

# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	2003/0045(COD) Procedure completed
Securities: issuers trading on a regulated market, transparency requirements	
Amending Directive 2001/34/EC <a href="#">2000/0174(COD)</a>	
Amended by <a href="#">2006/0282(COD)</a>	
Amended by <a href="#">2009/0132(COD)</a>	
Amended by <a href="#">2009/0161(COD)</a>	
Amended by <a href="#">2011/0307(COD)</a>	
Amended by <a href="#">2021/0104(COD)</a>	
Subject	
2.50.03 Securities and financial markets, stock exchange, CIUTS, investments	
2.50.10 Financial supervision	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		25/10/2000
		PSE <a href="#">SKINNER Peter</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>JURI</b> Legal Affairs and Internal Market (Associated committee)		21/05/2003
		PPE-DE <a href="#">LEHNE Klaus-Heiner</a>	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Justice and Home Affairs (JHA)</a>	<a href="#">2626</a>	02/12/2004
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2580</a>	11/05/2004
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2546</a>	25/11/2003
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2537</a>	04/11/2003
European Commission	Commission DG	Commissioner	
	<a href="#">Financial Stability, Financial Services and Capital Markets Union</a>		

Key events			
26/03/2003	Legislative proposal published	<a href="#">COM(2003)0138</a>	Summary
15/05/2003	Committee referral announced in Parliament, 1st reading		
04/11/2003	Debate in Council	<a href="#">2537</a>	

25/11/2003	Debate in Council	<a href="#">2546</a>	
17/02/2004	Vote in committee, 1st reading		Summary
17/02/2004	Committee report tabled for plenary, 1st reading	<a href="#">A5-0079/2004</a>	
29/03/2004	Debate in Parliament		
30/03/2004	Decision by Parliament, 1st reading	<a href="#">T5-0220/2004</a>	Summary
02/12/2004	Act adopted by Council after Parliament's 1st reading		
15/12/2004	Final act signed		
15/12/2004	End of procedure in Parliament		
31/12/2004	Final act published in Official Journal		

### Technical information

Procedure reference	2003/0045(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2001/34/EC <a href="#">2000/0174(COD)</a> Amended by <a href="#">2006/0282(COD)</a> Amended by <a href="#">2009/0132(COD)</a> Amended by <a href="#">2009/0161(COD)</a> Amended by <a href="#">2011/0307(COD)</a> Amended by <a href="#">2021/0104(COD)</a>
Legal basis	EC Treaty (after Amsterdam) EC 095; EC Treaty (after Amsterdam) EC 044; Rules of Procedure EP 57_o
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/19749

### Documentation gateway

Legislative proposal	<a href="#">COM(2003)0138</a>	26/03/2003	EC	Summary
Document attached to the procedure	BCE(2003)0021 <a href="#">OJ C 242 09.10.2003, p. 0006-0010</a>	30/09/2003	ECB	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0079/2004</a>	17/02/2004	EP	
Text adopted by Parliament, 1st reading/single reading	<a href="#">T5-0220/2004</a> <a href="#">OJ C 103 29.04.2004, p. 0035-0376 E</a>	30/03/2004	EP	Summary
Implementing legislative act	<a href="#">32007L0014</a> <a href="#">OJ L 069 09.03.2007, p. 0027</a>	08/03/2007	EU	Summary
Follow-up document	<a href="#">SEC(2008)3033</a>	10/12/2008	EC	Summary
Follow-up document	<a href="#">COM(2010)0243</a>	27/05/2010	EC	Summary

Follow-up document	<a href="#">SEC(2010)0611</a>	27/05/2010	EC	Summary
Follow-up document	<a href="#">SEC(2011)0991</a>	28/07/2011	EC	Summary
Follow-up document	<a href="#">COM(2015)0655</a>	17/12/2015	EC	Summary

### Additional information

European Commission

[EUR-Lex](#)

### Final act

[Directive 2004/109](#)  
[OJ L 390 31.12.2004, p. 0038-0057](#) Summary

Final legislative act with provisions for delegated acts

### Delegated acts

<a href="#">2014/3016(DEA)</a>	Examination of delegated act
<a href="#">2015/2750(DEA)</a>	Examination of delegated act
<a href="#">2019/2838(DEA)</a>	Examination of delegated act
<a href="#">2016/2742(DEA)</a>	Examination of delegated act
<a href="#">2018/2995(DEA)</a>	Examination of delegated act
<a href="#">2020/2865(DEA)</a>	Examination of delegated act
<a href="#">2021/3002(DEA)</a>	Examination of delegated act
<a href="#">2022/2859(DEA)</a>	Examination of delegated act

## Securities: issuers trading on a regulated market, transparency requirements

**PURPOSE** : to harmonise the transparency requirements with regard to information about issuers whose securities are admitted to trading on a regulated market. **CONTENT** : transparency about publicly traded companies is essential for the functioning of capital markets, enhancing their overall efficiency and liquidity. This proposal for a directive should markedly improve the information made available to all investors about publicly traded companies on regulated securities markets within the European Union. The current initiative is one of the priority actions in the Financial Services Action Plan (FSAP), endorsed by Heads of State and Government at the Lisbon European Council in March 2000. In addition, the proposal is part of a strategy for overhauling securities markets legislation, in particular for achieving a greater level of transparency and information in respect of issuers whose securities are traded on regulated markets. The proposal belongs to a "disclosure and transparency agenda" on which the European Institutions are currently moving forward. The proposed directive envisages to impose a level of transparency and information commensurate with the aims of sound investor protection and market efficiency. In order to achieve these aims, the current initiative should be consistent with all the legislative initiatives mentioned above: its scope should be extended from official to regulated markets, thus bringing second tier markets within its scope, it should ensure greater openness to the world of international finance in terms of use of languages; and also in the use of modern information technologies. Finally, the proposal should constitute an appropriate response to developments in the US, including the Sarbanes-Oxley Act, for promoting European capital markets. The initiative reforms requirements in the form of standardised information at a certain point (periodic information) or information on an ongoing basis. Its objectives are: - to improve annual financial reporting by security issuers through disclosure of an annual financial report within three months; - to improve periodic disclosure of share issuers over a financial year, by introducing a pragmatic policy mix of more detailed half-yearly financial report and less demanding quarterly financial information for the first and third quarter of a financial year. This solution is in the middle of two extreme positions: one extreme position would be to require three fully-fledged quarterly financial reports based on highest international standards, similar to the requirements in the US. The other extreme would be to stay at a level of corporate transparency where the European Union has been for twenty years (prior to the Internal Market). Such an extreme position would ignore that capital markets now act and react much faster, that the allocation of capital amongst publicly traded companies is subject to more competition. Finally, investors investing in several Member States should benefit from more reliable and standardised financial information cycles instead of solely relying on ad-hoc disclosure issued by companies. This does not mean that the new rules on interim financial information should replace continuous disclosure obligations; - to introduce half-yearly financial reporting to issuers of only debt securities who are currently not subject to any interim reporting requirement at all. Again, the Commission pursues a very pragmatic approach; - to base on-going disclosure of changes to important share holdings in issuers on proper capital market directed thinking. This should lead to more frequent information within stricter disclosure deadlines; - to update existing Community law on the information provided to security holders (holders of shares or debt securities) in general

meetings through proxies and electronic means. This aspect is particularly important for investors resident abroad. The current initiative will ensure sound investor protection and the properly functioning of financial markets. As a consequence, it should lead to the effective removal of national barriers for issuers seeking access to regulated markets not only in their home Member State, but also in other Member States. ?

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The committee adopted the report by Peter SKINNER (PES, UK) amending the proposal under the 1st reading of the codecision procedure. It deleted Article 6 of the directive, which requires all issuers of shares admitted to trading on a regulated market to disclose financial information on a quarterly basis. MEPs argued that this would impose an unnecessary burden on companies and encourage management to focus on short-term profitability. They believed that what investors value above all is the provision of quality information when it is available rather than mere frequency of provision of information. The committee also said that annual reports should include information on remuneration and benefits granted to members of the management and supervisory bodies, senior management and key personnel. In addition, it wanted to encourage, albeit on a voluntary basis, disclosure in annual financial reports of any payments made to governments, whether inside or outside the EU. The rapporteur emphasised the importance of transparency in any payments made to governments by companies, in particular by the mining industries, so as to discourage corruption. Regarding the media used for dissemination of regulated information, one amendment allowed Member States to require publication in a newspaper. MEPs also clarified that, with regard to the information to be drawn up and disclosed to the public by the issuer in line with the provisions of the directive, it is the liability laws of the home Member State that should be applied, to ensure that an issuer is not liable in many different Member States. Lastly, although the committee supported the Commission proposal to extend the obligation of half-yearly reporting for issuers of "only debt securities", it wanted an exemption for small issuers. ?

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In giving a first reading (by 390 votes in favour to 8 against with 102 abstention) to the proposed directive on the harmonisation of transparency requirements on securities markets, MEPs adopted amendments agreed as part of a compromise with the Council, negotiated by rapporteur Peter SKINNER (PES, South East). This means the measure should be adopted after first reading, before the end of the present Parliamentary term in June. The agreement means a rejection, supported by Parliament, of mandatory quarterly reporting. Instead, there will be a far lighter approach, with issuers making public statements by management during the first half and second half of the financial year. These statements will have an explanation of events or transactions that have taken place and a general description of the financial position. Companies publishing quarterly reports will not have to issue these statements. Mr Skinner has argued that quarterly reporting "is an extremely costly mechanism and it encourages management to focus on short term earnings performance at the expense of long term strategy." The compromise included a request to the Commission to come forward with proposals on remuneration, and it provides for a voluntary approach to payments to governments. Member States should encourage extractive companies (mining, oil etc.) to disclose payments to governments in their annual financial report. Regarding the accounting systems of third countries, where Member States consider third countries systems to be equivalent to those within the EU, they may exempt issuers from some of the requirements under this directive. ?

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**PURPOSE :** to harmonise the transparency requirements with regard to information about issuers whose securities are admitted to trading on a regulated market.

**LEGISLATIVE ACT :** 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 and amending Directive 2001/34/EC.

**CONTENT :** Efficient, transparent and integrated securities markets contribute to a genuine single market in the Community and foster growth and job creation by better allocation of capital and by reducing costs. The disclosure of accurate, comprehensive and timely information about security issuers builds sustained investor confidence and allows an informed assessment of their business performance and assets. This enhances both investor protection and market efficiency. To that end, security issuers must ensure appropriate transparency for investors through a regular flow of information. To the same end, shareholders, or natural persons or legal entities holding voting rights or financial instruments that result in an entitlement to acquire existing shares with voting rights, must also inform issuers of the acquisition of or other changes in major holdings in companies so that the latter are in a position to keep the public informed.

This Directive establishes requirements in relation to the disclosure of periodic and ongoing information about issuers whose securities are already admitted to trading on a regulated market situated or operating within a Member State. A high level of investor protection throughout the Community enables barriers to the admission of securities to regulated markets situated or operating within a Member State to be removed. Member States other than the home Member State will no longer be allowed to restrict admission of securities to their regulated markets by imposing more stringent requirements on periodic and ongoing information about issuers whose securities are admitted to trading on a regulated market. The main requirements with regard to disclosure are as follows:

- 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 five years. The directive specifies the documents comprising the annual financial report;
- The issuer of shares or debt securities will 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 within two months. The half-yearly financial report must remain available to the public for at least five years.
- Interim management statements ? an issuer whose shares are admitted to trading on a regulated

market shall make public a statement by its management during the first six-month period of the financial year and another statement by its management during the second six month period of the financial year. Such statement must be made in a period between ten weeks after the beginning and six weeks before the end of the relevant six-month period. It will contain information covering the period between the beginning

of the relevant six-month period and the date of publication of the statement. The directive describes the matters which the statement is expected to cover.

The directive lists the exemptions to disclosure requirements and also prescribes the ongoing information to be provided. This includes notification of the acquisition or disposal of major holdings by the shareholder to the issuer as well as the acquisition or disposal of major proportions of voting rights.

Finally, there are specific provisions on disclosure requirements for issuers whose registered office is in a third country.

TRANSPPOSITION : 20 January 2007.

ENTRY INTO FORCE :20 January 2005.

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IMPLEMENTING ACT: Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of 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

CONTENT: the Commission adopted implementing measures for Directive 2004/109/EC which deals with obligations regarding transparency of listed companies. The aim of the implementing measures is to improve the quality of information available to investors on companies' performance and financial position as well as on changes in major shareholdings. The rules established by Directive 2007/14/EC supplement provisions of the Directive 2004/109/EC without expanding the scope of the requirements established by the latter.

The Commission's implementing measures supplement the Transparency Directive with regard to:

- issuers' disclosure of financial information in half-yearly reports;
- investors' disclosure of major holdings;
- minimum standards for the pan-European dissemination of regulated information to the public; and
- minimum requirements for accepting equivalence of third-country regulations in respect of some elements of the Directive.

ENTRY INTO FORCE : 29/03/2007.

TRANSPPOSITION : 08/03/2008.

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This report aims to present stricter national measures pursuant to 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 (hereinafter the "Transparency Directive"), as well as their main impact. This Directive requires issuers of securities in regulated markets within the EU to ensure appropriate transparency for investors through the disclosure of periodic and on-going regulated information and the dissemination of such information to the public throughout the Community.

Under Article 31(2) of the Transparency Directive, Member States have to inform the Commission of any national measures they adopt which go beyond the requirements of the Directive. Stakeholders regularly report to the Commission services, for example, that, as regards listed companies, Member States often impose (or maintain existing) more stringent national rules on top of the European legislation, and thus do not pass on to companies the potential for simplification which the harmonisation brought by EU law offers. In this context, a resolution of the European Parliament asked the Commission to examine whether the transposition of this Directive has led to 'gold plating' by Member States. Against this background, the Commission services undertook a limited survey on this issue in 2008.

The Commission report highlights the different regulatory approaches of the Member States to the Transparency Directive as regards adopting and/or maintaining more stringent national rules. It also shows that the limits imposed by the Home Member State Rule of the Directive already result in positive effects for issuers. However, evidence collected so far shows that the flexibility offered by the Directive results in more transparency in the market, but also in practical difficulties for investors' compliance with their obligations and may have adverse effects on the market for corporate control. The report also shows that, while national regulatory convergence in this regard could be an option to address possible negative effects caused by the lack of harmonisation, such a process would need to be voluntary at this stage. At the same time, facilitation of cross-border compliance with different existing national obligations has already been undertaken, in particular by the Committee of European Securities Regulators (CESR), with positive results.

The question of whether legislative changes should be made to the Transparency Directive is not addressed in this report. Whether there is scope for legislative changes from a longer time perspective will be reviewed in the context of the report that the Commission has to draw up on the operation of the Directive, pursuant to Article 33.

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In accordance with Article 33 of Directive 2004/109/EC, the Commission presents this report reviewing the operation of 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 (the Transparency Directive). The report describes the impact of the Transparency Directive and how it has been complied with; identifies the main issues emerging from the application of the Transparency Directive and draws a number of conclusions. It is completed by a Commission staff working paper which provides further detail on the issues described as well as on how information has been collected (see summary of SEC(2010)0611.).

With regard to impact and compliance, the External Study on the application of the Transparency Directive reflects that a strong majority of participants consider the Transparency Directive to be useful for the proper and efficient functioning of the market. Stakeholders generally consider that regulated information disclosed by issuers reaches investors, except perhaps for the case of information disclosed by smaller listed companies. In terms of economic impacts of the Transparency Directive on financial markets, research conducted so far is not conclusive. It seems rather that the Transparency Directive is neutral: while perceived as a simplifying factor for primary market issuance, there is a lack of empirical evidence to back up this perception. A review of issuers' practices shows that issuers generally comply with financial reporting obligations and that this is also the perception of stakeholders. Financial information disclosed is considered useful and sufficient for investment purposes. Also, the simplification of language requirements for disclosure of financial information introduced in 2004 has been particularly welcome.

The cost of compliance with the obligations of the Transparency Directive does not appear particularly high. This is also the perception of issuers, although small and medium sized listed companies are more concerned about the cost of compliance. The introduction of the "Home Member State rule" as well as the simplification of the language regime for financial disclosures in 2004 should, in principle, have contributed to reducing issuers' costs. However, there are increased costs for cross-border investors resulting from the insufficiently harmonised requirements of the Transparency Directive.

Having examined in detail the emerging issues, the report states that the review of the operation of the Transparency Directive shows that there are areas where the regime created by this Directive could be improved, notably in relation to the simplification of the rules applicable to smaller listed companies with a view to making capital markets more attractive to them. The cross-border visibility of smaller listed companies towards potential investors and analysts also needs to be improved with a view to ultimately achieve higher levels of trading on the securities of these smaller issuers. There are possible measures in the framework of the Transparency Directive which could contribute to this goal: e.g. providing for more flexible deadlines to the disclosure of financial reports by small issuers would enhance their visibility since they would no longer inform about their performance at the same time as large issuers; harmonising the maximum content and presentation of reports would facilitate reading and comparability by investors and analysts. In this context, the review of the operation of the Transparency Directive also shows that it would be desirable, in order to increase the visibility and attractiveness of smaller listed companies, to facilitate access by potential investors and information intermediaries at a pan-European level to financial information disclosed by small issuers and stored in the officially appointed mechanisms for the storage of regulated information.

Additionally, the review of the operation of the Transparency Directive shows the need for greater convergence of the rules on the disclosure of major holdings of voting rights and of financial instruments giving access to voting rights (including cash-settled derivatives) as well as the opportunity to simplify the reporting requirements for issuers in the broader corporate governance context. In this connection, this report also identified the concerns of some stakeholders regarding the disclosure of environmental and social information. Some stakeholders (non-governmental organisations, some investor organisations) regularly request improvements to European legislation regarding ESG disclosure. In their view, the Transparency Directive could be an appropriate vehicle to integrate such disclosures alongside financial reporting obligations of listed companies, and to address some of the perceived short-comings of current ESG disclosure rules and practice.

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This Commission Staff Working examines emerging issues in the review of the operation of Directive 2004/109/EC. It is the document accompanying the report from the Commission on the operation of 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 (the Transparency Directive?). A number of issues emerge from the review of the operation of the Transparency Directive:

- the debate is raised as to whether the transparency rules should be specifically adapted to smaller listed companies with a view to maintaining and also increasing the attractiveness of regulated markets for this category of issuers;
- the usefulness of quarterly financial disclosures;
- the need for greater harmonisation of the rules on notification of major holdings;
- the need for greater sophistication of the Directive rules so as to cover market trends and innovations;
- the question of the transparency rules in the non-regulated markets.

These issues are equally related to the possibility of reducing costs of compliance with the Directive, notably those associated with notification of major holdings and those incurred by smaller listed companies.

Lastly, while there are no major compliance problems, the review of the operation of the Directive shows that some adjustments to the text of the Directive would be beneficial in the interest of improved clarity.

## Securities: issuers trading on a regulated market, transparency requirements

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The Commission presents a staff working document on the state of play on convergence between International Financial Reporting Standards (IFRS) and third country national Generally Accepted Accounting Principles (GAAP).

According to the [European Securities and Markets Authority \(ESMA\)](#) report, the four countries that were found equivalent to IFRS on a temporary basis until 31 December 2011 (China, Canada, India, and South Korea) have taken further steps in pursuing their convergence or adoption. The document examines the actions undertaken by each country.

China has already substantially converged its accounting standards with IFRS and is committed to eliminating the remaining, residual, differences.

In India, the latest developments introduce uncertainty about the country's commitment towards an IFRS-compliant financial reporting system. There is significant uncertainty as to whether India would adopt the IFRS or otherwise come up with a country-specific version with numerous modifications and carve-outs in some important areas, such as agriculture, financial instruments, negative goodwill, and real estate.

Other major economies have also recently announced their intention to adopt IFRS, such as Argentina, Brazil, Mexico, and Taiwan.

In Russia, there have been recent developments as far as the adoption of IFRS is concerned.

Commission services will continue to monitor the situation and assesses the efforts by third countries converging to IFRS or intending to adopt IFRS, with the technical assistance of ESMA.

## Securities: issuers trading on a regulated market, transparency requirements

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The Commission presented a report on the exercise of the power to adopt delegated acts conferred on the Commission pursuant to 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.

[Directive 2010/78/EU](#) amended the Directive 2004/109/EC and conferred powers on the Commission to adopt delegated acts as referred to in certain Articles of Directive 2004/109/EC. These powers have been conferred on the Commission for a period of 4 years from 4 January 2011 until 3 January 2015.

This report will cover the period 4 January 2011 to 3 October 2015. Throughout the reporting period, the Commission exercised only the empowerments under Article 23(4). The following delegated acts have been adopted:

(1) [Commission Delegated Regulation \(EU\) No 310/2012](#) amending Regulation (EC) No 1569/2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council.

By this delegated regulation, the Commission:

- updated the conditions, set out in the [Regulation \(EC\) No 1569/2007](#), for the acceptance of third country accounting standards for a limited period;
- extended the period, for which a mechanism for the recognition of equivalence of third country's Generally Accepted Accounting Principles (GAAP) for a limited period may be applied, until 31 December 2014.

(2) [Commission Delegated Regulation \(EU\) 2015/1605](#) amending Regulation (EC) No 1569/2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council.

By this delegated regulation, the Commission extended the period, for which a mechanism for the recognition of equivalence of third country's GAAP for a limited period may be applied, until 31 March 2016. Based on the mechanism set out in Regulation 1569/2007, the Commission recognised the GAAP of the Republic of India as equivalent to IFRS in the Union for a limited period of time until 31 March 2016.

It must be noted that the Commission adopted most of the implementing provisions to Directive 2004/109/EC by a [Commission Directive 2007/14/EC](#) of 8 March 2007.

In conclusion, the Commission considered that it has exercised its delegated powers correctly to ensure that the necessary provisions were in place.