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Directive on Markets in Financial Instruments (MiFID)

USE OF REFERENCE DATA STANDARD CODES IN TRANSACTION REPORTING

Public Consultation

December 2006

Background

CESR is currently actively working to facilitate a smooth implementation of the MiFID (Markets in Financial Instruments Directive). As part of this exercice several consultative papers on the functioning of the directive are and will be consulted upon. One specific aspect of MiFID is transaction reporting by firms.

Investment firms will report all transactions they execute in instruments admitted to trading in regulated markets to their local Competent Authority from the 1st of November 2007. The new reporting will replace existing reporting regimes in all EEA Countries.

Competent Authorities will exchange some of these reports in accordance with the Directive and its implementing measures in order to ensure that the Competent Authority of the Most Relevant market in Terms of Liquidity also receives this information and to comply with other provisions in the Directive.

CESR has established a project to set-up a mechanism for the interchange. This Transaction Exchange Mechanism (TREM) project is supervised by CESR-Tech the IT Specialised body of CESR. This consultation facilitates the work of CESR-Tech and the TREM project.

1. When MiFID comes into force, investment firms will report transactions to their local regulators in accordance with article 25 of the directive. Intensive planning is under way at the level of individual CESR Members as well as within CESR.

2. A crucial part of the new reporting framework is the exchange of transaction reports between CESR members. One part of a working mechanism is common standard codes. Analysis by CESR has revealed that a working exchange mechanism is in practice achievable only with strict adherence to standards.

3. CESR has identified a set of standard codes it proposes could be used in the exchange of transaction reporting between CESR Members. These are listed in Annex 1.

4. The standards used between CESR Members do not automatically dictate the standards to be used by investment firms in reporting to their local CESR Member, but there is a strong link between these two. Investment firms in any particular country would therefore either have to report transactions to the local CESR Member in the same format that is used between CESR Members, or the CESR Member would have to convert the data from one format to another.

5. The internal CESR coding standards might therefore have an impact on coding standards investment firms will have to use in transaction reporting and also on those who provide the industry with these standards. It is also likely that the use of these standards will encourage the use of these standards in the financial industry.

6. Article 25 and allows individual Member States to collect additional information as part of transaction reporting. The use of coding standards has no impact on this provision.

Call for comments

7. CESR therefore arranges an open consultation on the use of standard codes. Comments are welcome on all aspects of the issue. However, we have included a number of questions to draw your attention to those areas where it would be particularly helpful to receive your views.

Open Hearing

8. An Open Hearing will be held at CESR in Paris on the 8th January 2007 13.00 – 16.00. Those who intend to participate in the open hearing should register online via CESR´s website under the heading "Hearings".

Consultation period

9. The consultation closes on 15 January 2007. Responses to the consultation should be send via CESR's website (www.cesr.eu) in the section "Consultations"

Consultation questions

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

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

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

D. Do you have comment on individual standards?

Annex 1	List a standard codes for the exchange of transaction reporting between Competent Authorities in accordance with Article 25 in the MiFID
Standard	The SWIFT / Bank Identifier Code (BIC) ISO 9362
Format	Eleven alphanumeric characters
	See http://www.swift.com/biconline/index.cfm?fuseaction=display_aboutbic
Standard	The ISO 8601 Date Format standard
Format	YYYYMMDD or YYYY-MM-DD
	See http://www.iso.org/iso/en/prods-services/popstds/datesandtime.html
Standard	The ISO 8601 Time
Format	HHMMSS or HH:MM:SS
	A separate field is used with values '+HH' or '-HH' to indicate that the used local time zone is HH hours ahead or behind UTC.
	See http://www.iso.org/iso/en/prods-services/popstds/datesandtime.html
Standard	ISIN code ISO 6166.
Format	See http://www.anna-web.com/ISO_6166/iso_standard.htm
Standard	The full ISO 10962 CFI code
Format	See http://www.anna-web.com/ISO_10962/iso10962.htm .
Standard	ISO 4217 currency codes
Format	See http://www.iso.org/iso/en/prods-services/popstds/currencycodeslist.html
Standard	SWIFT MIC code ISO 10383
Format	See http://www.iso15022.org/MIC/ISO10383_MIC_v1_28.pdf
Standard	ISO 3166-1 country codes
Format	See http://www.iso.org/iso/en/prods-services/iso3166ma/02iso-3166-code-lists/index.html