



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

MiFIR Transaction Reporting Seminar

Securities and Markets Supervision Division

7 November 2016



Agenda

- Introduction
- Current Status of the Legislative Framework
- New Transaction Reporting Obligations under MiFIR
- Central Bank's Planned System for Transaction Reporting
- Questions & Answers
- Close



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MiFIR – Transaction Reporting



Agenda

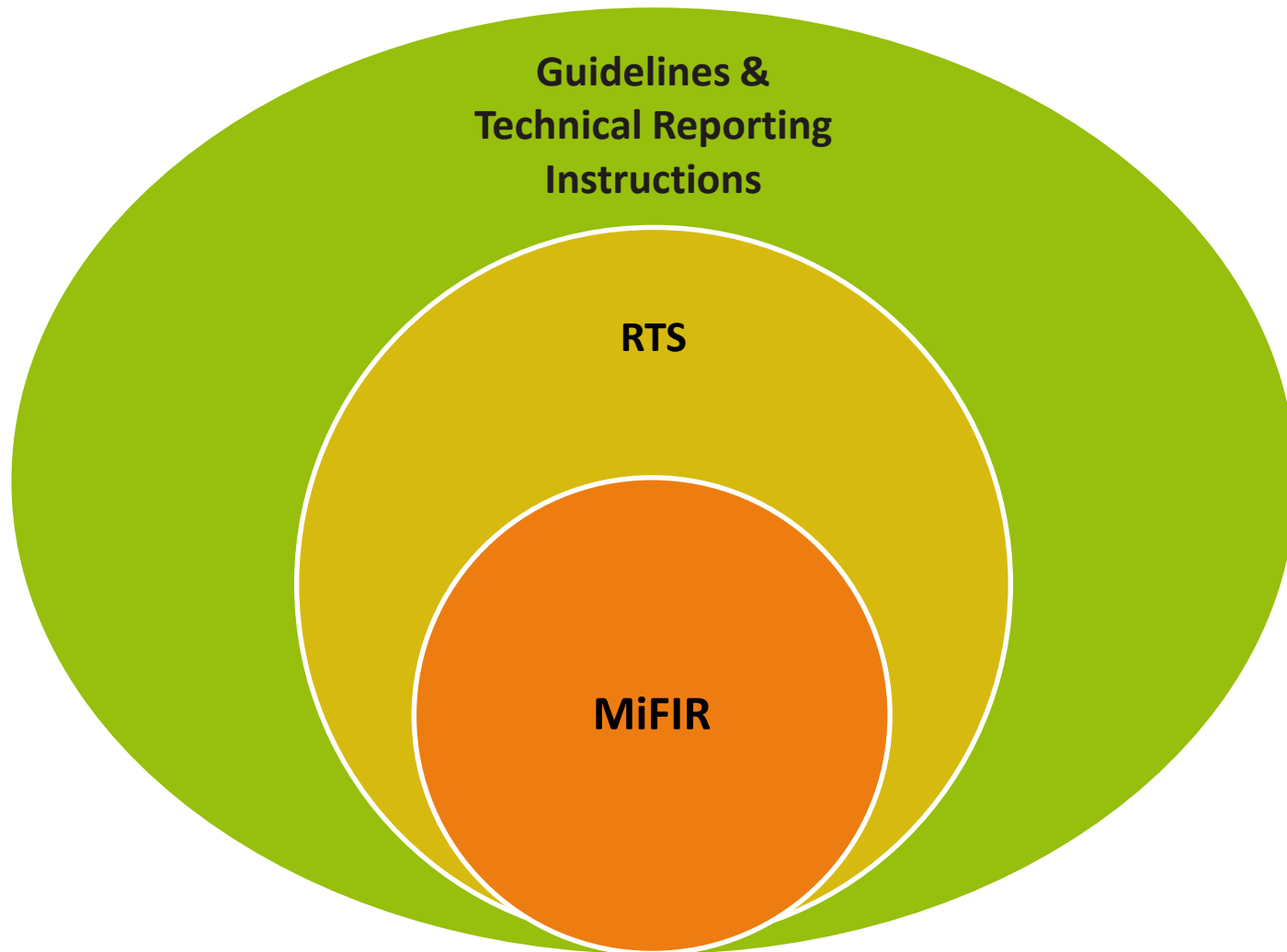
- Legislative Framework
- Transaction Reporting
 - Reporting Transactions
 - Format / Content of Reports
 - Data Quality
- Financial Instrument Reference Data
- Other



MiFIR: Title IV Transaction Reporting

Obligations to:

- Report transactions (Art 26)
- Supply financial instrument reference data (Art 27)





MiFIR Transaction Reporting		Status
Level 1:	Regulation 600 / 2014	Published in Official Journal of the EU: 12 June 2014
Level 2:	<ul style="list-style-type: none">RTS 22 Reporting of transactions to competent authoritiesRTS 23 Supply of financial instrument reference data	Under consideration by European Parliament and Council
Level 3:	<p>Guidelines on Transaction Reporting, Order Record Keeping and clock synchronisation under MiFID II</p> <p>Supplementary documents:</p> <ul style="list-style-type: none">Technical Reporting Instructions – MiFIR Transaction ReportingReporting Instructions – FIRDS Reference Data System	<p>Published by ESMA on 10 October 2016 (without prejudice to European Parliament / Council scrutiny of RTSs)</p> <p>Published by ESMA on 26 October 2016</p>
MiFID II / MIFIR – Implementation Postponement		
Level 1	<ul style="list-style-type: none">Directive 2016 / 1034Regulation 2016 / 1033	Published in the Official Journal of the EU: 30 June 2016



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Reporting Transactions



Have I a reportable transaction?

Yes

- Am I within the scope of Regulation 600/2014?

Yes

- Is it a reportable instrument?

Yes

- Does it constitute a transaction?

Yes

- Have I executed a transaction?

=

- **Reportable Transaction**



Operators of Trading Venues

Yes

- Am I an operator of a trading venue?

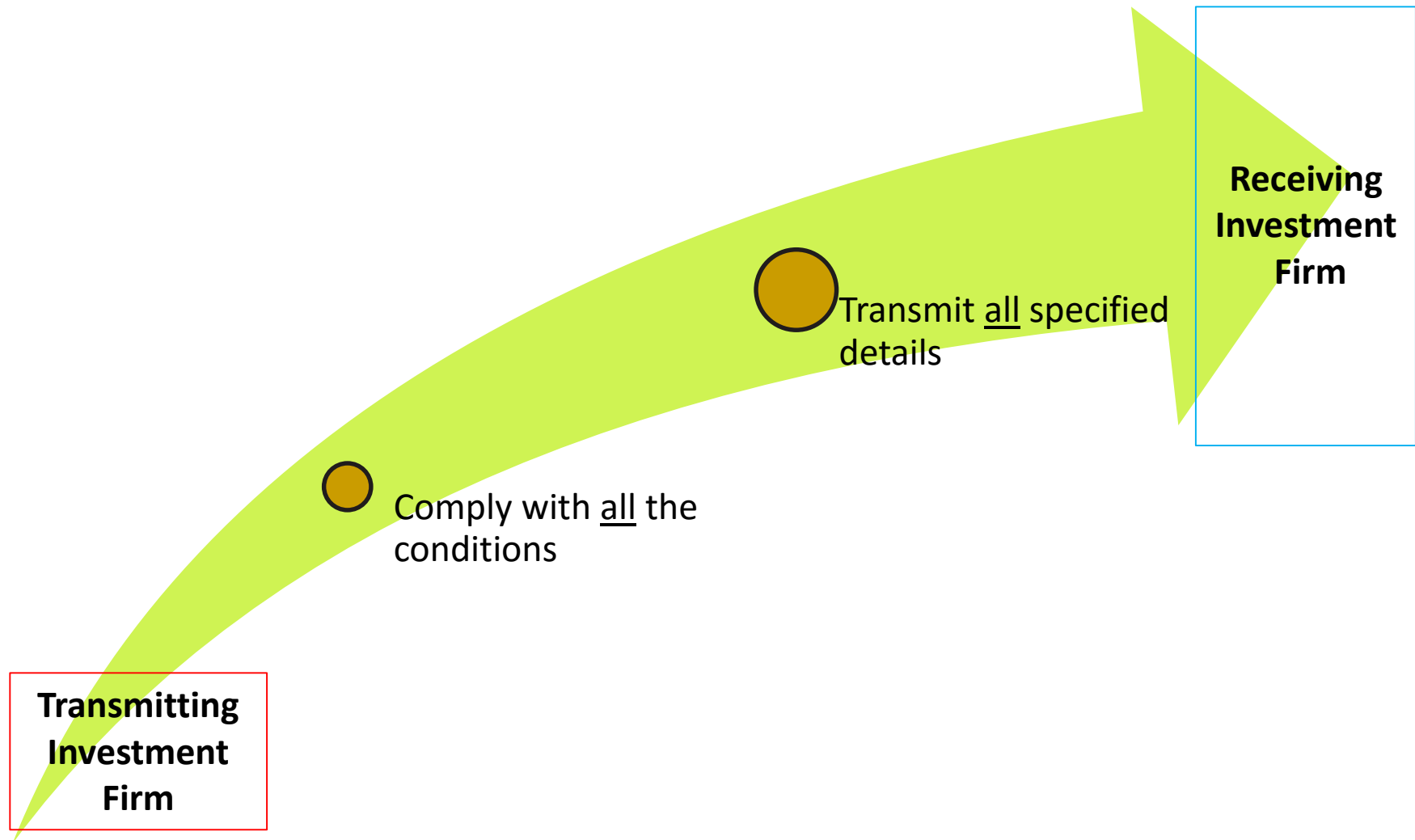
Yes

- Was a transaction in a financial instrument traded on my platform executed through my systems by a firm which is not subject to the Regulation?

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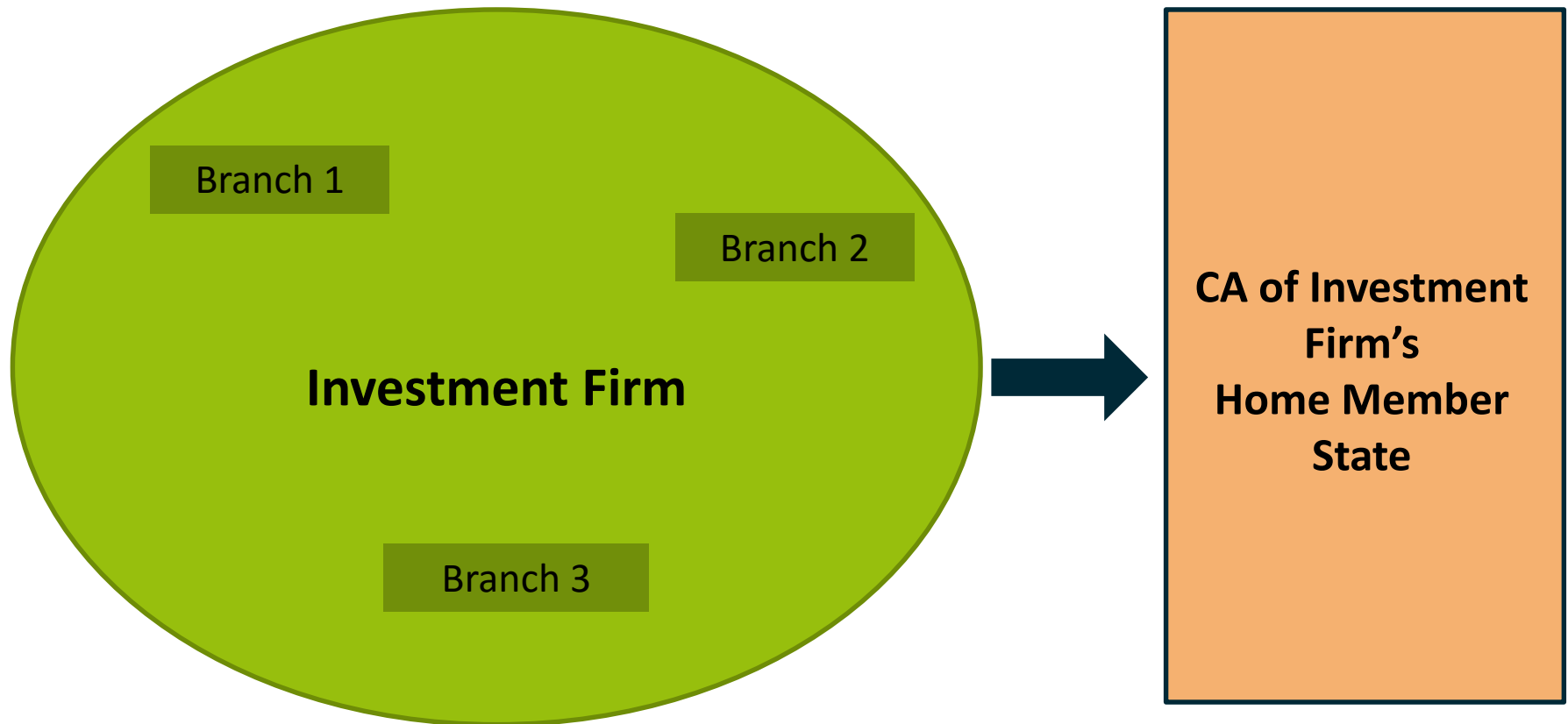
- **Reportable Transaction**

Transmission of an Order that results in a Transaction



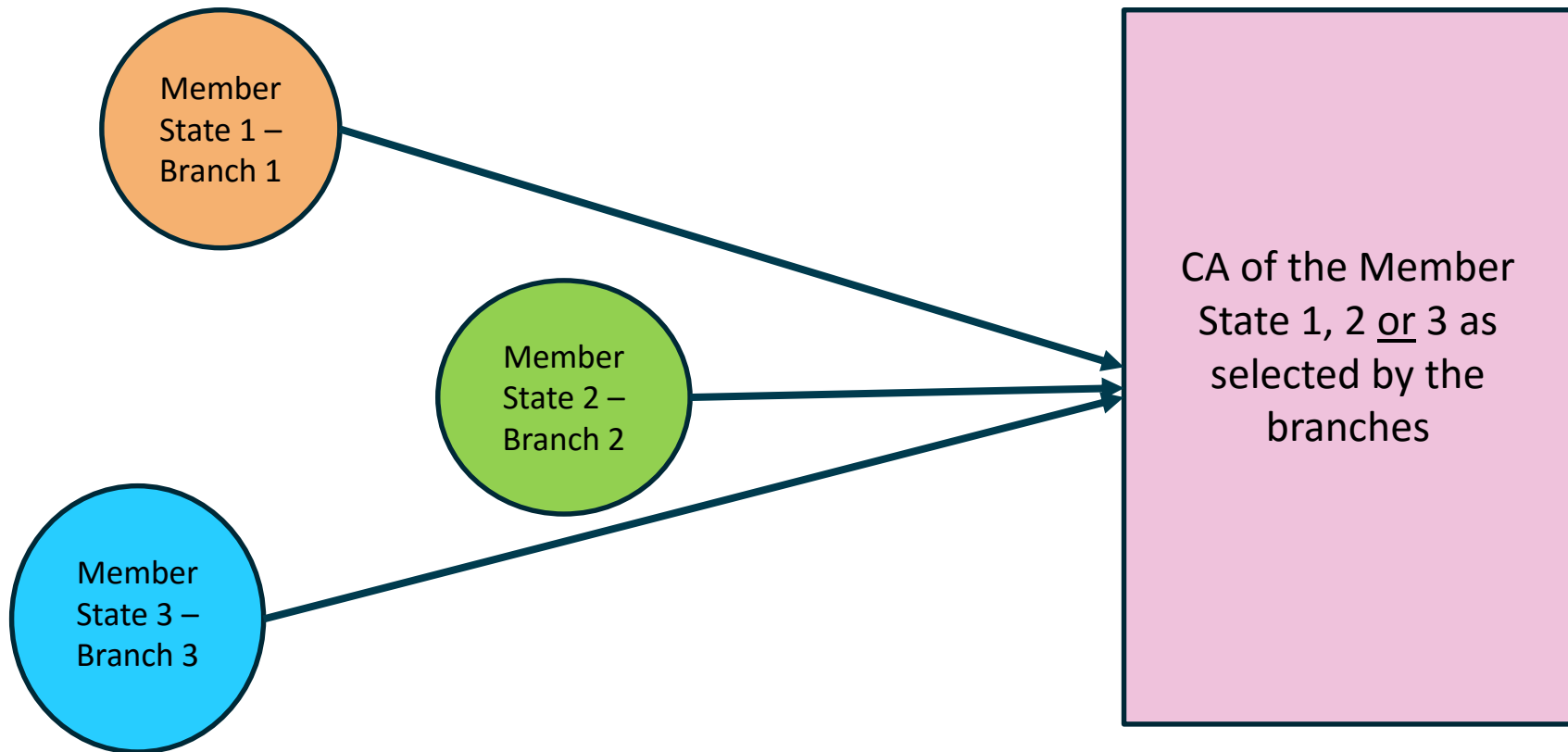


Investment firm reports transactions executed wholly or partly through its branch to the competent authority of its home Member State





- 1 branch of third country firm in Union → submit to the CA which authorised the branch
- >1 branch in Union in > 1 Member State → submit to one of the CAs in those Member States (jointly chosen)



Who can submit the Transaction Report?



Investment Firm



Approved Reporting
Mechanism (ARM)



Trading Venue





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Format / Content of Reports



New standard reporting format

- ISO 20022 XML format
- Electronic and Machine-Readable Format
- 65 fields
 - General (6)
 - Buyer Details (5)
 - Buyer Decision Maker (4)
 - Seller Details (5)
 - Seller Decision Maker (4)
 - Transmission Details (3)
 - Transaction Details (13)
 - Instrument Details (16)
 - Trader, Algorithms, Waivers and Indicators (9)



Parties to be disclosed in the Transaction Report

- Buyer
- Seller
- Buyer / Seller Decision Maker
- Person within Investment Firm responsible for investment decision
- Person within Investment Firm responsible for execution
- Executing Entity
- Submitting Entity
- Transmitting Entity

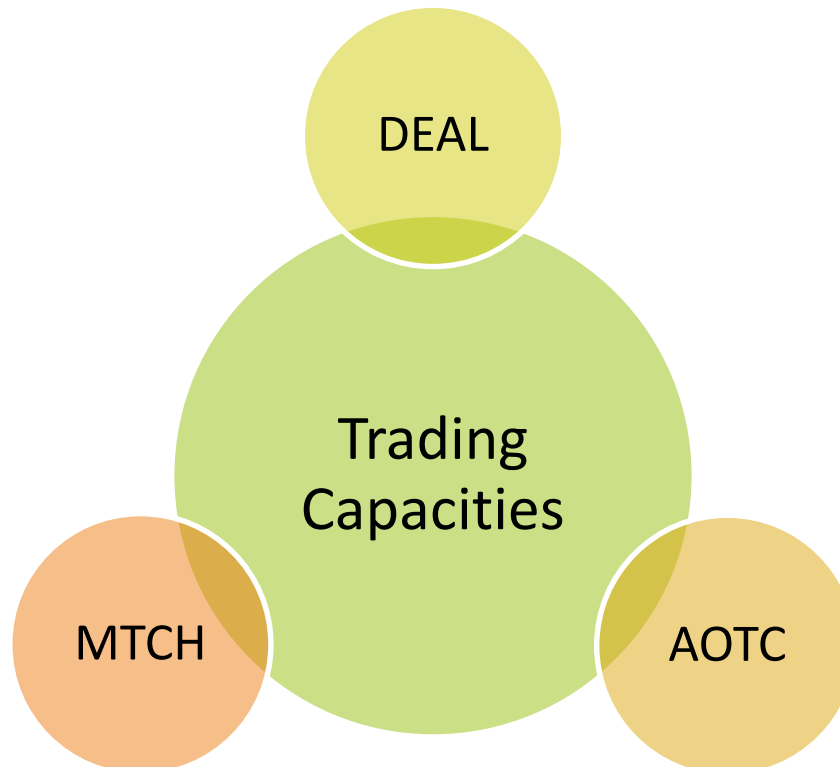


Identifiers in Transaction Reports

- LEI
- National Client Identifier
- ISIN
- CFI
- MIC
- TVTIC
- Algorithm Identifiers



Trading Capacities





Indicators

- Transmission of Order
- Commodity Derivative
- Securities Financing Transaction
- OTC post-trade
- Short Selling
- Pre-Trade Waiver



Transaction Reports – Other

- Other Fields
- Repeatable fields (as applicable), e.g., field 47, field 63
- Relevant XML Tag to identify underlying instrument(s) → single instrument, basket or index
- 5 year limit on data correction
- Client data
- Validation of transaction reports
- Exchange of transaction reports between CAs



Validation of Transaction Report Files / Reports

File Validation

Content Validation

'Pending' transaction report



Investment Firms report to their local CA.

The CBI will receive transaction reports from other CAs where the CBI is / has :

- **the Relevant Competent Authority for:**
 - The instrument;
 - The underlying instrument; or
 - One of the basket constituents.
- **the competent authority of the Trading Venue or Systematic Internaliser where the transaction took place**
- **relevant for the Branch**
 - Of the Buyer;
 - Of the Seller;
 - Whose market membership was used to execute the transaction;
 - Making the investment decision; or
 - Executing the transaction.
- **expressed an interest in transactions in relation to a specific index**
- **requested the receipt of transactions reports from other CAs for other reasons**

Similarly, transaction reports will be transmitted to other CAs by the CBI



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Data Quality



**Investment firms are
required to have
methods / arrangements
/ systems in place to:**

- Ensure accurate, complete and timely reporting ('T+1')
- Ensure transaction reports, when viewed collectively, reflect all changes in a firm's / client's position
- Identify errors and omissions
- Avoid duplicate reporting
- Avoid submitting reports for non reportable transactions
- Identify unreported transactions
- Ensure security and confidentiality of data

This is not an exhaustive list



A firm wishes to (a) cancel or (b) correct a transaction report that was submitted

1. To cancel: submit a transaction report with the following fields populated:

- a. Field 1: Report Status → ‘CANC’
- b. Field 2: Transaction Reference Number
- c. Field 4: Executing Entity Identification Code
- d. Field 6: Submitting Entity Identification Code

2. To correct:

- a. Cancel the original transaction report (as above)
- b. Submit a new transaction report (with all applicable fields populated)



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Financial Instrument Reference Data



Regulated Market
Multilateral Trading Facility
Organised Trading Facility



Financial Instruments

- which are admitted to trading or traded on a trading venue
- for which a request for admission to trading is made
- which are traded for the first time

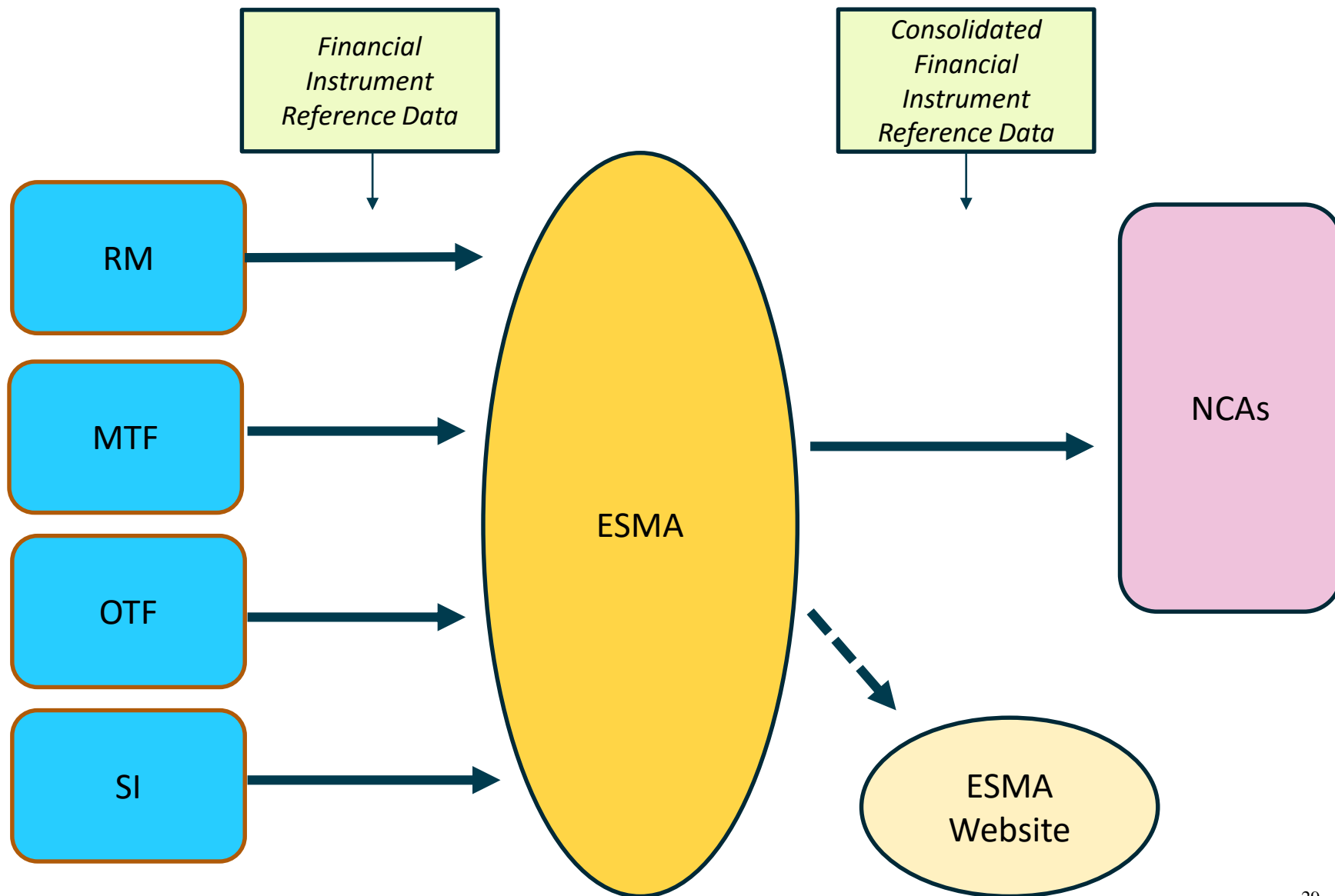
Systematic Internaliser



Financial Instruments

- where the underlying is a financial instrument traded on a RM / MTF / OTF
- where the underlying is an index or basket composed of financial instruments traded on a trading venue

Financial Instrument Reference Data Flow (Ireland)





New standard reporting format

- ISO 20022 XML format
- 48 fields
 - General (4)
 - Issuer (1)
 - Venue (7)
 - Notional (1)
 - Bonds / Securitised Debt (10)
 - Derivatives / Securitised Derivatives (11)
 - Commodity Derivative (5)
 - Interest Rate Derivative (7)
 - Foreign Exchange Derivatives (2)
- ISINs
- LEIs



Trading Venues /
Systematic Internalisers
to:

- Use the specified standard and format
- Submit in electronic and machine-readable ISO 20022 XML format
- Provide complete and accurate data
- Have methods and arrangements in place to identify incomplete or inaccurate submissions



The Financial Instruments Reference Data System (FIRDS)

The scope of
FIRDS
includes:

- Instrument Reference Data (Art 27)
- Transparency Data (Arts 5 and 22)
- Double Volume Capital Mechanism (Art 5)

Under FIRDS the
Central Bank has
delegated:

- Data collection;
- Data validation; and
- Transparency and liquidity calculations.



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Other



Facility to Back Report (post 3 Jan 2018)

- Applicable to transaction reports with trade dates from 1 – 31 December 2017
- Available until 31 January 2018
- Submit / amend / cancel using **MiFID 1 format / process / system**
- Such transaction reports may not be exchanged with other competent authorities
- Facility (if any) would vary from jurisdiction to jurisdiction

MiFID 1 Data (post 31 January 2018)

- Available on 'view only' basis

Note: proposals re MiFID 1 Data referenced herein are subject to confirmation



Useful Links

- <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0600&from=EN>
[MiFIR]
- http://ec.europa.eu/finance/securities/docs/isd/mifid/its-rts-overview-table_en.pdf
[RTSs]
- <https://ESMA provides guidance on transaction reporting, order record keeping and clock synchronisation under MiFID II> [Guidelines]
- <https://www.esma.europa.eu/policy-rules/mifid-ii-and-mifir/mifir-reporting-instructions>
[Reporting Instructions]



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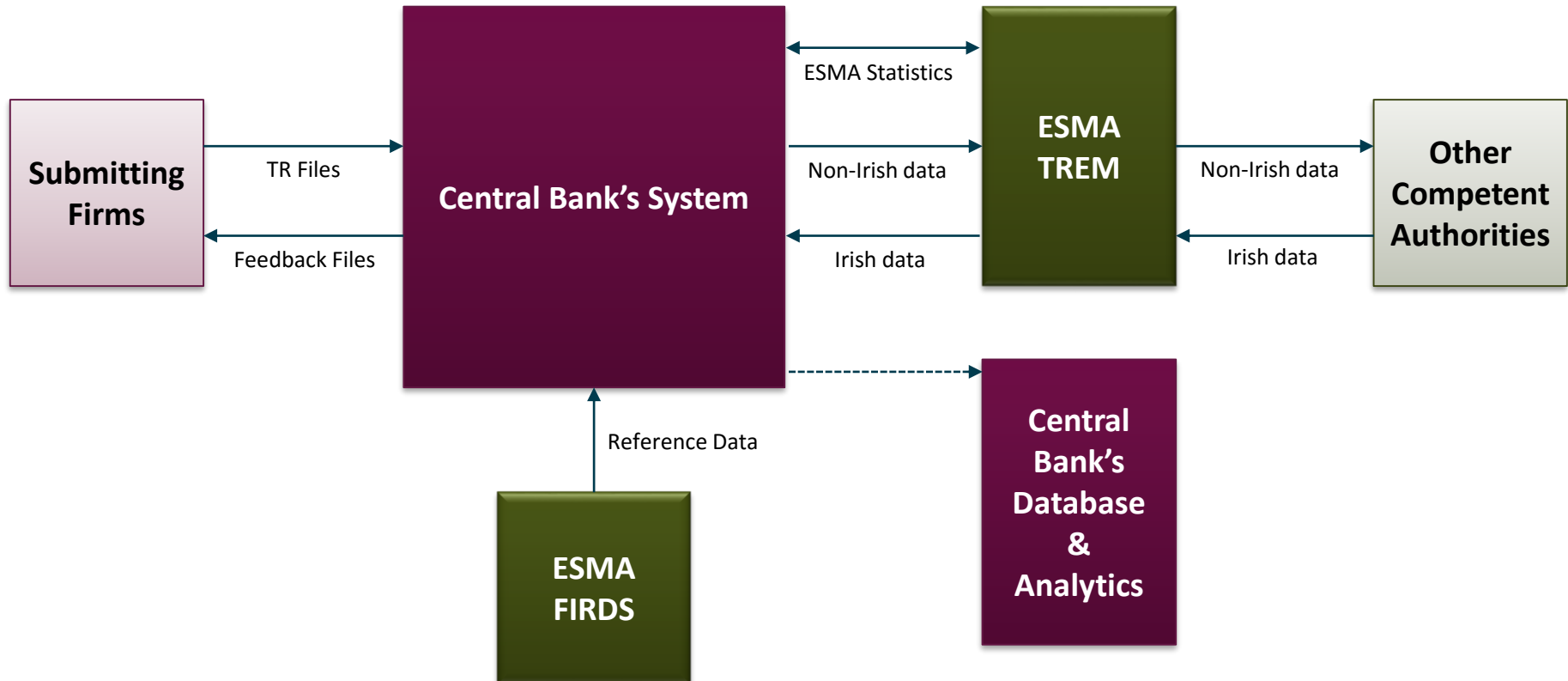
Central Bank's Proposed System for Transaction Reporting



Agenda

- Overview of Proposed Central Bank System
- Access to Central Bank's System
- Submission of Transaction Reports
- Viewing and Retrieval of Transaction Reports
- Statistics

Overview of Proposed CBI System



The content of these slides reflects the proposed Central Bank system. The actual system solution will be determined later in the year.

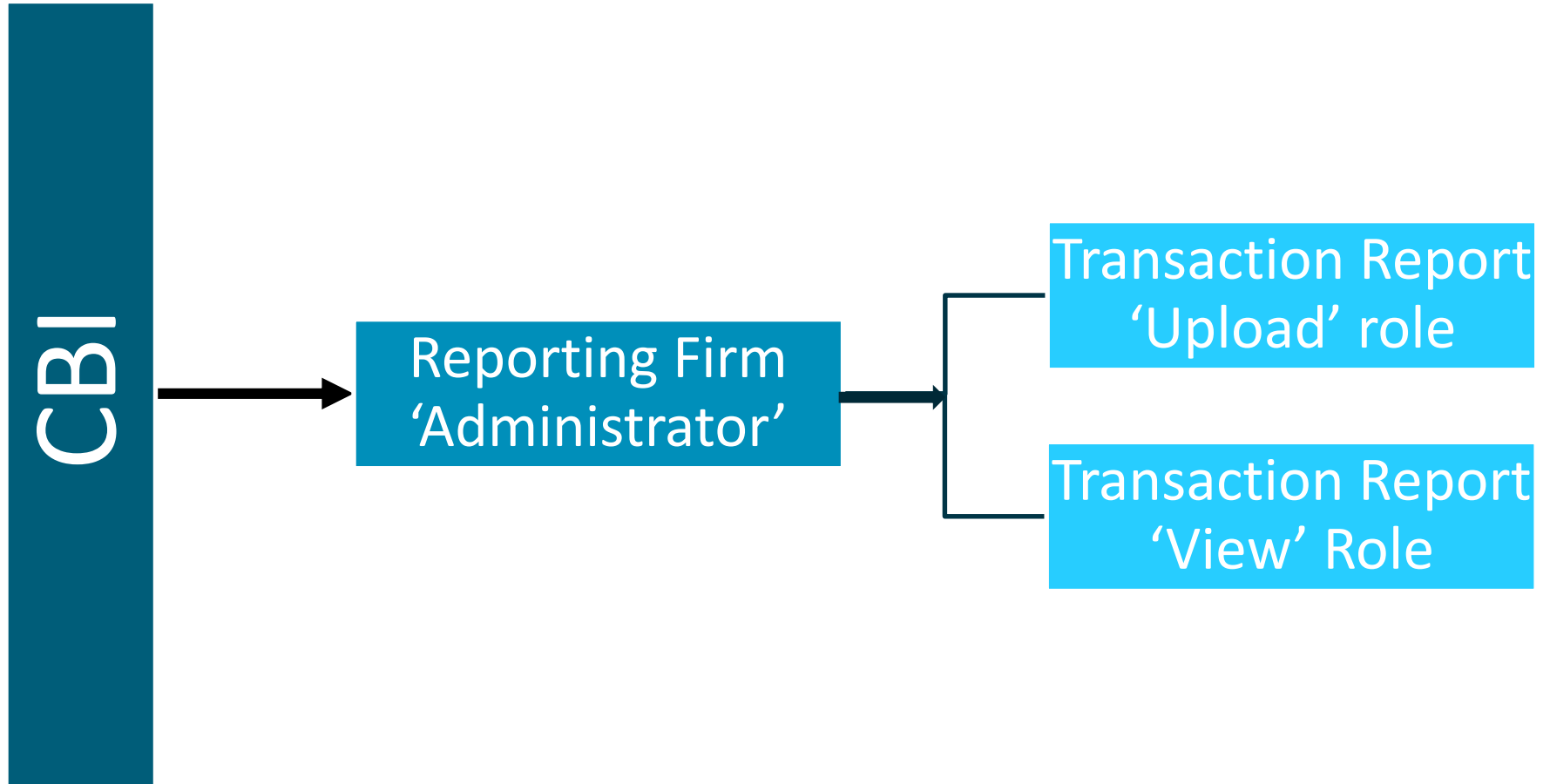


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Access to Central Bank's System





Transaction Report View Role

- View current and historical transaction reports and files
- View the status and feedback for transaction reports and files
- View statistics on transaction reports and files

Transaction Report Upload Role

- View current and historical transaction reports and files
- View the status and feedback for transaction reports and files
- View statistics on transaction reports and files
- Upload transaction report files



Reporting Firms

Submitting Firms

Entities that execute transactions and submit transaction reports on their own behalf

Approved Reporting Mechanisms

Trading Venues

Non Submitting Firms

Entities that execute transactions and do not submit transaction reports on their own behalf



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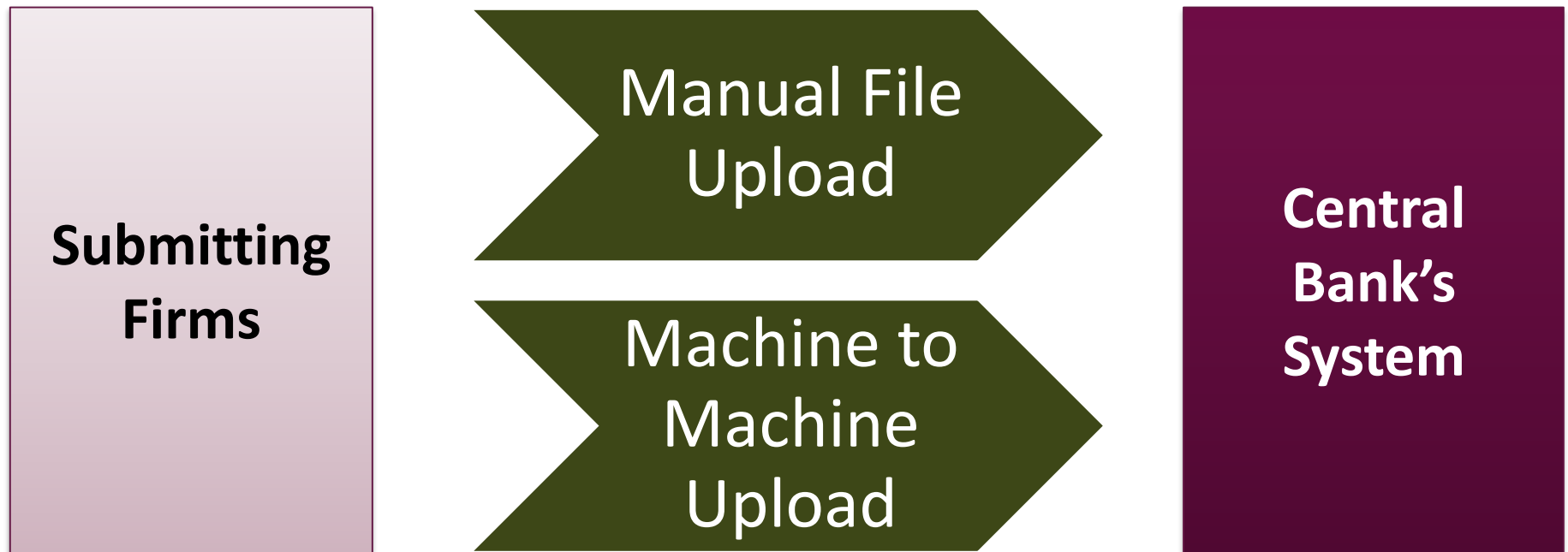
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Submission of Transaction Reports



Transaction Reporting – Submission Mechanism





File Naming Convention

CCCCCC_DDDDD_YYYYMMDD_NNN.xxx

CCCCCC

the institution code
or C code used to
log into the system

DDDDD

optional
departmental code
specific to the
submitting firm

YYYYMMDD

the reporting date
for the file

NNN

integer from 001 to
999 to uniquely
identify the file

.xxx

the file extension
which should be
either .xml or .zip



Transaction Report File Validation - Examples

- ✓ File can be decompressed successfully.
- ✓ Digital signature on the file is valid.
- ✓ File does not exceed the maximum file size.
- ✓ File name adheres to the required file naming convention.
- ✓ Content and structure of submitted file is valid according to the schema.



Transaction Report Content Validation - Examples

- ✓ If the report is a cancellation report, a transaction report with the same transaction reference number has been reported before.
- ✓ A valid LEI has been included in the 'Executing entity identification code' field.
- ✓ The 'Trading date time' field has been populated with a valid date and time.
- ✓ The 'Price' and 'Quantity' fields have been populated for all new transaction reports.



Transaction Report Status

Received

- Transaction report has been received and is awaiting validation

Pending

- Processing of transaction report is pending inclusion of the ISIN in Instrument Reference Data

Accepted

- Transaction report has been accepted

Rejected

- Transaction report has been rejected



Transaction Report File Status

Accepted

- The whole file has been accepted. No validation or content errors found.

Partially Accepted

- A number of transaction reports have been accepted and some have either been received, rejected or are pending validation.

Rejected

- All transaction reports in the file have been rejected.

Corrupted File

- A file error has been found. The whole file is corrupted, i.e. not readable or not reliable.



Feedback File

- Confirmation to a submitting firm that the Central Bank has received a transaction report file
- Provides information on:
 - success or failure of the validation of transaction report files
 - success or failure of the validation of transaction reports



Feedback Files

File Errors

- Entire file should be corrected and re-submitted

Content Errors

- Only the incorrect transaction reports should be corrected and re-submitted in a new file

Status of 'Received' or 'Pending'

- No action required



Error Codes Format

File Error Codes

- Format 'FIL-NNN' or 'IEX-NNN'
- Example: FIL-007 - The XML schema name is incorrect

Content Error Codes

- Format 'CON-NNN'
- Example: CON-023 - Transaction report with the same transaction reference number has already been sent for the firm and not cancelled



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Viewing and Retrieval of Transaction Reports



Viewing and Retrieval

- Check status of transaction report file
- View any file or content errors generated
- Search for specific transaction report or multiple transaction reports
- View transaction reports by status
- Facilitate reconciliation



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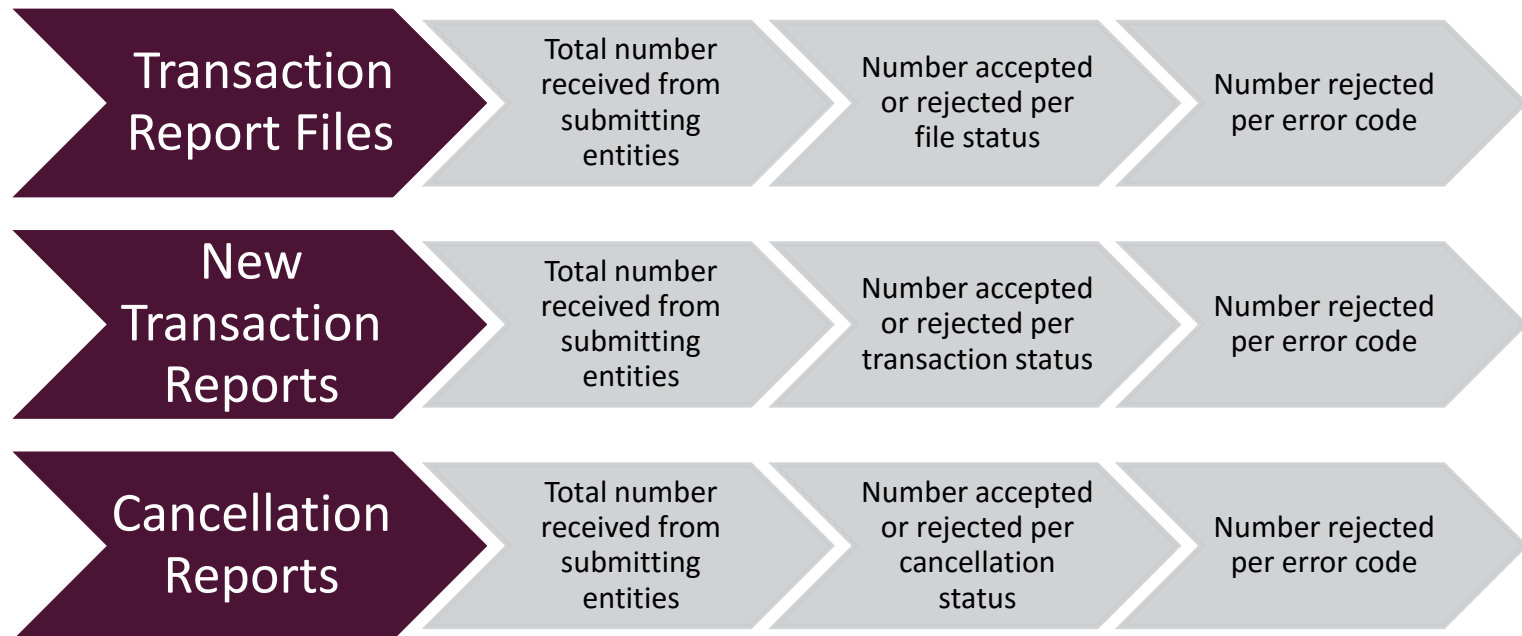
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Statistics

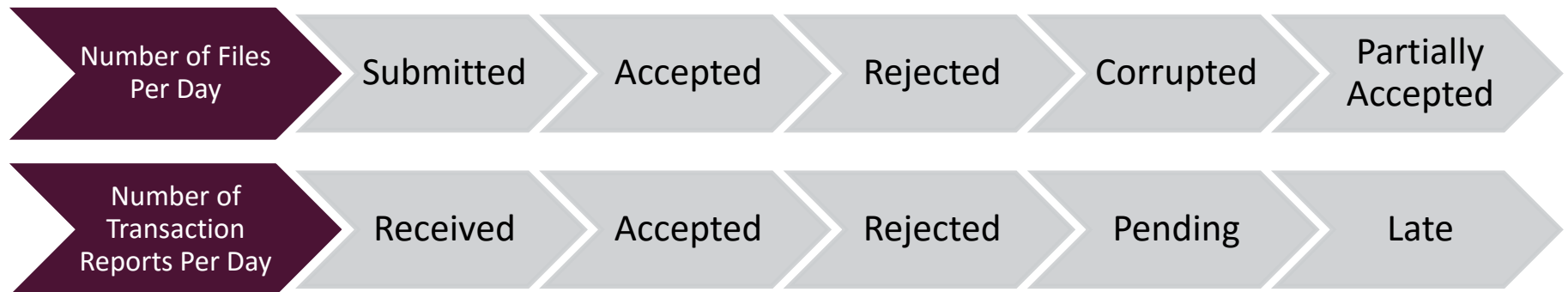


Statistics for ESMA





Transaction Reporting – Statistics





Questions?
