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Via Electronic Mail
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Committee on Payment and Settlement Systems (CPSS)
International Organization of Securities Commissions (IOSCO)

June 25, 2010

Re: **CPSS-IOSCO Considerations for Trade Repositories**

Dear CPSS and IOSCO:

CLS Bank International (CLS) welcomes the opportunity to comment on the May 2010 consultative report prepared by the working group jointly established by the CPSS and IOSCO which sets forth considerations for trade repositories (TRs) in over-the-counter (OTC) derivative markets.

CLS is the provider of a global payment-versus-payment (PVP) settlement system for foreign exchange (FX). Our settlement service was created as a result of an unprecedented cooperation and effort amongst the global financial community in response to stated regulatory concerns regarding the potential for FX settlement risk to be a major source of systemic risk.

We recognize that OTC derivatives continue to be the subject of heightened legislative and regulatory focus. Notwithstanding the fact that it not yet known how this might or might not impact FX instruments, particularly as legislation in several jurisdictions is still in development, we wish to highlight the following items:

1. The policy guidance for TRs provided in the report has been useful in the absence of international standards which are directly addressed to a TR. We support the comprehensive review of the international standards for financial market infrastructures which we understand will apply not only to payment systems, securities settlement systems and central counterparties, but also to TRs. For service providers supporting global markets, the international harmonization of standards is essential to the provision of cost-effective services, and the establishment of appropriate cooperative oversight arrangements for TRs among the relevant authorities is imperative.
2. The report acknowledges that there may exist market infrastructures or service providers that centrally maintain market-wide OTC derivatives trade information and that they are expected to consider these factors for their respective record keeping functions. Existing infrastructures which share characteristics of a TR may need to enhance their

systems to meet the stated objectives and responsibilities of a TR. It is not, however, obvious that an existing market infrastructure should be required to separate its existing/new services from services it may provide from a TR perspective, especially with respect to pricing, if it can demonstrate that it can discharge its responsibilities effectively, i.e., to the satisfaction of the relevant authorities and customers. Where information about an OTC derivative is collected as a necessary to the performance of the infrastructure/provider's other services, the application of another fee for the performing the TR-related services should be a business decision based on a variety of factors, including the cost (if any) of providing the TR-related services which may or may not be above and beyond its current or responsibilities. (Sections 1 and 3(10))

3. Clarity could be provided on what is meant by "market transparency." Our view is that a TR supports market transparency by providing transparency of positions, as separate and distinct from, e.g., pricing transparency or transaction reporting. (Section 3(2))

4. The report states that the type and granularity of trade information that is recorded and reported to relevant authorities by a TR should conform to established regulatory expectations and industry practices. While the report acknowledges that the establishment of formal TRs is a relatively recent phenomenon, it should also explicitly recognize that regulatory expectations and industry practices for disclosure of information to the public and to the relevant authorities today are not necessarily well established or consistent among the authorities within and among the jurisdictions. (Section 3(2))

We hope the above comments are useful to the working group as it continues its efforts with the public and private sector to improve the post-trade infrastructure for the OTC derivatives market, and appreciate the opportunity to contribute to the process.

Sincerely,



Rob Close