

Press Release

Brussels, 30th October 2007

FESE welcomes CESR's new arrangements facilitating full implementation of transaction reporting under MiFID

FESE welcomes CESR's decision to adopt two new arrangements facilitating full implementation of transaction reporting mandated by MiFID Article 25¹. Allowing the markets the flexibility to use either one of two methods for identifying derivative instruments will avoid significant costs to the exchange industry, banks and users of capital markets.

FESE views transaction reporting as a vital tool of MiFID's objective of ensuring market integrity and preventing market abuse in EU markets. However, in the course of CESR's consultation on this issue in January 2007, FESE Members discovered significant problems that would have resulted from the mandatory use of the ISIN code for all derivatives. As a result of these concerns, FESE coordinated the work of a group of trade bodies and organisations ('Industry Coalition'²) from a broad cross-section of the European financial services community with the purpose of finding a suitable methodology to identify derivative instruments in those markets where the ISIN code would not be optimal. The breadth of the market participants working with FESE on this issue reflects the significant impact that the transaction reporting rules have on a wide spectrum of users.

The result of this work is the "Alternative Instrument Identifier" (All),³ which we believe will guarantee the stable uniqueness of the identification of individual instruments for all products covered. The method is cost-effective and open as the data fields required are readily available to all parties concerned.

The flexibility offered through CESR's decision to allow the use of either method, the All or the ISIN code, will preserve the competitiveness of one of the most dynamic segments of the European financial services industry.

In its collaboration with the industry, CESR has demonstrated a genuine openness to consider alternative means to achieve its policy objectives and a commitment to adopt policies that are cost-effective and efficient from the perspective of the EU Single Market.

FESE is committed to continuing its work with CESR on all aspects of the implementation of transaction reporting.

Information for the Editor:

The **Federation of European Securities Exchanges (FESE)** represents operators of the European regulated markets and other market segments, comprising the markets for securities, financial derivatives and energy and commodity derivatives. With 24 members, FESE represents close to 40 securities exchanges from all the countries of the EU, Iceland, Norway, and Switzerland. Through its members' activities on a global scale, FESE enjoys links with the regulatory community and industry from around the world.

¹ http://www.cesr-eu.org/index.php?page=document_details&id=4823&from_id=52

² The list of the organisations which have cooperated on this dossier includes: the European Association of Cooperative Banks (EACB), the European Association of Savings Banks (ESBG), the European Banking Federation (EBF), the Federation of European Securities Exchanges (FESE), member associations of the MiFID Connect, Zentraler Kreditausschuss (ZKA), as well as individual banks with major transaction reporting involvement which are members of one or more of these associations.

³ Please see Annex 1 of the letter of commitment sent by FESE to CESR on 7th September 2007:

http://www.fese.eu/_lib/files/Letter_of_Commitment_v0907_CESR_Chairs_Meeting_Final.pdf

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