



Bundesverband Investment
und Asset Management e.V.

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CESR consultation on the use of reference data standard codes in transaction reporting

Dear Mr Demarigny,

BVI¹ welcomes CESR's public consultation on the use of reference data standard codes in transaction reporting. Please find our answers below which we hope to be helpful.

We would welcome additional consultation on the transaction reporting requirements according to Article 25(3) MiFID in order to discuss the scope of the transaction reporting obligation, which is not clear. In our view only investment firms which execute transactions (in any financial instruments admitted to trading on a regulated market) are required to report such transactions to the competent authorities. Most asset management companies do not execute transactions in any financial instruments admitted to trading on a regulated market and should not be submitted to the transaction reporting obligation. We refer to the position expressed by the European asset management association EFAMA on the scope of the transaction reporting obligation and its non-application to asset management companies, which we support in full (cf. EFAMA letter dd. January 8, 2007).

¹ BVI Bundesverband Investment und Asset Management e.V. represents the interest of the German investment fund and asset management industry. Its 84 members currently manage some 7,500 investment funds with assets under management of about € 1,200 bn. The units of these funds are held by some 15 million unit holders. Mandates for portfolio management services provided by our members comprise assets in excess of € 150 bn. For more information, please visit www.bvi.de.

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A. Do you think that the standards chosen by CESR are the relevant ones?

We think that the standards chosen by CESR are the relevant identification and reporting standards.

We would like stress the importance of the fact that all market participants are indirectly encouraged by CESR to use ISO standards for the identification of parties and securities, in particular the securities identifier ISIN (ISO 6166) and the BIC (ISO 9362), which are available to most financial institutions, including investment managers.

EFAMA in the context of its fund processing standardisation effort has recommended in late 2005 that all fund management companies in Europe request the allocation of a BIC directly or through their EFAMA member association. Several EFAMA member associations and their members are currently in the process of doing so. All BVI member companies have been allocated BICs through an industry lead initiative in 2004. All our funds carry ISINs.

However, BVI requests CESR to insure through active dialogue with ISO and other relevant standard setting organisations such as SWIFT (BIC/MIC registration authority) and ANNA (ISIN/CFI registration authority) that the use of the standards accepted by CESR does not impose new fees on the market.

Finally, in order to reduce cost and complexity of systems and to increase operational efficiency and safety in the order, clearing & settlement and investor reporting of securities, the use of national or proprietary identification codes should be discouraged where they are not in line with ISO standards.

B. What would be the benefit if these standards were also widely used in reporting by the investment firms to the local CESR Member?

The support of CESR for ISO standards will lead more quickly to the use of ISO standards by all market participants in the European securities industry, and not only between the competent authorities. The speed of standardisation and automation in the European securities industry will increase resulting in cost benefits and efficiency gains for market participants and investors alike. The use of international standards within the context of the MiFID implementation is a useful step towards the creation of a single financial market in Europe.



C. What are the practical implications of the use of the standards for the financial industry?

Currently, the German fund and asset management companies actively use some of the standards requested by CESR such as BIC or ISIN for identification in order, clearing & settlement or investor reporting purposes. These standards may be used on a low or no cost basis without the investment management company being necessarily e.g. a member of the SWIFT network. The operational impact of using the standards may be mitigated further if the competent authority provides for a conversion of messages or other translation services from existing national transaction reporting schemes into the CESR reports. Such services should be provided at least for a limited implementation period until the market players have converted their systems to the direct use of the specified ISO standards, especially with respect to currently less used codes such as MIC or CFI.

D. Do you have comment on individual standards?

Overall, most of the standards have been identified as being commonly used in the financial sphere. However, BVI would like to make the following comments on specific standards:

- **ISO 10962 CFI Code:**

This standard allows for the necessary identification of the attributes of a security (e.g. bond/equity). It is serviced for all German listed securities by the national NNA. It is appropriate to include this standard into the list of standard codes for the exchange of transaction reporting between regulators.

- **ISO 6166 ISIN Code:**

In particular CESR should clarify with ISO and ANNA that the use and data basing of the ISIN code issued for a security is possible free of any licensing fees. We are referring to ongoing attempts by the USA based NNA Standard and Poor's to request legally unfounded payments of a licence fee for the use of ISIN codes by European firms.

- **ISO 9362 BIC SWIFT Code:**

More than 20 German asset management companies have obtained an "active" BIC Code because they are also SWIFT members. However, all other BVI member companies have obtained a BIC 1 Code



without difficulties from SWIFT.² These codes are sufficient for identification purposes at hand even if the use and the management of this code are different from the “active” BIC.

- **ISO NP 16372 IBEI:**

Furthermore, CESR should encourage and support ISO to finish the work on the International Business Entity Identifier project (ISO NP 16372 IBEI) as the main identification code for non-BIC counterparties and issuers.

As the IBEI will not be available shortly, CESR should encourage additionally the use of the CIVIC. SWIFT offers the Collective Investment Vehicle Identification Code (CIVIC) which could help to identify all kinds of pooled asset management vehicles in the context of MiFID reports, including investment funds, pension funds, hedge funds, private equity pools and charities.

We remain at your disposal in case you wish to discuss this issue in further detail. Please get in touch with Rudolf Siebel (Rudolf.Siebel@bvi.de).

Yours sincerely

BVI Bundesverband Investment und Asset Management e.V.

Signed:
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Marcus Mecklenburg

² BIC 1: A bank identifier code composed of 8 or 11 characters identifying an entity not connected to SWIFT. As a result, a BIC1 cannot be used in a SWIFT message header to identify the sender or the receiver of the message. But BIC1s registered by SWIFT and published in the BIC Directory can be used in the text of a SWIFT message to unambiguously identify a third party.