



Société Générale's answers to CESR's consultative concept paper on transaction reporting, cooperation and exchange of information between Competent Authorities

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The Société Générale Group is the fifth leading banking group in the euro zone and the eighth French company in terms of market capitalisation. The Group has over 88,000 employees. Its business portfolio is based on three core activities:

- Retail banking,
- Asset management,
- Corporate banking and investment banking.

Question 1.2 and 3 Do you agree with the approach suggested above to determine the methods and arrangements for reporting financial transactions in one set of criteria applicable to, both the conditions for a trade matching and reporting system to be considered valid to report transactions to competent authorities and the criteria allowing for a waiver ? What requirements should such an inventory contain ? What other issues should be dealt with by CESR ?

Société Générale agrees with CESR that the inventory drawn up by CESR should include criteria determining when the arrangements put in place by a regulated market, a MTF or a trade-matching and reporting system are sufficient to allow for the waiver of the obligation to report directly by investment firms as provided for in article 25-5 of the FIM directive.

We indeed consider that, as soon as the information is routed to the competent authority via the systems put in place by the relevant Regulated market or MTF or an otherwise agreed reporting system, there is no need for the investment firm to report, as it is today the case in France.

Société Générale therefore welcomes CESR's approach for a simple and efficient reporting system, starting from the existing (for example the French SCAN system). Such systems could be also used for reporting internalised and OTC transactions. As a matter of principle we also agree that the content of the information to be given under the reporting obligation of article 25 and the pos-trade disclosure should definitely be the same.

The extent to which the reporting to the competent authorities and the post-trade disclosure of transactions to the market should be done the same way, has to remain an open question at this stage of the process. What might, at first sight, be seen as a simplification of procedures should not turn into a costly obligation for investment firms.

The central question of the timing of the reporting (end of day, or continuous reporting) should be dealt before answering this issue.

At this stage, we do not see any other issue to be tackled by CESR within its mandate on reporting of financial transactions.

Question 4 to 7. Criteria to measure / and mechanism for assessing liquidity.

We agree with CESR's description of liquidity. (ability of investors to find a counterpart and to execute their orders at the best conditions (in terms of price, speed, etc.). We also agree that the concept should be flexible enough to adapt to the different market structures, and easy to implement.

We therefore consider that the sole criterion to be used should be the volume of transactions effectively traded on a security, during an average period, but long enough to smooth the punctual effects of some trades of unusual volumes (the month being the unit of account).

The transactions reported to the competent authority should be used as the tool to assess the liquidity.

Questions 8 to 10. Content and format of the reports.

We agree with the approach proposed by CESR and consider that the content of the transaction report has to be equal irrespective of the entity reporting the transaction and consider that the content foreseen by CESR is sufficient.