MiFID II / MiFIR post-trade reporting requirements

Understanding bank and investor obligations

September 2017

Association for Financial Markets in Europe
www.afme.eu

Disclaimer

This report was produced in conjunction with KPMG.

September 2017

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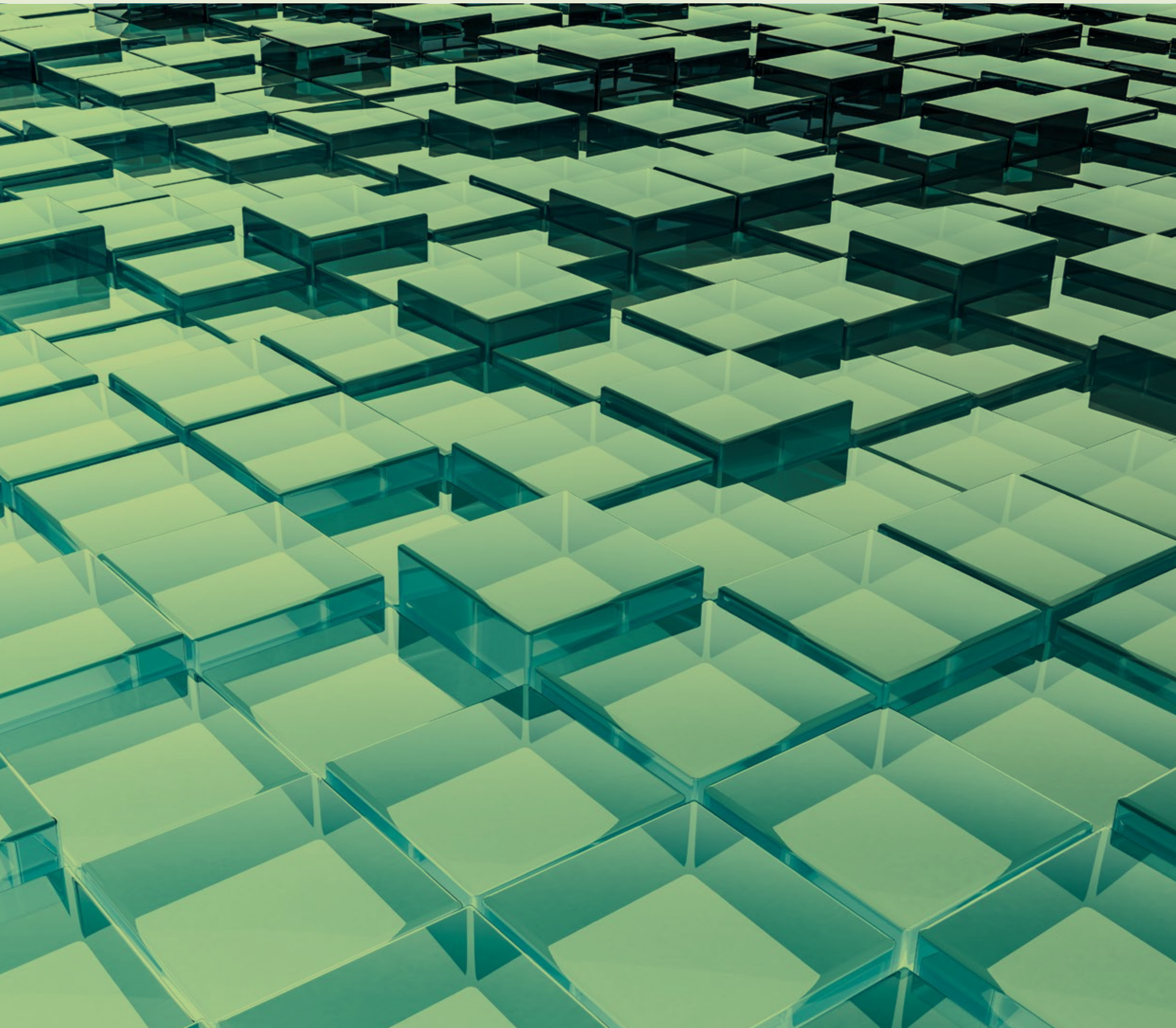


Executive Summary

This educational document provides our members with a structured approach to understanding the post-trade transparency (PTT) obligations defined under Article 6, 10, 20, and 21 of MiFIR. This document also highlights the key challenges and practical implementation options for the impacted qualifying investment firms to consider as they progress with plans to be MiFID II compliant.

This document **will** cover

a. Firms impacted by MIFID II / MiFIR's post-trade transparency requirements

b. The data required to be reported

c. When and where the data is to be reported

d. Reporting scenarios

e. Challenges that market participants will need to consider in order to implement the necessary reporting solutions

f. Explanation of the relevant terms such as Approved Publication Arrangements (APAs), Systematic Internaliser (SI) and post-trade transparency deferrals

This document **will not** cover

a. Transaction or position limit reporting

b. Inducements or any contractual arrangements between counterparties

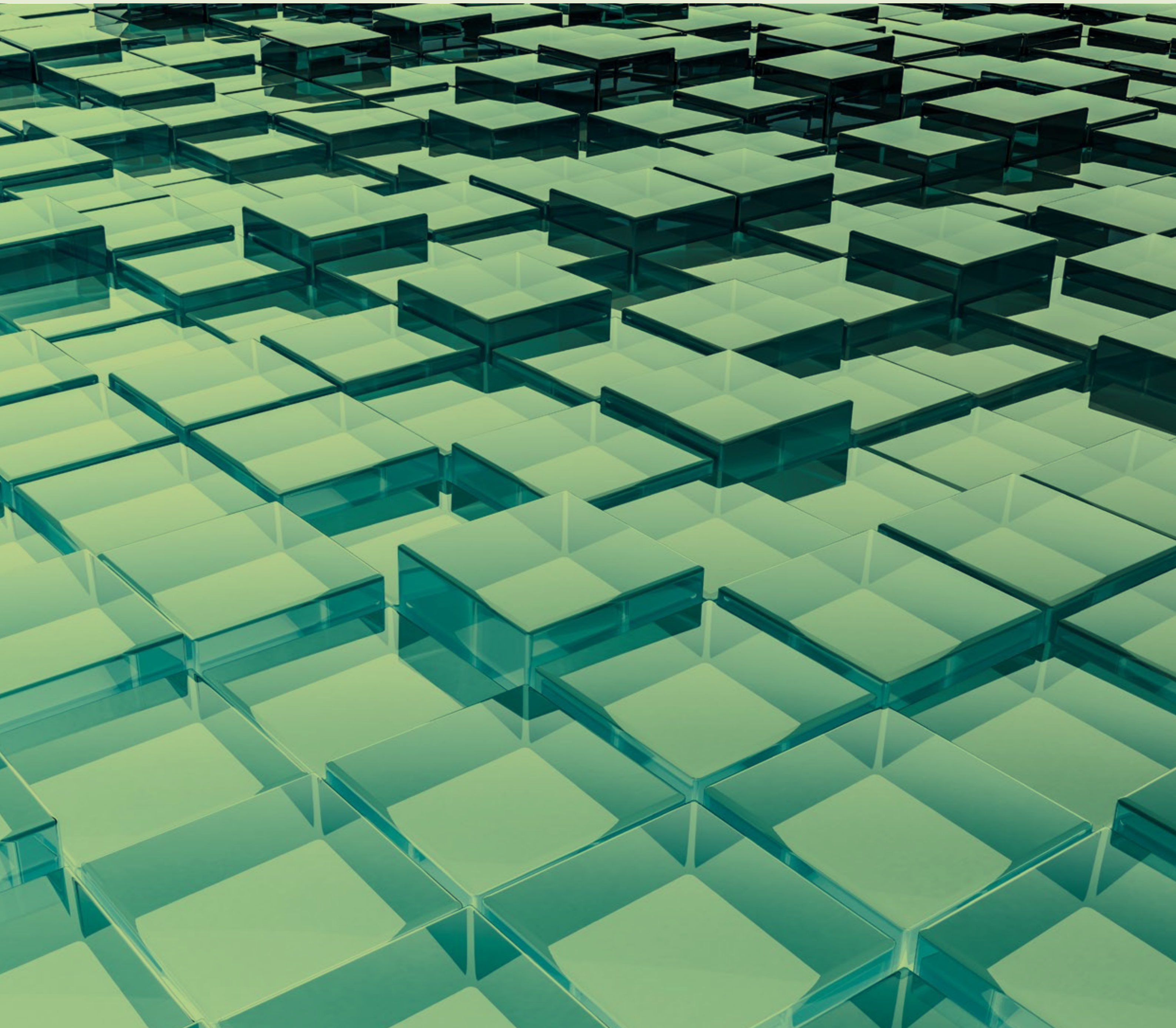
This document is a collective effort by a number of subject matter experts (SMEs) from across the industry on the AFME PTT Working Group. This document incorporates feedback from SMEs with industry and regulatory experience and after a series of consultation discussions.

Glossary of Terms

Acronyms and definitions used	
APA	Approved publication arrangement
ANNA	Association of National Numbering Agencies
AOR	Automated order router
CTP	Consolidated tape provider
DVC	Double volume cap
DRSP	Data reporting services provider
DSB	Derivatives Service Bureau
EFP	Exchange for physical
ESMA	The European Markets and Securities Authority
ETF	Exchange traded fund
FIX	The Financial Information eXchange (FIX®) Protocol
QIF	EU MIFID II Qualifying Investment Firms. A qualifying investment firm is any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or investment activities on a professional basis.
LIS	Large in scale
MIFID I	Markets in Financial Instruments Directive – Directive 2004/39/EC of the European Parliament and of the Council
MiFID II	Markets in Financial Instruments Directive (recast) – Directive 2014/65/EU of the European Parliament and of the Council
MiFIR	Markets in Financial Instruments Regulation – Regulation 600/2014 of the European Parliament and of the Council
MTF	Multilateral Trading Facility - A multilateral system, operated by an qualifying investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments –In the system and in accordance with non-discriminatory rules –In a way that results in a contract in accordance with Title II of this Directive'. An MTF is a non-discretionary trading venue.
NCA	National competent authority
OTC	Over the counter
OTF	Organised Trading Facility - MiFID II introduces a new category of trading venue called OTFs. An OTF is a multilateral system that is not a RM or MTF. Within an OTF, multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in a way that results in a contract. Equities are not permitted to be traded through an OTF.
PTT	Post-trade transparency
Q&A	Question and answer
QIF	Qualifying investment firm
RTS	Regulatory technical standards

Acronyms and definitions used	
RTS 1	Commission Delegated Regulation (EU) 2017/587 on transparency requirements for trading venues and qualifying investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a Systematic Internaliser.
RTS 2	Commission Delegated Regulation (EU) 2017/583 on transparency requirements for trading venues and qualifying investment firms in respect of bonds, structured finance products, emission allowances and derivatives.
RTS 3	Commission Delegated Regulation (EU) 2017/577 on the volume cap mechanism and the provision of information for the purposes of transparency and other calculations.
RTS13	Commission Delegated Regulation (EU) 2017/571 on the authorisation, organisational requirements and the publication of transactions for data reporting services providers.
RTS 22	Commission Delegated Regulation (EU) 2017/590 on the reporting of transactions to competent authorities.
RM	Regulated market
SFP	Structured finance products
SI	Systemic Internaliser is defined as a qualifying qualifying investment firm which, on an organised, frequent Systematic and substantial basis, deals on own account when executing client orders outside a Regulated Market (RM), a Multilateral Trading Facility (MTF) or an Organised trading Facility (OTF) without operating a multilateral system.
SSTI	Size specific to instrument
TR	Transaction reporting
TV	Trading Venue including a Regulated Market (RM), a Multilateral Trading Facility (MTF) or an Organised Trading Facility (OTF).

1. Background



1. Background

MIFID I

The Markets in Financial Instruments Directive 2004 (MiFID I) came into force on the 1st November 2007. It introduced rules to create a harmonised competitive and transparent market for the conduct of financial business throughout the European Union (EU)[1] . Specifically, in relation to post-trade transparency, it's intention was to:

- Improve price discovery and enable clients to verify that their brokers comply with best execution rules;
- Standardise post-trade transparency requirements for equity trading conducted on a trading venue;
- Enhance market data reporting, enabling regulators to monitor and ensure fair and orderly functioning of markets.

MiFID II

Following a review by the EU, a revised Directive 2014/65/EU (MiFID II) and Regulation (EU) No 600/2014 (MiFIR) were published in the Official Journal and became effective on the 2nd July 2014. MiFID II and MiFIR introduced new provisions to enhance controls around prevention of market abuse and to increase transparency in markets (see link to official text[2]). Most significantly, MiFID II extended the scope of the regulatory requirements to the following financial instruments in addition to equities:

Equity (RTS 1)
- Shares
- Depositary receipts
- Exchange-traded funds (ETFs)
- Certificates
- Other similar financial instruments

Non-equity (RTS 2)
- Bonds
- Structured finance products
- Emission allowances
- Derivatives

The MIFID II / MiFIR transparency regime is composed of two core transparency obligations, namely:

1. Pre-trade transparency. Designed to provide market participants with near real-time broadcast of basic trade data around firm quotes.

2. Post-trade transparency. Designed to provide market participants with near real-time broadcast of basic trade data around executed trades.

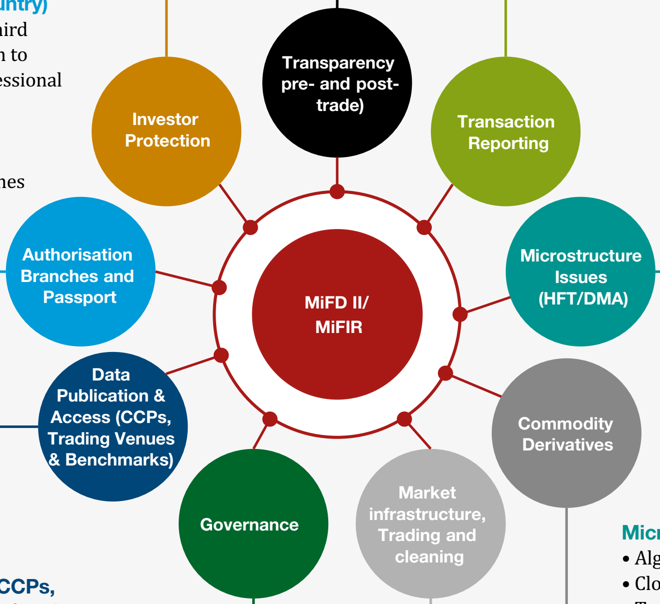
This paper addresses the post-trade transparency reporting obligations exclusively. EU MIFID II qualifying investment firms; their non-EU domiciled branches; and EU branches of non-EU MIFID II qualifying investment firms will all be required to satisfy the MiFID II post-trade transparency and reporting obligations by the 3rd January 2018.

AFME formed the PTT working group of cross-asset class experts in order to navigate the complexities posed by the post-trade transparency reporting requirements. This document is the output of that working group which aims to aid the understanding of banks and investors obligations.

1 http:\eur-lex.europa.eu\legal-content\EN\TXT\?uri=CELEX:32014R0600

2 http:\eur-lex.europa.eu\legal-content\EN\TXT\?uri=CELEX:32014R0600

An overview of the role of transparency reporting within MIFID II / MiFIR:



Investor Protection

- New requirements for best execution and conflicts of interest – More disclosure required
- Product governance requirements
- Costs and charges unbundling (incl. packaged products
- Inducements, monetary benefits, non-monetary benefits
- Key changes on giving advice, assessing suitability and appropriateness
- Local Authorities – Considered retail clients by default
- TCF to be applied for structured products

Authorisation, Branches and Passporting (EU and Third Country)

- Member States to determine if third country FI must establish branch to solicit business with retail/professional clients
- AIFMD to be changed to allow passporting
- Initial capital required for branches

Data Publication and Access (CCPs, Trading Venues & Benchmarks (EU & Third Country)

- Enhanced governance requirements for trading venues, creation of OTF and new definitions for MTF
- Transparency and non-discriminatory access fees must be fair and non-discriminatory
- Co-lo to be fair and non-discriminatory
- Third country trading venue can access CPOO subject to equivalence assessment
- Licence requirement for bencmarks

Governance

- Roles of directors of firms to be specified by ESMA incl. limits on directorships

Transparency

- Pre and post trade extended to new products (debt, OTC) and venues (Sis OTFs).
- Data submitted to new Approved

Transaction Reporting

- Covers all asset classes in scope
- Increases to 65 data fields including many derived and new types
- Reportable data extends beyond economic fields and into HR/personal data

Microstructural Issues

- Algo library
- Clock sync
- Testing and controls (incl. real-time and preventative) to ensure resilience/stability
- Definition of independent significant and HFT
- Venue testing environments

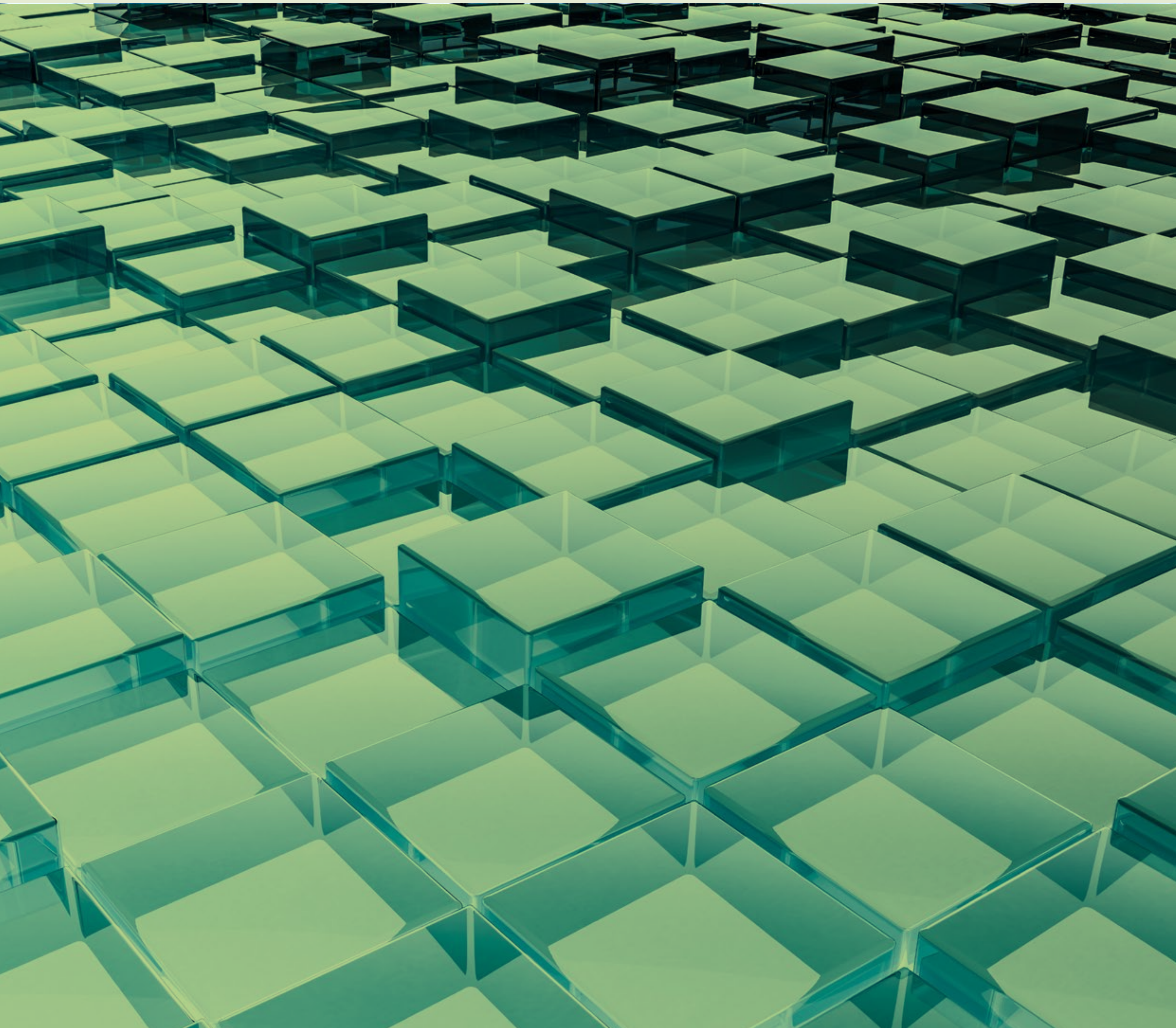
Commodity Derivation

- Position reporting and limits regime (net by end user)
- Trading houses subject to MFID for client business
- End user identification is an issue

Market infrastructure, Trading and cleaning

- Eligible contracts to be centrality traded
- STP for trading, cleaning, margin and collateral
- Indirect cleaning arragements

2. Who needs to report what, when and where?



2. Who needs to report what, when and where?

2.1 Who needs to report?

The post-trade reporting obligations must be met by either a Trading Venue (TV), Systematic Internaliser (SI), or a Qualifying Investment Firm (QIF).

Trading Venue (TV). In this document, a TV refers to an EU trading venue which includes Regulated Markets (RM), Multilateral Trading Facilities (MTF) or Organised Trading Facilities (OTF). Non-EU trading venues that are recognised by ESMA as third-country venues for the purpose of transparency under MiFID II / MiFIR will not need to submit a report in addition to the venue's obligations stemming from third-country rules.

A Regulated Market (RM). An RM is defined as a multilateral system operated by and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in the EU, in the system and in accordance with its nondiscretionary rules, in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of the Directive.

Multilateral Trading Facility (MTF). An MTF is a multilateral system, operated by a qualifying investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments, in the system and in accordance with non-discriminatory rules, in a way that results in a contract in accordance with Title II of the Directive. An MTF is a non-discretionary trading venue.

Organised Trading Facility (OTF). MiFID II introduces a new trading venue designation of OTF. An OTF is a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of the Directive.

A key difference between an MTF and an OTF is that an OTF executes orders on a discretionary basis, as such taking a role in negotiations between market participants. A single legal entity cannot operate an OTF and be an SI simultaneously. An OTF does not include facilities where there is no genuine trade execution or arrangement taking place in the system, such as bulletin boards, aggregation services, electronic post-trade confirmation or portfolio compression arrangements.

Systematic Internaliser (SI). An SI is a qualifying investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a Regulated Market, an MTF or an OTF without operating a multilateral system.

Qualifying investment firm (QIF). Under the Directive an investment firm means "any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis" (Article 4(1)). QIF in this document refers specifically to an EU MIFID II qualifying investment firm.

2.2 What do you need to report?

It is required under MiFID II / MiFIR post-trade transparency obligations to report any trade pertaining to a MiFID II financial instrument that is defined as traded on a trading venue (ToTV).

The fields required to be reported, to an Approved Publication Arrangement (APA), are listed in Table A. While the Additional Fields are not mandatory fields for reporting, in practice they are relevant and required to identify the party with the reporting obligation.

Information (fields and flags) contained in the trade message will vary per asset class and with individual trade scenarios. Common fields are applicable across all asset classes (RTS 1 and RTS 2) while additional non-equity specific fields are required for non-equity products (RTS 2).

Allocations, as distinct from trades, are not in scope for MiFID II / MiFIR post-trade transparency reporting obligations.

Table A

Fields common to RTS 1 and 2	RTS 2 unique fields	Additional Fields (minimum required for APA)
Trading date and time	Instrument identification code type	Executing entity identification code (with buyer/seller identification)
Instrument identification code	Price notation	Systemic Internaliser (SI) status indicator
Price	Notation of the quantity in measurement unit	Trading capacity
Venue of execution	Quantity in measurement unit	
Price currency	Notional amount	
Quantity	Notional currency	
Publication date and time	Type	
Venue of publication	Transaction to be cleared	
Transaction identification code	Type	

ESMA has stated that firms are not obliged to use ISINs exclusively on trade reports (see ESMA Q&A on MiFIR data reporting[3]):

“For the purpose of reporting reference data under the requirements of MiFIR Article 27, ISO 6166 ISINs, ISO 10962 CFI codes and ISO 18774 FISNs issued by the relevant National Numbering Agency (NNA) should be used”[4].

With respect to the timeline to obtain an ISIN for financial instruments for which the requirement for the submission of reference data is triggered by an order, quote or trade taking place, the ISINs have to be allocated in time to be included in the submission of reference data required under Article 2 of RTS 23.An ISIN needs to be available by end of day SI reporting (at 21:00) and for transaction reporting by T+1.

ESMA has provided clarification on the use of “OTHR” designation for products with no ISIN. The practical utility of this measure is unclear given an ISIN is required to check TOTV status[5].

Depending on a firm’s reporting architecture and its ability to retrieve the 20 to 30 fields required for use of the “OTHR”); firms may consider connecting to connect to the ANNA DSB (Association of National Numbering Agencies Derivatives Service Bureau) in order to gain access to ISINs in time for reporting (see section 4.2).

Where no ISIN is available the APAs may choose to offer an ISIN request service.

3 https://www.esma.europa.eu/sites/default/files/library/esma70-1861941480-56_qas_mifir_data_reporting.pdf)

4 http://www.anna-web.org/standards/about-identification-standards/

5 https://www.esma.europa.eu/sites/default/files/library/esma70-156-117_mifir_opinion_on_totv.pdf

2.3 When do you need to report?

Trading venues, Systematic Internalisers and qualifying investment firms must publish the volume and price within one minute of execution for equity and equity-like products.

For non-equity products publication must occur within fifteen minutes of execution, falling to five minutes in 2020.

2.4 Where do you need to report?

Approved Publication Arrangements (APAs) are responsible for publishing details of executed trades to the market on behalf of firms as close to real time as possible, on a reasonable commercial basis. The data should be made available free of charge 15 minutes after publication. APAs must disseminate information in a manner that ensures fast market-wide access on a non-discriminatory basis. They must also check a firm's trade messages for accuracy and completeness (requesting the re-submission of any identified erroneous messages).

Different models supporting the submission of post-trade reports to an APA are emerging (see section 3). Regardless of the model utilised, the entity with the trade reporting obligation retains the regulatory responsibility for timeliness, completeness and accuracy of its reporting. The responsibility to ensure that the information transmitted is timely, complete and accurate, and taking reasonable steps to verify the timeliness, completeness and accuracy of reports submitted on their behalf, if that should be the case, cannot be outsourced.

ESMA had envisaged the emergence of a technology provider that would assume the role of assimilating multiple APA feeds onto a consolidated tape. This consolidated tape has not yet been realised.

2.5 Summary

Key Points

- Post-trade transparency requires the timebound publication of trade data to an APA. This data is composed of fields and flags (detailed in the Regulatory Technical Standards) duplicating some of the data necessary to meet the regulatory transaction reporting requirements.

- This data needs to be made public in a timebound manner, within one minute of execution for equity and equity like products. For non-equity products publication must occur within fifteen minutes of execution, falling to five minutes in 2020.

- Single-sided disclosure. Only one counterparty has the obligation to disclose the details of trade.The seller should report the trade, subject to the disclosure hierarchy.

Summary of the purpose and key requirements of MIFID II post-trade transparency:

Purpose	**Price Transparency:** Designed to provide market with near real time broadcast of basic trade data around executed trades - in order to promote price transparency.
Key Requirements	**Data:** 3 additional + 9 common + 8 non-equity fields relating to core trade economics are required to be published **Timing:** Make public the volume and price within one minute of execution for equity and equity like products. For non-equity products publication must occur within fifteen minutes of execution, falling to five minutes in 2020. Data to be made available to market participants on a reasonable commercial basis and available for free 15min after publication by the APA. **Disclosure to:** Approved Publication Arrangement (APA) who collate, validate and publish data feeds from multiple sources to the market in near real time.

An overview of SI and OTC post-trade transparency hierarchy:

SI and OTC post-trade transparency hierarchy		BUYER		
		SI	MIFID II QIF	Non-MIFID II QIF
SELLER	SI	Seller	SI	SI
	MIFID II QIF	SI	Seller	QIF
	Non-MIFID II QIF	SI	QIF	N/A

2.6 Trade reporting scenarios

This section works through the detail of specific trade reporting scenarios. In order to ascertain which party in a trade has the obligation to submit the trade report firms must know, as a minimum, the following information:

Is the financial instrument admitted to trading on an EU trading venue?

- Is the financial instrument traded on an EU venue or third-country recognised venue?
- Is one counterparty, or both, a Systematic Internaliser?
- Which party is the seller?
- Is a qualifying EU MIFID II investment firm one or more of the counterparties?

It is important to remember that MiFID II / MiFIR does not allow for the following outcomes:

- Under-reporting a trade where the firm has the obligation to report.
- Over-reporting a trade where the firm does not have the obligation to report.
- Duplicative reporting of a trade (where both counterparties report the same trade).

Abbreviations for the following scenarios:

- **SI**: Systematic Internalisers.
- **QIF**: Qualifying EU MIFID II investment firm
- **OTF**: Organised Trading Facility
- **MTF**: Multilateral Trading Facility
- **RM**: Regulated Market
- **Trading venue**: RM or MTF or OTF
- **Trading venue E**: A non-EU TV recognised within ESMA's list of third-country venues for the purpose of transparency under MiFID II / MiFIR
- **Trading venue X**: A non-EU TV not recognised within ESMA's list of third-country venues for the purpose of transparency under MiFID II / MiFIR.

2.6.1 OTC scenarios

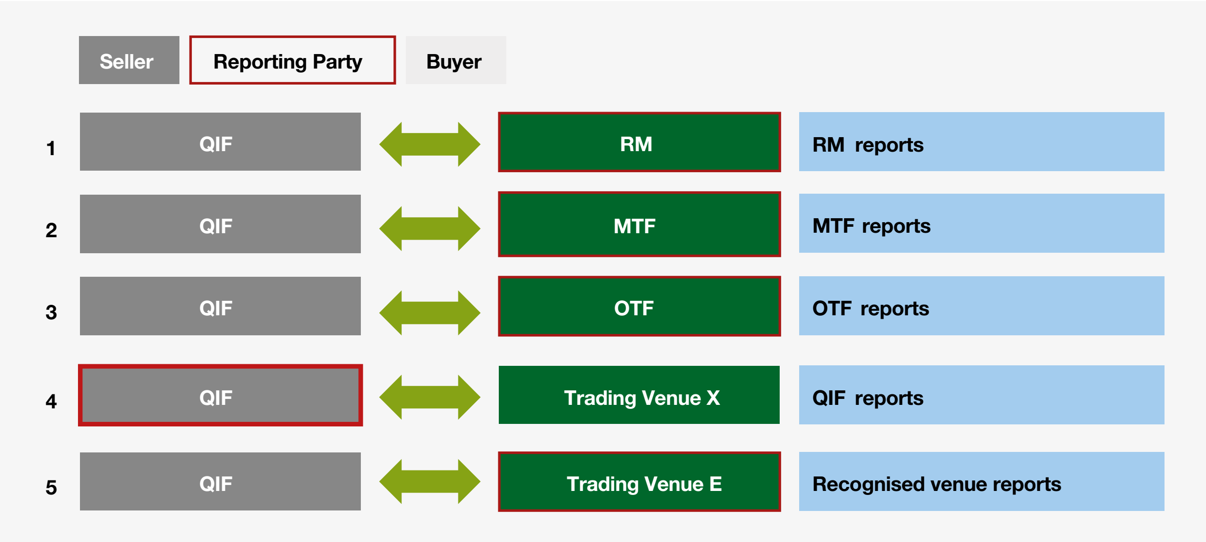
The following scenarios illustrate which party has the trade reporting obligation when a trade is executed away from a trading venue.

Seller | Reporting Party | Buyer

	Seller		Buyer	
1	SI	↔	SI	Seller SI reports
2	QIF	↔	SI	SI reports
3	Non IF	↔	SI	SI reports
4	SI	↔	QIF	Seller SI reports
5	SI	↔	Non QIF	Seller SI reports
6	QIF	↔	QIF	Seller QIF reports
7	QIF	↔	Non QIF	QIF reports
8	Non QIF	↔	QIF	QIF reports
9	Non QIF	↔	Non QIF	Out of scope of reporting obligation

2.6.2 On venue scenarios

The following scenarios illustrate which party has the trade reporting obligation when a trade is executed on a trading venue.



Please note that in scenario 5 (above) the non-EU trading venue is situated outside MIFID II / MiFIR scope, however it has been recognised by ESMA as a third-country venue for the purpose of transparency under MiFID II / MiFIR and the venue will consequently follow similar trade reporting procedures to EU trading venues.

2.6.3 Further resources

For further information you may refer to Market Watch issue number 32[6] describing practical examples of trade reporting and the FIX Trading Community MIFID Transparency working group on MIFID II trade reporting implementation guidelines[7] (March 2017).

2.7 Deferrals

In certain scenarios firms may defer the publication of their post-trade disclosure (i.e. receive permission from the relevant competent authority to exceed the standard publication timing requirements).

2.7.1 Equity deferrals

For equity and equity-like instruments deferrals can be granted for trades that are above a certain size between an investment firm dealing on own account with a counterparty and within a calibrated deferral period. This is dependent on a minimum qualifying size in relation to the average daily turnover of the instrument. The deferral period can range from 60 minutes, 120 minutes, end of trading day or the end of the next trading day.

Where a competent authority authorises the deferred publication of the details of trades, investment firms trading outside a trading venue and market operators and investment firms operating a trading venue shall make public each transaction no later than at the end of the relevant period, provided that:

(a) the transaction is between an investment firm dealing on own account other than through matched principal trading and another counterparty;

(b) the size of the transaction is equal to or exceeds the relevant minimum qualifying size, as specified in Tables 4 to 6 of Annex II as appropriate.

6 http://www.fsa.gov.uk/pubs/newsletters/mw_newsletter32.pdf

7 http://www.fixtradingcommunity.org/pg/workinggroup/2471080/mifid-transparency-subgroup/

Where a transaction between two investment firms is executed outside the rules of a trading venue, the competent authority for the purpose of determining the applicable deferral regime shall be the competent authority of the investment firm responsible for making the trade public through an APA in accordance with paragraphs 5 and 6 of Article 12.

Standard deferrals:

Post-trade transparency deferrals for equity instruments	
LIQUID & ILLIQUID	Above a certain size, where a qualifying investment firm is dealing on own account with a counterparty and within a calibrated deferral period. The deferral period can range from 60 minutes, 120 minutes, end of trading day or the end of the next trading day.

2.7.2 Non-equity deferrals

For non-equities the standard deferral regime allows for a T+2 deferred publication. National Competent Authorities can further calibrate the deferral regime, either by requiring some transparency within that T+2 timeframe, or "enhancing" the standard deferral and allow a supplementary deferral which may extend up to 4 weeks (longer for sovereigns). Each National Competent Authority within the EU has discretion over the deferral regime it implements.

- If the trade is executed on venue, then the deferral granted by the NCA would apply to the regulated venue.
- If the trade is executed off venue, then the deferral would be granted by the NCA and would apply to the reporting counterparty.

Deferrals can be provided for trades where:

- There is no liquid market.
- Large in scale trades compared to normal market size.
- Package transactions meeting certain conditions – where at least one component is above the relevant LIS or SSTI and is deemed illiquid.

The key non-equity deferral regime determinants are SSTI (size specific to the instrument); and LIS (large in scale). Firms can calculate the SSTI and/or LIS. Alternatively, firms can request the APA to do so on their behalf. All trades should be sent to the APA within the standard reporting timeframes, and the APA will then queue the trades and defer the publication accordingly.

Standard deferrals:

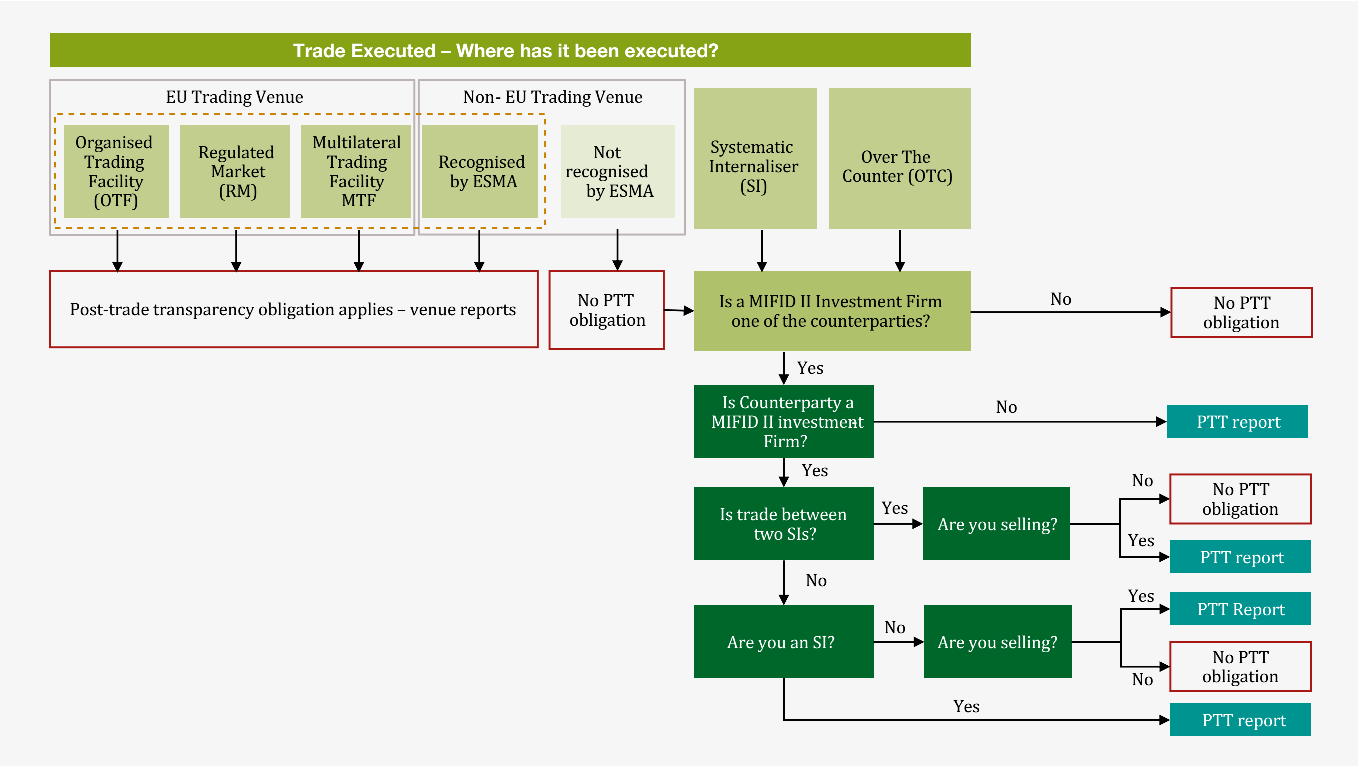
Post-trade transparency deferrals for non-equity instruments		
LIQUID	**≤ SSTI**	Real-time
ILLIQUID	**≤ SSTI**	At 7pm T+2
LIQUID & ILLIQUID	**>SSTI or >LIS**	At 7pm T+2

In addition to standard deferrals there also exists provisions for supplementary deferrals (see section 6.3). For further information on supplementary deferrals see the FIX website for a decision tree describing the supplementary deferral possibilities[8].

8 http://www.fixtradingcommunity.org/pg/file/fplpo/read/3962811/rts2-tree

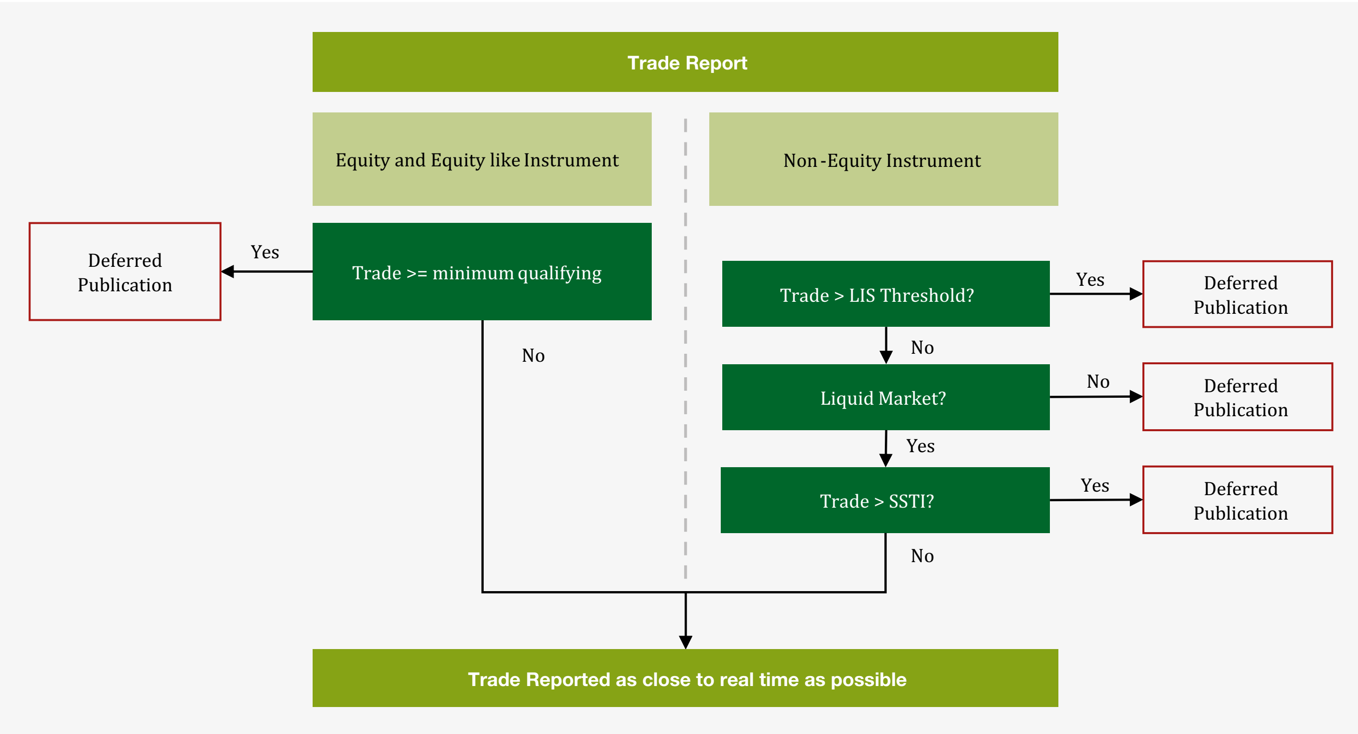
2.8 Overview of post-trade transparency

Simplified decision tree illustrating the assignment of responsibility of the trade reporting obligation:

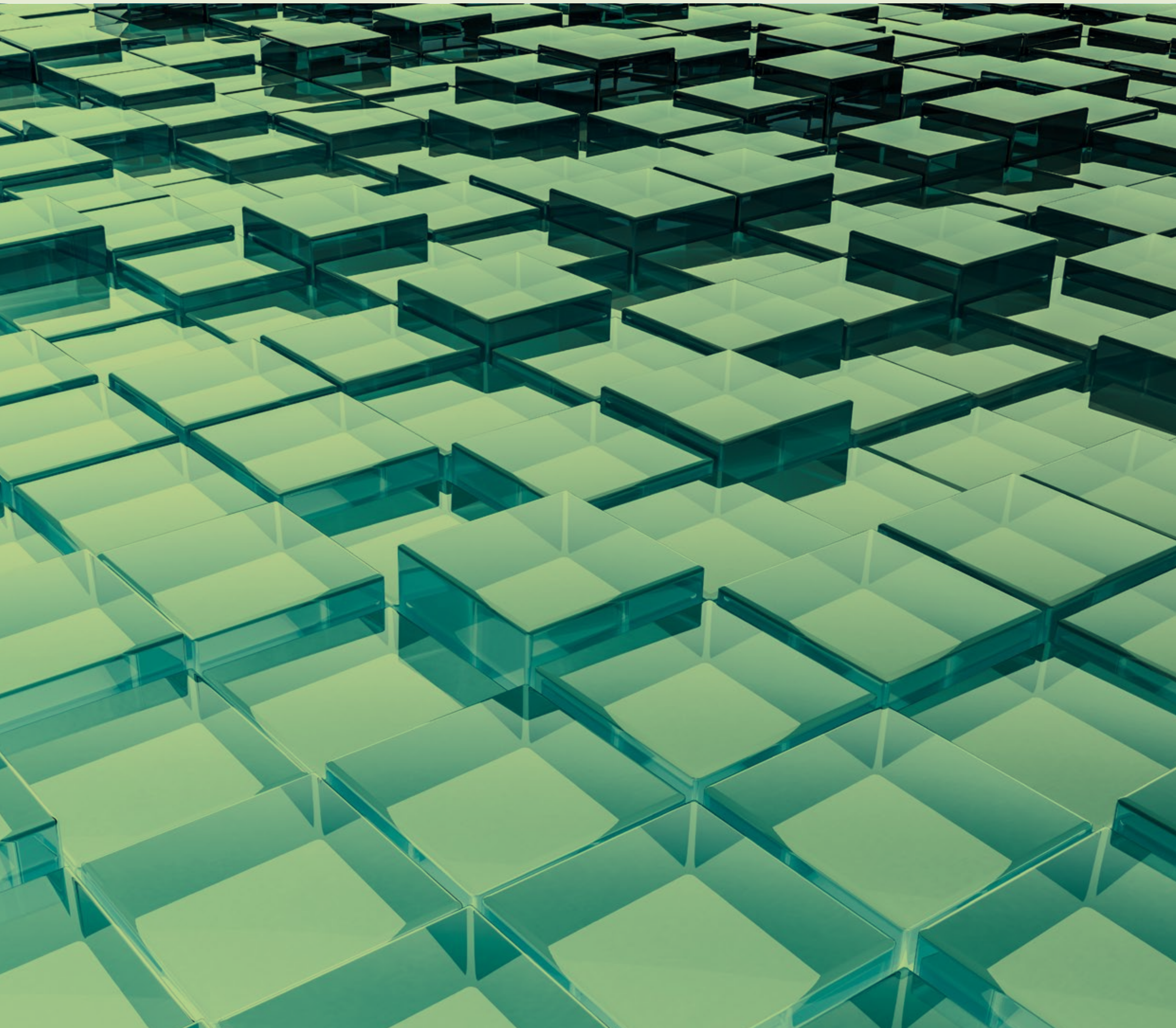


Once it has been determined if a trade report is mandated and who the party responsible for submitting the trade report is, it is then necessary to determine if deferral is applicable.

Simplified decision tree illustrating the determination of the applicability of a deferral in the case of OTC trades only:



3. Regulatory reporting options



3. Regulatory reporting options

So far we have explored the followingquestions:

- Who needs to report?
- What needs to be reported?
- When you need to report?
- Where the report should be submitted?

The reporting obligation can fall to a variety of market participants depending on the specific scenario, as illustrated in section 2. This represents a significant challenge in terms of infrastructure build; costs; data availability; and the potential of regulatory sanctions for erroneous reporting.

When a firm is (i) a qualifying investment firm; and (ii) trades occur off venue; and (iii) the firm is not facing a Systematic Internaliser; the obligation to trade report may apply.

There are three broad strategies to maintain compliance with the trade reporting obligation when you are a qualifying investment firm, as described below:

1. Trade exclusively with counterparties who always retain the obligation to trade report
2. Self-report utilising:
    a. An automated in-house process (requiring in-house infrastructure); or
    b. A manual front-end process (requiring minimal in-house infrastructure)
3. Utilise an assisted reporting arrangement

With respect to actively submitting trade reports, it is possible to either self-report or utilise an assisted reporting arrangement with a third party. Trade reports are required to be submitted within stringent timeframes (see section 2.3). If a trade report should need to be amended after it has been reported to the APA, an amended post-trade report will need to be processed (see section 4).

The party with the trade reporting obligation under MiFID II / MiFIR retains regulatory responsibility for the timeliness, accuracy and completeness of the post-trade transparency report, regardless of the mechanics of the reporting model they choose. It is not possible for a qualifying investment firm to waive their post-trade transparency obligations, even when the qualifying investment firm utilises an assisted reporting arrangement.

Trade reporting and retention of responsibility matrix:

	Self-reporting option	Assisted reporting option
Function of trade report	Qualifying investment firm	Assisting qualifying investment firm
Responsibility of trade report	Qualifying investment firm	Qualifying investment firm

As described above, the qualifying investment firm will always remain responsible for taking the necessary steps to ensure the completeness, accuracy and timeliness of the trade report. This is regardless of the mechanics of the method of submission utilised, including in the case of assisted reporting.

3.1 Self-reporting

Self-reporting refers to a qualifying investment firm submitting trade reports directly to an APA.

Below is a check list designed to help a firm determine if it is well prepared to self-report or not:

IT:

- Do you have the right IT infrastructure to report on time, noting the timestamp for the trade should be recorded using microsecond granularity?
- Will you be able to report in an accurate and timely manner? If you will report equity and equity-like trades, do you have a fully automated front-to-back system facilitating the reporting of these financial instruments in less than 1 minute?
- Have you initiated infrastructural arrangements with an APA?
- Have you accounted for any dependency on a supplier that may impact negatively on your ability to report on time? E.g. OMS (Order Management System), back office technology supplier, etc.

Trading:

- Do you have access to the full complement of data to allow you to report?
- Will you be able to identify the location and status of all counterparties in order to determine the obligation to report?

Operations:

- Have you considered the required adaptation of your firm's operations and internal workflows?
- Have you put in place all necessary systems, processes and internal controls?

If you have answered yes to the above questions, then you may be able to self-report your trades with regards to post-trade transparency under MIFID II. If not you may consider section 3.2 on assisted reporting.

3.2 Assisted reporting

Where a qualifying investment firm does not have the infrastructure to self-report or simply chooses not to self-report, firms are developing emergent models to assist qualifying investment firms in submitting their trade reports.

Assisted reporting, for the purposes of this paper, is the notification of execution to a qualifying investment firm's technology provider to facilitate a client's ability to conform to the MiFID II / MiFIR post-trade reporting requirements. This is based on the current industry interpretation of the MiFID II / MiFIR texts and is subject to any future regulatory guidance and clarifications.

For the purposes of this paper an "assisted qualifying investment firm" is the party utilising the services of a firm offering assisted reporting. For the purposes of this paper an "assisting qualifying investment firm" is the party supplying the assisted reporting service.

It is important to reiterate that where a firm relies on assisted reporting, the responsibility and obligation to comply with the MiFID II / MiFIR regime are retained by the assisted firm. The assisted firm must ensure that the reporting is timely, accurate and complete. It is not possible for an assisted qualifying investment firm to waive their post-trade transparency obligations.

When considering utilising an assisted reporting arrangement, the following questions may be relevant:

- Which assisting qualifying investment firms are offering this functionality?
- Has the assisting qualifying investment firm finalised arrangements with an APA?
- Is the assisting qualifying investment firm connected to the APA or APAs most appropriate to the assisted qualifying investment firm's trading profile?
- What technical challenges will result from the decision to utilise an assisted reporting arrangement?

Although various nuanced models of assisted reporting are emergent, in all models the assisted qualifying investment firm retains the responsibility to ensure the reporting is timely, accurate and complete.

While it is up to each firm to make its own assessment, the view of the AFME working group is that in these scenarios where the assisted qualifying investment firm has a direct contract with an APA, the assisting qualifying investment firm does not provide any identifiable benefit to its client for the purposes of the requirements under Article 24 of Directive 2014/65/EU.

Qualifying investment firms should take into account that, whatever the individual nature of the firm's standard trading profile, it is possible that at some point in time the responsibility to submit a trade report could fall to them. Thus, it may be advisable forall qualifying investment firms to develop an adequate trade reporting capability, even if only as a contingency measure. All qualifying investment firms will need to be prepared to meet their trade reporting obligations from the 3rd January 2018.

This paper summarises the two broad models of assisted reporting that exist today which are the "common APA model" and the "different APA model". These models are emergent and the final market infrastructure landscape will develop and mature over time.

Assisted reporting creates further complexities as this methodology implies that a connectivity requirement exists between divergent APAs. No universal APA connectivity solution has yet been formulated. Counterparties utilising divergent APAs will create reconciliation, systems and connectivity challenges and this eventuality may not be supported by the assisting qualifying investment firm.

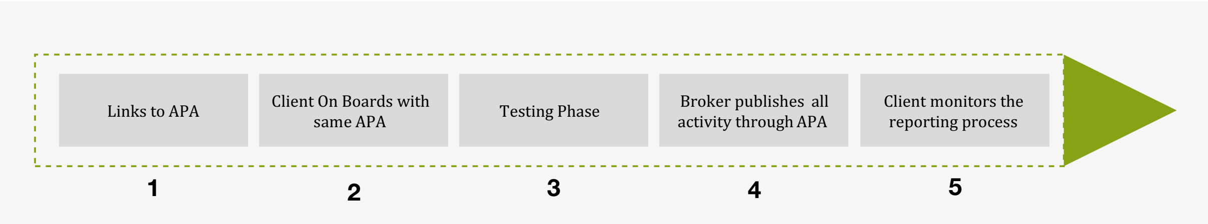
3.2.1 Assisted reporting – the common APA model

An assisting qualifying investment firm builds infrastructure to trade report via an APA and its client (the assisted qualifying investment firm) has a connection to the same APA.

- There is a direct contract between the assisting QIF and the APA (with associated trade publication fees).
- As part of the on boarding process, the APA checks with the assisting QIF if it agrees that its infrastructure can be utilised to publish the assisted QIF trades.
- If the assisted QIF agrees, then a client identification code is assigned and/or a flag is activated to enable assisted trade reporting for this client.
- Appropriate testing and a go-live date must be agreed upon for the assisting QIF to start sending client trades to the APA and for the APA to publish these trades.

- The assisted QIF is able to view all its activity through the APA and thereby meet its regulatory obligation in terms of timeliness, accuracy and completeness of trade reports.
- In this model, the trade reporting eligibility logic is that of the assisting QIF.

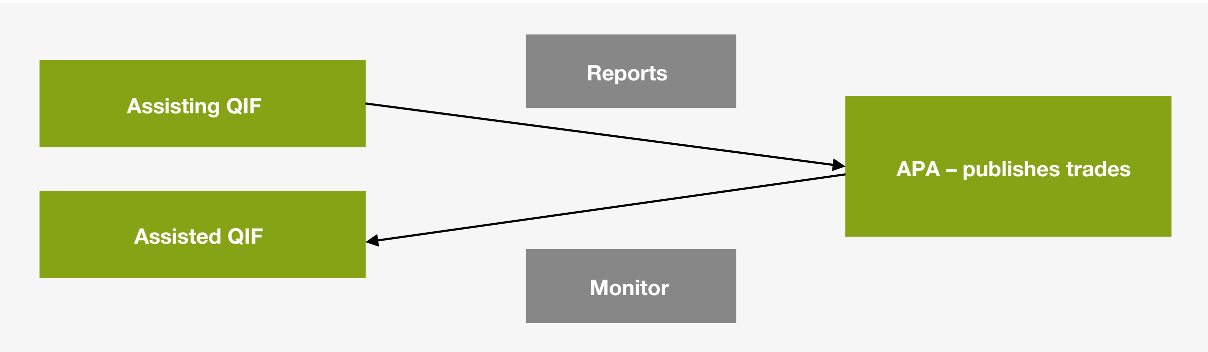
Common APA process:



In addition to the broad model described above there will be variability and nuances dependent on the specifics of the agreements between counterparties and the individual APAs.

APAs may offer additional services including trade reporting eligibility determination. However, this service will require additional filtering and quality control processes to be applied by the assisting qualifying investment firm.

Common APA reporting model:

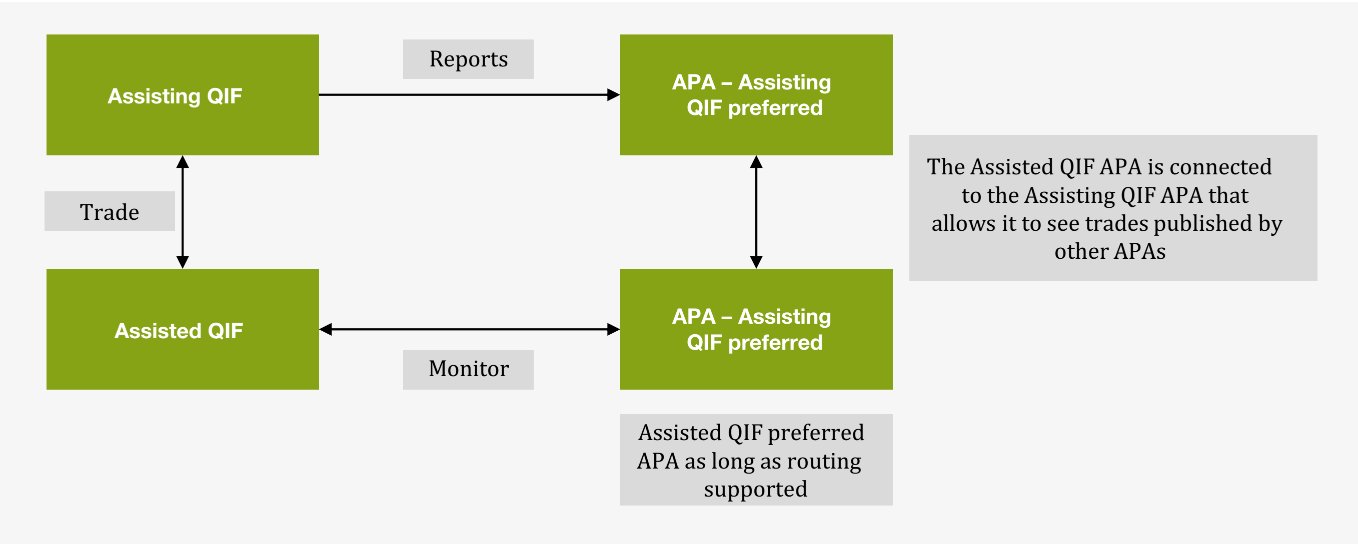


3.2.2 Assisted reporting – the different APA model

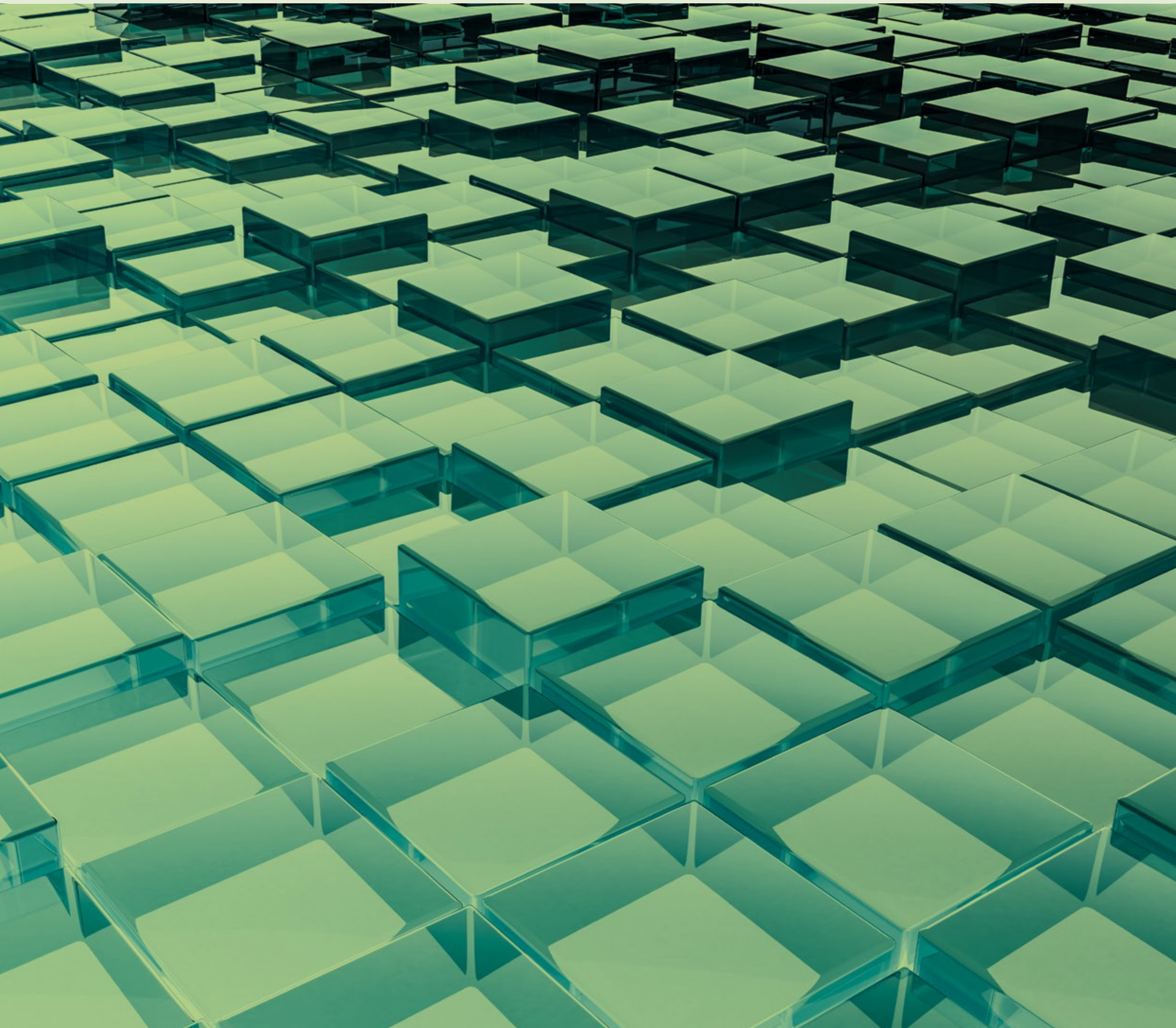
In order to address the concern that clients might be faced with a fragmented APA landscape, APAs are starting to develop inter-APA connectivity and collaborative models. Partnerships and alliances are emerging between APAs, allowing APAs to progress towards providing clients with a unified view across divergent APAs. This includes in some cases the functionality to redirect trades, reflecting client preference, to another APA for publication.

The scenario detailed below demonstrates the broad range of current options pertinent to assisted reporting that address the challenges posed by inter-APA connectivity issues. In this scenario all assisted QIF reports are published via the assisting QIF's APA, and that APA supports a unified view of the trade reports through a single window utilising an envisaged inter-APA connectivity agreement.

Different APA reporting model:



4. Further challenges



4. Further challenges

Some aspects of post-trade reporting continue to represent areas of uncertainty. ESMA may publish further level 3 guidance requiring further regulatory interpretation and infrastructural adaption by market participants. These further challenges are explored in this section.

4.1 ToTV

ToTV (Traded on a Trading venue)[9]

The post-trade transparency regime applies to ToTV instruments. However, open questions remain around the precise definition and boundaries of ToTV.

One source of information of ToTV instruments would be ESMA's FIRDS database. However, concerns exist that this database will publish the relevant information on T+1 basis which will make timely reporting impossible. It may be relevant to consider utilising other sources of data to satisfy the requirement to report correctly and on time.

The expectation exists that ESMA will provide a ToTV flag, but how ESMA will inform markets of what instrument is ToTV and to which level of granularity remains unclear. The ANNA DSB (Association of National Numbering Agencies Derivatives Service Bureau[10]) will also attach a ToTV marker at ISIN level for the creation of OTC derivatives[11].

ESMA published an opinion[12] to clarify the concept of Traded on a Trading Venue (ToTV) and in particular which trades in derivatives concluded outside of trading venues are subject to transparency and reporting requirements.

The outcome of discussions at ESMA may determine how broad or narrow ToTV will be. Regardless, the complexity of mapping ToTV by instrument sub class and by ISIN, coupled with a potential T+1 delay in the daily ESMA ToTV list, will make this exercise a significant challenge.

When considering ToTV in its wider application it is important to consider third-country trading venues:

Where third-country, non-EU, trading venues meet a set of objective criteria, EU market participants concluding trades on these third-country, non-EU, trading venues do not have to make those trade reports public in the EU under MiFIR. ESMA will publish a list of trading venues that meet the criteria stated in paragraph 10 of their "opinion determining third-country trading venues for the purposes of ensuring transparency under MiFID II / MiFIR"[13].

This list will be published in an annex to the opinion and will be updated on an ongoing basis. The expectation is that the first iteration of that list will not be published by ESMA before Q4 2017.

It should be noted, for the avoidance of confusion, that the inclusion of a venue on the post-trade transparency list in the ESMA opinion does not affect, and is independent of, venue equivalence assessments by the European Commission.

9 https://www.esma.europa.eu/sites/default/files/library/esma70-156-117_mifir_opinion_on_totv.pdf

10 http://www.anna-web.org/derivatives-service-bureau-achieves-funding-goal/

11 https://github.com/ANNA-DSB/ToTV-uToTV

12 https://www.esma.europa.eu/press-news/esma-news/esma-clarifies-traded-trading-venue-under-mifid-ii

13 https://www.esma.europa.eu/sites/default/files/library/esma70-154-165_smsc_opinion_transparency_third_countries.pdf.

4.2 Information transfer and data availability

Challenges exist with regards to the exchange of information and availability of data between and within counterparties required for timely and accurate trade reporting. These challenges can exist both before the trade is reported and after it has been reported.

Before trade reporting:

- The time required to manually input trades may exceed reporting timeline.
- Missing data leading to late or erroneous reporting.Contextual factors including counterparty status confirmation (SI/QIF/third-country venue for the purpose of transparency etc), deferral period, product scope within ToTV, counterparty location and waiver flags amongst others.

After trade reporting:

- A transfer of information is also required once the trade has been reported.
- Agreeing on a trade identifier could help with end of day reconciliations.
- Further data may also need to be extracted from the APA trade report to meet transaction reporting obligations (e.g. OTC post-trade indicator).
- Where a client is FIX-enabled the transfer of data may be automated. Voice may be the fallback mechanism for data transfer.

4.3 Amendments

As assisted qualifying investment firms maintain the obligation to report, APAs may choose to extend the use of the APA monitoring window to enable assisted firms to amend or cancel trades that have been reported on their behalf. This will enable assisted firms to ensure compliance with the trade reporting obligations. Other APAs may not permit amendments of any fields other than volume and price.Further industry collaboration will be required to agree all necessary controls and protocols.

The regulatory framework for amendments

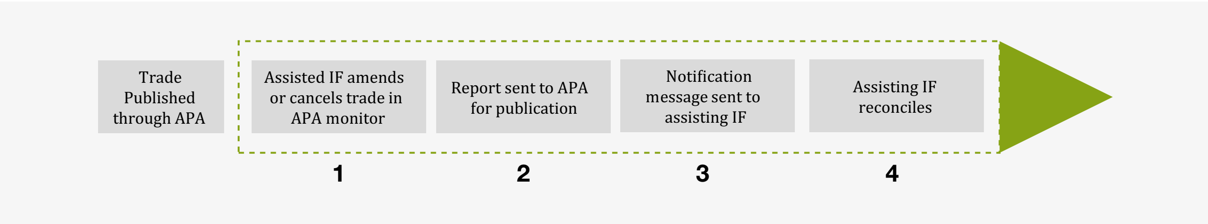
Where a previously published trade report is amended, market operators and qualifying investment firms operating a trading venue and qualifying investment firms trading outside a trading venue shall make the following information public:

a. a new trade report that contains all the details of the original trade report and the cancellation flag specified in Table 4 of Annex I.

b. a new trade report that contains all the details of the original trade report with all necessary details corrected and the amendment flag specified in Table 4 of Annex I.

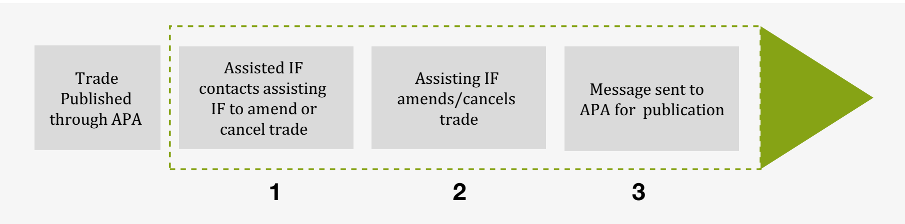
Where an amendment is initiated by the assisted qualifying investment firm, and this firm has the functionality to independently action the amendment with the APA, the event timeline could look as per below.

Amendment / cancellation initiated and actioned by assisted qualifying investment firm



Where an amendment is initiated by the assisted qualifying investment firm, and this firm does not have the functionality to independently action the amendment with the APA, the event timeline could look as per below:

Amendment / cancellation initiated by the assisted qualifying investment firm and actioned by the assisting qualifying investment firm:



All processes and descriptions above are described at a high level only and are subject to change and emergent industry best practice.

4.4 Package transactions

There are specific provisions in RTS 2 concerning post-trade transparency with respect to package transactions requiring trade reporting and publication of individual components of a package.

As per RTS 2, Annex 2, table 3:

"Information relating to a package transaction shall be made available with respect to each component as close to real-time as is technically possible, having regard to the need to allocate prices to particular financial instruments and shall include the package transaction flag or the exchange for physicals transaction flag as specified in Table 3 of Annex II. Where the package transaction is eligible for deferred publication pursuant to Article 8, information on all components shall be made available after the deferral period for the transaction has lapsed."

There is a lack of clarity on what constitutes a package transaction, with multiple factors and variations by asset class and booking model. It has been suggested that a common package of transactions may be issued an ISIN at the package level, turning what is a package transaction into a single instrument transaction. Some considerations follow:

- Clarity on the scope and boundaries of the definition of a package transaction is critical.

- The responsible party obligated to trade report a package transaction needs to be determined.

- Trade reporting package transactions are subject to interpretation and nuance as packages inherently have a number of components. For example, certain components of a package could be non-ToTV. However, if one element of the package is eligible for deferral, then the all elements of the package are eligible for deferral.

- Determination of size must be made.

4.5 Novations

RTS 22 states that novations are exempt from trade reporting but this conflicts with the transparency principle set-out in MIFID II / MiFIR.

The exchange of information between counterparties is key in order to help facilitate the determination as to whether a trade is reportable. For example, in the context of a cash give-up, where there is a trade between multiple parties. The general consensus is that cash give-ups are reportable only where there has been no prior transparency reporting and this can be illustrated by the following:

- A trade might be executed on venue by a counterparty, then subsequently given-up to another counterparty. In this case the trade report is completed at the initial point of execution (on venue) and therefore the onward give-up does not need to be trade reported as it is non-price forming.

- However, if the give-up were internally filled, and only then given-up, then a further trade report reflecting the internal fill would be required.

Determining the identity of your counterparty is key in order to establish which party is obligated to trade report. This points again to the significant challenge of having the right level of granular data immediately available in order to be able to report in a timely manner.

There are also wider industry concerns with regards to the appropriate trade reporting treatment for synthetic and complex give-ups (i.e. non-cash).

5. AFME's competition law statement

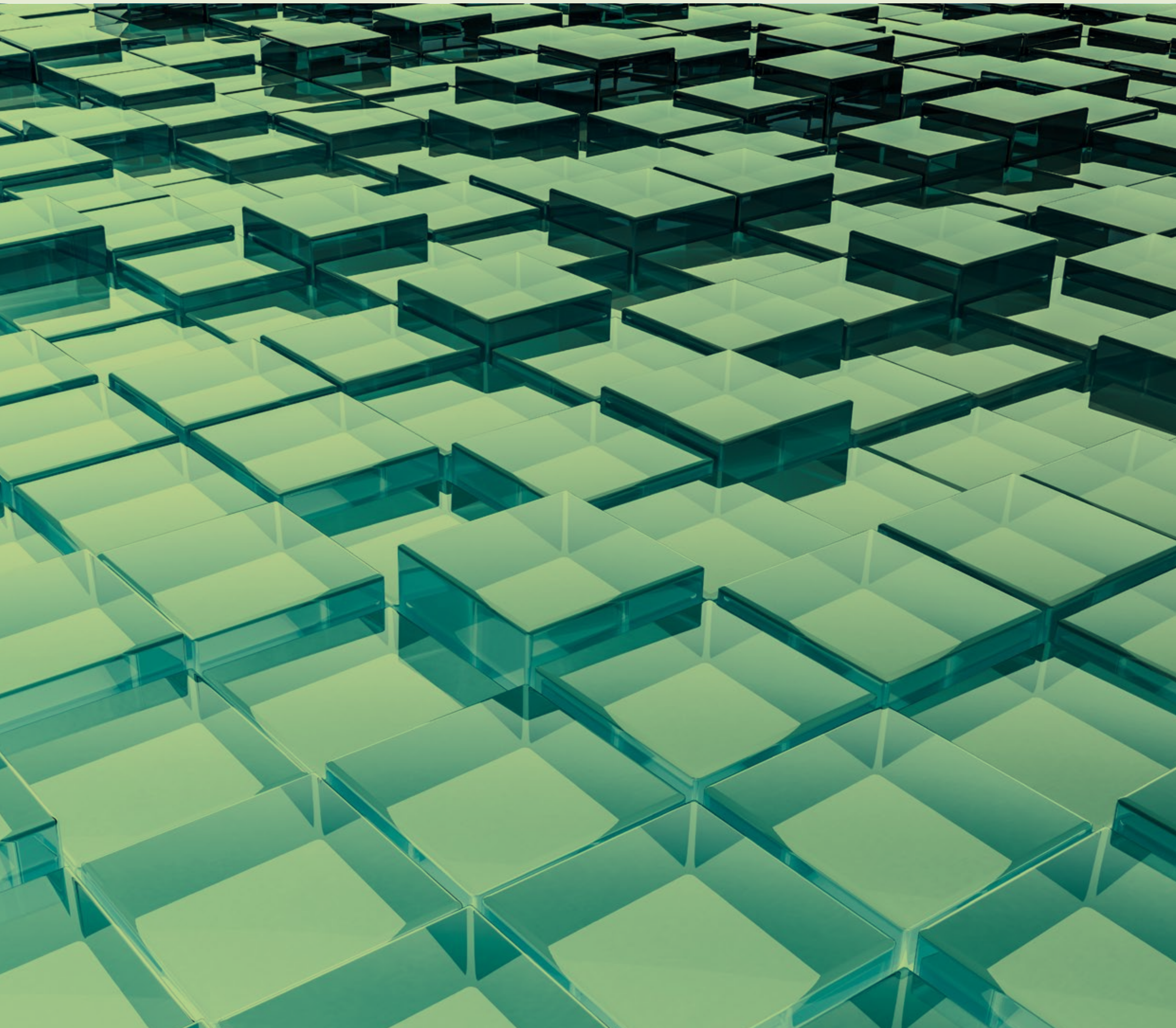
This document sets out AFME's policy on competition law issues and provides guidance to AFME staff and its members to assist them with ensuring compliance with competition law as it relates to AFME activities.

AFME takes compliance with competition law very seriously and it is AFME's policy to comply strictly in all respects with competition law and to put in place procedures to ensure compliance with the spirit and the letter of the law. AFME will not participate in, sponsor, facilitate or tolerate any activity which does not comply with competition law.

Each member of AFME staff and each member representative participating in AFME business (including meetings, calls, events and other discussions) must be vigilant regarding compliance with competition law.

You will find a full version of the policy at www.afme.eu or on request at any AFME office.

6. Appendix



6. Appendix

6.1 Data fields and flags

There is a need to standardise and agree industry protocols around what data should be shared between market participants in order to comply with the post-trade transparency reporting regime. The specific data fields have yet to be formally identified and agreed upon within the industry. Furthermore, the mechanism for sharing that data has not yet been concluded. Before the data (fields and flags) can be trade reported and submitted to an APA or venue, some of the fields and flags need to be exchanged and enriched by the counterparties to the trade.

In this appendix, you will find an overview of fields and flags (static and dynamic) that will have to be shared or exchanged amongst counterparties, APA and venues during the trade reporting process.

The number of fields and flags to be submitted varies in accordance with the type of trade that is being executed. For more information about this topic please visit the ESMA Q&As publication (Question 2[14]).

14 https://www.esma.europa.eu/sites/default/files/library/esma70-872942901-35_qas_transparency_issues.pdf

6.1.1 Reportable fields

6.1.1.1 Reporting fields for equity and equity-like Instruments (RTS 1, table 3)

Field identifier	Description and details to be published	Type of execution or publication venue	Format to be populated as defined in Table 2
Trading date and time	Date and time when the transaction was executed. For transactions executed on a trading venue, the level of granularity shall be in accordance with the requirements set out in Article 3 of [RTS 25 on clock synchronization under article 50 of Directive 2014/65/EU]. For transactions not executed on a trading venue, the date and time when the parties agree the content of the following fields: quantity, price, currencies in fields 31, 34 and 44 as specified in Table 2 of Annex 1 of [Commission Regulation (EU) on reporting obligations under Article 26 of Regulation (EU) No 600/2014)], instrument identification code, instrument classification and underlying instrument code, where applicable. For transactions not executed on a trading venue the time reported shall be granular to at least the nearest second. Where the transaction results from an order transmitted by the executing firm on behalf of a client to a third party where the conditions for transmission set out in Article 5 of [draft RTS on reporting obligations under Article 26 of MiFIR] were not satisfied, this shall be the date and time of the transaction rather than the time of the order transmission.	Regulated Market (RM), Multilateral Trading Facility (MTF) ,Organised Trading Facility (OTF) Approved Publication Arrangement (APA) Consolidated tape provider (CTP)	{DATE_TIME_FORMAT}
Instrument identification code	Code used to identify the financial instrument	RM, MTF APA CTP	{ISIN}
Price	Traded price of the transaction excluding, where applicable, commission and accrued interest. Where price is reported in monetary terms, it shall be provided in the major currency unit. Where price is currently not available but pending, the value should be 'PNDG'. Where price is not applicable the field shall not be populated. The information reported in this field shall be consistent with the values provided in field Quantity.	RM, MTF APA CTP	{DECIMAL-18/13} in case the price is expressed as monetary value {DECIMAL-11/10} in case the price is expressed as percentage or yield 'PNDG' in case the price is not available
Price currency	Currency in which the price is expressed (applicable if the price is expressed as monetary value).	RM, MTF APA CTP	{CURRENCYCODE_3}

Field identifier	Description and details to be published	Type of execution or publication venue	Format to be populated as defined in Table 2
Quantity	Number of units of the financial instruments. The nominal or monetary value of the financial instrument. The information reported in this field shall be consistent with the values provided in field Price.	RM, MTF APA CTP	{DECIMAL-18/17} in case the quantity is expressed as number of units {DECIMAL-18/5} in case the quantity is expressed as monetary or nominal value
Venue of execution	Identification of the venue where the transaction was executed. Use the ISO 10383 segment MIC for transactions executed on a trading venue. Where the segment MIC does not exist, use the operating MIC. Use MIC code 'XOFF' for financial instruments admitted to trading or traded on a trading venue, where the transaction on that financial instrument is not executed on a trading venue, Systematic Internaliser or organised trading platform outside of the Union,. Use SINT for financial instruments admitted to trading or traded on a trading venue, where the transaction on that financial instrument is executed on a Systematic Internaliser.	RM, MTF APA CTP	Trading venues: {MIC} Systematic Internalisers: 'SINT'
Publication date and time	Date and time when the transaction was published by a trading venue or APA. For transactions executed on a trading venue, the level of granularity shall be in accordance with the requirements set out in Article 5 of [RTS 25 on clock synchronization under article 50 of Directive 2014/65/EU]. For transactions not executed on a trading venue, the date and time shall be when the parties agree the content of the following fields: quantity, price, currencies in fields 31, 34 and 44 as specified in Table 2 of Annex 1 of [RTS Transaction Reporting], instrument identification code, instrument classification and underlying instrument code, where applicable. For transactions not executed on a trading venue the time reported shall be granular to at least the nearest second. Where the transaction results from an order transmitted by the executing firm on behalf of a client to a third party where the conditions for transmission set out in Article 5 of [RTS Transaction Reporting] were not satisfied, this shall be the date and time of the transaction rather than the time of the order transmission.	RM, MTF APA CTP	{DATE_TIME_FORMAT}
Venue of Publication	Code used to identify the trading venue or APA publishing the transaction.	CTP	Trading venue: {MIC} APA: ISO 10383 segment MIC (4 characters) where available. Otherwise, 4 character code as published in the list of data reporting services providers on ESMA's website.

Field identifier	Description and details to be published	Type of execution or publication venue	Format to be populated as defined in Table 2
Transaction identification code	Alphanumerical code assigned by trading venues (pursuant to Article 12 of Regulation (EU) on [the maintenance of relevant data relating to orders in financial instruments under Article 25 of MiFIR]] and APAs and used in any subsequent reference to the specific trade. The transaction identification code shall be unique, consistent and persistent per ISO10383 segment MIC and per trading day. Where the trading venue does not use segment MICs, the transaction identification code shall be unique, consistent and persistent per operating MIC per trading day. Where the APA does not use MICs, it should be unique, consistent and persistent per 4-character code used to identify the APA per trading day. The components of the transaction identification code shall not disclose the identity of the counterparties to the transaction for which the code is maintained	RM, MTF APA CTP	{ALPHANUMERICAL- 52}

6.1.1.2 Reporting fields for non-equity instruments (RTS 2, table 2)

Details	Financial instruments	Description/Details to be published	Type of execution/ publication venue	Format to be populated as defined in Table 1
Trading date and time	For all financial instruments,	Date and time when the transaction was executed. For transactions executed on a trading venue, the level of granularity shall be in accordance with the requirements set out in Article 3 of [RTS 25 on clock synchronization under article 50 of Directive 2014/65/EU]. For transactions not executed on a trading venue, the date and time shall be when the parties agree the content of the following fields: quantity, price, currencies (in fields 31, 34 and 40 as specified in Table 2 of Annex I of [RTS Transaction Reporting], instrument identification code, instrument classification and underlying instrument code, where applicable. For transactions not executed on a trading venue the time reported shall be granular to at least the nearest second. Where the transaction results from an order transmitted by the executing firm on behalf of a client to a third party where the conditions for transmission set out in Article 5 of [RTS Transaction Reporting] were not satisfied, this shall be the date and time of the transaction rather than the time of the order transmission.	Regulated Market (RM), Multilateral Trading Facility (MTF) ,Organised Trading Facility (OTF) Approved Publication Arrangement (APA) Consolidated tape provider (CTP)	{DATE_TIME_FORMA T}
Instrument identification code type	For all financial instruments,	Code type used to identify the financial instrument	RM, MTF, OTF APA CTP	'ISIN' = ISIN-code, where ISIN is available 'OTHR' = other identifier
Instrument identification code	For all financial instruments,	Code used to identify the financial instrument	RM, MTF, OTF APA CTP	{ISIN} Where Instrument identification code is not an ISIN, an identifier that identifies the derivative instrument based on the fields 3 to 5 and 10 to 40 as specified in Annex IV and fields 13 and 24 to 48 as specified in the Annex of [RTS on reference data] and the grouping of derivative instruments as set out in Annex III.

Details	Financial instruments	Description/Details to be published	Type of execution/ publication venue	Format to be populated as defined in Table 1
Price	For all financial instruments,	Traded price of the transaction excluding, where applicable, commission and accrued interest. In the case of option contracts, it shall be the premium of the derivative contract per underlying security or index point. In the case of spread bets it shall be the reference price of the underlying instrument. For credit default swaps (CDS) it shall be the coupon in basis points. Where price is reported in monetary terms, it shall be provided in the major currency unit. Where price is currently not available but pending, the value should be 'PNDG'. Where price is not applicable the field shall not be populated. The information reported in this field shall be consistent with the value provided in field Quantity.	RM, MTF, OTF APA CTP	{DECIMAL-18/13} in case the price is expressed as monetary value {DECIMAL-11/10} in case the price is expressed as percentage or yield 'PNDG' in case the price is not available
Venue of execution	For all financial instruments,	Identification of the venue where the transaction was executed. Use the ISO 10383 segment MIC for transactions executed on a trading venue. Where the segment MIC does not exist, use the operating MIC. Use MIC code 'XOFF' for financial instruments admitted to trading or traded on a trading venue, where the transaction on that financial instrument is not executed on a trading venue or Systematic Internaliser or organised trading platform outside of the Union. Use SINT for financial instrument submitted to trading or traded on a trading venue, where the transaction on that financial instrument is executed on a Systematic Internaliser.	RM, MTF, OTF APA	{MIC} –trading venues
Price notation	For all financial instruments	Indication as to whether the price and the strike price is expressed in monetary value, in percentage or in yield	RM, MTF, OTF APA CTP	'MONE' – Monetary value: 'PERC' – Percentage: 'YIEL' – Yield:
Price Currency	For all financial instruments	Currency in which the price is expressed (applicable if the price is expressed as monetary value)	RM, MTF, OTF APA CTP	{CURRENCYCODE_3}
Notation of the quantity in measurement unit	For commodity derivatives, emission allowance derivatives and emission allowances except in the cases described under Article 11(1) letters (a) and (b) of this Regulation.	Indication of measurement units in which the quantity in measurement unit is expressed	RM, MTF, OTF APA CTP	'TOCD' – tons of carbon dioxide Or {ALPHANUM-25} otherwise

Details	Financial instruments	Description/Details to be published	Type of execution/ publication venue	Format to be populated as defined in Table 1
Quantity in measurement unit	For commodity derivatives, emission allowance derivatives and emission allowances except in the cases described under Article 11(1) letters (a) and (b) of this Regulation.	The equivalent amount of commodity traded expressed in measurement unit	RM, MTF, OTF APA CTP	{DECIMAL-18/17}
Quantity	For all financial instruments except in the cases described under Article 11(1) letters (a) and (b) of this Regulation.	The number of units of the financial instrument, or the number of derivative contracts in the transaction.	RM, MTF, OTF APA CTP	{DECIMAL-18/17}
Notional amount	For all financial instruments except in the cases described under Article 11(1) letters (a) and (b) of this Regulation.	Nominal amount or notional amount For spread bets, the notional amount shall be the monetary value wagered per point movement in the underlying financial instrument. For credit default swaps, it shall be the notional amount for which the protection is acquired or disposed of. The information reported in this field shall be consistent with the value provided in field Price	RM, MTF, OTF APA CTP	{DECIMAL-18/5}
Notional currency	For all financial instruments except in the cases described under Article 11(1) letters (a) and (b) of the Regulation.	Currency in which the notional is denominated	RM, MTF, OTF APA CTP	{CURRENCYCODE_3}
Reference period	For emission allowances and emission allowance derivatives only	This field is only applicable for emission allowances.	RM, MTF, OTF APA CTP	The period specified in the Directive 2003/87/CE (e.g. 2013-2020 or subsequent trading periods)
Type	For emission allowances and emission allowance derivatives only	This field is only applicable for emission allowances.	RM, MTF, OTF APA CTP	'EUAE' – EUA 'CERE' - CER 'ERUE' - ERU 'EUAA' - EUAA

Details	Financial instruments	Description/Details to be published	Type of execution/ publication venue	Format to be populated as defined in Table 1
Publication Date and Time	For all financial instruments	Date and time when the transaction was published by a trading venue or APA. For transactions executed on a trading venue, the level of granularity shall be in accordance with the requirements set out in Article 3 of [RTS 25 on clock synchronization under article 50 of Directive 2014/65/EU]. For transactions not executed on a trading venue, the date and time shall be when the parties agree the content of the following fields: quantity, price, currencies in fields 31, 34 and 44 as specified in Table 1b of Annex 1 of [RTS Transaction Reporting], instrument identification code, instrument classification and underlying instrument code, where applicable. For transactions not executed on a trading venue the time reported shall be granular to at least the nearest second. Where the transaction results from an order transmitted by the executing firm on behalf of a client to a third party where the conditions for transmission set out in Article 5 of [RTS Transaction Reporting] were not satisfied, this shall be the date and time of the transaction rather than the time of the order transmission.	RM, MTF, OTF APA CTP	{DATE_TIME_FORMA T}
Venue of publication	For all financial instruments	Code used to identify the trading venue and APA publishing the transaction.	CTP	Trading venue: {MIC} APA: {MIC} where available. Otherwise, 4 character code as published in the list of data reporting services providers on ESMA's website.
Transaction Identification Code	For all financial instruments	Alphanumerical code assigned by trading venues (pursuant to Article 12 of Regulation (EU) on the maintenance of relevant data relating to orders in financial instruments under Article 25 of MiFIR) and APAs and used in any subsequent reference to the specific trade. The transaction identification code shall be unique, consistent and persistent per ISO10383 segment MIC and per trading day. Where the trading venue does not use segment MICs, the transaction identification code shall be unique, consistent and persistent per operating MIC per trading day. Where the APA does not use MICs, it should be unique, consistent and persistent per 4-character code used to identify the APA per trading day. The components of the transaction identification code shall not disclose the identity of the counterparties to the transaction for which the code is maintained	RM, MTF, OTF APA CTP	{ALPHANUMERICAL- 52}
Transaction to be cleared	For derivatives	Code to identify whether the transaction will be cleared.	RM, MTF, OTF APA CTP	'true' - transaction to be cleared 'false' - transaction not to be cleared

6.1.2 Reportable flags

As per the final draft ESMA has requested for different flags to be used for transactions executed under a different deferral regime.

As per RTS 2 article 7 each transaction that is made public as per the above attributes should use each applicable flag as defined below.

Flag	Name of Flag	Description	Who	Source
'BENC'	Benchmark transaction flag	All kinds of volume weighted average price transactions and all other trades where the price is calculated over multiple time instances according to a given benchmark.	Venue & OTC	Execution
'ACTX'	Agency cross transaction flag	Transactions where a qualifying investment firm has brought together two clients' orders with the purchase and the sale conducted as one transaction and involving the same volume and price.	Venue & OTC	Execution
'LRGS'	Post-trade LIS transaction flag	Transactions executed under the post-trade large in scale deferral.	Venue & OTC	Calculation/ EMSA
'ILQD'	Illiquid instrument transaction flag	Transactions executed under the deferral for instruments for which there is not a liquid market.	Venue & OTC	Calculation/ EMSA
'SIZE'	Post-trade SSTI transaction flag	Transactions executed under the post-trade size specific to the instrument deferral.	Venue & OTC	Calculation/ EMSA
'TPAC'	Package transaction flag	Package transactions which are not exchanges for physicals as defined in Article 1.	Venue & OTC	Execution
XFPH'	Exchange for physicals transaction flag	Exchange for physicals as defined in Article 1	Venue & OTC	Execution
'CANC'	Cancellation flag	When a previously published transaction is cancelled.	Venue & OTC	Execution
'AMND'	Amendment flag	When a previously published transaction is amended.	Venue & OTC	Execution
SUPPLEMENTARY DEFERRAL FLAGS				
'LMTF'	Limited details flag	First report with publication of limited details in accordance with Article 11(1) (a) (i).	Venue & OTC	Execution

Flag	Name of Flag	Description	Who	Source
'FULF'	Full details flag	Transaction for which limited details have been previously published in accordance with Article 11(1) (a) (i).	Venue & OTC	Execution
'DATF'	Daily aggregated transaction flag	Publication of daily aggregated transaction in accordance with Article 11(1) (a) (ii).	Venue & OTC	Execution
'FULA'	Full details flag	Individual transactions for which aggregated details have been previously published in accordance with Article 11(1) (a) (ii).	Venue & OTC	Execution
'VOLO'	Volume omission flag	Transaction for which limited details are published in accordance with Article 11(1) (b).	Venue & OTC	Execution
'FULV'	Full details flag	Transaction for which limited details have been previously published in accordance with Article 11(1)(b)	Venue & OTC	Execution
'FWAF'	Four weeks aggregation flag	Publication of aggregated transactions in accordance with Article 11(1) (c).	Venue & OTC	Execution
'FULJ'	Full details flag	Individual transactions which have previously benefited from aggregated publication in accordance with Article 11(1) (c).	Venue & OTC	Execution
'IDAF'	Indefinite aggregation flag	Transactions for which the publication of several transactions in aggregated form for an indefinite period of time has been allowed in accordance with Article 11(1) (d).	Venue & OTC	Execution
'VOLW'	Volume omission flag	Transaction for which limited are published in accordance with Article 11(1) (b) and for which the publication of several transactions in aggregated form for an indefinite period of time will be consecutively allowed in accordance with Article 11(2) (c).	Venue & OTC	Execution
'COAF'	Consecutive aggregation flag (post volume omission for sovereign debt instruments)	Transactions for which limited details have been previously published in accordance with Article 11(1) (b) and for which the publication of several transactions in aggregated form for an indefinite period of time has consecutively been allowed in accordance with Article 11(2) (c).	Venue & OTC	Execution

6.2 Definition of the seller

Under RTS 2, it is not specified what the seller of a transaction is and hence the industry consensus would be to use the guidance provided by RTS 22[15]

Swaptions: the buyer shall be the counterparty that holds the right to exercise the option and the seller shall be the counterparty that sells the option and receives a premium.

Futures and forwards: other than futures and forwards relating to currencies, the buyer shall be the counterparty buying the instrument and the seller the counterparty selling the instrument.

Swaps on securities: the buyer shall be the counterparty that gets the risk of price movement of the underlying security and receives the security amount. The seller shall be the counterparty paying the security amount.

Interest rate or inflation swaps: the buyer shall be the counterparty paying the fixed rate. The seller shall be the counterparty receiving the fixed rate.

Basis swaps: (float-to-float interest rate swaps), the buyer shall be the counterparty that pays the spread and the seller the counterparty that receives the spread.

In the case of swaps and forwards related to currencies and of cross currency swaps, the buyer shall be the counterparty receiving the currency which is first when sorted alphabetically by ISO 4217 standard and the seller shall be the counterparty delivering this currency.

Dividend swaps: the buyer shall be the counterparty receiving the equivalent actual dividend payments. The seller is the counterparty paying the dividend and receiving the fixed rate.

Credit derivatives: except options and swaptions, the buyer shall be the counterparty buying the protection. The seller is the counterparty selling the protection.

Commodity derivatives: the buyer shall be the counterparty that receives the commodity specified in the report and the seller the counterparty delivering this commodity.

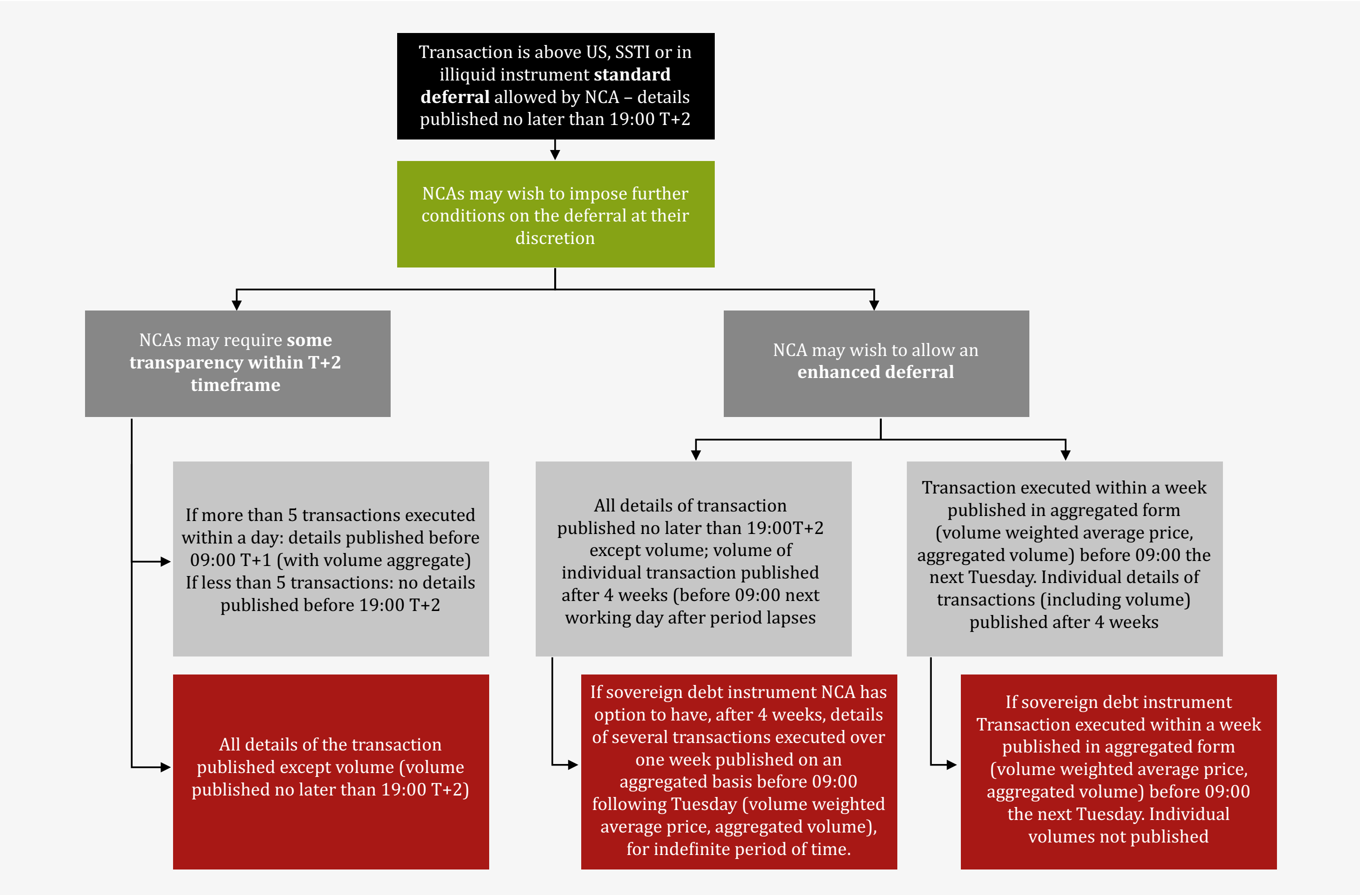
FRAs: the buyer shall be the counterparty paying the fixed rate and the seller the counterparty receiving the fixed rate.

For an **increase in notional**, the buyer shall be the same as the acquirer of the financial instrument in the original transaction and the seller shall be the same as the disposer of the financial instrument in the original transaction.

For a **decrease in notional** the buyer shall be the same as the disposer of the financial instrument in the original transaction and the seller shall be the same as the acquirer of the financial instrument in the original transaction

15 http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160728-rts-22_en.pdf

6.3 Supplementary deferrals



6.4 Links to sources for regulatory texts and other relevant information

- MIFIR[16]
- MIFID II[17]
- Q&A on Data Reporting[18]
- Q&A on MIFID II and MIFIR Transparency Topics[19]
- RTS 1[20]
- RTS 1 Annex (Regulatory technical and implementation Standards Annex 1)[21]
- RTS 2[22]
- RTS 2 Annex[23]
- ESMA Opinion ToTV[24]
- ANNA DSB (functional specification)[25]
- Third-country (ESMA opinion)[26]
- RTS 22[27]
- RTS 23[28]
- Market Watch issue number 32[29]
- FIX decision tree based on RTS 1[30] and RTS 2[31]

16 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0600

17 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0065

18 https://www.esma.europa.eu/sites/default/files/library/2016-1680_qas_mifir_data_reporting.pdf

19 https://www.esma.europa.eu/sites/default/files/library/mifid_ii_mifir_qa_on_transparency_topics.pdf

20 http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160714-rts-1_en.pdf

21 http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160714-rts-1-annex_en.pdf

22 http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160714-rts-2_en.pdf

23 http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160714-rts-2-annex_en.pdf

24 https://www.esma.europa.eu/sites/default/files/library/esma70-156-117_mifir_opinion_on_totv.pdf

25 https://github.com/ANNA-DSB/ToTV-uToTV

26 https://www.esma.europa.eu/sites/default/files/library/esma70-154-165_smsc_opinion_transparency_third_countries.pdf

27 http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160728-rts-22_en.pdf

28 http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160714-rts-23_en.pdf

29 http://www.fsa.gov.uk/pubs/newsletters/mw_newsletter32.pdf

30 http://www.fixtradingcommunity.org/pg/file/fplpo/read/3962806/rts1-tree

31 http://www.fixtradingcommunity.org/pg/file/fplpo/read/3962811/rts2-tree

Notes

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