

via web-site: www.cesr-eu.org

Brussels, 24 April 2006

EAPB Answers to the call for evidence on the consolidation of market transparency data

The European Association of Public Banks (EAPB) represents the interests of 22 public banks, funding agencies and associations of public banks throughout Europe, which together represent some 100 public financial institutions with a combined balance sheet total of about EUR 3,000 billion and more than 173,000 employees, i.e. representing a European market share of approximately 10 %.

The EAPB would like to thank CESR for the opportunity to comment on the call for evidence and to submit its views regarding any possible future work on transparency data publication and consolidation. The EAPB would very much appreciate CESR considering these comments and taking them into account and would very much welcome to get the opportunity to comment on the conclusions drawn from the survey.

1. General Remarks

Before going into detail, EAPB would like to make some general remarks on the issue of market transparency and consolidation.

First, EAPB would like to express its reservation with regard to Art 31 (b) of the draft Regulation. The latter is crucial for the current call for evidence. EAPB could not identify any legal basis in the MiFID for Art 31 (b) of the draft Regulation. If, however, this provision is to be maintained in the ongoing law making procedure, EAPB does not see any call for action for CESR as self-contained mechanisms will emerge on the market as a result of competition.

Second, the consultations currently taking place under the accelerated procedure in the European Securities Committee and the European Parliament with regard to the European Commission's official proposals on MiFID level 2-measures will be continuing throughout 2006. As long as this process has not been completed, the current call for evidence can only be a stock-taking with a view to finding out current considerations of the market participants based on the Commission's proposal, as CESR itself mentioned in its call for evidence. Therefore, the following comments might be subject to alterations in case of amendments to the level 2-measures.

Third, EAPB does not take the view that the possibility offered by Art 28 of the MiFID to comply with the obligations of post-trade transparency through publication on the webpage is restricted or even denied by Art 31 (b) of the draft Regulation. It has to be made sure that the requirements resulting from Art 31 (b) draft Regulation do not lead to an overregulation in terms of excluding publication on the institutions' own webpage. Moreover, EAPB feels that the publication on the website of an investment firm is advantageous to investors with regard to speed, favourable prices and convenience.

Finally, EAPB takes the view that a European wide maximum consolidation of market transparency data can only be planned as a further step after MiFID has been implemented by the Member States and first practical experiences on the feasibility by Member States are available.

2. Comments on the specific questions

In the following, EAPB would like to concentrate on some of the questions posed by CESR in its call for evidence.

a) Costs and benefits

Costs and efforts necessary for implementing the provisions laid down in the draft Regulation cannot be evaluated yet. Directly attributable advantages through the transparency-obligations are currently not identifiable for credit institutions which have to publish data. Although "reasonable costs" may be charged, in practice credit institutions will face costs for the provision of information which they cannot pass on to vendors.

b) Standards and formats

In the EAPB's point of view it seems advisable to have a uniform European wide standard for post-trade information. From a technical point of view, above all the field name and content of a communication should be defined clearly. This comprises e.g. the determination of the field length, the kind of display (numbers and / or letters) and type (mandatory and optional field). Furthermore, as regards the content, internationally accepted data formats / contents should be applied.

Besides, the following considerations might be taken into account:

- o 24 h/12 h format: to our knowledge, except for the UK, no EU Member State applies the 12 h format. Therefore, a uniform 24 h format would be preferable.
- o Type of instrument identifier: regarding the traded securities it must be observed at present that an exclusive restriction to ISIN may not be feasible in each case. In exceptional cases, other means of identification should exist. However, the exclusive use of local identification of securities should be, as far as possible, resigned from.
- o Standards for displaying price and quantity should be standardized. According to format existing already today, the following elements should be taken into account:
 - A comma should be used as separator of sums or fractions (e.g. EUR 15,24 or 213,15 parts);
 - Quotations of quantities (and price quotations) should be made without indications for thousands (e.g. 1000 parts and not 1.000 parts).

c) Time period for publication

The provisions laid down in the MiFID only provide for transparency of certain operations by investment firms. The requirement that the publication has to be accessible for interested market participants for a certain time period is not part of the afore mentioned provisions. Insofar as market participants express any need for historical data, solutions will emerge on the market.

d) Consolidation of data – market needs for consolidation

It has to be retained that investment firms who have an obligation for transparency do not have at the same time an obligation for consolidation. As far as there is any need for consolidation of data, an adequate market solution will be developed.

On some smaller markets, such as Austria, not so many systems for publication of market transparency data are planned at the moment. Thus no need for consolidation on these markets could currently be identified.