CNB CZECH NATIONAL BANK

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CZECH REPUBLIC

RESPONSE OF THE CZECH NATIONAL BANK TO THE EUROPEAN COMMISSION CONSULTATION "GREEN PAPER – THE EU CORPORATE GOVERNANCE FRAMEWORK"

A) GENERAL COMMENTS

The Czech National Bank has long stressed the unsuitability and harmfulness of regulatory interference in the area of corporate governance. One reason for this is the fact that the internal organisation and the configuration of decision-making, control and other processes belong to the company and its shareholders, not lawmakers or supervisory authorities.

In the Czech Republic the recodification of private law is being currently in the Parliamentary proceedings and the proposal of the new Companies Act will leave the internal organisation of companies up to the companies themselves to the greatest possible extent. If there is a need for regulation in specific areas (namely the financial sector), this is addressed through sector-specific acts (regulating the areas of business of banks, insurance undertakings, investment firms etc.).

The Czech National Bank considers that the fundamental differences between Anglo-Saxon law and continental law, as well as the differences between the legal traditions of the individual Member States, make the harmonisation of the regulation of corporate governance within the EU very difficult and simultaneously without benefits (what is suitable for one system need not be so for another). There are not only different legal environments, but also different economic environments (e.g. the fragmented shareholder structure in Great Britain and companies with a majority shareholder in many other countries). This has impacts on the priorities and the solutions (e.g. the splitting of the function of chairperson of the board of directors and the chief executive officer is an issue for Anglo-Saxon law in particular, while protection for minority shareholders is a priority on the Continent). The Czech National Bank proposes leaving the choice of appropriate measures up to individual Member States.

Any potentially adopted measures should only be in the form of recommendations (soft law). For reasons of the differences in national company law the Czech National Bank recommends leaving decisions on the adoption of new measures, their content and scope, as well as decisions on their binding force, at national level. The Czech National Bank is fundamentally against expanding the regulation of corporate governance to unlisted companies.

The European Company (*Societas Europea*) was introduced as a harmonisation instrument in this area and is used e.g. in the Czech Republic. More substantial harmonisation of the measures for national joint stock and other companies would contradict the meaning of the existence of a special, European type of company.

The Czech National Bank would also highlight the fact that excessive regulation can have impacts on competitiveness and lead to regulatory arbitrage. In this connection the Czech National Bank refers to the negative experience with the recently adopted measures for remuneration in financial institutions (a level playing field has not been ensured with banks outside the European jurisdiction). Furthermore, the European remuneration measures were adopted under time pressure and the quality of the legal regulation is therefore insufficient (unclear measures, the scope and transitional provisions and the factual modification to CRD III through issued guidelines).

In the case of unjustified and excessively burdening regulation of company corporate governance there is the danger that companies will relocate their registered offices to more liberal jurisdictions. This would have serious unintended impacts. It is necessary to give precedence to the quality of regulation over the speed of its adoption, in particular in view of the scope of the impacts on the market, costs and competitiveness.

The Czech National Bank also points out that if the stipulated measures will not be complied with by companies (e.g. the number of independent members of the board of directors, the limits to mandates), their enforcement will remain a question (private law measures or public monitoring). The Czech National Bank is resolutely against the introduction of public monitoring over compliance with the measures being considered. Any eventual public monitoring over the governance of a company could have serious fiscal impacts, in particular if a company goes bankrupt and this is connected with a failure of monitoring (shareholders or creditors will seek compensation for their losses from public resources).

In the opinion of the Czech National Bank, unified measures for corporate governance cannot cover the particularities of the individual companies and areas of business. The solution might be the broad application of the proportionality principle, but the question of the sense of adopting harmonised legislation arises in this case. In addition, the excessive application of the proportionality principle will lead to uncertainty among market participants and the preventive adoption of measures in case they will be required, even though they are not needed in reality. This will mean a rise in non-productive compliance costs.

In a financial institution that is a listed company it is important to prevent the doubts as to what measures to apply and in what scope.[1]

[1] A financial institution may simultaneously also be a listed company and must therefore face various sets of measures. Furthermore, in the Czech Republic, a new Companies Act is currently being adopted, which although it will bring liberalisation in terms of the existing rules, it will also increase companies' costs in relation to familiarisation with the new legislation and adaptation to it, which could shortly be repeated in view of the changes at EU level.

B) COMMENTS TO THE INDIVIDUAL QUESTIONS

THE GENERAL PART OF THE GREEN PAPER

(1) Should EU corporate governance measures take into account the size of listed companies? How? Should a differentiated and proportionate regime for small and medium-sized listed companies be established? If so, are there any appropriate definitions or thresholds? If so, please suggest ways of adapting them for SMEs where appropriate when answering the questions below.

(2) Should any corporate governance measures be taken at EU level for unlisted companies? Should the EU focus on promoting development and application of voluntary codes for non-listed companies?

In the opinion of the Czech National Bank it is undesirable to adopt binding and detailed rules for the corporate governance area. If, however, these are to be implemented in some form, then they should not bind companies irrespective of their size or area of business (e.g. risk management, conflicts of interest and transparency of shareholder structure should have a different priority in banking than in the automobile industry).

In terms of the scope of the measures, the Czech National Bank recommends limiting them only to listed companies (where they could be justified to a certain extent, as they could strengthen investor confidence in the capital market). However, similar justification is lacking for the adoption of new European measures for non-public and unlisted companies.

We can also point out that the creation of a single definition for SMEs could be disputable (small and medium-sized enterprises will be differently defined at Member State level and in individual sectors). Uniform measures will not be suitable for all the Member States (the developed capital markets in large Member States can not be compared to the less liquid markets in some other Member States, where in addition even the largest companies could fall into the SME category defined at the EU level). The introduction of strict quantitative criteria (number of employees, balance sheet total etc.) could create an obstacle to the development and growth of SMEs. If SMEs consider further development, among other things, they will also take into account the series of regulatory measures and costs connected with their compliance that they will be subject to in the event they exceed the stipulated criteria. It is necessary to take into consideration regulatory arbitrage and efforts by entities to organise their activities to ensure that they are subject to as lenient regulatory regime as possible (e.g. splitting activities among several "small" companies).

However, if new, more detailed and binding corporate governance measures are adopted (e.g. in a directive or decree), it will be important to apply broadly the proportionality principle during the creation of the measures and to keep a more flexible regime for SMEs (while at the same time sufficiently detailed and comprehensible). The more detailed and extensive the regulation is, the more the above mentioned will be important (please see in particular the considered expansion of regulation to include unlisted companies, which the Czech National Bank fundamentally rejects). The drafting of voluntary codes for unlisted companies should be left to the companies themselves and their organisations – the Commission should not become involved in this area.

(3) Should the EU seek to ensure that the functions and duties of the chairperson of the board of directors and the chief executive officer are clearly divided?

The Czech National Bank fundamentally rejects public interference in the ownership rights and into the corporate governance in companies where use of public bail-out is out of the question. Any eventual failure by the owners of a company is reflected in a reduction of their assets (i.e. it does not represent a tax-payer burden).

In Central European conditions (with a two-tier system and a majority shareholder) the prohibition on the concurrent performance of the function of chairperson of an executive body and the function of chief executive officer is not necessary. The Czech National Bank is therefore against the adoption of a measure requiring the division of the function of chairperson of the board of directors and the function of chief executive officer at European level.

The cumulation of the function of chairperson of the board of directors and the function of chief executive officer may be seen as a problem in states with a different market structure (companies with a large number of small shareholders and a strong board of directors). A role is also played by the fact that the position of the supervisory board differs in different states. However, it remains appropriate for this measure to be introduced only in those Member States where it could be necessary.

In practice it has been shown that each of the options (division vs. non-division of the functions) has its strengths and weaknesses. A combination of both functions enables e.g. improved promotion of strategy and lower demands on the numbers of members of boards. On the other hand division strengthens emphasis on the executive function and the prevention of conflicts of interests. The Czech National Bank considers that in the Czech Republic the negatives outweigh any potential benefits and, in particular for many SMEs, the stipulation of this measure could be completely superfluous and compliance merely formal in practice.

(4) Should recruitment policies be more specific about the profile of directors, including the chairman, to ensure that they have the right skills and that the board is suitably diverse? If so, how could that be best achieved and at what level of governance, i.e. at national, EU or international level?

(5) Should listed companies be required to disclose whether they have a diversity policy and, if so, describe its objectives and main content and regularly report on progress?

Legal regulation should not interfere in any way in recruitment policies for the members of the board of directors. This belongs to the companies.

Diversity in the composition of the board of directors is useful and worthy of support, but not through regulatory interference. The experience of the Czech National Bank with supervised entities shows that the companies themselves discuss, consider and adopt these ideas (e.g. there is an awareness of a lack of female participation, a member with experience from another country is seen as an advantage, members with the corresponding levels of expertise and practice are elected to the board of directors). However, the Czech National Bank, does not agree with the introduction of any quotas of any type (e.g. for the participation of foreign directors, the numbers of women etc.). If the initiative does not come from the companies

themselves and shareholders (investors), the result in practice will merely be formal compliance with the requirements.

(6) Should listed companies be required to ensure a better gender balance on boards? If so, how?

The Czech National Bank is against new regulation on the selection of members of the board of directors and on the composition of the board of directors of companies (please see the answer to Questions 4 and 5).

(7) Do you believe there should be a measure at EU level limiting the number of mandates a non-executive director may hold? If so, how should it be formulated?

It is primarily up to shareholders who they elect to the board of directors, and the actual performance of the function is the responsibility of the person elected. According to existing legislation the members of the board of directors have broad responsibility for the proper performance of the function and for any eventual losses, which in and of itself should motivate them to execute their activities properly. If a measure is to be adopted, it will be necessary to formulate the requirement in a more general way, so that it has a wider focus on the obligation to properly perform the function and not only to restrict the number of mandates. We reject the proposed type of regulation.

The Czech National Bank does not agree with the adoption of a measure restricting the number of mandates either. In the area of financial institutions this would not create problems, as the regulation of the financial market contains sufficient requirements for a proper and effective corporate governance system. For other companies we consider that such a measure would anyway not guarantee that the person in question (member of the board of directors) would dedicate sufficient capacity to the performance of his/her activity in the company's body (in other words, the person will not be burdened by his/her activities in other boards of directors, but could accept other commitments that the regulation does not prohibit).

(8) Should listed companies be encouraged to conduct an external evaluation regularly (e.g. every three years) ? If so, how could this be done?

The Czech National Bank is against the introduction of compulsory external evaluations of the performance of the board of directors, as well as their individual members. Board evaluation is primarily the role and responsibility of shareholders and, at the same time, their fundamental right. Shareholders have sufficient instruments/rights available them to acquire the most relevant information and materials to make such an evaluation. In case of the implementation of compulsory external evaluations, the Czech National Bank sees a number of difficulties, e.g. the unclear relationship between costs and benefits, risks connected with the suitability of the involvement of third parties and serious detrimental impact on the shareholder rights.

Furthermore, what rules and parameters (standards) the external evaluators would use to evaluate company bodies is not clear. The binding of external evaluation and the responsibility for its results is also problematic, while the definition of the persons that would perform such external evaluations as well as who would designate them are also unclear. In view of the above mentioned arguments, the Czech National Bank fundamentally rejects that the activities of the board of directors be subject to compulsory external evaluation.

(9) Should disclosure of remuneration policy, the annual remuneration report (a report on how the remuneration policy was implemented in the past year) and individual remuneration of executive and non-executive directors be mandatory?

(10) Should it be mandatory to put the remuneration policy and the remuneration report to a vote by shareholders?

The Czech National Bank considers the stipulation of new remuneration measures as unacceptable interference in the rights of the owners of private companies, and therefore rejects it. Remuneration transparency is sufficient according to the existing regulatory framework.

If the issue is whether or not the remuneration policy should be presented to shareholders for approval, we would say that the question lacks relevance under Czech conditions with majority shareholders. This measure could make sense in countries with a diversified shareholder structure, where the position of the board of directors and the management is excessively strong and relatively independent of the owners of the company. In view of this, the decision on the introduction of a vote on remuneration should remain at Member State level. Generally speaking, shareholders have the right to decide on members of companies´ bodies and their remuneration.

(11) Do you agree that the board should approve and take responsibility for the company's 'risk appetite' and report it meaningfully to shareholders? Should these disclosure arrangements also include relevant key societal risks?

(12) Do you agree that the board should ensure that the company's risk management arrangements are effective and commensurate with the company's risk profile?

The Czech National Bank does not see the need to change anything in the existing definition of the powers and responsibilities of the members of the board of directors. In particular it is against transferring executive functions to the competency of the supervisory board, (i.e. non-executive members of the board of directors in Anglo-Saxon law).

Nevertheless, the Czech National Bank supports the recommendation that the supervisory board (i.e. non-executive members of the board of directors in Anglo-Saxon law) approve reports on the adequacy of the internal control system of the company in question, respectively in its key areas.

The Czech National Bank sees it entirely inappropriate to consider the introduction of regulatory obligations in the area of "corporate social responsibility". The Czech National Bank considers that developments in this area should take place in particular on the basis of voluntary initiatives of private companies. On the contrary, any eventual regulation could lead to the mere formality of processes and could act counterproductively.

PART TWO - SHAREHOLDERS

(13) Please point to any existing EU legal measures which, in your view, may contribute to inappropriate short-termism among investors and suggest how these measures could be changed to prevent such behaviour.

The Czech National Bank is very sceptical regarding the idea that it will be possible, through new regulation, to change market parameters (e.g. to support long-term investors/investment to the detriment of short-term, to encourage shareholder activity and to reduce short-term speculation) and as a matter of principle stands against the adoption of regulatory measures in this direction.

The Commission's efforts should instead focus on support and/or the creation of a suitable environment for involving shareholders in the corporate governance of a company in such a way that will remove more of the remaining obstacles to the exercise of shareholder rights (e.g. support for the electronic convocation of general meetings, the holding of general meetings without the need for shareholders to be present at the meeting, real-time transmission of the general meetings etc.) The Czech National Bank thus recommends considering intensifying the possibilities for the remote exercise of shareholder rights in Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies. Helpful could also be unification of the regime for publishing information pursuant to Directive 2007/36/EC with 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. However, before the initiation of further legislative work an analysis of the effectiveness of existing measures should first be performed, as Directive 2007/36/EC was only recently transposed (the transposition deadline was set at 3 August 2009).

As regards the obligation of institutional investors that act as the managers of entrusted funds to publish their policy in the area of the corporate governance of a company and their voting policy in relation to their investment and to publish any conflict of interest, these obligations are contained in OECD Principles of 2004.[2] In the Czech Republic these principles were adopted in the form of soft law. The Czech National Bank does not consider the transformation of these principles into a binding form of regulation as either necessary or appropriate.

Simplified conclusions on free rider behaviour in connection with the rational decision-making of market entities about the level and method of their involvement in the corporate governance of a company represent a lack of understanding of the matter and a conceptually incorrect basis for considerations on new regulation.

(14) Are there measures to be taken, and if so, which ones, as regards the incentive structures for and performance evaluation of asset managers managing long-term institutional investors' portfolios?

(15) Should EU law promote more effective monitoring of asset managers by institutional investors with regard to strategies, costs, trading and the extent to which asset managers engage with the investee companies? If so, how?

[2] OECD Principles of Corporate Governance 2004.

(16) Should EU measures require a certain independence of the asset managers' governing body, for example from its parent company, or are other (legislative) measures needed to enhance disclosure and management of conflicts of interest?

The Czech National Bank does not consider that the regulation of remuneration and incentives for asset managers could bring about a change in the apathy of shareholders noticed by the Commission, and is therefore against the adoption of such regulation or other measures.

It is a conceptual question as to how far any eventual regulation should protect institutional investors, as the traditional purpose of regulation on the capital market was to protect the weaker contractual party (retail investor) in relation to stronger and qualified service provider. The Czech National Bank considers the idea that regulation should protect a qualified institutional investor to be incorrect, as he/she can ensure a sufficient level of protection in relation to the asset manager without any assistance. Hence the Czech National Bank does not see new regulation in this area as appropriate.

It is possible to support the transparency of the asset manager towards his client, among other things, also through ensuring that the client knows the structure of the fees and billed remuneration, the costs for the portfolio turnover, and the costs and revenues from involvement in the management of a company. However, the Czech National Bank rejects regulation of the remuneration of asset managers, nor does it consider the regulation of transparency to be essential.

As regards Question 16, we can agree with the recommendation for the independence of the asset managers' governing body from the parent company in the event of conflict of interest. To a significant extent these questions are already addressed today by the MiFID and other regulations. However, final responsibility for the management of conflicts of interest should be left to the company.

(17) What would be the best way for the EU to facilitate shareholder cooperation?

See the answer to Question 13.

Regarding clearer and more uniform rules for cooperation, a discussion on the harmonisation of rules can be supported. The question is the feasibility of harmonisation, when the concept of acting in concert fundamentally differs in Member States depending on their legal tradition and national law. Developing regulation that would be agreeable to all Member States is therefore unrealistic (please see the problems in the regulation of takeover bids, and in the Transparency Directive). The key problem of acting in concert is demonstrating it. Any adopted regulation must therefore include a careful formulation of presumption of acting in concert. Before proposing any potential regulation, an analysis of the national laws of the Member States is essential, taking into account not only the wording of legal regulations but also judicial decisions and doctrines.

(18) Should EU law require proxy advisors to be more transparent, e.g. about their analytical methods, conflicts of interest and their policy for managing them and/or whether they apply a code of conduct? If so, how can this best be achieved?

(19) Do you believe that other (legislative) measures are necessary, e.g. restrictions on the ability of proxy advisors to provide consulting services to investee companies?

It is up to investors to choose a suitable proxy advisor. In countries without fragmented shareholder structures (continental countries) this is not a relevant topic: the fights for the votes of the minority shareholders are not decisive compare to ensuring fair behaviour towards minority shareholders by the majority. From this perspective, the adoption of rules at EU level is not necessary either.

Nevertheless, the Czech National Bank supports the creation of codes and best practices for recognising and managing conflicts of interest and strengthening market self-regulation and self-control, while retaining the existing level of requirements for transparency in the area of conflicts of interest of providers of services regulated today on the financial market.

(20) Do you see a need for a technical and/or legal European mechanism to help issuers identify their shareholders in order to facilitate dialogue on corporate governance issues? If so, do you believe this would also benefit cooperation between investors? Please provide details (e.g. objective(s) pursued, preferred instrument, frequency, level of detail and cost allocation).

The Czech National Bank is against the adoption of new regulation as well as any type of technical mechanism at European level. The Transparency Directive and the Directive on the exercise of certain rights of shareholders in listed companies apply only for listed companies and the existing regulatory framework may be considered as adequate. In this context the Czech National Bank would like to point out that the securities of listed issuers are typically issued in a book-entered form and the owners are recorded at the Central Depository (i.e. sufficient identification is already ensured today). Regarding non-public companies, it is up to their founders as to what shape and form the founded company issues shares in and whether the company will identify its shareholders at a sufficient level in the future.

(21) Do you think that minority shareholders need additional rights to represent their interests effectively in companies with controlling or dominant shareholders?

(22) Do you think that minority shareholders need more protection against related party transactions? If so, what measures could be taken?

The Czech National Bank considers that the protection of minority shareholders should be left at Member State level. The Commission has not presented adequate reasons for the conclusion that a "comply or explain" mechanism could be less efficient for a company with a majority shareholder.

At the present time in the Czech Republic, in connection with the adoption of the new Companies Act, there are on-going discussions about the level of protection for minority shareholders. Excessive minority shareholder rights may lead to a situation in which those rights are abused by minority shareholders, which undermine of the effectiveness of the management of the company and to significant costs for the company (legal costs, legal disputes, the preparation of expert opinions etc.). On the other hand, insufficient minority shareholder rights could lead to minority shareholders' lack of confidence in the capital market, in particular in connection with cases in which majority shareholder rights were abused, with a resulting lack of capital for which companies can compete. The connections are important to assess the level of protection for minority shareholders, crucial is the legal culture of the individual countries, the enforceability of rights, the procedural regulation at the court of law, the development of the capital market etc. In view of this it will be appropriate to leave any eventual regulation at national level.

As an example of the possible strengthening of shareholder rights may be provided the introduction of cumulative voting. This will enable minorities to place their proxy on the board of directors. However, this measure also has its risks, for example, the destructive activity of the proxy of a minority shareholder, or the insufficient qualifications of such a proxy etc. Hence it is important to carefully consider each individual measure. We can support discussions on cumulative voting to the supervisory board (non-executive members of the board of directors in Anglo-Saxon law), or on the requirement for the independence of certain members of the supervisory board (non-executive members of the board of directors in Anglo-Saxon law), from the company. As regards the executive body, the creation of this executive body and its composition has to be left exclusively to the shareholders.

Regarding transactions with related parties, it is necessary to award protection for minority shareholders of the controlled company. However, regulation should be left at Member State level. The approval of significant transactions with a related party by the general meeting considered by the Commission would *de facto* mean a ban on transactions with related parties, as the costs and the difficulty of convocation of the general meeting would be entirely deterring. This is completely unreasonable and is based on the incorrect idea that every transaction with a related party is performed with the intention of achieving benefit for a majority shareholder to the detriment of a minority shareholder. Nevertheless, transactions with related parties can lead to an optimisation of costs in a group and to European companies maintaining their competitiveness. If a loss incurred by a controlled company, respectively minority shareholders, is compensated, there is no reason to restrict or, in reality ban, transactions with related parties.

(23) Are there measures to be taken, and is so, which ones, to promote at EU level employee share ownership?

The Czech National Bank does not have objections against the remuneration of employees in the form of shares. However, the decision on the remuneration and its form must be left entirely up to the company, and should not be forced on the company through regulation. The Czech National Bank considers that it is therefore inappropriate to adopt rules at European level to support the ownership of shares by employees.

The Czech National Bank opposes the Commission's idea that employees in the position of shareholders can play a role in increasing the portion of shareholders with long-term interests. In the case of SMEs, measures to support the ownership of employee shares can, in extreme cases, lead to the deformation of the ownership structure of the company and the transfer of its ownership from its founders to its employees. As the Commission pointed out, there is the threat of insufficient risk diversification in relation to employees who could incur significant losses.

PART THREE - MONITORING AND IMPLEMENTING CORPORATE GOVERNANCE ("COMPLY OR EXPLAIN")

(24) Do you agree that companies departing from the recommendations of corporate governance codes should be required to provide detailed explanations for such departures and describe the alternative solutions adopted?

The Czech National Bank considers that the Swedish solution, for the example given in the Green Paper, could be inspirational and a base for further discussion. In the corporate governance statement, in addition to information about the codes that are not applied and the reasons for such deviations (already required today by Directive 2006/46/EC), a company would also provide a description of the solution selected by the company in its place. Nevertheless, the level of detail of the information in the explanation should be left up to the company. Explanations that are so general in nature that they do not provide any relevant information apart from the mere information that there has been a deviation due to its suitability for the company, should be considered (and can already today be so considered) as explanations that are not in compliance with the requirements of regulation. The Czech National Bank does not consider new regulation stipulating the level of detail in such explanations as appropriate.

The Czech National Bank supports the retention and exercise of the "comply or explain" principle as long as this represents the fulfilment of corporate governance codes, which the company voluntarily complies with, as the conditions of the performance of activities significantly differ at individual companies (different nature, scope and complexity of activities, the size of the company and its shareholder structure). A "one size fits all" solution is therefore not appropriate.

The Commission sees a problem in the generality and insufficiency of the explanations provided by the companies. The Czech National Bank would state in this regard that a detailed explanation does not necessarily mean a comprehensive, relevant explanation that is useful for shareholders. The Czech National Bank does not support regulation stipulating the requirements for the provision of detailed explanations.

The Czech National Bank, instead of new regulation, supports continuous discussion between a supervisory authority and/or self-regulating body for corporate governance issues with companies that comply with a specific corporate governance code. As a matter of fact, this is also Sweden's case, where the rules for the justification of deviations are stipulated by the self-regulating Corporate Governance Board. In the Czech Republic, too, such dialogue is leading to a gradual improvement in the quality of statements.

(25) Do you agree that monitoring bodies should be authorised to check the informative quality of the explanations in the corporate governance statements and require companies to complete the explanations where necessary? If yes, what exactly should be their role?

In the Czech Republic the corporate governance statement is already considered as regulated information today (in the terminology of the national regulation this is the so-called "compulsorily published information" pursuant to Act No. 256/2004 Coll., on capital market undertakings, as amended).

The Czech National Bank is fundamentally against the establishment of new powers for supervisory authority over listed companies, related to the the annual report and the corporate governance statement. In particular, it cannot agree with a shift to material investigation. On

the other hand, it can support that the corporate governance statement be included in the regulated information regime pursuant to the Transparency Directive, as this is reasonable in a situation in which the statement forms part of the annual report. The Czech National Bank does not support other changes and the expansion of monitoring.