commission report to the Council and to the European Parliament responds to the requirement of the Transparency Directive. It analyses the impact of the Transparency Directive and identifies the main issues resulting from its application. The report is accompanied by a Commission staff working paper which provides further details on specific issues emerging from the application of the Transparency Directive and on how the relevant information has been collected.

The full text of the Commission report and the staff working document can be found at:

[http://ec.europa.eu/internal\\_market/securities/transparency/index\\_en.htm#application](http://ec.europa.eu/internal_market/securities/transparency/index_en.htm#application)

The Commission report is partly based on the external study on the application of the Transparency Directive conducted on behalf of the Commission by Mazars which has been published at:

[http://ec.europa.eu/internal\\_market/securities/transparency/index\\_en.htm#application](http://ec.europa.eu/internal_market/securities/transparency/index_en.htm#application)

The Commission report is the basis for a public consultation on possible ways to improve the transparency regime for listed companies. The public consultation aims to gather quantitative and qualitative evidence on impacts, costs and benefits

stemming from the Transparency Directive obligations. It also seeks views on possible changes to the Transparency Directive obligations. The consultation document is available at:

[http://ec.europa.eu/internal\\_market/consultations/2010/transparency\\_en.htm](http://ec.europa.eu/internal_market/consultations/2010/transparency_en.htm)

Responses should be sent at the latest by 23 August 2010 to the European Commission, DG Internal Market and Services Unit F2 , B-1049 Brussels or to [markt-f2-transparency@ec.europa.eu](mailto:markt-f2-transparency@ec.europa.eu)

### **The Transparency Directive**

The Transparency Directive was adopted in 2004 with the aim of improving the information available to investors on companies' performance and financial position as well as on changes in major shareholdings. Under the Directive, all securities issuers are to provide annual financial reports within four months after the end of the financial year. Investors in shares are to receive more complete half-yearly financial reports. Issuers who do not publish quarterly reports will need to provide quarterly management statements, while bond issuers will also be required to publish half-yearly reports. This should contribute to better investor protection, enhanced investor confidence and a better functioning of European capital markets.

More information is available on:

[http://ec.europa.eu/internal\\_market/securities/transparency/index\\_en.htm](http://ec.europa.eu/internal_market/securities/transparency/index_en.htm)