

Response of Dresdner Bank AG to the
CESR Call for Evidence – Consolidation of Market Transparency Data
Ref.: CESR/06-134

1. General Remarks

Dresdner Bank welcomes the opportunity to comment on the CESR Call for Evidence – Consolidation of Market Transparency Data, Ref.: CESR/06-134.

It is Dresdner Bank's opinion that the Lamfalussy process gives all market participants a valued opportunity to express their needs and remarks. This will help building a vital and market-driven framework of rules for the European markets in financial instruments.

With regard to the fact that there are available the Commission drafts of Level 2 documents only and that final and official versions will not be released before mid of 2006, all of the Dresdner Bank's remarks and comments should be understood as provisional and subject to changes. Dresdner Bank reserves explicitly the right to entirely or partly change its expressed opinions and views on the transparency publication and consolidation topic.

2. Publication

It is one purpose of the DIRECTIVE 2004/39/EC (MiFID) to achieve market-wide transparency, especially for transaction in shares, no matter if traded on regulated markets, MTFs, by Systematic Internalisers or another way. The MiFID postulates that transparency data must be made available on a reasonable commercial basis and in a manner which is easily accessible to other market participants (see e.g. Art 27, (3), para. 2, Art. 28 (1)).

The Level 2-Regulation draft rules out detail terms and definitions, making the Level 1 rules more concrete.

a. Is there a need for standards?

In general, minimum publication standards are appropriate to automate workflows, to decrease costs for both, data publishers and data consumers, to achieve a better comparability of published data and so to advance the transparency of the European markets in shares.

Contrariwise, the determination of only one standard or the regulation of too extensive standards will lead to a lack of competition in the markets for data consolidation and/or data provision. This may have significant negative effects for data availability and quality and could lead to decreasing market transparency.

b. Should there be made obligatory the usage of a standard or a set of standards?

Dresdner Bank takes the view that there could be a recommendation of a minimum set of abstract data field standards, as e.g. data dictionaries or process models.

There should not be one forced standard, protocol or format, neither for the whole publication process, nor for singular parts like e.g. the instrument identifier.

With regard to the very little time remaining between completion of Level 2 documents and November 2007, when MiFID must be implemented, it is not achievable to agree one comprehensive, acceptable and IPR-save standard within the financial industry.

Therefore, the binding specification of one standard could lead to serious difficulties for many data publishing investment firms, being able to publish standard conform data from November 2007 on. This would have a contrary effect to the market transparency efforts of the European Commission.

Furthermore, the example of the regulated markets in Europe shows, that there is no common standard needed to get easily access to price and other data. Despite the lack of a pan-European data standard, exchange data is easily accessible in a good, nearly error-free, real-time quality, either from exchanges directly, or from data vendors or even via the internet.

c. Minimum length of transparency information to remain published

MiFID and the Level 2 documents contain no obligation to keep the transparency information published over a specific period of time or to provide historical transparency information. If there is a need for such data, there will emerge data service providers, which offer appropriate solutions.

3. Consolidation

a. Terminology

The draft Level 2 Regulation introduces the terminology of data “consolidation”. Any arrangement to make data public must facilitate the consolidation of the data with similar data from other sources (Art. 31 lit. b L2-REG draft).

b. Responsibilities of data publishers

From Dresdner Bank’s view it is not the responsibility of the data publisher at all, to take care for the consolidation of the data.

The data publishing obligation must be limited to the requirement that published data has to be consolidatable. From a technical point of view, every data source, which is readable, can be consolidated with another data source.

There are fields and field descriptions defined (see L2-REG draft, Annex 1), additionally there could be set basic data field standards (see above 1. b.).

If the data publisher publishes readable data, containing the obligatory fields, its data publishing obligations must be considered as completely fulfilled.

c. Market for data consolidation

Driven by the power of competition, there will develop the ideal solution to spread the data within the market and to make it easily accessible. It is Dresdner Bank’s view that there should not be intervention neither by CESR nor by its member authorities.

Dresdner Bank explicitly favours the solution of different competing data consolidation centres, as mentioned in the Call for Evidence (CESR/06-134, pg. 3).

The development of structures of a possible market for data consolidation, as well as the development of pricing and conditions for consolidation services should be left to the powers of competition.

d. Cost to facilitate consolidation

The MiFID gives data publishers the possibility to make data available on a reasonable commercial basis. At the current point in time it is not foreseeable, whether the data publishers are able to pass their costs (at least partly) to other market participants. Possibly, the data consumers will have to bear costs for the data and/or the consolidation of the data. Competition between data issuers, different consolidation centres and data consumers will lead to the best-fitting pricing and market model.

4. Role of CESR

There might be a market need, to have abstract data field standards, as mentioned above (1.b.). CESR could play a role in this process by issuing a recommendation.

There is no need for intervention, neither by CESR nor by its member authorities, to facilitate the consolidation. A market-driven process will lead to suitable solutions.