



Deutsche Börse Group

Deutsche Börse's Response
to
CESR's
Public Consultation

Directive on Markets in Financial Instruments
(MiFID)

Use of reference data standard codes in transaction reporting

Frankfurt / Main, 15th January 2007

Executive Summary

Deutsche Börse Group appreciates the opportunity to participate in CESR's public consultation on the use of reference data standard codes in transaction reporting under the MiFID regime.

The Level2 Implementing Regulation specifies and describes data fields which need to be reported in relation to transactions to Competent Authorities, however it does not prescribe the exact technical standard to be used. The leading requirement is rather to enable the Competent Authority to determine uniquely the data listed in the Annex 1 of the Level2 Implementing Regulation.

Nevertheless, it is intuitive to imagine the burden of consolidation of transaction reports contents facing the Competent Authorities if instead of standards every single reporting obligor uses own internal codes.

Therefore, we view the harmonisation of reporting standards as a very helping tool in order to enable effective and accurate transaction reporting.

However, a quasi-mandatory usage of the proposed standards should be weighed to costs of their harmonised implementation facing the industry.

Below, we outline this view but also possible difficulties facing the industry in the case proposed reference data standard codes in transaction reporting are used.

Detailed Remarks

Question A (page 3):

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

Yes, we agree that the listed standards are the relevant ones when it comes to the use of reference data standard codes in transaction reporting.

Furthermore, the proposed standards / formats are by majority already common practice in the market.

However, we welcome CESR's emphasis that the proposed standards are recommendations for their use and not dictations to be applied by CESR members. What should be borne in mind is the fact that any change or additional requirements in transaction reporting are associated with operating expenses and time and efforts to be invested.

Question B (page 3):

What would be the benefits if these standards were also widely used in reporting by the investment firms to the local CESR members?

For the time being, a variety of standard codes is in use (e.g. for the identification of an execution venue). Taking into account the increase in cross border business as intended by MiFID, it is of utmost importance that Competent Authorities develop a common and harmonised approach regarding the use of reference data standard codes which should be applied voluntarily alongside with existing codes by market participants subject to reporting requirements.

Especially prior to the introduction of the home member state principle and the fact that with the introduction of MiFID the waiver provision is not applicable anymore, market participants (remote member in particular) expect adequate supply of information on the part of exchanges, e.g. the execution venue information, in order to enable the abandonment the cost intense and extensive mapping.

However, a prerequisite for an efficient supply and use of standards for all those participating in the trade and transaction process is the implementation of the standards by all Competent Authorities alongside to standards used nationally.

Question C (page 3):

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

Although most of the proposed standards are already common in the market, some investment firms would face additional costs in the case of their introduction as a reporting standard. This should be seen in the overall context of many mandatory adjustments for investment firms arising from MiFID, which could result in additional technical problems associated with introduction of the proposed standards.

Therefore, the usage of those standards in the transitional period should not be mandatory, but supplementary.

Question D (page 3):

Do you have comment on individual standards?

Below we outline our major concerns / proposals for individual standards:

The SWIFT / Bank Identifier Code (BIC) ISO 9362

We view that the following points are in need of clarification regarding BIC:

- will exactly one BIC be defined for every institution, or
- are all possible BICs per institution allowed to be used?

In our opinion, it should be ensured that every institution subject to reporting is assigned a BIC.

ISIN code ISO 6166

We would like to emphasize that the obligation of assignment of an ISIN to every single financial instrument is new to the German market and there are practical difficulties arising from the lack of ISINs for some financial instruments (e.g. there is no ISIN for all share options traded on Eurex).

It should be ensured furthermore that the usage of ISIN, especially CUSIP related ISINs, are free of charge.

CFI code ISO 10962, Currency codes ISO 4217, SWIFT MIC code ISO 10383,

Country codes ISO 3166-1

Currently, the standard codes in transaction reporting have been defined but are not fully established in practice yet. These problems especially occur for the standard codes mentioned above.

In order to effectively map the transaction reporting, it would be helpful if standard codes would be applied Europe wide, conditional on granting an adequate time frame for their implementation.