

	<p><b>Information Management in Asia</b> - E-Disclosure System Development and Issues-</p> <p>5 Sep 2012</p> <p>Seung Min Lee Asian Development Bank</p>

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## 1. Development of E-Disclosure System

- 1) Centralized E-Disclosure system
  - a) US: EDGAR (Electronic Data Gathering, Analysis, and Retrieval)
    - > Pilot program started in 1984
    - > Launched in full phase in 1996
    - > Accepts, stores, and disseminates securities filings in electronic files
    - > Dramatically improved the accessibility and ease of the use of the disclosure information
    - > Drawback: difficulty in finding relevant data and information
    - > Evolving into the next generation system IDEA (Interactive Data Electronic Applications)
    - > Adopted XBRL

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## 1. Development of E-Disclosure System

- b) Canada: SEDAR (System for Electronic Document Analysis and Retrieval)
  - > Pilot program started in 1993
  - > Launched in full phase in 1997
  - > Accepts, stores, and disseminates securities filings in electronic files
  - > Adopted XBRL 2007
- c) Israel: MAGNA (Electronic Fair Disclosure System)
  - > Launched in 2003
  - > Accepts, stores, and disseminates securities filings in electronic files
  - > Adopted XBRL 2008

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## 1. Development of E-Disclosure System

### 2) Decentralized E-Disclosure system

#### a) Europe : The EC's Transparency Directive (2004)

- ✓ Ensure appropriate transparency for investors
- ✓ Rules on disclosure of information (such as deadlines, content, formats, languages etc.)
- ✓ Dissemination of information to the public and the competent authorities, ensuring fast access on a non-discriminatory basis
- ✓ Member State to establish or appoint at least one officially appointed storage mechanism (OAM)
- ✓ Establish interconnection/network of these OAMs across the member States -> One stop shop for end users
- ✓ Liability of issuers regarding disclosed information

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## 1. Development of E-Disclosure System

### b) OAMs in Europe

- ✓ OAMs are operating in all Member States, run by the regulator or national stock exchange (business register, official journal etc.)
- ✓ Issuers often use intermediaries or commercial data disseminators to manage their filings to both OAM and other agencies through system-to system interface
- ✓ Very low volume of end user access through OAMs
- ✓ OAMs supplement and are often integrated with stock exchange and regulatory information filing services and systems, not acting as a replacement repository for regulated information
- ✓ Very limited pan-European integration of OAMs: Connection through ESMA MIFID Database

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## 1. Development of E-Disclosure System

Member State	OAM Operator
Austria	OeKB (Central Securities Depository)
Belgium	Competent Authority
Bulgaria	Competent Authority
Cyprus	Stock Exchange
Czech Republic	Competent Authority
Denmark	Competent Authority
Estonia	Competent Authority
Finland	Stock Exchange
France	Official Journal
Germany	Company Register
Greece	Stock Exchange
Hungary	Competent Authority
Iceland	Competent Authority
Ireland	Stock Exchange
Italy	Stock Exchange
Latvia	Competent Authority
Lithuania	Stock Exchange
Luxembourg	Stock Exchange
Malta	Stock Exchange
Netherlands	Competent Authority
Norway	Stock Exchange
Poland	Competent Authority
Portugal	Competent Authority
Romania	Competent Authority
Slovak Republic	Competent Authority
Slovenia	Stock Exchange
Spain	Competent Authority
Sweden	Competent Authority
United Kingdom	Hemscott Group Limited (private entity)

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## 2. Electronic Disclosure System in Asia

- 1) Korea: DART (Data Analysis and Retrieval)
  - Pilot program started in 1993
  - Launched in full phase in 1999
  - Accepts, stores, and disseminates securities filings in electronic files
  - Adopted XBRL 2007
  
- 2) Japan: EDINET (Electronic Disclosure for Investor's Network)
  - Pilot program started in 1998
  - Launched in full phase in 2004
  - Accepts, stores, and disseminates securities filings in electronic files
  - Adopted XBRL 2008

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## 2. Electronic Disclosure System in Asia

- 3) Singapore: E-Services
  - Launched in full phase in 2004
- 4) Hong Kong SAR: HKEXNEWS and ESS (E-submission System)
  - Launched in 2001
  - Accepts, stores, and disseminates securities filings in electronic files
- 5) Thailand: SET Information System
  - Not fully operational
  - Not mandatory

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## 2. Electronic Disclosure System in Asia

- 6) Philippines: ODiSY (Online Daily disclosure System)
  - Launched in full phase in 2005
  - Accepts, stores, and disseminates securities filings in electronic files
- 7) Taiwan: MOPS (Market Observation Post System)
  - Launched in 2002
- 8) PRC and Malaysia: Electronic filing and disclosure system run by stock exchanges
- 9) Viet Nam: under the process of building information disclosure system, funded by the Government of Luxembourg

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### 3. Issues and Implications for Asia

#### 1) Issues

##### a) Centralized model vs decentralized model

- ✓ Efficiency vs stability
- ✓ Reflecting the financial market development history and circumstances

##### b) Regulatory gap

- ✓ Relevant authority with supervisory power
- ✓ Regulated information management and control

##### c) IFRS (International Financial Reporting Standard) and XBRL:

- ✓ Standardized information for global investors
- ✓ Potential linkage with other disclosure systems globally

##### d) Accessibility of information

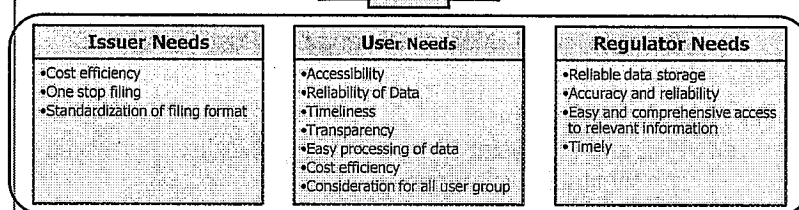
- ✓ Investor/end user education
- ✓ Easy data search and processing

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### 3. Issues and Implications for Asia

#### 2) Implications for Asia's developing economies

##### Efficient and Reliable E-Disclosure System



##### Sound Infrastructure

- Security and stability: back-up system, firewall,
- Legal and regulatory framework
- Internal information control and management

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### 3. Issues and Implications for Asia

- 2) Implications for Asia's developing economies
  - a) Prerequisites
    - ✓ Stock market established and operated stably based on macro economic stability, policy credibility and sufficient number of firms
    - ✓ IT infrastructure foundation
  - b) Meeting the needs of users
    - ✓ Issuer, user, and regulator needs
  - c) Proper legal and regulatory framework
  - d) Security and stability: data back-up, firewall, internal information control and management
  - e) Global standard
    - ✓ XBRL along with IFRS
    - ✓ Network with disclosure systems in other jurisdictions

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**Thank you.**

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