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FESE RESPONSE to CESR Consultation Paper on Transaction Reporting
Ref.: CESR/10-610

Introduction

FESE is a not-for-profit international association (AISBL) representing the interests of 23 Market Operators which operate a total of 42 exchanges (Regulated Markets and MTFs) in equities, bonds, and derivatives. FESE Members come from all the EU Member States and Iceland, Norway and Switzerland, as well as 7 Corresponding Members from European emerging markets.

Standardisation

Question 1
Do you agree with the solution proposed by CESR for the organisation of transaction and position reporting on OTC derivatives?

FESE members sympathise with the solution proposed by CESR and believe that Option 2 (i.e. to define a new position reporting regime through trade repositories and allow MiFID transaction reporting through trade repositories) would be more beneficial overall. We particularly welcome CESR's suggestion concerning the possibility for investment firms to comply with MiFID provisions to report transactions by relying on TRs or CCPs. Indeed, most FESE Members believe that CCPs already provide registration and repository functionalities for the products and markets they are clearing. Most Members believe that establishing a trade repository for these instruments would unnecessarily duplicate investments, information and data storage costs, making the whole CCP clearing process less efficient.

Question 2
Do you have any other views on the possible ways to organise transaction and position reporting on OTC derivatives?

No.

Question 3
Do you agree with the extension of the scope of transaction reporting obligations to the identified instruments?

Yes, we agree with the extension of the transaction reporting regime to OTC derivatives. However, we would not only support the extension to those OTC derivatives whose value depends on the performance of a financial instrument that is admitted to trading on a Regulated Market or on the credit risk of a single issuer of such financial instruments. We would also support the extension to those OTC derivatives that have contributed an increase in systemic risk or are likely to do it in the future. Hence, we would support the inclusion of all credit derivatives.