

28 May 2010

By e-mail

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

**Re: Committee of European Securities Regulators, Consultation Paper,
"CESR Technical Advice to the European Commission in the Context of the MiFID
Review – Transaction Reporting," 13 April 2010 (Ref: CESR/10-292)**

Ladies and Gentlemen:

Liquidnet Europe Limited appreciates the opportunity to comment on the Consultation Paper (the Consultation Paper) published by the Committee of European Securities Regulators (CESR), entitled "CESR Technical Advice to the European Commission in the Context of the MiFID Review – Transaction Reporting."

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We now respond to certain specific questions set forth in the Consultation Paper.

Trading Capacity

Question 1: Do you agree with the above analysis on trading capacity and the proposal to introduce a third trading capacity (riskless principal) into transaction reports.

We agree with the analysis on trading capacity and the proposal to introduce a third trading capacity (riskless principal) into transaction reports.

Client and Counterparties

Question 2: Do you have any comments on the distinction between client and counterparties?

We agree with your analysis of the proper use of the client and counterparty fields in transaction reports. In addition to the scenarios described in paragraph 38, we note that in an agency cross transaction the client and counterparty fields are each identified in a single transaction report and the counterparty is a "client" of the investment firm.

Standards for Client and Counterparty Identifiers

Question 9: Do you agree that all counterparties should be identified with a BIC irrespective of whether they are an EEA investment firm or not?

Question 10: Do you agree to adapt coding rules to the ones available in each country or do you think CESR should pursue a more ambitious (homogenous) coding rule?

Question 11: Is there any other available existing code that should be considered?

Question 12: When a BIC code has not been assigned to an entity, what do you think is the appropriate level for identification (unique securities account, investment firm, national or Pan-European)?

Question 13: What kind of problems may be faced at each of these levels?

The following is in response to Questions 9 through 13.

We do not agree that all counterparties should be identified with a BIC irrespective of whether they are an EEA investment firm or not. In the case of transactions in securities dually listed on an EEA exchange and a non-EEA exchange, circumstances could arise where the counterparty to the transaction is a non-EEA exchange or non-EEA broker. In our experience, many of these non-EEA exchanges and non-EEA brokers do not have a BIC code. Requiring these exchanges and brokers to obtain a BIC code, solely for purposes of transaction reporting in EEA dually listed securities, will add increased complexity and cost. The use of a local identification code (e.g., MPID in the United States) or an internally generated identification code for these non-EEA exchanges and brokers would adequately identify the counterparty without imposing unnecessary administrative burdens.

Client ID collection when orders are transmitted for execution

Question 14: What are your opinions on the options presented in this section?

Of the two choices presented for the reporting of orders transmitted for execution, we would prefer to report the trade, including full client ID, to the CA, instead of transmitting the client ID to the receiving firm. As mentioned above, our clients are predominantly large institutional investors that value their anonymity and the security of their trading information. Our preference would be to disclose their identities directly to the CA instead of including an intermediary in the process.

In addition, we assume that the Consultation Paper is not intended to require transactions reports to be filed for orders transmitted to brokers outside the EEA.

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We would like to thank CESR for the opportunity to comment on the Consultation Paper.

Yours sincerely,

John Barker
Managing Director