



INTERNATIONAL SECURITIES MARKET ASSOCIATION

# P R E S S   R E L E A S E

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## **TRAX opens the door to French regulatory trade reporting**

(LONDON, UK) THE INTERNATIONAL Securities Market Association (ISMA) has launched a new service, which can be used by French financial intermediaries to report trading information as required under the European Investment Services Directive (ISD).

Banks and securities houses can now use TRAX - ISMA's trade matching and regulatory reporting system - to report over-the-counter transactions to the Conseil des Marchés Financiers (CMF), the national regulatory authority set up in France in 1996 following the implementation of the ISD by the French government.

TRAX has earned a longstanding reputation as a reliable and cost-effective means for banks and securities houses to satisfy trade reporting obligations brought about under the directive. Today's new link will benefit firms that have an obligation to report over-the-counter (OTC) transactions to CMF in instruments listed on regulated markets within the EU. The obligation extends currently to domestic and international fixed income securities, equities, convertibles and warrants.

Intermediaries required to report OTC business to CMF are principally firms who are legally domiciled in France. Reporting obligations also extend to certain EU branches of French firms and French branches of banks and securities houses based in other member states.

ENDS

### **Notes for editors**

#### **1 Background to the reporting obligations**

Investment firms, credit institutions and other investment service providers are required to report to CMF a range of transactions, both on-exchange and over-the-counter. Whether firms are required to report OTC business to CMF depends on the circumstances. Whilst further details may be obtained from CMF from the contact given at the end of this press release, the following provides a brief summary:

The reporting of OTC transactions in securities listed on *French* regulated markets is defined by Decision 2000-02 of CMF (available at [www.cmf-France.org](http://www.cmf-France.org) under 'Law and regulations'). Pursuant to this Decision, the firms who must report to CMF all OTC transactions in securities listed on French regulated markets are as set out overleaf.

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- French investment firms, credit institutions and other investment service providers located in France.
- Branches of French firms located *outside* France but within the European Economic Area (EEA).
- French branches of non-French firms from elsewhere within the EEA.

The reporting of OTC transactions in securities listed on *non-French* regulated markets within the EU is mandatory for all the above firms *unless* the transaction is reported to another regulatory authority in the EEA.

## 2 TRAX

ISMA has owned and operated TRAX, its trade matching and regulatory reporting system since 1989. An effective risk management tool, operating 24 hours a day, the service has more than 200 subscribers. Within the EU, TRAX provides a cost-effective means for subscribers to comply with transaction reporting obligations to regulatory authorities and exchanges. Each subscriber can be configured to enable details of transactions in relevant securities to be transmitted automatically to its chosen authority(ies). The introduction of the link with the CMF increases TRAX's reporting links to EU financial regulators and exchanges to six. For further information on TRAX please visit <http://www.isma.org/products/trax.html>.

## 3 International Securities Market Association (ISMA)

The International Securities Market Association (ISMA) is the self-regulatory organisation and trade association for the international securities market. For some 580 member firms in almost 50 countries world wide, ISMA oversees the efficient functioning of the market through the implementation and enforcement of a self-regulatory code covering trading, settlement and good market practice. The Association also provides its member firms - and other users - with a range of services, products and support. Via a UK holding company, ISMA is the majority shareholder in COREDEAL, the pan-European electronic exchange for the international credit markets.

## 4 Conseil des Marchés Financiers (CMF)

The French Financial Markets Council (Conseil des Marchés Financiers (CMF)) was created pursuant to the Financial Activities Modernization Act of July 2, 1996, which transposes into French law the EU directive on investment services of May 10, 1993. The CMF's jurisdiction in terms of regulation and supervision is not restricted solely to regulated markets; it covers the full gamut of financial activities, with the exception of asset management for third parties. It has a number of departments, which employ market professionals and which together form its General Secretariat. The CMF has drawn up a set of General Regulations, which have been approved by the Ministry of the Economy and Finance. The regulations apply to all investment service providers, irrespective of their legal status, as well as to market undertakings (i.e. exchanges) and clearing houses.

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