

28th May 2010

Ref: CESR/10-292

The Committee of European Securities Regulators
11-13 avenue de Friedland
75008 Paris
France

Submitted on-line to CESR

Dear Sir/Madam

Response to "CESR Technical Advice to the European Commission in the context of the MiFID Review – Transaction Reporting"

Capita IRG Trustees Limited ("CIRGT") is an FSA authorised UK investment firm that primarily offers regulated services to shareholders of companies for whom Capita Registrars Limited offers share registration; this gives a potential customer base of approx 8 million individuals. Particularly in response to question 14, I would comment as follows:

Many of the investment services offered are intended to target small shareholders who may otherwise find it economically unviable to engage in investment activity. Two such examples are:

(1) Dividend Reinvestment Plans ("DRIPs"), where a shareholder mandates the payment of their dividend to CIRGT for the purposes of CIRGT aggregating a trade to purchase shares for the benefit of the individual DRIP participants. The value of each trade to an individual participant can be less than £10, and DRIPs can involve tens of thousands of individuals (CIRGT's largest DRIP trade in 2009 was for over 90,000 individuals).

(2) Shareholder Reduction Programmes ("SRPs"), where an issuer company engages CIRGT to offer a low-cost (sometimes free - the cost can be subsidised by the issuer) share sale arrangement for a limited time period to smaller shareholders to offer a route to market that would otherwise be unattractive to such shareholders due to commission charges.

At this early stage, we have identified that the reporting obligations proposed in the consultation paper would have the following effects:

- * Increased costs in providing such services, which would be passed on to the shareholders; this may render these services unattractive and effectively "lock in" smaller shareholders, diminishing the value of their holding by decreasing the liquidity of smaller holdings.

- * The reporting of thousands of additional small transactions to the regulatory authorities that are not currently eligible for reporting.

As the nature of these types of trade tend to involve reliance on the issuer company (e.g. the timing of a dividend payment, the decision to offer an SRP) and a long lead-time (e.g. most DRIPs require 25 days notice before a payment date, SRP's are postal and tend to require the documentation to be submitted 2 working days ahead of each weekly dealing day), we believe it would be very difficult to commit market abuse using these services. In addition, the value of the vast majority of each of the individual trades is so low as to almost certainly be non-material in terms of detecting market abuse patterns.

Furthermore, as registrar for a number of different issuers, we potentially undertake transactions for shareholders across different share registers and these shareholders will not necessarily have

the same unique identifiers or references attached to them. We do not have an on-going contractual customer relationship with our shareholders in the same way that many brokers would do, and therefore specific customer accounts are not maintained, which would facilitate a unique client identifier, and again, the provision of this, could add significantly to the costs of providing these services.

Two possible solutions to this would be: to introduce a de minimis limit, above which individual transactions become reportable, as this will enable a pricing model to be developed to ensure that only clients whose trades are above that level are charged accordingly to reflect the additional regulatory obligations; consider an exemption to cover these types of aggregated trade, in the same way that portfolio managers currently benefit from a similar exemption.

It should be noted that CIRGT retain full details of each trade, and will have the ability to respond to any ad hoc requests (as, indeed, we currently do when required), so the relevant data would remain available to the regulatory authorities upon request.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Martin Dale', with a stylized, cursive script.

Mr Martin Dale
Head of Compliance

cc The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London. E14 5HS