

EU - Commission

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5th of November, 2009

Re: CESR - Trade Repositories

The Bank and Insurance Division of the Austrian Federal Economic Chamber representing the entire Austrian Banking and Insurance Industry would like to comment on the communication of the EU-Commission to the European Parliament and the Council as follows:

3. FUNCTIONS AND CHARACTERISTICS OF A TRADE REPOSIT

Questions:

*Do you agree with the functional definition of what constitutes a trade repository ?
What other characteristics of a TR do you consider essential?*

Answer:

Yes - we agree to the functional definition of a trade repository.

Legal information, clear legal construction regarding obligations and duties in also in according with compliance rules and data protection rules

4. AVAILABILITY OF DATA BY TRADE REPOSITORIES

Questions:

In your opinion, what kind of information should be available to: regulators, market participants and the general public, respectively? Please differentiate by asset class where appropriate.

Do you agree that trade repositories should provide adequate processes to ensure the reliability of the data provided? How could reliability be ensured?

Do you see any other entity with legitimate information needs with regard to OTC derivative trades recorded in a trade repository? If yes, please explain.

Answer:

OK as proposed

It has to be considered that FpML is the messaging standard for the OTC derivatives business

-Yes, we agree that trade repositories should be the ones who make adequate processes to ensure the reliability of the data provided. Depends on point 5 - Decision if a own matching platform is implemented in Europe or if the existing TR in US will be used.

Open question:

How should deals with non bank counterparties incorporated in that TR services

Operation guidelines to avoid the systemic risk- similar as the guidelines for ICSDs, CSDs or other CCPs Supervision through Securities/Banking Supervisors (at EU or international level

No - we see especially CCP's as main entities which should provide with this kind of information.

For the general public:

We suggest that for a given bond/loan issuer, the TR reveals the amount secured by CDS, gross and net.

Examples:

Royal Dutch: amount secured by CDS totals gross EUR 224.000.000,- (net: 145.000.000,-) Italy: amount secured by CDS totals gross EUR 1.25 bn (net: 0,75 bn) For a given stock, we suggest that the open interest is revealed by the TR.

Examples:

Volkswagen St: open interest for strike 100 = 1.500.000, for strike 120 = 2.000.000

Like the DTCC, the TR should reveal all aggregate data for the general public, without revealing a dealer breakdown. However, a breakdown by dealers and non-dealer/customers is highly recommended (as can be seen on the DTCC website).

Additionally for market participants:

We suggest that the TR discloses **all information about own trades**, in the same way it reveals all information about all market participants to regulators.

Additionally for regulators:

We suggest that regulators have full access to all data in the TR, including a dealer breakdown of aggregate data; in addition to that, the TR should keep track of all historical queries from regulators (for admissible evidence in court in case the regulator is involved in disputes)

5. LOCATION OF A TRADE REPOSITORY

Questions:

Do you see a need for establishing TR facilities in Europe if a global repository already exists elsewhere? Do you believe that a European repository is needed for each OTC Asset class as described above (i.e. CDS, interest rate and equity derivate markets)?Please give reasons.

If yes, what form should the trade repository facilities to be established in Europe take (e.g. single point of information, back-up facility) and which trades should be registered in such facilities (e.g. trades of European market participants, trades referring to European underlying entites) ? Please specify.

Answer:

No. We only see a need for an own TR facility in Europe, but, as mentioned, as a single point of information and as a back-up facility. Everybody is making membership to DTCC now and establishing a second platform in Europe would mean to connect both of them - cost time and money and complicate the processes.

There is no need to divide the OTC asset classes - all OTC Derivatives should be on a platform for getting all informations for TR's.

Trades of European Market Participants should be enough.

6. LEGAL FRAMEWORK FOR TRADE REPOSITORIES

Questions:

Do you think there should be harmonised EU requirements for the regulation and supervision of trade repositories?

To what extent do you expect that protocols, common market practices and the like, surrounding proposed solutions for trade repositories, could promote harmonisation and foster safety and efficiency in the post-trading process? Please provide reasons for your position

Rules for regulation and supervision have to be in line with ISDA rules and therefore valid for the whole market. Otherwise there will be a big disadvantage for the industry trading on the EU market versus those participants trading abroad.

TR should operate within and based on the existing ISDA market standards and process protocols such as ISDA Big bang protocol from April 2009 as a single market standard and should not create a parallel framework. The outsourcing of bilateral trade confirmation storage, trade reconciliation, position data archiving and trade event processing to a reliable third party such as a TR as CCP will create a secure and transparent cross border operations process, a single point of contact for all kind of reports and further deal administration, a potential for pooling of collaterals reduction of any op risk, especially in case of Business continuity.

Yours sincerely,

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