



European Communities

**EUROPEAN PARLIAMENT****WORKING DOCUMENTS**

English Edition

1986-87

16 March 1987

SERIES A

DOCUMENT A2-255/86

## REPORT

drawn up on behalf of the Committee on Legal Affairs and  
Citizen's Rights

on the proposal from the Commission of the European Communities  
to the Council (COM(85) 791 final - Doc. C2-159/85) for a  
Directive on information to be published when major holdings in  
the capital of a listed company are acquired or disposed of

Rapporteur : Mr Christopher PROUT

PE 109.152/fin.  
Or.En.

# EUROPEAN PARLIAMENT

COMMITTEE ON LEGAL AFFAIRS AND CITIZENS' RIGHTS

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REPORT

on the

proposal for a

COUNCIL DIRECTIVE

on information to be published when major holdings in the capital  
of a listed company are acquired or disposed of

(Doc. C2-159/85=COM(85) 791 final)

Rapporteur: Mr Christopher PROUT

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5 March 1987/ch

(12/86)

PE 109.152/fin.

By letter of 22 January 1986, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 54(3)(g) of the EEC Treaty, on the proposal from the Commission of the European Communities to the Council for a directive on information to be published when major holdings in the capital of a listed company are acquired or disposed of.

On 17 February 1986, the President of the European Parliament referred this proposal to the Committee on Legal Affairs and Citizens' Rights as the committee responsible and to the Committee on Economic and Monetary Affairs and Industrial Policy for an opinion.

At its meeting of 27 February 1986, the Committee on Legal Affairs and Citizens' Rights appointed Mr PROUT rapporteur.

The Committee considered the Commission's proposal on the basis of an introductory statement by the rapporteur at its meeting of 25 and 26 September 1986, and its draft report at its meeting of 24 and 25 February 1987.

At the last meeting, the Committee decided unanimously to recommend to Parliament that it approve the Commission's proposal with the following amendments.

The Commission stated before the Committee that it was prepared to accept all of the Committee's amendments.

The Committee then adopted the motion for a resolution as a whole unanimously.

The following were present at the vote: Mr PROUT, Chairman and rapporteur; Mrs VAYSSADE and Mr SARADAKIS Vice-Chairmen; Messrs BARZANTI, GARCIA AMIGO, GAZIS, JANSSEN VAN RAAY, KOLOKTRONIS, LAFUENTE LOPEZ, PEGADO LIZ, PORDEA, PRICE and ROTHLEY.

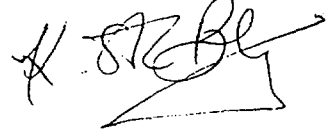
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The opinion of the Committee on Economic and Monetary Affairs and Industrial Policy is attached.

The report was tabled on 5 March 1987.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

A handwritten signature in black ink, appearing to read "H. Steblé", with a large, sweeping flourish underneath.

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ANNEX: Opinion of the Committee on Economic and Monetary Affairs and Industrial Policy (Draftsman: Mr BESSE)	

The Committee on Legal Affairs and Citizens' Rights hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

Proposal from the Commission for a Council Directive on information to be published when major holdings in the capital of a listed company are acquired or disposed of.

Text proposed by the Commission  
of the European Communities  
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Amendments tabled by the Committee  
on Legal Affairs and Citizens' Rights  
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Preamble and recitals unchanged

Article 1

1. This Directive shall apply to persons who acquire or dispose of major holdings, as defined in Article 3, in the subscribed capital of a company which is incorporated in a Member State and whose shares are officially listed on a stock exchange situated or operating within a Member State.

2. Where the acquisition or disposal of major holdings is carried out by means of certificates representing shares, this Directive shall apply to the bearers of those certificates, and not to the issuer.

Article 1

Unchanged.

Unchanged.

Amendment No. 1

3. Amend paragraph 5(c) of Schedule C of Dir. 79/279/EEC coordinating the conditions for the admission of securities to official stock exchange listing to read as follows:

"(c) The company must inform the public of any changes in the structure (shareholders and breakdown of holdings) of the major holdings in its capital as compared with information previously published on that subject as soon as such changes come to its notice.

In particular, companies which are not subject to the provisions of Council directive / /EEC on information to be published when major holdings in the capital of a listed company are acquired or disposed of must inform the public where it has come to their notice that a shareholder has acquired or disposed of a percentage of shares so that its holding exceeds or falls below one of the thresholds set out in Article 3 of that directive."

Article 2

Member States may subject the persons and companies respectively referred to in Articles 1 and 8 to stricter requirements than those provided for by this Directive, or to additional requirements, provided that they are generally applicable.

Amendment no. 2

Article 2

Member States may subject the persons and companies referred to in Articles 1 and 8 to stricter requirements than those provided for by this Directive, or to additional requirements, provided that they apply generally to all shareholders and to all companies or to all companies of a given class.

Article 3

Where a person acquires or disposes of shares in a company as referred to in Article 1 and where, following that acquisition or disposal, the percentage of subscribed capital held by that person in that company reaches or exceeds the thresholds of 10%, 20%, 1/3, 50%, 2/3 or 90% of the subscribed capital or goes below those thresholds, he shall notify the company within seven calendar days of the percentage of subscribed capital he holds following that acquisition or disposal.

Article 4

1. In order to assess whether a person acquiring or disposing of holdings is required to make the declaration provided for in Article 3, account shall be taken of shares held by other persons in their own name but on behalf of the person acquiring or disposing of the holdings.

Article 3

Unchanged

Amendment No. 3

Article 4

1. In order to assess whether a person acquiring or disposing of holdings is required to make the declaration provided for in Article 3, shares held by other persons in their own name but on behalf of that person shall also be deemed to belong to that person.



2. Where the person acquiring or disposing of holdings is an undertaking, shares held by a subsidiary or shares held by other persons in their own name but on behalf of a subsidiary shall also be deemed to belong to the person acquiring or disposing of the holdings.

Article 5

1. For the purposes of this Directive, "subsidiary" means any undertaking in which another undertaking:

- (a) has a majority of the shareholders' or members' voting rights;  
or
- (b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body and is at the same time a shareholder or member;  
or
- (c) is a shareholder or member and controls alone a majority of the shareholders' or members' voting rights pursuant to an agreement entered into with other shareholders or members of the undertaking (subsidiary).

2. For the purposes of paragraph 1, the parent undertaking's rights as regards voting, appointment and removal shall have added to them the rights of any other subsidiary and those of persons acting in their own name but on behalf of the parent undertaking or any other subsidiary.

Amendment No. 5

2.

unchanged

Amendment No. 4  
Article 5

1. For the purposes of this Directive, "subsidiary" means any undertaking in which another undertaking:

- (a) has a majority of the shareholders' or members' voting rights;  
or
- (b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking (a subsidiary undertaking) and is at the same time a shareholder in or member of that undertaking; or
- (c) is a shareholder or member and controls alone a majority of the shareholders' or members' voting rights pursuant to an agreement entered into with other shareholders or members of the subsidiary undertaking.

2. Unchanged.

Article 6

1. For the purposes of Article 3, where persons act in concert, the holdings of each one of such persons shall be added together. In this case, the obligation to make the declaration provided for in Article 3 shall fall upon each one of them. This declaration shall indicate the percentage of subscribed capital held by the person making the declaration and the percentages of such capital held by the persons with whom he is acting in concert.

2. "Persons acting in concert" means persons who have concluded an agreement which may lead to their adopting a common policy in respect of a company.

Article 7

Member States may exempt acquisitions or disposals of major holdings made by a market maker in the pursuit of his activity from the declaration provided for in Article 3.

Article 6

unchanged

Amendment No. 5

2. For the purposes of paragraph 1, "persons acting in concert" means persons who have concluded an agreement which may lead to their adopting a common policy in respect of a company in the subscribed capital of which each of such persons owns a holding. It shall be presumed that such an agreement exists between a parent and a subsidiary undertaking or between undertakings which have a common parent unless such undertakings prove the contrary.

Amendment No. 6

Article 7

Member States may exempt from the declaration provided for in Article 3 acquisitions or disposals of major holdings made by a dealer in securities who undertakes to maintain a market in certain securities by buying and selling such securities on his own account at a price fixed by him in the light of the state of the market.

Article 8

1. A company which has received the declaration referred to in Article 3 shall in turn notify it to the public in each of the Member States in which its shares are officially listed on a stock exchange not later than seven calendar days following receipt of that information.

2. Should the percentage of subscribed capital held by the person making the declaration provided for in Article 5 differ from the percentage of voting rights actually held by that person, the company which has received the declaration shall notify the public of both percentages.

3. The information shall be made available to the public in accordance with the rules of Article 17 of Directive 79/279/EEC.

Article 8

unchanged

Amendment No. 7.

2. Where the subscribed capital of a company is divided into shares which carry voting rights and those which do not, the company shall notify the public where the percentage of either category of shares held by a person as a result of acquiring or disposing of such shares reach or exceed one of the thresholds specified in Article 3 of the present Directive.

Amendment No. 8

3. The information shall be published in one or more newspapers distributed throughout the Member State or distributed widely therein or shall be made available to the public either in writing in places indicated by announcements to be published in one or more newspapers distributed therein

or by other equivalent means  
approved by the competent authorities.  
The issuers must simultaneously send  
such information to the competent  
authorities.

The information referred to above shall  
be published in the official language  
or languages, or in one of the  
official languages or in another  
language provided that in the Member  
State in question the official  
language or languages or such other  
language is or are customary in the  
sphere of finance and accepted by  
the competent authorities.

Amendment No. 9

Article 9

The competent authorities referred to in Article 10 may exempt the persons and companies respectively referred to in Articles 1 and 8 from the requirement to notify, as defined in Articles 3 and 8 respectively, where those authorities consider that the disclosure of such information would be against the public interest or would seriously harm those persons or companies, provided that the absence of such notification would not mislead the public in its assessment of the shares concerned.

Article 9

The competent authorities referred to in Article 10 may exempt the persons and companies respectively referred to in Articles 1 and 8 from the requirement to notify, as defined in Articles 3 and 8 respectively, where those authorities consider that the disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer, provided that, in the latter case, such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

Article 10

1. Member States shall designate the competent authority or authorities and shall inform the Commission accordingly, specifying any division of duties between those authorities. They shall, moreover, ensure that this Directive is applied.

2. Member States shall ensure that the competent authorities have such powers as may be necessary for the exercise of their duties.

3. The competent authorities in the Member States shall cooperate wherever necessary for the purpose of carrying out their duties and shall exchange any information required for that purpose.

Article 11

The Contact Committee set up by Article 20 of Directive 79/279/EEC shall also have as its function:

- (a) to permit regular consultations on any practical problems which arise from the application of this Directive and on which exchanges of view are deemed useful;

Amendment No. 10

Article 10

1. Member States shall designate the competent authority or authorities for the purposes of this Directive and shall inform the Commission accordingly, specifying, where appropriate, any division of duties between those authorities. They shall, moreover, ensure that this Directive is applied.

Unchanged.

Unchanged.

Article 11

Unchanged.

Unchanged.

Text proposed by the Commission  
of the European Communities

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Amendments tabled by the Committee  
on Legal Affairs and Citizens' Rights

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(b) to facilitate consultations between Member States on the stricter or additional requirements which they may lay down in accordance with Article 2, so that the requirements imposed in all the Member States may finally be brought into line, in accordance with Article 54(3)(g) of the Treaty;

Unchanged.

(c) to advise the Commission, if necessary, on any additions or amendments to be made to this Directive.

Unchanged.

Article 12

1. Member States shall take the measures necessary to comply with this Directive not later than 1 January 1991. They shall forthwith inform the Commission thereof.

Article 12

Unchanged.

2. Member States shall communicate to the Commission the provisions of national law which they adopt in the field governed by this Directive.

Unchanged.

Article 13

This Directive is addressed to the Member States.

Article 13

Unchanged.

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Directive on the information to be published when major holdings in the capital of a listed company are acquired or disposed of

The European Parliament

- having regard to the proposal from the Commission to the Council<sup>1</sup>,
  - having been consulted by the Council pursuant to Article 54(3)(g) of the EEC Treaty (Doc 2-159/85),
  - having regard to the report of the Committee on Legal Affairs and Citizens' Rights and the opinion of the Committee on Economic and Monetary Affairs and Industrial Policy (Doc A 2-255/86),
  - having regard to the result of the vote on the Commission's proposal,
1. Approves the proposal for a directive, subject to the amendments which Parliament has adopted;
  2. Calls on the Commission to amend its proposal, on the basis of Article 149, second paragraph, of the EEC Treaty, to incorporate these amendments;
  3. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and this resolution.

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<sup>1</sup>OJ No C 351, 31 December 1985, page 35

EXPLANATORY STATEMENTI. Introduction

1. The present proposal for a directive aims to complete and clarify the obligation imposed on companies whose shares are admitted to official listing on a stock exchange (henceforth 'listed companies') by paragraph 5(c) of Schedule C of Council Directive 79/279/EEC of 5 March 1979 co-ordinating the conditions for admission of securities to official stock exchange listing<sup>1</sup>. The paragraph reads as follows:

'The company must inform the public of any changes in the structure (shareholders and breakdown of holdings) of the major holdings in its capital as compared with information previously published on that subject as soon as such changes come to its notice'.

2. The objective which the directive proposed would seek to attain is a greater public confidence in securities by means of a sound information policy. Such a policy would, according to the Commission's explanatory memorandum<sup>2</sup>, serve to ensure the proper functioning of the securities market and to encourage greater interpenetration of those markets at Community level. Apart from Directive 79/279/EEC mentioned above, two other Council directives have been adopted in this area: Directive 80/390/EEC on the listing particulars to be published for the admission of securities to official stock exchange listing<sup>3</sup>, and Directive 82/121/EEC on information to be published on a regular basis by companies the shares of which have been admitted to official stock-exchange listing<sup>4</sup>.

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<sup>1</sup>OJ L 66, 16 March 1979, page 21

<sup>2</sup>Paragraph 1 of COM(85)791 final

<sup>3</sup>OJ L 100, 17 April 1980, page 1

<sup>4</sup>OJ L 48, 20 February 1982, page 26



3. The technique employed in the proposed directive is to oblige shareholders of a listed company to inform it each time the percentage of subscribed capital they hold exceeds or falls below one of the six thresholds specified, whether by acquisition or disposal of shares: the thresholds are 10%, 20%, one third, 50%, two thirds and 90% (Article 3 of the proposal). The company is then obliged to notify this information to the public in each of the Member States in which its shares are listed (Article 8). In each case, a deadline of seven calendar days must be respected.

4. In the area of information on the acquisition and disposal of shares, there is presently a considerable divergence in national provisions in that only three Member States currently have regulations which require notification of such information, and these are very different both from each other and from the system proposed by the Commission, as is noted in the seventh indent of the preamble. To this extent, and in the perspective of the promised liberalization of the Community's capital market, the Commission is to be commended for having proposed Community provisions in good time before national regulations are adopted.

II. Comments on the provisions of the proposed Directive and the amendments  
Article 1(1) - Amendment No. 1

5. The scope of application of the directive proposed is restricted to listed companies incorporated in a Member State, excluding therefore companies incorporated in a third country whose shares are listed in a stock exchange of a Member State. This would result in a lacuna in the protection of Community investors, though of course such third-country companies would still be subject to the obligation to inform the public of any changes in the structure of the major holdings in its capital which come to their notice (paragraph 5(c) of Schedule C of Directive 79/279/EEC: see paragraph 1, above).

6. The extent of this lacuna is in practice further narrowed by paragraph 6 of Schedule C, sub-paragraph (b) of which obliges third-country listed companies to 'make available to the market of the Member State or States in which its shares are listed information which is at least equivalent to that which it makes available to the markets of the non-member state or states in question, if such information may be of importance for the evaluation of the shares'. Thus where the listed company is incorporated in a non-Member state which has fairly extensive investor protection provisions, such as the United States, the company is already obliged to furnish such information as is relevant, and investor confidence is thus maintained.

7. It has been suggested in some quarters that in order to fill the gap entirely, Directive 79/279/EEC could be amended to require third-country companies to include the appropriate provisions in its Articles of Association or other constitutional document. This suggestion cannot be sustained. The system outlined in the present proposal for a directive depends on the shareholders informing the company: it is difficult to see how Community provisions could impose obligations on third-country shareholders outside the Community. Furthermore the imposition of such a precondition on third-country companies wishing to have their shares listed on a Community stock exchange might discourage or prevent their doing so, driving business into the arms of non-Community stock exchanges; for these reasons, the Committee felt unable to accept the amendment to Article 1(1) proposed by the Committee on Economic and Monetary Affairs and Industrial Policy (BESSE opinion, PE 106.225/fin. attached).

8. Nonetheless, in the interests of a certain consistency in the various pieces of Community legislation on the securities market, the information obligation imposed on such third-country companies by virtue of paragraph 5 could be refined, as it were, to specify that companies should inform stock markets where they learn that a large shareholder has acquired or disposed of a percentage of shares so that its holding exceeds or falls below one of the thresholds set out in Article 3. The Commission has assured the Committee that such an amendment would not require a modification of the legal basis proposed.

#### Article 2 - Amendment No 2

9. This provision would allow Member States to apply stricter information requirements on shareholders and on companies than those imposed by virtue of the directive, and would require that the stricter requirements be 'generally applicable': presumably this is intended to mean applicable to all companies and shareholders covered by the directive without discrimination on grounds of nationality or residence. The drafting should be improved to clarify this, along the lines of the equivalent provision of Directive 82/121/EEC. The phrase would then end 'provided that they' (ie the stricter requirements) 'apply generally to all shareholders and to all companies or to all companies of a given class'.

#### Article 3 - (see below, comments on Art 8)

Article 4 - Amendments No 3

10. Article 4 covers shares held on behalf of a major shareholder (nominee holdings, paragraph 1) or by or on behalf of a subsidiary company of an undertaking which is acquiring or disposing shares (paragraph 2). In the case of nominee holdings, the proposed directive would provide that 'account shall be taken' of such shares, whereas the shares held by the subsidiary 'shall also be deemed to belong to the person acquiring or disposing of the holdings'. The second approach, of deeming shares held beneficially to belong to the beneficiary, is to be preferred as being more adequate to the objective (greater investor protection) sought, and an amendment to paragraph 1 is be proposed accordingly.

11. Article 4(2) covers relevant acquisitions and disposals by subsidiary companies, and seeks to ensure that the parent company's holdings and those of other subsidiaries with a common parent company are properly taken into account. Although this situation may be covered on one construction of the provision as currently drafted, the matter is put beyond doubt by the Committee's amendment to Article 6(2) below.

Article 5 - Amendment No 4

12. This article provides a definition of 'subsidiary' for the purposes of this directive largely based on the definition provided for in Article 1 of the Seventh Company Law Directive, Directive 83/349/EEC of 13 June 1983 on consolidated accounts<sup>5</sup> with the modifications necessary to make the definition a general one which can, and the Committee is assured will, henceforth be used in Commission proposals for legislative measures.

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<sup>5</sup>OJ L 193, 18 July 1983, page 1

Article 6 - Amendment No 5

13. Article 6 would impose the obligation to make the Article 3 declaration of acquisition or disposal of shares on each party to concerted action, their holdings for this purpose being added together. The expression 'persons acting in concert' is defined as being those 'persons who have concluded an agreement which may lead to their adopting a common policy in respect of a company' (paragraph 2); this description is based on paragraph 3.2.6 of Schedule A of Directive 80/390/EEC which provides a definition of 'joint control'. The definition seems to be unnecessarily wide: not all the information notified under this article will be material to the investor who wishes to be able to evaluate the influence of major shareholders. This article should be amended to include only concerted action whose effects are relevant to an assessment of a company's securities, remembering that it is left open to Member States to impose stricter requirements for its own stock exchange. A new sentence has been added to paragraph 2 to ensure that the holdings of parent companies and of other subsidiary companies with a common parent do not escape the provisions of the directive.

Article 7 - Amendment No 6

14. Member States are permitted to grant an exemption from the obligation to make an Article 3 declaration in favour of a 'market maker', ie a stock exchange dealer who operates as an intermediary between brokers without transacting directly with the public. As this institution is either not known or not equivalent in all the Member States, it would be appropriate, in order to forestall any possible abuse of this exemption, to provide a definition of those who can benefit from the exemption, leaving it to the national legislation to identify the person or persons concerned.

Articles 3 and 8 - Amendments Nos 7 and 8

15. Article 3 sets out the six thresholds (10%, 20%, one third, 50%, two thirds, 90%) the holding of which trigger off the information obligation for the shareholder. While this provision does not differentiate between voting and non-voting shares -- information on large holdings of both classes of

shares are of interest to the investor -- it is provided, at Article 8(2), that 'should the percentage of subscribed capital held by the person making the declaration provided for in Article 3 differ from the percentage of voting rights actually held by that person, the company which has received the declaration shall notify the public of both percentages'.

This does not however cover the situation where, for example, a person acquires nine and a half per cent of the subscribed capital in a company which represents 15% of the voting rights: as the 10% threshold has not been breached, the company is not notified and the public is not informed of this acquisition. Under the legislation in certain Member States, where a company's share capital is divided into different classes of shares, the notification requirement is applied to each of the classes taken separately, and in the situation described the obligation to notify arises. Amendment No. 7 seeks to apply this approach to the present proposal.

16. The Committee approved the seven day deadline proposed by the Commission in Article 3 and did not feel the addition of "and of the amount disposed of in the event of disposal" at the end of this article was necessary (cf BESSE opinion, PE 106.225/fin, attached).

17. Following the declaration under Article 3 by the shareholder, the second stage in the information process is the notification to the public of the acquisition or disposal of the shares in question. Article 8(3) refers simply to 'the rules of Article 17 of Directive 79/279/EEC'. Amendment No 10 spells out these rules: the phrase "other equivalent means approved by the competent authorities" could include electronic distribution systems where available, as proposed by the Committee on Economic and Monetary Affairs and Industrial Policy (BESSE opinion, PE 106.225/fin, attached).

#### Article 9 - Amendment No. 9

18. A further derogation is granted to the competent authorities of the Member States who under Article 9 may exempt shareholders and companies from their respective obligations under this directive where they consider the disclosure of the information would be against the public interest or would seriously harm the shareholder or company; the latter exemption is qualified to the extent that the absence of notification should not mislead the public.

The text of the proposal would lead one to believe that the proviso that the derogation will not apply where the absence of notification would mislead the public operates in both sets of circumstances, ie, 'public interest' and 'serious harm'. Clearly the proviso cannot operate to oblige disclosure when this would be contrary to the public interest. For the avoidance of doubt, the text of Article 7(b) of Directive 80/390/EEC should be substituted for that of Article 9 of the proposal, mutatis mutandis.

#### Article 10

19. The drafting of this Article on the designation of a competent authority should be amended to bring it into line with earlier provisions on the designation of a 'competent authority', such as Article 9 of Directive 79/279/EEC on admission to stock exchange listing.

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Economic and Monetary Affairs  
and Industrial Policy

Draftsman: Mr J. Besse

On 25 February 1985, the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr Jean Besse draftsman.

At its meeting of 19 June 1986, the committee considered the draft opinion and adopted it unanimously.

The following took part in the vote:

Mr SEAL, chairman; Mr BEAZLEY, vice-chairman; Mr BESSE, rapporteur, Mr AMARAL, Mr BEIROCO, Mr BEUMER, Mr BONACCINI, Mr BUENO VICENTE, Mr CASSIDY, Mr FALCONER, Mr FRANZ, Mr I. FRIEDRICH, Mr DE GUCHT, Mr HERMAN, Mr LATAILLADE, Mr METTEN, Mr MÜHLEN (deputizing for Mr RAFTERY), Mr PATTERSON, Mr VAN ROOY (deputizing for Mr WEDEKIND), Mrs VAN HEMELDONCK, Mr de VRIES and Mr VON WOGAU.

## INTRODUCTION

The primary objective of the proposal for a directive under consideration is to ensure that certain information is published within the Community when major holdings in the capital of a listed company are acquired or disposed of.

The proposal clarifies a requirement specified in previous measures (Directive 79/279/EEC on the conditions for the admission of securities to stock exchange listing and Directive 80/390/EEC on the listing particulars to be published for the admission of securities to stock exchange listing), inasmuch as it spells out the scope and nature of the requirement to disclose information, the relevant trigger thresholds, the declaration procedures and time limits to be observed and the circumstances in which derogations are permitted.

It therefore forms part of the body of Community measures designed to foster a greater degree of interpenetration of the stock markets, an objective which has been endorsed by Parliament<sup>1</sup>, bearing in mind that the creation of a genuine European securities market may be a key factor in attracting more of the risk capital so essential to investment, while making a significant contribution to European economic integration.

Consequently, the objective of the proposal should be approved. However, the rules governing publication and the limited scope of the proposal do not seem to measure up to this objective, that is to say, the creation of a modern and transparent European securities market.

The conclusions that follow convey the reservations entertained by the Committee on Economic and Monetary Affairs and Industrial Policy with regard to the economic implications of the proposal, the principle of which it endorses.

## CONCLUSIONS

The conclusions reached by the Committee on Economic and Monetary Affairs and Industrial Policy are set out below.

1. The creation of a large, modern and permanently functioning European securities market could make a decisive contribution to European economic integration, notably by attracting more of the risk capital that is so essential to investment, especially in the new technologies and in major infrastructure programmes.
2. The rapid dissemination of the fullest possible information on the activities of listed companies is imperative, both for the smooth operation of such a market and for the transparency of stock exchange dealings.

<sup>1</sup> See the report by Mr Collomb on the creation of a European securities market (Doc. 1-290/81)



3. It is regrettable that, at a time when the number of shareholders in the Community is steadily increasing, reflecting a situation in which investors are bringing new benefits to the economy, important information on the activities of companies is still all too often reserved for the select few, who at times are tempted to abuse their privileged position. Consequently, in the interests of all investors and in order to maintain the reputation and the attractiveness of the European securities market, rapid provision of the maximum amount of information on the activities of companies and the monitoring of all stock exchange dealings in the Community are essential.

- Rapid provision of information

4. The rules governing the publication of information, as laid down by Article 8 of the proposal, are unsatisfactory. While representing an improvement on the existing situation, the maximum period of 14 days allowed between the acquisition or disposal of a holding and notification of the operation by the company nonetheless seems too long. The quality and the usefulness of an item of information - especially nowadays with the considerable shortening of time-lags by the new information technologies - depend on the rapidity of its transmission. With the time limits proposed, it would be impossible to disseminate the information early enough and hence prevent it from being improperly used in the transactions of the select few. It is a pity that the Commission did not at least recommend that the Member States should take measures to ensure as soon as possible that a continuous flow of information on companies was fed through to stock exchange and banking authorities throughout the Community by means of an electronic distribution system - the only modern means of achieving the desired ends.

- Complete information

5. The proposal falls far short of what is required, since the time is fast approaching when it will be essential to ensure the rapid dissemination of as many significant data as possible on company activities. Such data will have to cover all listed companies, whether they be listed on the official market or on the secondary markets. However, the number of thresholds adopted in the present proposal for the disclosure of information on the acquisition of holdings seems excessive.

- Rigorous monitoring of stock exchange dealings

6. A policy aimed at maximum speed, transparency and efficiency in the transmission of data on the activities of companies will be successful only if stock exchange dealings are systematically monitored in all the Member States and appropriate penalties are introduced for omissions, delays and the improper use of information.
7. It is proposed that the following amendments be made to the proposal:

Article 1:

At the end of Paragraph 1 add: 'It shall also apply to persons resident in a third country.'

Article 3:

- 5th line to read as follows: 'within five calendar days ...'
- At the end of the article add: 'and of the amount disposed of in the event of disposal.'

Article 8:

Paragraph 3 to be amplified as follows:

The information shall be made available to the public in accordance with the rules of Article 17 of Directive 79/279/EEC. Electronic distribution systems shall also be used to inform the public as a whole.

8. Subject to the above reservations, which the Committee on Legal Affairs and Citizens' Rights is asked to take into account, the Committee on Economic and Monetary Affairs and Industrial Policy endorses the proposal for a directive pending the submission of new proposals by the Commission which are more practical and complete.