

# Evolution of price-sensitivity

## Contract negotiations

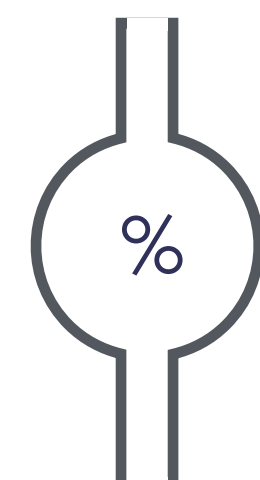
**„An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information (...).”**  
Market Abuse Regulation art. 7 par. 3

In case of protracted processes, such as negotiations of a contract, it is important to assess the price-sensitivity of all the consecutive steps in regards to the definition of inside information.

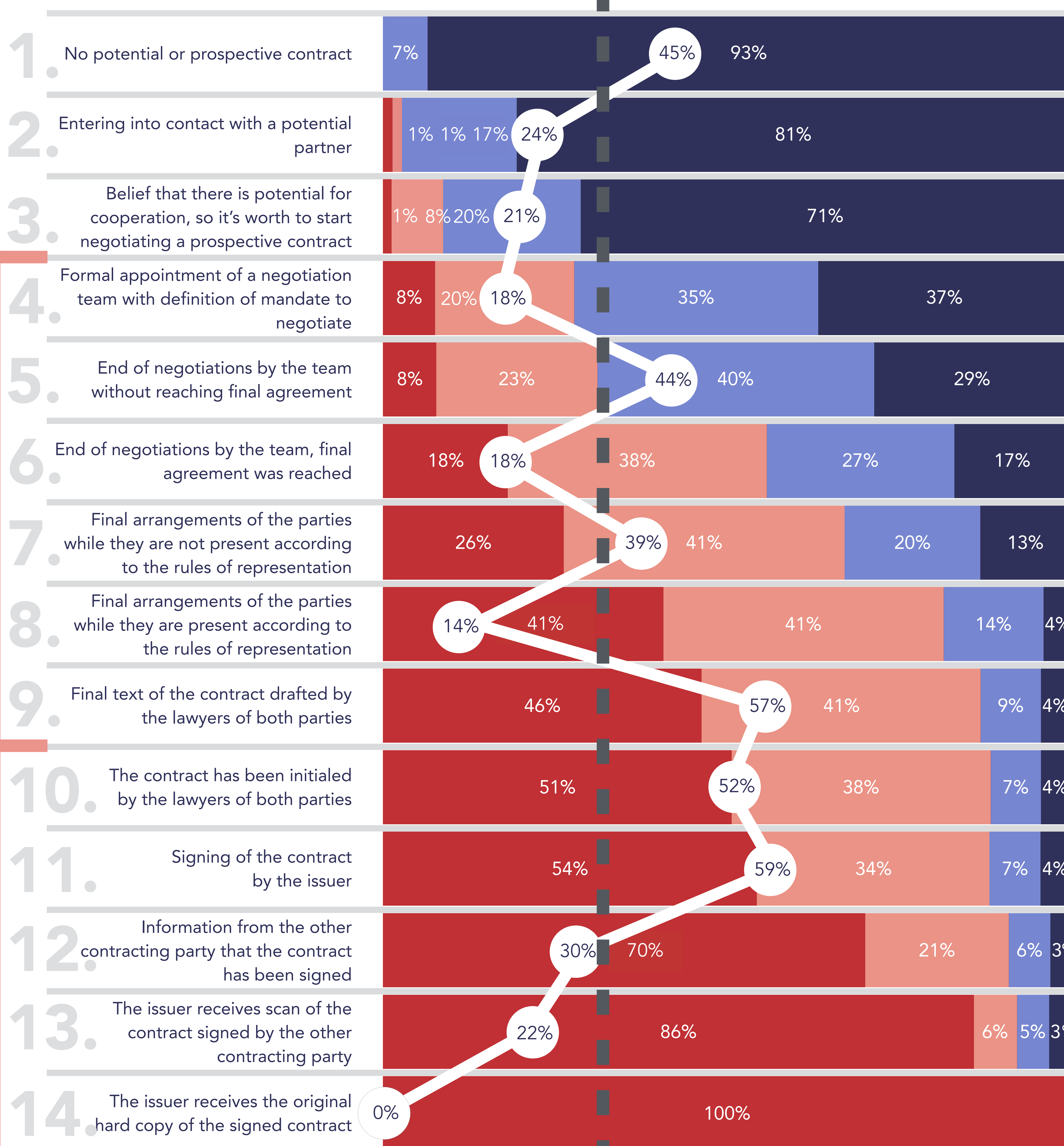
The Polish Association of Listed Companies has conducted a survey among compliance and investor relations managers, in which the changes in their opinions were researched regarding price-sensitivity of the separate events that occur in a protracted process, based on an example of the negotiations of a contract.

### Legend

Percentage of answers to the question: **Is this a price-sensitive information?** among persons who had a precise opinion about the given step



**irrelevance ratio** - percentage of respondents who haven't answered the question regarding the given step, probably regarding it as a change too small in respect to previous steps in order to be analysed



The first visible decrease of the percentage of persons thinking that a price-sensitive information still doesn't exist

Over half of respondents acknowledging potential relative price-sensitivity of the information

Over 80 percent of respondents acknowledge potential relative price-sensitivity of the information at this step with very low level of irrelevance ratio

Over half of respondents acknowledge that this step definitely presents a price-sensitive information

An explicit decrease in the level of irrelevance in the last few steps in favor for the opinion that the information is price-sensitive, with a constant percentage of respondents who acknowledge the price-sensitivity of an information only when the issuer receives a signed copy of the contract

The whole process of the actual negotiations is characterized by a high percentage of respondents not having a clearly defined opinion about price-sensitivity of the given steps (from 55% at step 4. to 50% at step 9. with maximum of 65% at step 6.)

The steps with a high level of irrelevance ratio (over 30 percent) indicate that they are less relevant to assessment of price-sensitivity of the information or the fact that many contract negotiations do not consist of such detailed series of steps

Survey conducted among participants of the conference *Reporting of price-sensitive information in the context of MAR* organised by the Polish Association of Listed Companies (25-26 November 2015). Conclusions from the research have an informative and educational character and the must not be treated as specifying of the definition of inside information or the definition of the intermediate steps in a protracted process.