

The Group reviewed the concept of a central filing requirement for published research, designed so as to facilitate a historical database or library service. This had been suggested and discussed during our informal consultations with a range of constituencies in the investment research industry.

It was presumed that such a database would be structured to enable users to search for data by sector, issuer, producer firm, individual analyst, date etc.

Our market discussions suggested greater support from users than from providers of research, although several providers felt that the actual process of mandatory filing could strengthen their research supervision and compliance efforts.

The Group noted in this context that in Italy the CONSOB requires that all research disseminated by “authorised intermediaries” be filed with CONSOB no later than the day they are released and be filed with the Italian Stock Exchange for release into the public domain after a period of 60 days or before this term, under request of CONSOB, if there are ‘rumours’ about a content of a research and the market for the securities covered by this research is ‘materially’ affected (material variations of prices and/or volumes). Thereafter the Stock Exchange database is available for public access¹.

Some of our Group considered that the library concept might perhaps enhance the research industry by adding value in some of the ways illustrated below:

- *Issuers* – monitoring peer group research and performance of analysts, boosting wider share ownership, and briefing non-executive directors.
- *Investment banks and brokers* – performance-tracking, hiring, process that might encourage regulatory compliance by analysts, sector research tool.
- *Investors* – assisting sector research for analysts and portfolio managers, assessing sell-side performance.
- *Exchanges* – promotion of trading and information, possible revenue source
- *Regulators* – tool to encourage analyst probity, and to facilitate any historical investigation of individual analysts, firms or securities.

However other Members and market commentators felt that such a system would be costly to administer, would be undesirable for competitive reasons as research was a competitive tool for its providers, and could also serve to mislead retail investors unless recommendations were effectively removed or access in some way restricted to professional users.

¹ <http://www.borsaitalia.it/servlet/SocQuoteStudiSearch>