

**18/01/07**

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| <p><b>CESR Level 3 consultation</b><br/><b>Use of reference data standard codes in transaction reporting</b><br/><b>ABN AMRO response</b></p> |
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ABN AMRO welcomes the opportunity to comment on CESR's Level 3 consultation on the use of reference data standard codes in transaction reporting. The outcome of this consultation will directly influence the practical implementation of the MiFID transaction reporting rules and will highly affect our reporting systems and procedures. Therefore, we sincerely trust that CESR will take the comments below into account when drafting its level 3 guidance.

## **I. General comments**

First of all, we would like to express our preference for the fully flexible solution applied by all the Member States' Competent Authorities. This would consist in:

- Allowing us to make reports to any Competent Authority based on a range of non-exclusive data standards made available for particular fields of investment firms' transactions. Consequently, we would send to the Competent Authorities the transaction reports based on our internal data standards. The receiving Competent Authority would translate any key variants into its own preferred data standards, and would then transfer the information to any other Competent Authorities as required.
- Giving us the necessary time so that, within the industry we can work on the common standards. The common standards as driven by the industry will help to better manage the risks linked with the conversion of our systems.

ABN AMRO would like to avoid the following situations described below:

- The situation where we would be compelled to use particular data sets defined by each Competent Authority individually for our reporting. In particular, we fear that for example, Competent Authority A in one Member State mandates that we use ISIN as the financial instrument identifier but Competent Authority B in another Member State mandates that we use CUSIP for that field. This would mean that we have to be able to fill in each mandatory field with a variety of code types. This would be a highly burdensome, costly, complicated and inefficient solution.
- The situation in which a particular Competent Authority has a preference for (and base their monitoring software on) the use of a particular reference data type, e.g. ISIN for financial instrument identifier while their regulated firms already use another reference data type in their own systems to populate the same field, e.g. CUSIP. In such a case, we do not want to be obliged to convert our systems. This would be significantly more efficient and cost effective for the Competent Authority itself to operate a data table converting CUSIP into the relevant ISIN within its own system, rather than requiring a large number of investment firms and credit institutions each to rewrite their own system standards and architecture to achieve the same result. If the Competent Authority has to create and apply the conversion tables, that represents one single design and build. If the firms have to create and apply the conversion tables (or redefine their own base systems to switch from the previous internal data standard to the new externally imposed one) then this requires multiple parallel designs and builds at a time when project and IT resource are scarce.

However, if the Competent Authorities are individually inclined to establish their own prescriptive mandatory requirements as to how particular fields are populated by investment firms with particular data reference types (with a significant risk that different Competent Authorities will require different solutions to complete the same fields), then the solution for the Competent Authorities is to impose the same mandatory solutions on all firms subject to the MIFID transaction reporting rules.

In general, for ABN AMRO as international bank communicating with multiple regulators, avoiding such national differences is crucial.

Within the current MiFID context, if we are required to make fundamental changes to the standards we use for standing data within the platform that feeds our transaction reporting, this will have knock-on effects into systems that we do not use for transaction reporting, since those further systems will need to remain consistent with the others. Therefore we risk being asked to make consequential changes to multiple IT systems, which all have to be designed, written, tested, regression tested and released into production without unintended consequences. All of this has to be achieved at (for an IT project) high speed in time before the MiFID implementation deadline in November 2007. This would exponentially increase our operational risk for no clearly definable benefit.

We also note that only a limited number of regulators have currently published their draft transaction reporting requirements. Additionally, we invite CESR to ensure the convergence in implementation amongst its members (e.g. clarify outstanding issues regarding the home/host reporting responsibilities for branches, where a transaction is deemed to have taken place). As we are approaching the MiFID implementation date, it is our priority to have more clarity on those issues.

## **II. Detailed comments on the standard codes**

### **ISO 9362 BIC**

We understand that SWIFT is intending to issue additional BIC's to cover CIV's. Our main concern in this area is the accuracy and uniqueness of the list of BIC's. We suggest that where confusion exists use of the regulators own codes or the firms' codes may be appropriate.

### **ISO 6166 ISIN**

Speed of issuance and comprehensiveness of ISIN's are the main issues. We feel that CESR work with the numbering agencies to ensure prompt provision of new ISIN's to ensure that we do not have a backlog of reports. We also need a mechanism to report where an ISIN has not been allocated to ensure compliance with the T+1 rule.

### **ISO 10962 CFI**

Our feeling is that this is not currently widely used. This standard is not comprehensive enough to accurately classify for the commercial use. We have no issue with CESR adopting this internally and working with the relevant ISO body to improve this standard but not to make it a requirement for individual firms.

### **ISO 3166-1 Country Codes**

Country codes need to be issued promptly and to the required granularity. We understand that there are questions regarding the division of UAE into individual Emirates. We also highlight that there is still uncertainty surrounding the exact definition of 'execution' which needs resolution so that the country location of counterparties can be correctly identified and reported.

### **ISO 8601 Date/Time**

No major issues in the use of this standard as a general format for time fields. However we also highlight that the exact definition of fields e.g. 'time the transaction was executed' requires further clarification to avoid ambiguity.