European Securities and Markets Authority

3 April 2025
ESMA74-276584410-10988

Reply form: MiFIR Review CP 4

on transparency for derivatives, package orders and input/output for the derivatives consolidated tape

Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **3 July 2025.**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in this reply form.
- Please do not remove tags of the type <ESMA_QUESTION_DERI_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP1_nameofrespondent.

  For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP1_ABCD.
- Upload the Word reply form containing your responses to ESMA's website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the headings 'Legal notice' and heading 'Data protection'..

1. General information about respondent

Name of the company / organisation	International Swaps and Derivatives Association (ISDA)
Activity	Other Financial service providers
Are you representing an association?	☒
Country/Region	Europe

2. Questions

Q1 Do you agree with the proposals regarding pre-trade transparency?

<ESMA_QUESTION_DERI_1>

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<ESMA_QUESTION_DERI_1>

Q2 Do you agree with the proposed amendments to Table 2 (fields) and Table 3 (flags) of Annex II of RTS 2? Please explain.

<ESMA_QUESTION_DERI_2>

ISDA notes that in this consultation and the accompanying draft RTS 2, ESMA has chosen to interpret the Delegated Act on identifying reference data for OTC derivatives in such a way as to utilise a modified ISIN rather than the globally recognised standard, the Unique Product Identifier (UPI) ISO 4914:2021.

However, given the launch of ESMA's Call for Evidence on a comprehensive approach for the simplification of financial transaction reporting and the associated pause in changes to MiFIR RTS 22 and RTS 23, we believe that this approach is no longer sustainable.

In the absence of changes to RTS 23 to report a modified ISIN to FIRDS, and to RTS 22 to require the use of a modified ISIN in MiFIR Article 26 reporting, we do not see how it is possible to implement a modified ISIN for the purposes of derivatives transparency in isolation.

ISDA therefore considers that there is now no other possible outcome than to report the UPI and other fields specified in the Delegated Act on identifying reference data for OTC derivatives directly in the RTS 2 report. This would obviously require changes to Tables 1 and 2 of Annex II of the draft RTS 2.

ISDA fully supports this as an outcome.

For completeness, ISDA reiterates its strong and consistent opposition to the use of the ISIN as the identifier for OTC derivatives for transparency, for the following reasons:

As expressed in its commentary of March 2025 on the implementation of the Delegated Act, ISDA believes that the use of the UPI (as defined under ISO 4914) in the RTS 2 report in place of the ISIN, together with the fields identified in the annex to the Delegated Act, would best align with a number of EU (and global) regulatory objectives including:

- More coherent International and EU datasets, supporting more effective oversight
- More effective transparency for EU users; a more attractive consolidated tape
- Reduction of cost and complexity

In particular, in light of ESMA's aim of simplifying and reducing the reporting burden in the financial sector, we note that the changes (and therefore costs) that would be required to modify ISIN creation, retrieval and consumption would be considerably more significant than switching to use of the UPI for transparency. ISDA members, which comprise the large majority of entities responsible for providing public transparency of OTC derivatives in the EU, uniformly already have the capability to obtain UPIs to meet their EMIR reporting obligations.

Furthermore, ISDA believes that the proposed continued use of the ISIN is, at least in part, driven by the desire to enhance interoperability with other areas of MiFIR (notably transaction reporting under MiFIR Article 26) and other ESMA systems. Leaving aside our view that the UPI plus additional data fields is in fact far more suitable for MiFIR Article 26 reporting, ISDA strongly believes that the focus should be on improving transparency, both for its own sake and to ensure the consolidated tape for OTC derivatives delivers its full potential. This would support the essential objective of competitiveness in European financial markets. Other factors should be secondary at best.

ISDA notes that effective date and expiry date would be equally necessary should the UPI ultimately be selected as the identifier for OTC derivatives, and therefore supports the addition of these fields.

In respect of the reporting of CDS prices, ISDA does not support either Option A or Option B. An alternative approach is necessary, which is made clear by the following points:

Firstly, and most importantly, the notional of a CDS trade can be reverse-engineered (via the ISDA CDS Standard Model) from the upfront payment, quoted spread, fixed rate (AKA standardised coupon), trade date and maturity date. This means that if upfront payment was included, it would negate the effect of volume masking. This must be avoided.

Secondly, ISDA emphasises that the quoted spread is the true representation of the price, and is recognised as such in the market. Therefore, it is the only truly relevant data element for the purposes of transparency and price formation.

Thirdly, ISDA disputes the statement in paragraph 46 of the consultation paper that "Respondents to the consultation paper on the Manual on post-trade transparency supported the addition of the field 'Up-front payment' for CDS in post-trade transparency report."

Paragraphs 86-87 in section 6.8.2 of the consultation paper on the Manual on post-trade transparency state:

86. The feedback provided was limited, only one trading venue, which generally agreed with the guidance, made proposals on how to improve it.

87. First, despite agreeing with the concept of not reporting the standardised coupon in the field 'Price', stakeholders expressed concerns on the fact that a price of 550bp (as provided in the example for index CDS) provides the best outcome for index CDS. They claimed that for most (iTraxx) Index CDS, the standardised coupon (which in this example is 500bp) is well known and price transparency would be more meaningful expressing 50bp while for single name CDS where the coupon can be chosen by the counterparties, the 100bp which reflect the full coupon paid delivers better transparency. Furthermore, some contracts (e.g. CDX HY and CDX EM) trade on a percentage price as opposed to bp coupon. Therefore, the stakeholder invited ESMA to allow more flexibility regarding the field 'Price' for index CDS.

88. Secondly, a stakeholder noted that the sign of the upfront payment in field 22 should be the same in both examples.

ISDA does not consider this to represent support for the addition of the upfront payment field.

In section 6.8.3 of the consultation paper on the Manual on post-trade transparency, paragraph 90 states that "Therefore, ESMA considers that the provision of the "quoted spread" (in the example 550bp) should meet the need of all types of investors."

It is therefore unclear what justification there was for upfront payment to be added.

At present the effect of the ability to reverse-engineer the notional is mitigated by the widespread use of aggregation for a significant period of time. Once the transparency regime under revised MiFIR comes into effect, it is vital that the protection of volume masking is not negated by the inclusion of upfront payment.

ISDA maintains that all that is truly necessary to represent price is the quoted spread. We note that paragraph 90 of the consultation paper on the Manual on post-trade transparency, also states that "less sophisticated investors or retail participants might not know the 'fixed rate / standardised coupon' of the index CDS". We are unconvinced by this, as the CDS market is overwhelmingly made up of sophisticated wholesale investors; however, as including the fixed rate (AKA standardised coupon) is not harmful, we are agnostic as to whether it is included.

To summarise:

- **Upfront payment should not be reported, as it is possible to use it to reverse-engineer the notional**
- **Quoted spread is all that is truly necessary to represent price for the purposes of public transparency and price formation**

- **Inclusion of the fixed rate (AKA standardised coupon) is unnecessary, but not harmful**

If, despite this, ESMA feels it is necessary to include upfront payment, it is absolutely essential that upfront payment is suppressed when a trade's notional is equal to or above the threshold at which volume masking would apply. ISDA suggests placing the obligation to suppress upfront payment in this scenario on APAs, to ensure consistency and to limit the number of market participants that would have to build this logic.

ISDA supports the post-trade deferral flags proposed by ESMA.

<ESMA_QUESTION_DERI_2>

Q3 Do you agree not to change the concept of "as close to real-time as technically possible"? If not, what would be in your view the maximum permissible delay?

<ESMA_QUESTION_DERI_3>

ISDA has consistently espoused the view that for trades executed outside of trading venues (for convenience, collectively referred to from here on in as "voice trades"), which continue to be widespread in OTC derivatives trading, 15 minutes is a realistic value for the concept of "as close to real-time as technically possible". We note that with the addition of single name CDS referencing GSIBs to the scope of transparency for OTC derivatives under revised MiFIR, the number of voice trades that will be executed will undoubtedly increase, as many single name CDS are executed directly between two counterparties outside of any trading venue. We strongly support the inclusion of a provision in the revised RTS 2 that stipulates that the concept of "as close to real-time as technically possible" allows for a maximum delay of 15 minutes for voice trades.

We stress that this would not be a deferral, but simply recognition that manual trade entry for voice traded OTC derivatives is time consuming.

<ESMA_QUESTION_DERI_3>

Q4 Do you agree with the general approach described above?

<ESMA_QUESTION_DERI_4>

ISDA notes that paragraph 70 of the consultation paper asserts that changes being made as a result of the discontinuation of transparency calculations for derivatives has led to a significant reduction of the reporting burden on reporting parties.

ISDA disputes this assertion. While the burden will indeed be reduced for trading venues and APAs, it will in fact be increased for investment firms reporting under MiFIR Article 21, as they will now need to report additional information under both RTS 2 and RTS 23. Even the benefit that trading venues gain from ceasing to report to FITRS will be offset by their additional obligations for actual post-trade transparency reports, and to FIRDS under RTS 23.

ISDA reiterates that use of the ISIN for transparency for OTC derivatives is fundamentally flawed (see our response to Q2).

<ESMA_QUESTION_DERI_4>

Q5 Which option do you prefer for the liquidity assessment for equity exchange-traded derivatives, option A, option B, option C or another alternative?

<ESMA_QUESTION_DERI_5>

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<ESMA_QUESTION_DERI_5>

Q6 Which option do you prefer for the liquidity assessment for interest rate exchange-traded derivatives, Option A, Option B or another alternative?

<ESMA_QUESTION_DERI_6>

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<ESMA_QUESTION_DERI_6>

Q7 Do you agree with the liquidity assessment for commodity and emission allowances exchange traded derivatives?

<ESMA_QUESTION_DERI_7>

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<ESMA_QUESTION_DERI_7>

Q8 Do you agree with the liquidity assessment for the following ETD asset classes: FX, Credit, securitised derivatives and other derivatives?

<ESMA_QUESTION_DERI_8>

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<ESMA_QUESTION_DERI_8>

Q9 Regarding the size thresholds for the deferral regime of Equity exchange traded derivatives, which option do you prefer?

<ESMA_QUESTION_DERI_9>

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<ESMA_QUESTION_DERI_9>

Q10 What is your view on the size thresholds for the deferral regime of Interest rate exchange traded derivatives?

<ESMA_QUESTION_DERI_10>

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<ESMA_QUESTION_DERI_10>

Q11 What is your view on the size thresholds for the deferral regime of commodity and emission allowances exchange traded derivatives?

<ESMA_QUESTION_DERI_11>

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<ESMA_QUESTION_DERI_11>

Q12 Do you agree with the size thresholds for the deferral regime of the following ETD asset classes: FX, Credit, securitised derivatives and other derivatives?

<ESMA_QUESTION_DERI_12>

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<ESMA_QUESTION_DERI_12>

Q13 Do you agree with the proposed liquidity assessment for OTC interest rate derivatives? Should you support a different assessment for spot-starting and forward-starting interest rate derivatives, please support your response with a data analysis.

<ESMA_QUESTION_DERI_13>

ISDA maintains that as recommended in the DEG report, forward starting swaps, FRAs and basis swaps should be excluded from the scope of transparency, as they do not represent addressable liquidity.

ISDA further notes that, as acknowledged by ESMA in paragraph 181 of the consultation (p68), the combination of the scope being restricted to the specified whole year tenors and the exemption from post-trade transparency of transactions executed as part of post-trade risk reduction exercises means that the number of FRAs that will be made transparent will be extremely low.

Finally, as shown in Tables 47 and 48 within the consultation, it is evident from ESMA's own data the volume and number of in-scope basis swaps is also extremely low.

Therefore, ISDA considers that including forward starting swaps, basis swaps and FRAs in the scope of transparency would be inconsistent with ESMA's aim of simplifying and reducing the reporting burden in the financial sector. Inclusion of these instruments adds complexity to the regime and market participants' implementation of revised MiFIR, while providing no meaningful contribution to price formation.

If, notwithstanding the minimal value that their inclusion would provide, forward starting interest rate swaps are included in the scope of transparency, ISDA considers that these should be treated in a very nuanced manner, and not as equivalent to spot starting swaps. Since a forward starting swap is comparable to a package of two interest rate derivatives, a practical and effective approach would be to apply the threshold and deferral that would apply to the less liquid component of the "package". This would typically (but not always) be the component with the longer maturity.

For example, a 5Y OIS swap referencing SOFR and starting in 2 years is effectively a package of a 2Y OIS swap referencing SOFR in one direction, and a 7Y OIS swap referencing SOFR in the other direction. Based on Table 3.2 in the draft RTS, this should have the threshold and deferrals that apply to a spot starting 7Y OIS swap referencing SOFR.

Should FRAs and basis swaps be included in the scope of transparency despite the minimal value this would add, it is essential that their assessment by ESMA as illiquid is supported by appropriate thresholds and deferral periods.

<ESMA_QUESTION_DERI_13>

Q14Do you agree with the proposed liquidity assessment for OTC single-name credit derivatives?

<ESMA_QUESTION_DERI_14>

ISDA disagrees strongly with the assessment of 5Y single name CDS referencing global systemically important banks (GSIBs) as liquid.

We note that the ADNT of 73 that is listed relates to 29 different reference entities, and dispute that this should be treated as an aggregated figure. Trading in single name CDS is inherently highly episodic, and liquidity varies notably across GSIBs.

Just as the liquidity assessment for OTC index CDS is not aggregated across all in-scope indices, the liquidity assessment for single name CDS should not be aggregated across all in-scope reference entities (i.e. GSIBs). Instead, the ADNT should be determined at the individual reference entity level.

It can be clearly seen this would result in an average ADNT for each reference entity of 2.5.

We also note that the **aggregate** ADV for 5Y single name CDS referencing GSIBs is EUR 544mm. Again, this connotes a much lower average ADV for each individual reference entity of less than EUR 19mm.

This compares to the assessment as illiquid for other instruments:

FedFunds OIS of in scope tenors have ADNT of 8, and ADV of EUR 1bn

EURIBOR/ESTR basis swaps have ADNT of 4, and ADV of EUR 1.5bn

EURIOBOR/EURIBOR basis swaps have ADNT of 6, and ADV of EUR 1.9bn

EUR FRAs have ADNT of 5, and ADV of EUR 400mm

The table below compares the ADNT and ADV of in scope tenors of instruments assessed as illiquid with the ADNT and ADV of the average 5Y single name CDS referencing a GSIB:

Instrument	ADNT	ADV (EUR)	Liquidity assessment
FedFunds OIS	8	1bn	Illiquid
EUR/€STR basis swaps	4	1.5bn	Illiquid
EUR/EUR basis swaps	6	1.9bn	Illiquid
EUR FRAs	5	400mm	Illiquid
5Y single name CDS on GSIBs	**2.5**	**19mm**	**Liquid**

It can be clearly seen that 5Y single name CDS referencing GSIBs have been treated entirely inconsistently when compared with the assessment for other instruments.

ISDA further urges ESMA to sub-divide 5Y single name CDS referencing GSIBs by ADV as proposed in the DEG report. We reiterate that all these instruments are demonstrably illiquid and should be treated as such; in addition, 5Y single name CDS referencing a given GSIB with an ADV of less than EUR 3mm should be treated as less liquid than a 5Y single name CDS referencing the same GSIB with an ADV of greater than EUR 3mm.

Finally, ISDA notes that the methodology ESMA has used to assess liquidity in 5Y single name CDS, under which any contract with a time to maturity of less than or equal to 5Y is assumed to be a 5Y contract, is inconsistent with what the market understands the standard 5Y contract to be.

From 20 March to 20 September of year *N*, the market trades the 20 June contract of year *N*+5; then from 20 September, the market rolls to trade the 20 December contract of year *N*+5. Anything outside of this is not considered to be the standard 5Y contract.

Without further analysis, it is difficult to say what the impact of the incorrect methodology used will have had on the liquidity assessment. Rather than attempting to analyse this impact, ISDA suggests that ESMA revisits its analysis using a more accurate methodology. ISDA stands ready to assist ESMA in developing that methodology.

<ESMA_QUESTION_DERI_14>

Q15Do you agree with the proposed liquidity assessment for OTC index credit derivatives?

<ESMA_QUESTION_DERI_15>

ISDA considers that although iTraxx Europe Sub Financial 5Y has an ADNT of 38, its ADV is only EUR 1.1bn. This suggests that it should in fact be assessed as illiquid.

As will be seen in our response to Q18, an illiquid assessment is supported by the trade-out times required for large and very large sized trades referencing iTraxx Europe Sub Financials 5Y.

<ESMA_QUESTION_DERI_15>

Q16Do you agree with the proposed deferral framework for OTC interest rate derivatives?

<ESMA_QUESTION_DERI_16>

ISDA believes the proposed threshold sizes for those OTC interest rate derivatives assessed as liquid are acceptable. However, it is essential that they should not be set any higher. In stressed periods, when liquidity is much lower and volatility higher, any increase in the proposed thresholds would compromise the ability of dealers to provide liquidity and facilitate risk transfers for clients..

In respect of basis swaps and FRAs, as explained in our response to Q13, ISDA believes that cost vs the benefit of including these is disproportionate in light of ESMA's aim of simplifying and reducing the reporting burden in the financial sector.

However, if they must be included, then we urge that the Medium size post-trade threshold for FRAs and basis swaps should be set at or close to zero, as previously expressed to ESMA.

ISDA also notes what appear to be some typographical errors in the tables in Section 2 of Annex III of the draft RTS. For example:

- The pre-trade LIS and Medium size post-trade threshold of the 2Y fixed to float referencing Euribor appear to be low by a factor of 10 (12,500,000 and 25,000,000, when they should presumably be 125,000,000 and 250,000,000)
- The Large/Very Large size post-trade threshold of the 30Y OIS referencing TONA is the same as the Medium size threshold (3,000,000,000), and is lower than the Large/Very Large size post-trade threshold of the 20Y and 25Y (both of which are set at 5,000,000,000). Presumably the Large/Very Large size post-trade threshold of the 30Yshould also be set at least as high as the 20Y and 25Y (i.e. 5,000,000,000)
- The Large/Very Large size post-trade threshold of the 15Y EURIBOR vs €STR basis swap is the same as the Medium size post-trade threshold (150,000,000). Presumably either the Large/Very Large size threshold for the 15Y should be set to 200,000,000 in common with the Large/Very Large size threshold for the 12Y; or the Medium-size threshold for the 15Y should be set to 75,000,000 in common with the 20Y, 25Y and 30Y.

- The Large/Very Large size post-trade threshold of the 7Y EURIBOR vs EURIBOR basis swap is the same as the Medium size post-trade threshold (200,000,000). Presumably the Large/Very Large size threshold should be set to 300,000,000, in common with the 10Y.

ISDA also notes that there are no values listed for 3Y FRAs referencing Euribor. Given that the volumes of 3Y FRAs are de minimis (indeed, the ADNT and ADV is shown as zero in respectively Tables 47 and 48 on p72 of the consultation paper), we query whether the intent of excluding values for 3Y FRAs is to remove them from the scope of transparency.

If that is the case, ISDA would draw attention to the fact that the ADNT and ADV of 2Y FRAs referencing EURIBOR is shown as zero in respectively Tables 47 and 48. If 3Y FRAs are to be excluded on the basis of statistically zero volume and executed trades, it would be logically consistent for 2Y FRAs to likewise be excluded.

<ESMA_QUESTION_DERI_16>

Q17Do you agree with the proposed deferral framework for OTC single-name CDSs?

<ESMA_QUESTION_DERI_17>

As explained in our answer to Q16, ISDA strongly believes that the Medium size post-trade threshold for illiquid instruments should be set at or close to zero. This was discussed in respect of single name CDS in the 3rd DEG meeting.

Furthermore, as explained in our answer to Q14, ISDA disagrees with the assessment of 5Y single name CDS referencing GSIBs as liquid.

Accordingly, we disagree that the volume deferral for Category 1 as it is constituted in the consultation paper should be T+1.

We urge again that ESMA conforms to the proposals in the DEG report, with the exception that only 5Y single name CDS need to be sub-divided into ADV >=EUR 3Mn and ADV <EUR 3Mn.

We consider that Group 1 in Table 60 of the consultation paper should be classified as illiquid, and should contain 5Y single name CDS with ADV >=EUR 3Mn.

Deferral of actual volume for Group 1 should be set to 1 week for Category 1; 2 weeks for Category 3; and 3 months for Category 5.

Group 2 in Table 60 of the consultation paper should be classified as highly illiquid, and contain all other single name CDS in scope.

Deferral for actual volume for Group 2 should be set to 2 weeks for Category 2; 1 month for Category 4; and 3 months for Category 5.

Our members report that exiting risk greater than EUR 5mm is extremely difficult within 1 day for single name CDS. ISDA proposes that the trade size bands in Table 60 (paragraph 227, p85) of the consultation paper should be set as follows:

Categories 1 & 2: EUR 1-5Mn

Categories 3 & 4: EUR 5-50Mn

Category 5: Above 50Mn

In tabular form:

Group 1 (illiquid)	**Category**	**Trade size (EUR)**	**Price deferral**	**Volume 1W**	**Volume 2W**	**Volume 3M**
5Y single name CDS with ADV > EUR 3mm	1	[1 - 5mm[	EOD	Actual volume		
	3	[5-50mm[		5mm+	Actual volume	
	5	Above 50mm		5mm+		Actual volume
Group 2 (highly illiquid)	**Category**	**Trade size (EUR)**	**Price deferral**	**Volume 2W**	**Volume 1M**	**Volume 3M**
Other single name CDS in scope	2	[1 - 5mm[	1 week	Actual volume		
	4	5 - 50mm[		5mm+	Actual volume	
	5	Above 50mm		5mm+		Actual volume

<ESMA_QUESTION_DERI_17>

Q18 Do you agree with the proposed deferral framework for OTC index CDSs?

<ESMA_QUESTION_DERI_18>

ISDA believes that it is illogical that the Very Large size post-trade threshold for all index CDS should be set to EUR 300,000,000, regardless of their liquidity status and their respective Medium and Large size thresholds.

ISDA proposes that the Very Large size post-trade threshold for iTraxx Europe Main 5Y should be set at EUR 500,000,000, while that for iTraxx Europe Subordinate Financial 5Y should remain at EUR 300,000,000, and those for iTraxx Europe Crossover 5Y, iTraxx Europe Subordinate Financial and all illiquid index CDS should all be set at EUR 200,000,000.

In respect of deferrals, ISDA acknowledges that it has previously supported a uniform price deferral of 15 minutes for liquid OTC index CDS and EOD for illiquid OTC index CDS, regardless of trade size.

However, we have analysed implied trade-out times based on trade size, and it is clear that 15 minutes is not an adequate deferral for the Very Large size threshold for all contracts currently assessed as liquid.

This can be seen from the following tables, which assume a trading day of 10 hours.

The first table illustrates that if ESMA's proposed uniform Very Large size threshold of EUR 300,000,000 is retained, then very large trades referencing iTraxx Europe Crossover 5Y should benefit from a price deferral of 30 minutes, and very large trades referencing iTraxx Europe Senior Financials 5Y should benefit from a price deferral of 90 minutes. It also shows why iTraxx Europe Sub Financials 5Y should be deemed illiquid as ISDA proposes in its response to Q15, and that accordingly trades referencing it should benefit from a price deferral of EOD:

iTraxx index	**Medium**	**Implied trade-out time (minutes)**	**Large**	**Implied trade-out time (minutes)**	**Very Large**	**Implied trade-out time (minutes)**
Europe Main 5Y	30	0.67	50	1.12	300	6.70
Europe Crossover 5Y	10	0.84	30	2.53	300	25.31
Europe Snr Fin 5Y	30	8.29	50	13.82	300	82.95
Europe Sub Fin 5Y	10	25.49	30	76.47	300	764.73

The second table illustrates that if using the adjusted Very Large size thresholds proposed by ISDA, the price deferral for very large trades referencing iTraxx Europe Senior Financials 5Y should be set to 90 minutes. Again, even with ISDA's proposed lower Very Large size threshold it shows that iTraxx Europe Sub Financials 5Y should be deemed illiquid, and accordingly trades referencing it should benefit from a price deferral of EOD. The implied trade-out times with the adjusted thresholds also support ISDA's proposal that the Very Large size threshold for iTraxx Europe Main 5Y should be increased to EUR 500,000,000 while retaining a price deferral of 15 minutes, and safely allow for a 15-minute price deferral for iTraxx Europe Crossover:

iTraxx index	**Medium**	**Implied trade-out time (minutes)**	**Large**	**Implied trade-out time(minutes)**	**Very Large**	**Implied trade-out time (minutes)**
Europe Main 5Y	30	0.67	50	1.12	500	11.17
Europe Crossover 5Y	10	0.84	30	2.53	200	16.87
Europe Snr Fin 5Y	30	8.29	50	13.82	300	82.95
Europe Sub Fin 5Y	10	25.49	30	76.47	200	509.82

It should also be noted that these implied trade-out times are almost certainly understated, for two reasons:

Firstly, they assume that a firm attempting to exit a position has access to 100% of the total available liquidity. In reality, this will not be the case, as other firms will be competing for the available liquidity.

Secondly, the available liquidity as expressed by ADV is direction-agnostic. In reality, it is likely that approximately only half of the available liquidity will be in the direction necessary for a firm to exit its position.

ISDA further notes that trading in index CDS is concentrated around the roll periods for each index, when position holders exit one series to take positions in the next. Because of this, the ADV during the periods outside of roll weeks for iTraxx Europe Main, iTraxx Europe Crossover and iTraxx Europe Senior Financials are 12-15% lower than the overall ADV, meaning that trade out times will be longer during non-roll weeks.

The difference is even more pronounced for iTraxx Europe Subordinated Financials, for which the ADV in non-roll weeks is more than 25% less than overall ADV,

These points provide even greater support for ISDA's view that the price deferral for very large trades referencing iTraxx Europe Senior Financials 5Y should be set to 90 minutes, and that iTraxx Europe Sub Financials 5Y should be deemed illiquid, and accordingly trades referencing it should benefit from a price deferral of EOD.

<ESMA_QUESTION_DERI_18>

Q19 Do you have suggestions on the way to implement the volume masking in the post-trade reports, including the application of flags?

<ESMA_QUESTION_DERI_19>

ISDA considers that to the extent that a report with masked volume is required at all, consistency with the approach adopted in the UK to come into effect on 1 December 2025 would be beneficial.

This approach stipulates that quantity should be left blank and the volume omission flag (VOLO) should be applied.

However, ISDA notes that for a trade for which the volume has been masked, the publication of a report between the initial report and the final report in which the full volume is revealed serves little purpose and may be confusing for data consumers. We provide worked examples below.

For a 5Y single name CDS with trade size EUR 30,000,000, and with volume masking applied such that quantity is left blank with the VOLO flag applied, the reporting sequence is as follows:

1. At EOD, all details apart from volume are published, with VOLO flag (it is therefore known that the quantity is greater than EUR 10,000,000)
2. At T+1, the exact same report is published (again, it is clear that the quantity is greater than EUR 10,000,000)
3. At 2W, the full report is published, with actual volume and no VOLO flag

For a 5Y single name CDS with trade size EUR 30,000,000, and with volume masking applied such that the capped volume is reported with the VOLO flag applied, the reporting sequence is as follows:

1. At EOD, all details apart from volume are published, with VOLO flag (it is therefore known that the quantity is greater than EUR 10,000,000)
2. At T+1, a report is published with quantity of EUR 10,000,000 reported and the VOLO flag applied (again, it is clear that the quantity is greater than EUR 10,000,000)
3. At 2W, the full report is published, with actual volume and no VOLO flag

It is questionable that report #2 in each example serves any purpose.

<ESMA_QUESTION_DERI_19>

Q20 Do you agree with the proposed amendments to Articles 14 and 15 of RTS 2? Please explain.

<ESMA_QUESTION_DERI_20>

ISDA agrees with the proposed amendments to Articles 14 and 15 of RTS 2.

<ESMA_QUESTION_DERI_20>

Q21 Do you agree with the proposed amendments to CDR 2017/2194, the RTS on package orders? Please explain.

<ESMA_QUESTION_DERI_21>

ISDA notes that the Mandate relating to package orders in paragraph 246, section 5.1 of the consultation paper appears to incorrectly refer to Article 8b of MiFIR, when in fact it should refer to Article 9 of MiFIR.

Apart from this, ISDA agrees with the proposed amendments to CDR 2017/2194.

<ESMA_QUESTION_DERI_21>

Q22 Do you agree with the proposals on regulatory data for OTC derivatives? Please distinguish in your reply between regulatory data per instrument vs. regulatory data per system matching order.

<ESMA_QUESTION_DERI_22>

ISDA considers that several of the fields proposed are relevant only to securities, not OTC derivatives, and are therefore unnecessary.

For example, “Instrument status” is irrelevant for the OTC derivatives in scope of transparency and the consolidated tape. OTC interest rate and credit derivatives are not securities to which a suspension or removal from would ever be applied.

By extension, “Instrument status start date and time” and “Dissemination start date and time” are irrelevant and unnecessary for OTC derivatives.

<ESMA_QUESTION_DERI_22>

Q23 Do you agree with the proposals on core market data for OTC derivatives?

<ESMA_QUESTION_DERI_23>

ISDA reiterates that, as explained in our response to Q4, upfront payment should not be reported at all, as it is not meaningful for price formation, and it is possible to reverse-engineer the notional if it is included along with data relevant to price formation. Therefore, it should not be included in the input/output core market data for the consolidated tape in respect of credit default swaps.

<ESMA_QUESTION_DERI_23>