

**BVI's position on ESMA's Consultation Paper on Amendments to the Guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients under Article 6(2) of CSDR**

We<sup>1</sup> welcome ESMA's consultation on the Guidelines on standardised procedures and messaging protocols for the allocation/confirmation process between investment firms and their professionals' clients. The German Buy-Side has already placed sufficient resources to implement T+1 ahead of the new regulatory requirement. German fund management companies acting on behalf of regulated funds (UCITS/AIFs) allocate and confirm predominantly securities transactions already today in real time and STP before the end of the trade day. Securities transactions are executed and confirmed on an automated basis in real time and are processed STP without any manual intervention, thereby enabling the German Buy-Side to fulfil the allocation/confirmation deadlines in the context of T+1 by the end of the trading day. Our members have already implemented well advanced and automated IT technology for the allocation/confirmation and settlement process. Therefore, we support ESMA's amendments in respect to the Guidelines making them more practical in the context of the implementation of T+1. We would like to make the following specific comments:

**Q1: Do you agree with the proposed amendment? If not, please elaborate.**

**Q2: In particular, do you see any alternative/additional ways to reduce the administrative burden created by documenting the arrangements between investment firms and professional clients?**

We agree with the amendments. Our members have already implemented long-established agreements with their broker/dealers. We do not see further alternatives to reduce the administrative burden for the arrangements between investment firms and professional clients.

**Q3: Do you agree with the proposed amendment? If not, please elaborate.**

**Q4: Should interfaces designed for human interaction i.e. GUIs, be considered appropriate for communication between investment firms and their professional clients? Please explain your reasoning.**

We agree with the amendments. Moreover, we strongly support ESMA's view that also email or graphical user interfaces, provided that the content of the allocations and confirmations is structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, can be further used between investment firms and their professional clients (e.g. Asset managers). This should also be possible for the exchange of settlement information that is formatted in a machine-readable way (e.g. XML, XBRL) by email as highlighted in the ESMA report in para 35. That gives market participants sufficient flexibility to use only on an ad-hoc basis further tools for the allocation/confirmation process.

<sup>1</sup> BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 113 members manage assets of EUR 4.9 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 26%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit [www.bvi.de/en](http://www.bvi.de/en).



**Q5: Do you agree with the proposed amendment? If not, please elaborate.**

**Q6: Do you agree with the proposed amendment? If not, please elaborate**

We agree.

**Q7: Do you agree with the proposed amendment? If not, please elaborate.**

We agree. In exceptional cases (e.g. outage, bug of a service provider) it should be possible to send written allocation via fax/email as many business continuity management tools (BCM) require the usage of non-machine-readable formats only in such cases.

**Q8: Do you agree with the proposed amendment? If not, please elaborate.**

We agree. Our members allocate and confirm predominantly securities transactions already today in real time and STP based on international open communication procedures and standards.

**Q9: Do you agree with the proposed amendment? If not, please elaborate.**

**Q10: Do you agree with the proposed date of application of the Guidelines? If not, please elaborate.**

We agree.

**Q11: Do you agree with the envisaged costs and benefits as identified in Annex III (section 11.3) of this CP? Do you envisage any additional costs and benefits associated with ESMA's proposals in this CP? Please elaborate.**

**Q12: Beyond the proposals set out in this CP, are there any additional measures you would recommend to further simplify processes and reduce administrative burdens?**

We have no comments.