



6 February 2014

Sent by email to members of the ESMA PTSC

Re: Request for recognition of Issues related to 12th February compliance with the Reporting Obligation

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Dear

We welcome the opportunity to write to you and draw your attention to industry concerns around the potential impact of EMIR Reporting on the efficient functioning of the derivatives markets.

The undersigned Trade Associations (“TAs”) and their members recognise the importance of reporting and the prudential oversight benefits it brings to the markets and users at large, and views as a key part of their mission, encouraging its members towards full compliance, and assisting in any way possible therein. We acknowledge and welcome the efforts of ESMA and National Competent Authorities (“NCAs”) in providing direction and clarification to the industry through formal Q&As and direct interaction over recent months.

However, as the Reporting Start Date (“RSD”) approaches there are growing concerns among our members and across the market as a whole on the lack of clarity that remains around certain aspects of the rules. Our members continue to make every effort to commence reporting on the RSD. However, the significance and scale of this new reporting regime requires a considerable amount of new operational processing and infrastructure. Much of this has been developed but participants need further time to implement it effectively. On the basis that all industry participants are required to commence reporting on the RSD we are concerned that not all have had the opportunity to fully understand, test and implement the requirement ahead of that date.

There remain outstanding a number of definitional questions and proposals, many of which have been raised previously such as workflows for UTI exchange and clearing, and product scope. The

limited or delayed regulatory direction on these issues has contributed to general concerns across the market, and delays while industry consensus on approach has been gained.

Therefore, current indications are that there will be a number of industry wide deficiencies, many of which will have been communicated to you in previous correspondence from the TAs, including ISDA's letter of October 2013 summarising the industry issues and challenges for EMIR reporting. Additionally, a number of our members have had bi-lateral discussions with their NCAs with regard to their plans for RSD readiness, explaining specific issues they will have with data completeness and accuracy.

We understand the expectation to have an industry roadmap for remediation of these deficiencies post the RSD. We agree and are working with our members to provide this roadmap and would encourage the involvement of the collective regulatory community through ESMA to ensure this has the necessary priority and focus. In the interim we also would like to ensure our non-dealer members, many of whom are less familiar with transaction reporting regimes, gain comfort from this process, particularly where they are delegating to their dealers, and across multiple jurisdictions.

We believe it would be highly beneficial if the NCAs could provide a statement recognising the current state of reporting as we head towards the RSD, acknowledging the issues and challenges presented by market participants and through their TAs, that a roadmap for remediation is the right approach and that NCAs are working collaboratively across the EU to ensure consistency in expectation.

Furthermore, we believe that, in order to reduce any risk of market disruption, it is imperative to the successful implementation of EMIR reporting that the industry receives a consistent interpretation of the rules by NCAs in what is an open market that crosses national boundaries. All of this would ensure we close gaps in Reporting as soon as possible after the RSD.

We remain at your disposal should you have any further questions and look forward to hearing from you.

Yours sincerely,

George Handjinicolaou
Deputy CEO and Head of ISDA Europe,
Middle East and Africa

Richard Metcalfe
Director, Regulatory Affairs,
Institutional and Capital Markets

Kathleen Traynor
Futures and Options Association

ASSOSIM

Sally Scutt
Deputy CEO
BBA

Since 1985, ISDA has worked to make the global over-the-counter (OTC) derivatives markets safer and more efficient. Today, ISDA has over 800 member institutions from 60 countries. These members include a broad range of OTC derivatives market participants including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure including exchanges, clearinghouses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's web site: www.isda.org.

ASSOSIM (*Associazione Italiana Intermediari Mobiliari*) is the Italian Association of Financial Intermediaries, which represents the majority of financial intermediaries acting in the Italian Markets. ASSOSIM has nearly 80 members represented by banks, investment firms, branches of foreign brokerage houses, active in the Investment Services Industry, mostly in primary and secondary markets of equities, bonds and derivatives, for some 82% of the total trading volume.

The Futures and Options Association (**FOA**) is the principal European industry association for 170 firms and organisations engaged in the carrying on of business in futures, options and other derivatives. Its international membership includes banks, financial institutions, brokers, commodity trade houses, energy and power market participants, exchanges, clearing houses, IT providers, lawyers, accountants and consultants. For a complete list of members please see the FOA website www.foa.co.uk

The British Bankers' Association (BBA) represents more than 240 organisations, including more than 170 banks and 70 Associate member firms. Our member banks make up the world's largest international banking cluster and contribute over £50 billion annually to European economic growth. Our members, whilst predominately banks, engage in activities which range widely across the financial spectrum, encompassing services and products as diverse as primary and secondary securities trading, insurance, investment advice and wealth management, custody, as well as conventional and non-conventional forms of banking.

The IMA represents the asset management industry operating in the UK. Its members include independent fund managers, the investment arms of retail banks, life insurers and investment banks, and the managers of occupational pension schemes. They are responsible for the management of around £4.5 trillion of assets, which are invested on behalf of clients globally. These include authorised investment funds, institutional funds (e.g. pensions and life funds), private client accounts and a wide range of pooled investment vehicles.