

**European Securities Markets Authority
CFSC CWG**

103 rue de Grenelle
75345 Paris Cedex 07, France

Subject: Initiative for introduction of "European Tribune"

Dear Sirs/Madams,

In preparation for September session of ESMA CSFC CWG, the PanSlovenian Investors' & Shareholders' Association (VZMD) has launched an initiative, related to an acute issue of intensifying transparency in capital markets and promoting common standards in the single European market. We would like to present this initiative to you as well, since we consider it to be of broader concern and importance.

It cannot be reasonably argued against the notion that competencies of National Competent Authorities for regulating and overseeing the capital markets are established and exercised for the benefit of financial markets in general and for the adequate protection of retail investors in particular. This is especially true for those procedures carried out by National Competent Authorities that are concerned with proper disclosure requirements to be observed by the issuers and bidders seeking to make public offers or bids (such as prospectus).

We have become inclined to believe that the inclusion of retail investors as the ones whose interests are safeguarded in such procedures is often not adequate. This is detrimental not only for retail investors themselves, but for the quality of procedures and efficiency of the capital markets as a whole. There is a missing gap in certain national legal frameworks between the purpose of an authority to ensure transparency and its often non-transparent procedures of delivering them. Inadequate transparency hinders the restoration and enhancement of long-term confidence in financial markets that is necessary for retail investors to keep investing.

We fully realize that cumbersome and time-consuming activities would be required for the harmonization of national rules governing administrative procedures used by National Competent Authorities in each Member State when deciding on disclosure (prospectus and other disclosure requirements) and transparency-related issues. However, this is not a reason to back away from the issue, since for rights to be materialized adequate procedural "checks and balances" have to be in place. There can be no material fairness without procedural one.

Protection of individual investors' rights undoubtedly counts among the core values of common European financial market, so a common solution should be sought. If transparency in administrative proceedings of National Competent Authorities is lacking, we have failed to provide for an environment of confidence and respect of individual investors. Every individual investor should have the right to influence the procedures of authorities carried out with the main purpose of protecting and informing the investors themselves. Transparency should be guaranteed transparently.

On the other hand, the involvement and the participation of individual retail investors in the proceedings carried out by National Competent Authorities with regard to disclosure and transparency related issued should not be a hindrance to swiftness and efficiency of the said proceedings.

A solution that combines both the enhancement of investors' protection and the advancement of common market (and supervisory convergence) is an introduction of an institution called "European Tribune" that would be in short described as capital markets ombudsman.

European Tribune would be nominated by ESMA for each Member State, with the authority to act on behalf of all individual investors, when deemed appropriate, through exercising the equal rights as are granted to issuers in the administrative proceedings of National Competent Authorities regarding disclosure and transparency related issue. Such actions would naturally be based upon comprehensive set of common rules prepared by ESMA.

We believe the introduction of "ESMA tribunals" would foster participation and inclusion of retail investors and boost the standards of equal protection of investors within the European Union.

We would like to call upon ESMA to dedicate attention and effort to launch an initiative titled **"European Tribune – a path towards common standards for procedural inclusion of the investors"**. We would be delighted to take part in the session to work out the detailed proposal to be discussed with ESMA and its committees.

Yours truly,

Kristjan Verbič, M.Sc.
VZMD President



Vseslovensko združenje malih delničarjev