

(FISMA)

From: [REDACTED] (MARKT)
Sent: 06 November 2012 16:48
To: MARKT LIST G3
Subject: Meeting with ICE

On Tuesday November 6th, Maite and [REDACTED] met with [REDACTED] and [REDACTED] of ICE Futures Europe.

With regard to transparency, they support separating bilateral from multilateral trading. Pre and post trade transparency should be set by product.

The currently discussed OTC definition is too equity centred. OTC derivatives are quite different from exchange traded derivatives.

Commodity derivatives tend to move towards exchange trading as a product becomes more mature.

They currently operate a position management system, which consists of variable position limits by person by contract.

Under their exchange rules, they require participants to disclose their full position, including on other markets.

They seek to limit individual positions which can distort the market. Other trading should not be limited, nor should they be stopped from intervening in positions when those remain within limits.

The key question for them is who sets limits and how they would apply.

On open access, they note that they also clear OTC derivatives. For listed derivatives, access will not increase competition but reduce stability.

These derivatives need a central pool of liquidity. Fragmentation will only serve the brokers.

Interoperability between CCP's will introduce a contagion risk, which is difficult for resolution.

They will come back with an expert on Brent to talk about benchmarks.

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