

# **Deutsche Börse Group**

## **Comments**

### **CPSS-IOSCO Consultative Report**

Considerations for trade repositories in OTC derivatives markets,  
May 2010

21 June 2010

## **I. Introduction**

Deutsche Börse Group welcomes the opportunity to provide comments on the May 2010 consultative report, "Considerations for trade repositories in OTC derivatives markets," of the Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commissions (IOSCO).

Deutsche Börse Group provides investors, financial institutions, and companies access to global capital markets and covers the entire process chain from securities and derivatives trading, clearing, settlement and custody, through to market data and the development and operation of electronic trading systems.

Eurex, jointly owned by Deutsche Börse AG and SIX Swiss Exchange AG, is one of the world's largest derivatives exchanges and the leading clearing house in Europe. It provides an extensive range of products, including some of the world's most heavily traded derivative contracts.

Eurex Clearing AG, a subsidiary of Eurex, provides clearing services for listed futures, options products as well as stocks and certain over-the-counter (OTC) markets. Its resilient and robust central counterparty clearing model has proven to be an important stabilizing factor in the global financial markets during recent times. Eurex Clearing sets industry leading standards with its real-time risk management and intraday margining.

Clearstream, a wholly owned subsidiary of Deutsche Börse, is a leading European supplier of post-trading services. Clearstream ensures that cash and securities are promptly and effectively delivered between trading parties as well as manages, safekeeps and administers the securities that it holds on behalf of its customers. Over 300,000 domestic and internationally traded bonds, equities and investment funds are currently deposited with Clearstream.

On 31 May 2010, Clearstream announced that it was joining Bolsas y Mercados de Espana's trade repository project providing reporting services for a wide range of OTC financial instruments. The initiative will contribute to achieving greater operational control and transparency in OTC derivatives. The new trade repository will serve all financial institutions as well as non-financial institutions and will deliver flexible participation levels that adapt to the diverse profiles and needs of all stakeholders and actors in the OTC derivatives market.

## **II. Comments**

Recent experience has highlighted that data fragmentation in the financial industry impedes the ability of regulators and supervisors to ensure the stability and integrity of the financial system as a whole. As the consultative report describes, trade repositories are an important element in addressing this fragmentation and in guaranteeing transparency in the market. Mandatory registration in trade repositories enables supervisors to assess risks in the market and act before participants establish excessive risk positions threatening market safety. Supervisors draw on data available within trade repositories also to detect forms of market abuse such as fraud or market manipulation that affect price discovery on organized markets. Furthermore, in addition to providing supervisors with data on individual counterparty's trades and positions, trade

repositories make aggregated data on open risk positions and trading volumes available to the public.

While CCPs perform the repository function for CCP-cleared transactions, other trade repositories will ensure a clear and comprehensive overview of that part of the OTC derivatives market that is not CCP-cleared. Given that multiple types of entities will perform the trade repository function, it is appropriate, as described in the consultative report, that: *“Other types of market infrastructures or service providers that centrally maintain market-wide OTC derivatives trade information (e.g. CCPs) should also be expected to consider these factors for their respective record keeping function..”*<sup>1</sup>

As the consultative report highlights, in order to ensure that relevant authorities can aggregate and analyse data, reporting in a common and easily accessible format will be important. All types of trade repositories, including also CCPs for their trade repository functions, should utilize such formats. As such, the development of standards for the scope, format, and frequency of data to be reported should be developed through a coordinated effort involving different types of trade repositories together with regulators and supervisors. International cooperation would further guarantee a consistent view on the global derivatives market is possible.

As the trade repository function becomes an ever more important market-stabilizing element, it becomes increasingly important for clear business rules enacted through statutory approval and with appropriate supervision e.g. to ensure the reliability, timeliness, and confidentiality of reporting. The proposed factors for consideration of the consultative report are an important early step in this direction. Deutsche Börse Group believes the 12 factors detailed are appropriate and reasonable.

## II. Closing

We hope that you have found these comments useful and remain at your disposal for further discussion. If you have any questions please do not hesitate to contact:

Marcus Zickwolff  
Head of Department, Eurex Trading and Clearing  
System Design, Eurex Clearing AG

Ingrid Vogel  
Market Policy & European Public Affairs,  
Deutsche Börse AG

Marcus.Zickwolff @ eurexchange.com

Ingrid.Vogel @ deutsche-boerse.com

---

<sup>1</sup> See Introduction: Scope of considerations for trade repositories in OTC derivatives markets, p. 2.