**Introduction**

***Please make your introductory comments below, if any***

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, is acting as central bank, corporate bank and parent holding company of the DZ BANK Group.  
  
Our objective is to offer relevant products, exemplary services and efficient processes - and thereby develop ourselves into a leading financial services group.  
  
As a central bank we serve as the subsidiary partner of about 850 local co-operative banks; these co-operative banks are not only DZ BANK's most important customers but also its shareholders.

In terms of the number of people, co-operatives are the largest economic organisation in Germany with approximately 20 million members. Co-operative banks represent the largest group of co-operative companies with 16 million members, 170,000 employees and about 850 co-operative banks in total.

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<ESMA\_COMMENT\_CP\_TRRF\_1>

**Questions**

1. : Do you foresee any challenges for UCITS management companies and AIF managers in providing transaction reports to NCAs? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_1>

<ESMA\_QUESTION\_TRRF\_1>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_2>

<ESMA\_QUESTION\_TRRF\_2>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_3>

<ESMA\_QUESTION\_TRRF\_3>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_4>

<ESMA\_QUESTION\_TRRF\_4>

1. : Do you envisage any challenges in increasing the scope including derivative instruments traded through an SI as an alternative to the expanded ToTV concept? Please justify your position and if you disagree please suggest alternatives.

<ESMA\_QUESTION\_TRRF\_5>

We strongly object ESMA’s proposal to replace the tried and test ToTV concept by introducing an approach leading to all derivative instruments that are exclusively traded through SI systems would be subject to extensive transparency requirements and reporting obligations at the least. We do not see any authorisation basis for this proposal and the options derived from it. Not surprisingly, ESMA has refrained from proposing a specifc Level 1 text which would show the far-reaching consequences. However, this would be necessary in order to be able to thoroughly assess all consequences.

Instead, we strongly advocate a transformation of the existing Opinion ESMA70-156-117 into a corresponding Level 1 text.

The broadening of the reporting obligation will lead to a creation of ISINs for instruments whose terms are bilaterally negotiated due to the investment needs of counterparties. Hence, these ISINs will not add any meaningful transparency to the market but introduce reporting noise, as ESMA also notices in Paragraph 38 of the consultation paper. Instruments would be found in the FIRDS database that are not ToTV – hence needing an extra flag in order for market participants for the purposes of the relevant sections in the MiFIR, where the ToTV concept applies, to filter the ToTV instruments.

Furthermore, it should be kept in mind that with regard to non-ToTV instruments solely traded on SIs, SIs are not in competition with exchange traded products. Hence there is no need for an alignment of transparency requirements. In addition, the fact that opt-in SIs will face additional reporting obligations might result in fewer market participants opting in the SI regime.

Therefore, with respect to ESMA’s outlined ‘traded on an SI’ concept, we would like to point out, that SIs do generally not compete with trading venues and have a role as liquidity providers. Hence, an expansion of transaction reporting requirements to products which are either naturally OTC products or illiquid might further prevent SIs’ role as vital liquidity providers in derivative markets. These impacts on liquidity seem not justified.

ESMA’s proposals in the CP also raise serious practical problems, not least because they consciously or unconsciously ignore the complexity of the subject. The question of what is to be considered TOTV not only plays a role in transaction reporting, but also with regard to pre- and post-trade transparency, the trading obligation and the reporting of reference data. While we strongly advocate retaining the same TOTV concept for all applications, we would like to point out that the transaction reporting obligation only plays a subordinate role in this respect. We consider the procedure chosen by ESMA to deal conclusively with this question in the consultation paper on transaction reporting, to be inappropriate.

In particular, we draw attention to the competition aspects affected by the ESMA proposal. For example the same day FIRDS systematic internaliser (SI) reporting requirement inadvertently makes public the type of instrument/trade being traded by that SI, by displaying the Market Identifier Code (MIC) of the SI associated with an instrument as well as the country where the SI is located, in the publically available FIRDS database the next day. Having to publish ISINs to FIRDS with the SI’s MIC attached significantly expands transparency for illiquid ToTV instruments (e.g. complex Interest Rate Derivatives). By making public information which is not reported in the post trade reporting requirement, due to its careful calibration based on instrument liquidity status, it risks undermining the transparency regime.

Publication of this instrument activity data enables market participants to identify and observe the trading activity of other firms, and theoretically extends the obligations not just for traded deals but into the pre trade space as well. The possible identification of an SI as a counterparty allows market participants to extrapolate certain information and anticipate the hedging position of an SI, thereby inhibiting an SI to trade on normal market terms. This in turn impacts the ability of the SI to maintain liquidity provision capability to its clients. The possibility to mask the SI MIC and the country when reporting instruments on a same day basis to FIRDs, in order to anonymise the data and provide for consistency with the transparency regime, should be introduced for SIs when reporting to FIRDs

<ESMA\_QUESTION\_TRRF\_5>

1. : Do you agree that the extension should include all Systematic Internalisers regardless of whether they are SI on a mandatory or voluntary basis? Please justify your position.

<ESMA\_QUESTION\_TRRF\_6>

No. We strongly advocate a transformation of the existing ESMA Public Statement into a corresponding Level 1 text. Please refer to A5 for details.

<ESMA\_QUESTION\_TRRF\_6>

1. : Do you envisage any challenges with the approach described in paragraphs 45-46 on the scope of transactions to be covered by the extension? Please justify your position and indicate your preferred option for SIs under the mandatory regime explaining for which reasons. If you disagree with all of the outlined options, please suggest alternatives.

<ESMA\_QUESTION\_TRRF\_7>

We oppose any extension of the current transaction reporting regime and therefore disagree with all of the outlined options. The objective of applying a level playing field between SIs and trading venues only applies to ToTV products and these are already reportable by SIs under the current regime. OTC derivatives are covered by EMIR reporting obligations – including any life-cycle events. Hence, supervisors already have all the required data at hand – the extension of the transaction reporting regime to OTC instruments or instruments traded on SIs (which are also generally tailored to the needs of the customers) is superfluous. Please refer to A5 for details.

<ESMA\_QUESTION\_TRRF\_7>

1. : Do you foresee any challenges with the proposal to replace the reference to the term “index” in Article 26(2)(c) with the term “benchmark” as defined under the BMR? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_8>

<ESMA\_QUESTION\_TRRF\_8>

1. : Which of the three options described do you consider the most appropriate? Please explain for which reasons and specify the advantages and disadvantages of the outlined options. If you disagree with all of the outlined please suggest alternatives.

<ESMA\_QUESTION\_TRRF\_9>

<ESMA\_QUESTION\_TRRF\_9>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_10>

<ESMA\_QUESTION\_TRRF\_10>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_11>

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1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_12>

<ESMA\_QUESTION\_TRRF\_12>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_13>

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1. : Did you experience any difficulties with the application of the defined list concept? If yes, please explain.

<ESMA\_QUESTION\_TRRF\_14>

<ESMA\_QUESTION\_TRRF\_14>

1. : Do you foresee any challenges with the approach as outlined in the above proposal? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_15>

<ESMA\_QUESTION\_TRRF\_15>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_16>

<ESMA\_QUESTION\_TRRF\_16>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_17>

<ESMA\_QUESTION\_TRRF\_17>

1. : Do you foresee any challenges with the approach outlined in paragraphs 75 and 76? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_18>

<ESMA\_QUESTION\_TRRF\_18>

1. : Do you foresee any difficulties with the implementation of an additional code generated by the trading venue to be disseminated down the transaction chain in order to link all transactions pertaining to the same execution? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_19>

<ESMA\_QUESTION\_TRRF\_19>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_20>

<ESMA\_QUESTION\_TRRF\_20>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_21>

<ESMA\_QUESTION\_TRRF\_21>

1. : Which of the two approaches do you consider the most appropriate? Please explain for which reasons.

<ESMA\_QUESTION\_TRRF\_22>

<ESMA\_QUESTION\_TRRF\_22>

1. : Do you foresee any challenges with the outlined approaches? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_23>

<ESMA\_QUESTION\_TRRF\_23>

1. : Do you foresee any challenges with the outlined approach to pre-trade waivers? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_24>

<ESMA\_QUESTION\_TRRF\_24>

1. : Have you experienced any difficulties with providing the information relating to the indicators mentioned in this section? If yes, please explain and provide proposals on how to improve the quality of the information required.

<ESMA\_QUESTION\_TRRF\_25>

<ESMA\_QUESTION\_TRRF\_25>

1. : Do you foresee any challenges with this proposal? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_26>

<ESMA\_QUESTION\_TRRF\_26>

1. : Do you agree with this approach? If not, please clarify your concerns and propose alternative solutions

<ESMA\_QUESTION\_TRRF\_27>

<ESMA\_QUESTION\_TRRF\_27>

1. : Do you agree with this analysis? If not, please clarify your concerns and propose alternative solutions.

<ESMA\_QUESTION\_TRRF\_28>

<ESMA\_QUESTION\_TRRF\_28>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_29>

<ESMA\_QUESTION\_TRRF\_29>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_30>

<ESMA\_QUESTION\_TRRF\_30>

1. : Are there any specific aspects relating to the ISIN granularity reported in reference data which need to be addressed? Is the current precision and granularity of ISIN appropriate or is (for certain asset classes) a different granularity more appropriate?

<ESMA\_QUESTION\_TRRF\_31>

<ESMA\_QUESTION\_TRRF\_31>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_32>

<ESMA\_QUESTION\_TRRF\_32>

1. : Do you foresee any challenges with the outlined approach? If yes, please explain and provide alternative proposals.

<ESMA\_QUESTION\_TRRF\_33>

<ESMA\_QUESTION\_TRRF\_33>