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CESR Technical Advice to the European Commission in the Context of the MiFID Review – Non-equity markets transparency

Reply to Consultation Document No. 10-510 of 7 May 2010

The Association of Danish Mortgage Banks and the Danish Mortgage Banks' Federation have considered the captioned consultation document.

We thank you for the opportunity to submit the below remarks, but believe that the deadline for contributions has been very short indeed and has limited our ability to provide you with a thorough reply.

We have chosen to answer a limited number of the questions asked, based on what seems – at this stage - to be the most important issues for our members.

III. General Access to Pre- and Post-trade Information

Q.1: No answer.

IV. Corporate Bonds

Q.2: No answer.

Q.3: We cannot support considering certain covered bonds as structured finance products. In our opinion, it is essential, that all Danish mortgage bonds – for transparency purposes – are considered part of the same category of financial products. In this case, part of the category of "corporate bonds". The following answers therefore presupposes that "corporate bonds" in this context include Danish mortgage bonds.

Q.4-8: We believe it is too preliminary to discuss a pre-trade transparency regime without having experience with a post-trade transparency regime.

An efficient post-trade transparency should lead to more trade information about the level of prices and thereby benefiting investors possibilities of achieving and controlling best execution.

Q.9: It is our opinion, that a high degree of transparency strengthens the liquidity and pricing of Danish issued covered bonds. For the same reasons, post-trade price reporting for Danish mortgage bonds already takes place in Denmark. Post-trade price reporting has taken place for many years, even before MiFID.

Post-trade price reporting for covered bonds is upheld by law by the Danish FSA in an amendment to the Security Trading Act. According to this amendment trades of all Danish mortgage covered bonds (and corporate bonds) are to be disclosed. The disclosure includes information on price, volume and time of transaction on ISIN-level on all trades.

The reporting principles for Danish mortgage bonds are in line with the reporting principles for shares and therefore in compliance with MiFID. However, disclosure of trades amounting to 100 million Danish kroner (approx. 14 million euro) or more can be delayed until the end-of-day.

By an agreement concluded between the Association of Danish Mortgage Banks, The Danish Securities Dealer Association and NASDAQ OMX Copenhagen, post-trade information is made public through the facilities of NASDAQ OMX. NASDAQ OMX carries out the disclosure of prices, which includes middle prices including OTC trades as well as exchange trades.

Hence, we support post-trade transparency for corporate bonds. However, the initial proposal for calibration of a post-trade transparency regime for corporate bonds would severely damage a transparent disclosure regime for Danish mortgage bonds.

We believe that the proposed thresholds for delayed publication of transactions are too low. It is therefore of the utmost importance that a post-trade transparency regime is based on minimum harmonization in order to avoid compromising national well-functioning disclosure systems.

Q 10: We believe that the thresholds are too low – and if introduced they would limit the existing large degree of transparency in the Danish mortgage bond market so Denmark should work for higher thresholds.

Q 11: We see no other relevant criteria for the post trade transparency thresholds.

Q 12: The current 3 minute benchmark seems sensible

V. Structured Finance Products

Q.13-26: No answer.

VI. Credit Default Swaps

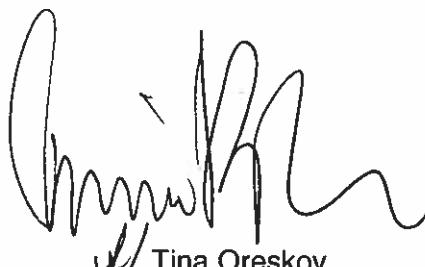
Q.27-33: No answer.

VII. Derivatives

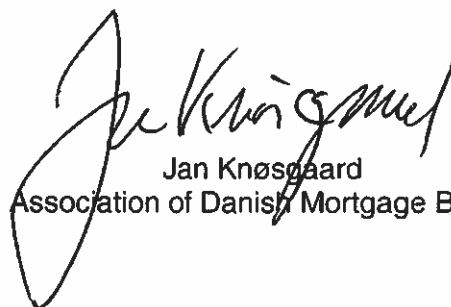
Q.34-44: No answer.

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Yours faithfully,



Tina Oreskov
Danish Mortgage Banks' Federation



Jan Knøsgaard
Association of Danish Mortgage Banks

About the Association of Danish Mortgage Banks and the Mortgage Banks' Federation

The Association of Danish Mortgage Banks and the Danish Mortgage Banks' Federation are the trade associations for all of Danish mortgage banks, representing nearly 100 pct of the total remaining bond debt volume in DKK.

Our members grant loans against security in the form of mortgages on real property.

The mortgage loans are based on the issuance of mortgage bonds (ROs), covered mortgage bonds (SDROs) and covered bonds (SDOs).

The total volume of lending granted by Danish mortgage banks - the remaining bond debt - amounted to DKK 2,180 billion (approx EUR 300 billion) in April 2010.

The Association of Danish Mortgage Banks and the Danish Mortgage Banks' Federation are active members of a number of international organizations and associations such as the European Mortgage Federation (EMF) and the European Covered Bond Council (ECBC).