

Transaction reporting forum

Tuesday 26 June 2018

Wednesday 4 July 2018

Agenda

Topics	Presenter
Introduction	Ana Fernandes
Welcome	Simon Hargreaves
The story so far	Donal Molloy
Errors & omissions notification forms and requesting sample data	Juliet Onyeka
Data quality issues	Ayo Fashina
Key messages	Ana Fernandes

Welcome

Simon Hargreaves
Head of Secondary Market Oversight
Department

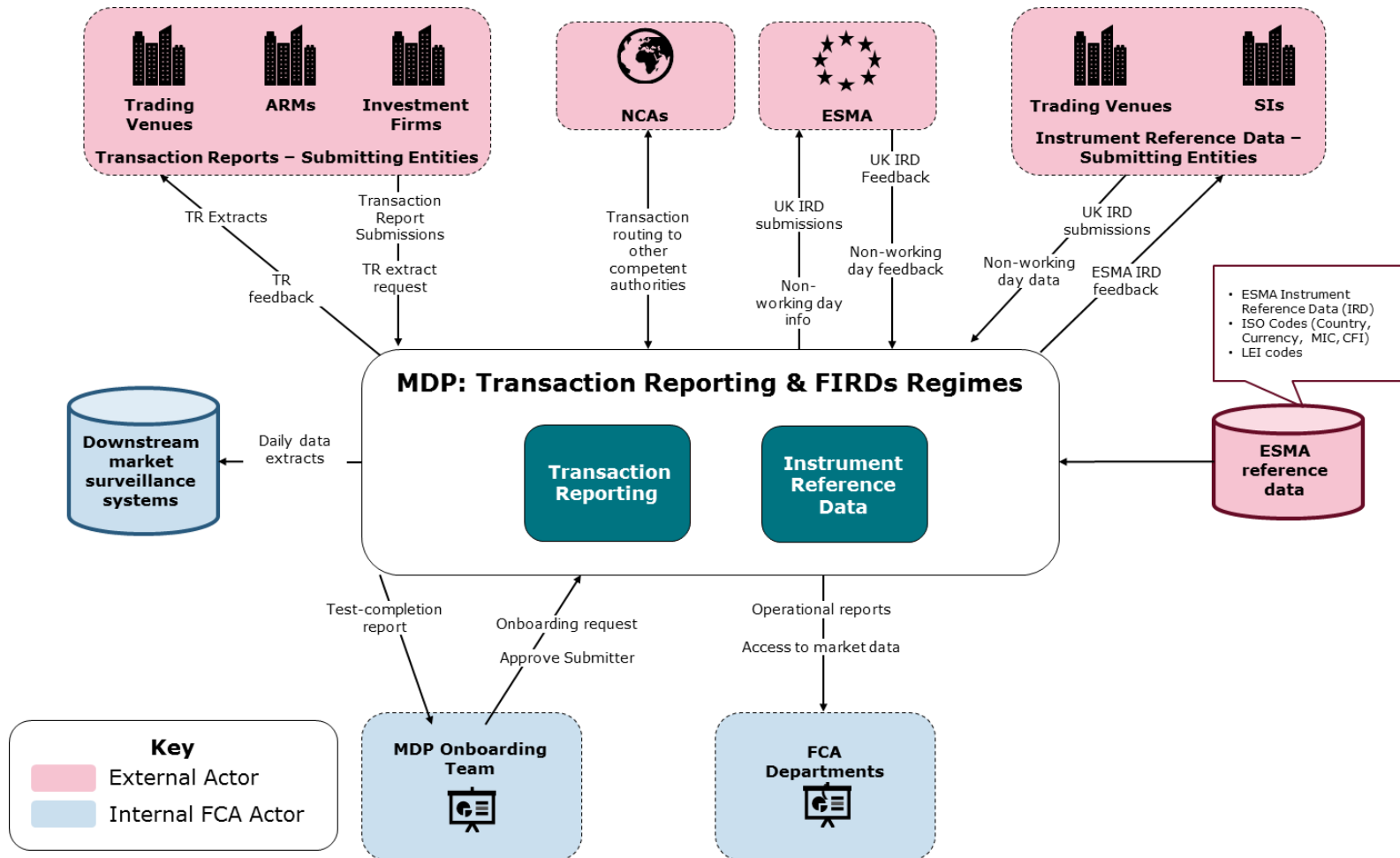
The story so far

Transaction reporting and instrument
reference data processing

Donal Molloy

Senior Associate, Markets Reporting Team

Context diagram for Transaction Reports & IRD



Number of submitting firms

Instrument Reference data

- 72 firms, submitting for 199 unique venues (segment MICs)

These comprise of Regulated Markets, MTFs, OTFs and SIs

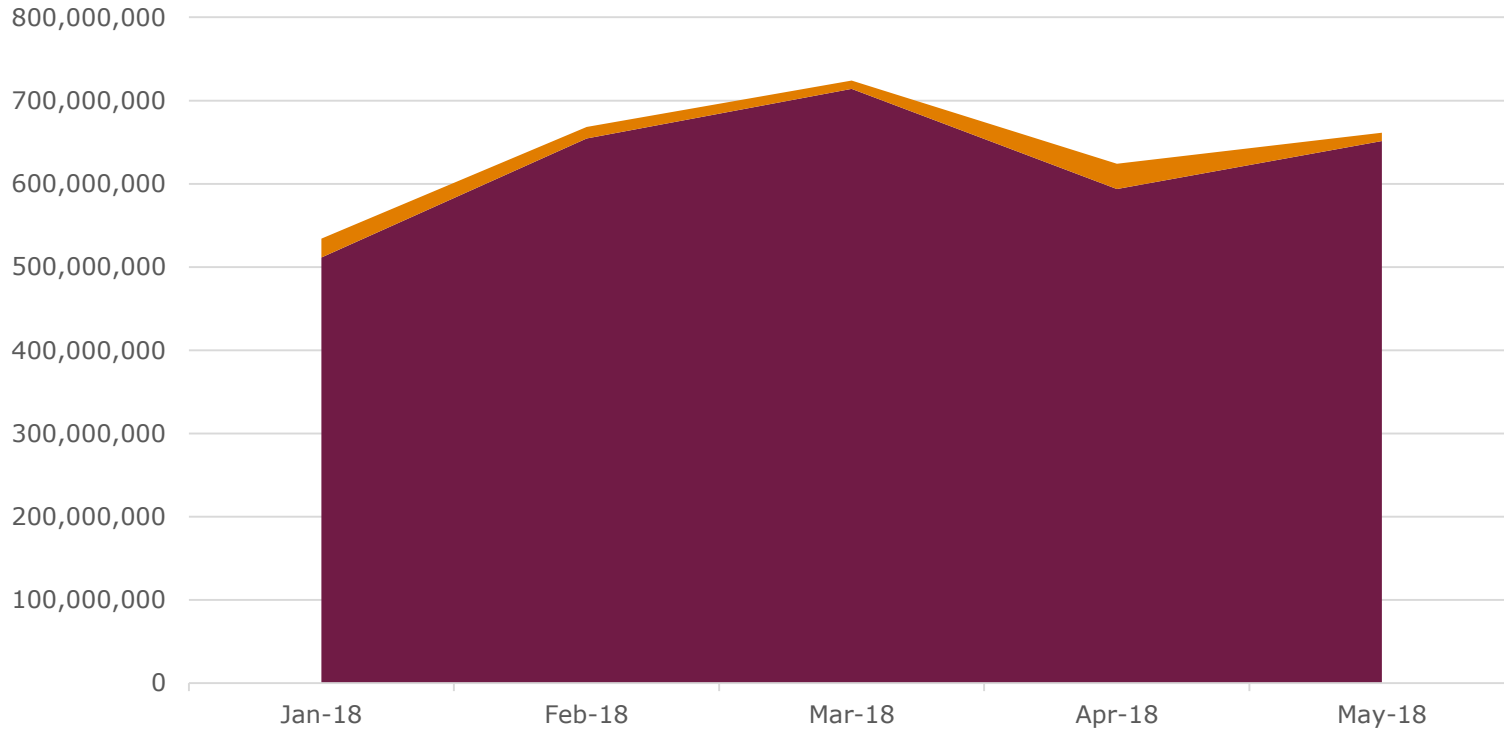
Transaction Reporting

- MiFID I – 8 firms submitting transaction reports
- MiFID II – 23 firms submitting transaction reports

Made up of ARMs (UK and EEA), Trading Venues and Investment Firms

Number of transaction reports submitted

Transaction reports received 2018



	Jan-18	Feb-18	Mar-18	Apr-18	May-18
■ RJCT	22,976,415	13,942,631	10,147,405	30,429,376	10,008,370
■ ACPT	511,292,891	654,468,178	714,012,012	593,805,760	651,301,384

■ ACPT ■ RJCT

MiFIR Transaction Reporting

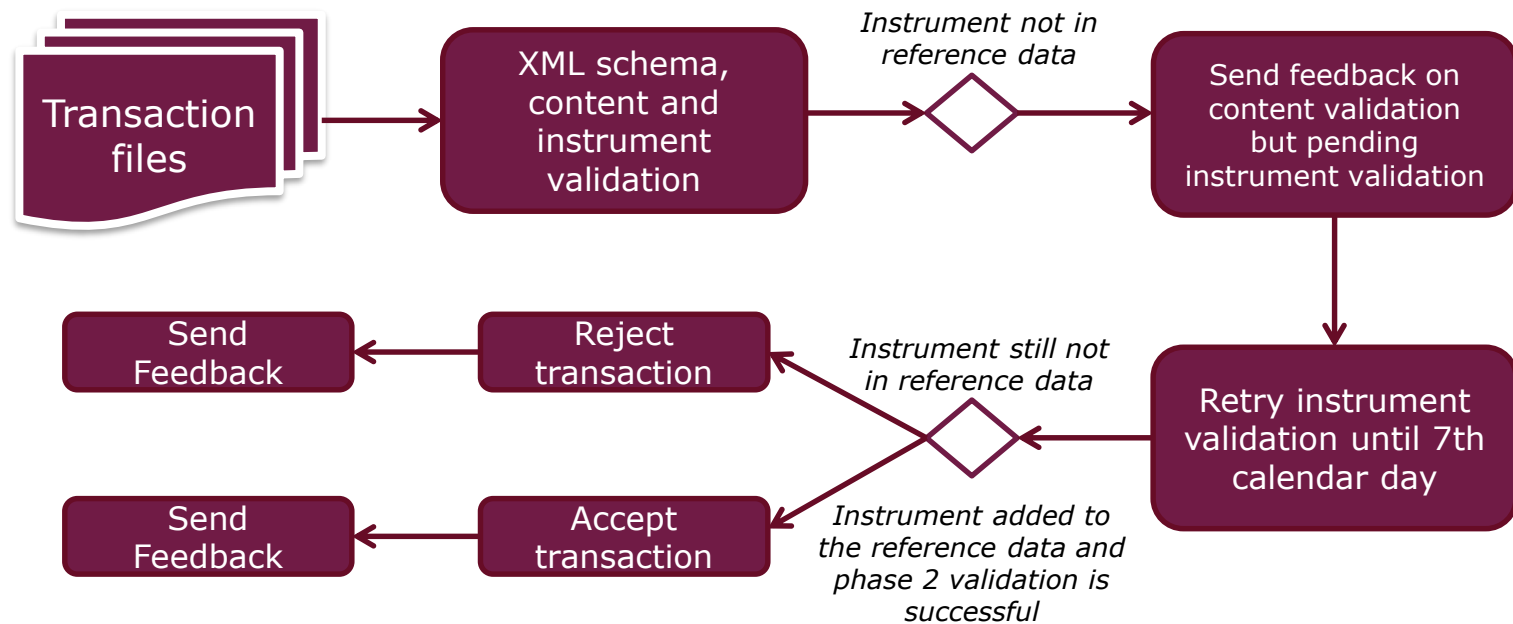
MDP concepts

Pending Transactions

- Pending process applies only to the validation of the instrument
- Each submitting entity should receive daily feedback about submitted files confirming the current status of those files including pending transactions

MiFIR Transaction Reporting

MDP concepts



MiFIR Transaction Reporting

MDP concepts

Held Transactions

- For validating transactions executed on day T, the reference data as of day T is used [CDR 2017/585, Article 7(4)]
- Transactions executed and submitted on day T are not processed/validated until the relevant reference data is available

MiFIR Transaction Reporting

MDP concepts

Held Transactions (cont.)

- Transactions in a held state will not be included in data extracts
- Order for processing transaction reports:



- Files will be accepted to the Axway server but will not be processed until reference data, pending and held processes have been completed

Top 10 rejections

Instrument validation

- CON-412 - Instrument is not valid in reference data on transaction date
- CON-472 - Underlying instrument XXX is not valid in reference data on transaction date

Content Validation

- CON-370 - Country of branch membership is missing
- CON-640 - Commodity derivative indicator is missing
- CON-430 - Instrument classification identifier is incorrect
- CON-473 - No underlying reported for swap transaction
- CON-351 - Net amount is missing

Duplication

- CON-023 - Transaction report with the same transaction reference number has already been sent for the firm and not cancelled
- CON-024 - Transaction for cancellation cannot be found
- CON-025 - Transaction has already been cancelled

Errors & omissions notification forms and requesting sample data

Juliet Onyeka

Team Leader, Markets Reporting Team

Errors and omissions notification forms

- Importance
 - Obligation to notify regulator (Art 15 CDR 2017/590)
- Types
 - [Transaction reporting notification](#)
 - [Instrument reference data notification](#)
- Purpose
 - Systemic issues
 - Not for rejection notifications

Requesting sample data

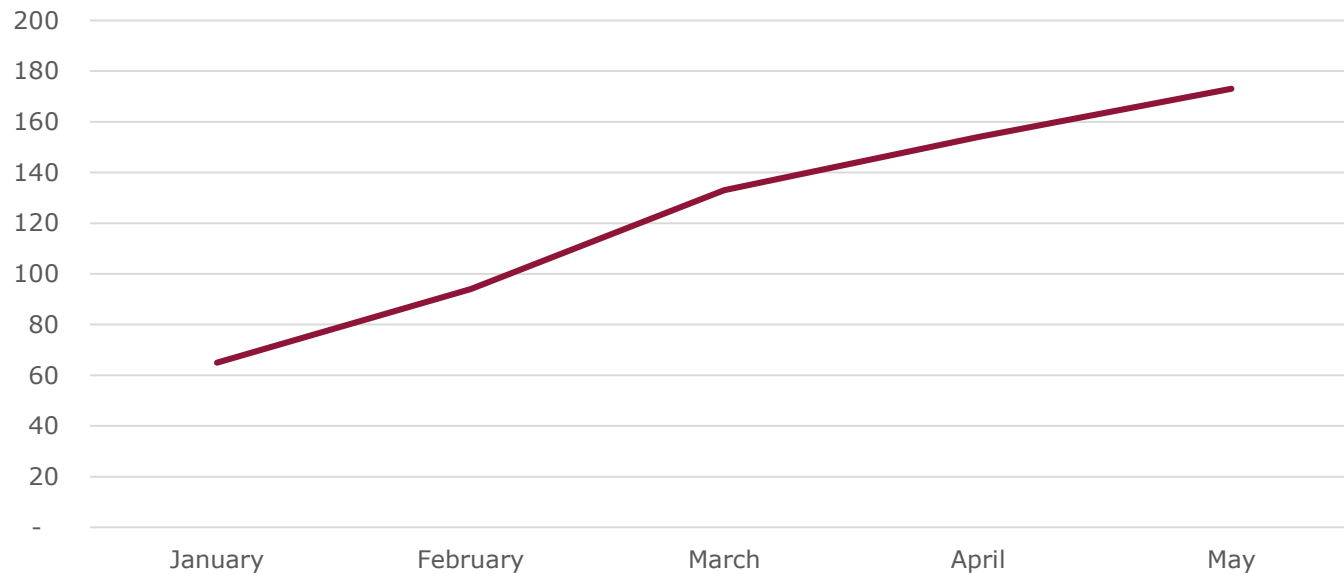
- Importance
 - Data reconciliations to ensure completeness and accuracy
- Requirements
 - Set up an [administrator user](#) for MDP portal access
 - Sample data is requested via [MDP Entity Portal](#)
- Who can request?
 - User associated with an executing entity or
 - User associated with submitting entity

Requesting sample data

- **Common problems**
 - XML format challenging to some firms
 - 'Cancelled' transactions not incorporated when 'trade date' used
- **Known issues**
 - No submission date on output
- **Useful resources**
 - [Data extract schema](#)
 - User guide available from the [MDP Entity Portal](#)

Requesting sample data

Number of entities making sample data requests
January - May 2018



Back reporting/resubmissions (MiFIR)

- Key messages
 - FIRDS related rejections
 - Scheduling slots – no longer required
 - Liaise with ARM and notify FCA once remediation completed

Data quality issues: - transaction reporting & instrument reference data

Ayo Fashina

Technical Specialist, Markets Reporting
Team

Transaction reports

- Identifiers – some mistakes
 - Buyer/Seller - LEI code of the CCP rather than MIC (please consult fields content in CDR 2017/590)
 - Invalid LEI e.g. LEINOTAVAILABLE45678
 - Inaccurate national identifiers e.g GB19000101DUMMYDATA#
- Investment firm covered by Directive
 - True/False?
 - UK branches of 3rd country firms are subject to MiFIR transaction reporting obligations (SUP 17A.1.2 of FCA Handbook) and for these firms Field 5 should be set to 'true')
- Timestamps
 - Trading times are in UTC
 - Default timestamps not to be used
- Misuse of PNDG

Transaction reports

- Net amount for DB**** only
- Country of the branch membership
 - SIs – set as country code of home CA of SI
 - Negotiated trades
- CDS reporting
 - UndrlygInstrm\Swp\SwpIn or SwpOut xml elements
 - DO NOT use 'Othr'
- Upcoming ESMA Q&As – FX swap & IRS
- ToTV – under review

Key validation rule changes

- LEI
 - The Initial Registration Date of the LEI can be after the trading date. Applicable to transaction reports with trade date 03 Jan to 02 Jul.
 - The Initial Registration Date of the LEI shall be equal or before the trading date. Applicable to transaction reports with trade date 03 Jul onwards.
 - IMPLEMENTED in MDP on 03 July
 - Fields impacted: Buyer, Seller and decision maker – Rules #027, #043, #056, #072

Key validation rule changes

- Other changes scheduled for Q4 18
 - CFI (#43) consistency with Exercise style – to include code for warrants
 - Clarification of rules 228 and 267 for investment decision within firm
 - Schema update - DRAFT

Reference data

- Requirement under Article 2 of CDR 2017/585
- FIRDS logic
 - Master record – Article 16 of CDR 2017/590 (RCA)
 - Inconsistency records management – INS 128
- Complete and accurate CFI codes should be used
- ESMA Q&A item#4
 - CFIs - ISO 10962
 - FISN – ISO 18774
- LEI of the issuer
- Dashboard – IRD data quality

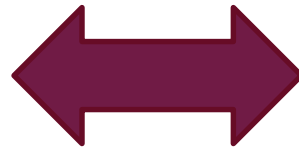
Key messages

Ana Fernandes

Manager, Markets Reporting Team

Purpose of transaction reporting

Purpose



**Integrity
of the
market**

Ongoing monitoring

Completeness and accuracy

[Firms are required to monitor the transaction reports to ensure completeness and accuracy of the information]

Ongoing monitoring

"Many firms that have been working well to prepare for next year and they should feel assured and confident that they can continue to work with us to meet the starting line. At the same time, we cannot create a floor for compliance below the required MiFID II standards and so our disposition is likely to be different where firms have made no real or genuine attempt to be ready or where key obligations are deliberately flouted."

**Mark Stewart, Director of Enforcement and Market Oversight at the FCA
(speech delivered on 20/09/2017)**

"... the need to improve and optimise surveillance and disruption capabilities cannot be seen as a role reserved solely for the regulator. We expect firms to ensure that their systems are in constant evolution to meet the changing nature and needs of the businesses within which they operate, including evolving regulatory demands."

**Julia Hoggett, Director of Market Oversight at the FCA
(speech published on 14/11/2017)**

Contacts

Visit our website:

<https://www.fca.org.uk/markets/transaction-reporting>

Or email: Markets Reporting Team

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