



*European Association of Co-operative Banks
Groupement Européen des Banques Coopératives
Europäische Vereinigung der Genossenschaftsbanken*



EACB position on ESMA's Call for evidence on Transaction reporting

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The **European Association of Co-operative Banks** (EACB) is the voice of the co-operative banks in Europe. It represents, promotes and defends the common interests of its 28 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. Democracy, transparency and proximity are the three key characteristics of the co-operative banks' business model. With 4.000 locally operating banks and 54.500 outlets co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system. They have a long tradition in serving 181 million customers, mainly consumers, retailers and communities. The co-operative banks in Europe represent 51 million members and 750.000 employees and have a total average market share of about 20%.

The voice of 4.000 local and retail banks, 51 million members, 181 million customers

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The European Association of Co-operative Banks (EACB) is pleased to comment on ESMA's Call for evidence on Transaction reporting.

General Remarks

The European Co-operative Banks support high-quality reporting, as we regard this as an efficient mechanism for supervisory authorities to monitor the market.

Nevertheless, the MiFID Implementing Regulation¹ only provides the possibility for standardising reporting between national supervisory authorities, on the basis of transaction reports provided by investment firms to their competent authorities according to the relevant national Member States' requirements. Furthermore, looking at the upcoming regulatory changes brought along through EMIR and MiFIR, we doubt that further harmonisation (between the relevant regulatory authorities) is still appropriate on the basis of current MiFID legislation.

We would therefore call for these remaining questions to be tackled by ESMA either by focusing their efforts on the current Level-2 implementing measures on EMIR (for OTC derivatives transaction reporting) or the upcoming measures on MiFIR.

Detailed Remarks

Q1: What transaction schemes should ESMA consider in its work on harmonised transaction reporting guidelines? Please explain and justify

Q3: What other aspects of transaction reporting should ESMA consider in its work on harmonised guidelines? Please explain and justify.

First and foremost, we would like to underline that the 16-point table in Annex I ("List of transaction reporting schemes") does not give – except for their title – enough background information on the different reporting schemes and can therefore not be properly assessed. To be able to perform such an assessment the publication the "extensive mapping exercise" (mentioned in paragraph 6) would have had to be made available together with the Call for evidence.

The lack of background information is also a problem in the "proposal for harmonized reporting" (p. 10) which misses clear technical specifications for data fields such as "Reporting Firm Identification", "Venue Identification" and "Time Identifier". Other data fields (for instance "client code" and "client code type") are not covered by Annex I, Table 1 of the MiFID Implementing Regulation and can therefore at present not be part of further harmonisation efforts through ESMA.

Furthermore on a more general note, it is unclear to us whether ESMA is planning with this exercise to harmonise reporting between supervisory authorities and/or reporting between investment firms and their supervisory authority. Here we would like to caution

¹ Commission Regulation (EC) No 1287/2006



that the 2006 MiFID Implementing Regulation only provides the basis for further harmonisation of the data exchange between supervisory authorities (see Art. 14(2) of the MiFID Implementing Regulation).

In any case reporting requirement must follow the nature of the business and therefore take into account all existing transaction business in the Member States. Finally, future harmonisation must also feature appropriate deadlines for consultation and implementation, as investment firms need sufficient lead times for such huge changes in IT-infrastructure (budgeting, planning, test phases, etc.).

Q2: What updates and clarifications need to be introduced to the OTC derivatives reporting guidelines?

We are of the opinion that the soon coming-into-force Regulation on OTC derivatives, central counterparties and trade repositories (EMIR) will already provide supervisory authorities with detailed trade reporting through repositories (on which ESMA is currently working hard to finalise its Level-2 implementing measures). We therefore see no need to introduce double OTC-derivative reporting requirements (see also Art. 23 (6), last sentence of the Commissions Draft for MiFIR²: “[...] In cases where transactions have been reported to a trade repository in accordance with article [7] of Regulation [] (EMIR) and where these reports contain the details required under paragraphs 1 and 3, the obligation on the investment firm laid down in paragraph 1 shall be considered to have been complied with.”).

Only after MiFIR and its technical standards are adopted will it become clear whether and to what extent reporting of OTC derivatives under MiFIR will be necessary. We would therefore ask to refrain from further harmonisation with respect to OTC derivatives under MiFID 1.

Contact

The EACB trusts that its comments will be taken into consideration. Should there be any questions or need for further information on this paper, please contact:

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² Regulation of the European Parliament and of the Council on markets in financial instruments and amending Regulation [EMIR] on OTC derivatives, central counterparties and trade repositories; COM(2011) 652 final; 2011/0296 (COD)