

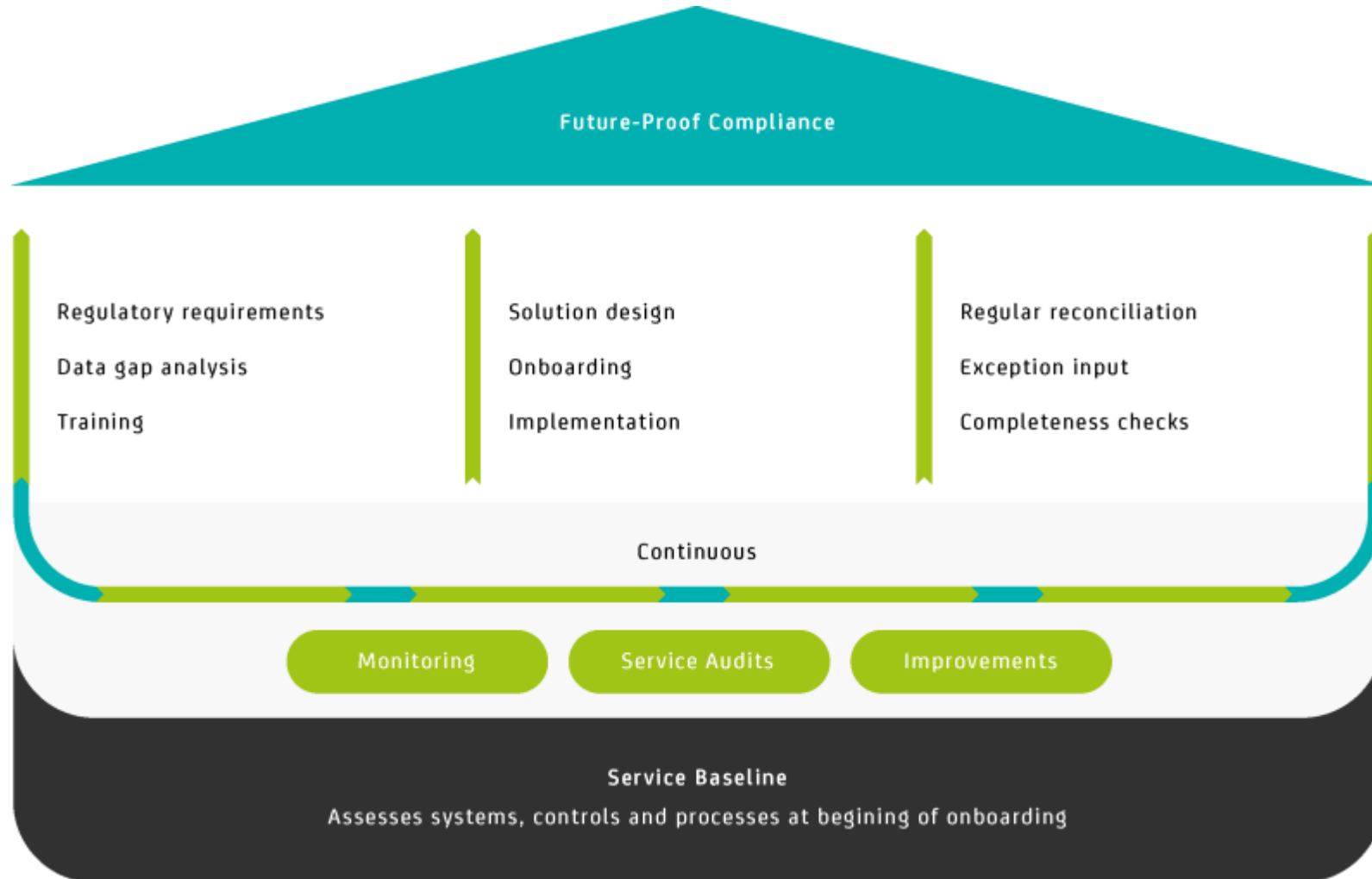
NEX Regulatory Reporting

by Abide Financial

MiFIR Transaction Reporting

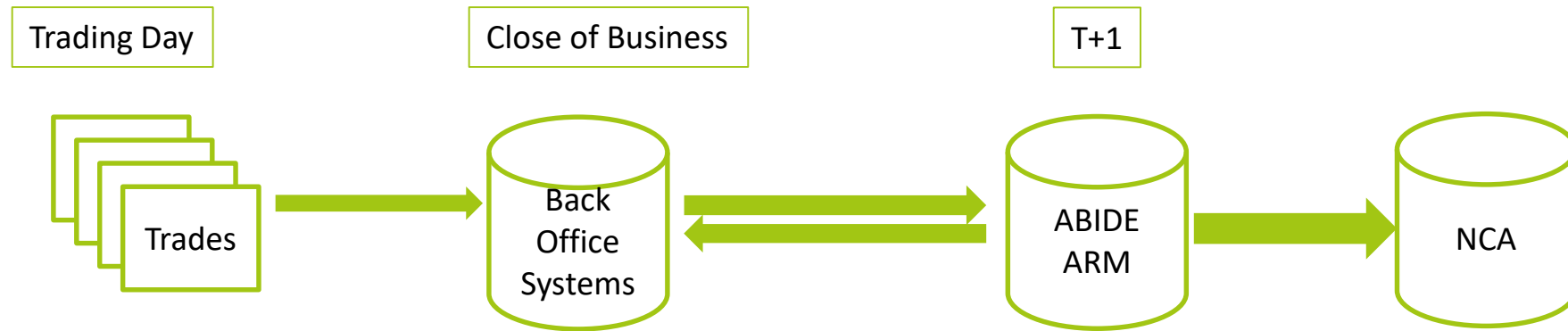
**Mark Kelly – Director of Professional
Services**

Future Proof Compliance

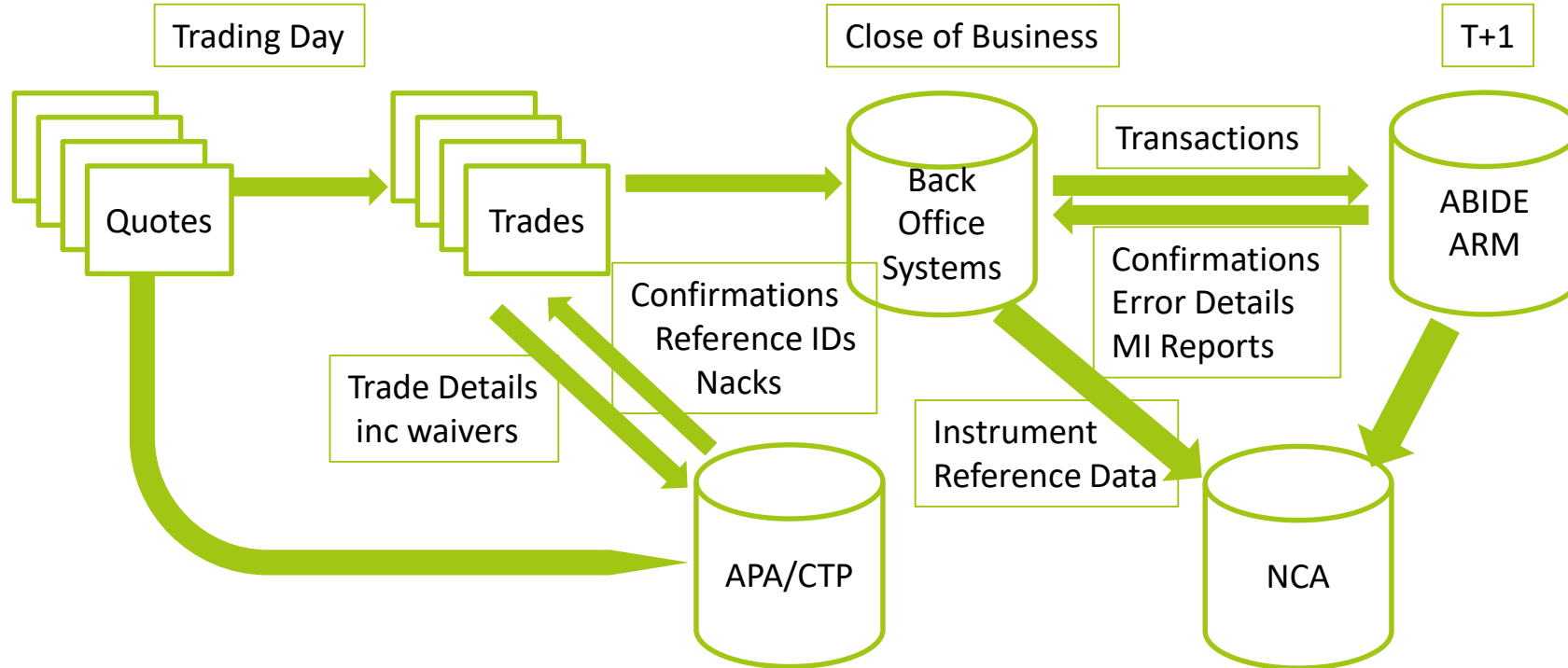


<u>Institution</u>	<u>ISIN Reporting</u>	<u>OTC Derivative Reporting</u>	<u>Client Personal Details</u>	<u>AOTC One to Many (INTC) Reporting</u>	<u>RTO Reporting</u>	<u>Pre and Post Trade Transparency</u>	<u>Reference Data Submission</u>	<u>Multi-Regime Reporting</u>	<u>Reporting On Behalf Of..</u>	<u>Comments</u>
Retail Forex Broker	N	N	N	N	N	N	N	N	N	No reporting if based on spot prices rather than venue-traded contracts
Proprietary HFT trader	Y	N	N	N	N	N	N	N	N	On-venue trading of vanilla cash products with no clients is simplest case
Retail Derivatives Firm	Y	Y	Y	N	N	N	N	Y	N	OTC reporting of (some) client side and ISIN reporting of hedges. Client personal details needed.
Bond and equity broker	Y	N	N	N	N	Y	N	N	N	Assumes derivatives and cash products all venue-listed, but some traded off-exchange
Asset Manager (excluding Private Wealth Mgmt)	Y	Y	N	Y	N	N	N	N	N	Assumes no private clients but some OTC derivatives (eg CFDs)
Full Service Broker	Y	Y	Y	Y	Y	N	N	N	N	Intermediaries likely to be asked to support RTO incorporation of order info
Complex Investment Firm	Y	Y	Y	Y	Y	Y	Y	Y	N	Assumes Complex firm has embedded SI, retail and corporate clients, and trades full product set
Trading Venue (RM, MTF, OTF)	Y	N	Y	N	N	Y	Y	N	Y	Venues must report on behalf of participants who have no reporting obligation, eg non-EEA entities

Reporting Burden for non-Venues and non-SIs



Daily Reporting - The Systematic Internaliser or Venue



Which Kind of Systematic Internaliser?

	Voluntary	Mandatory
Venue-Listed	<ul style="list-style-type: none"> • Trading Obligation • Continuity • Existing Sis • Re-use venue ISiNs • Transparency but no Reference Data 	<ul style="list-style-type: none"> • Post Data Collection • Assessment Aug 18 • Registration Sept 18 • Re-use venue ISiNs • Transparency but no Reference Data
Unlisted	<ul style="list-style-type: none"> • Preparedness • Article 27 entitlement • Obtain ISiNs for A26 transaction reportable • Reference Data but no Transparency 	<ul style="list-style-type: none"> • Post Data Collection • Transparency Q&A • SI for asset class • Obtain ISiNs • Reference Data but Transparency?

Reportability - Schrodingers Cat Regulation

OTC Derivatives If No Equivalence To Venue-Traded

- > CFD on Vodafone – transaction reportable using underlying ISIN, with no transparency
- > CFD on EUR/USD – no transaction reporting or transparency as underlying not venue-traded
- > FRA – not transaction reportable as Libor has no venue-traded components
- > FX Forward – underlying not venue-traded, no TR or transparency

Assets Traded on a Venue and Broad Equivalence Criteria defined

- > All above assets transaction reportable and trade publishable (from Jan 2018)
- > Reported using ISIN of venue-traded equivalent
- > Trade publishable, since treated as Off-exchange trades in venue-traded product
- > Over time threshold will be triggered and SI registration will be required
- > As an SI, pre-trade (quote) publication required as well as post-trade

Four Approaches to OTC Derivative Reporting

- > This product is not equivalent to a venue-traded product and is not based on one – it is exempt from MiFID II reporting
- > This product is not traded on a venue but is based on one that is – report it for Transaction Reporting purposes
- > This product is in the same class as venue-traded products – get an ISIN for it and use that to report
- > This product is equivalent to a venue-traded instrument – report as an off-exchange trade, using the ISIN of that product

Three Hard Truths for Investment Managers

1. No-one else will do it for you

Unlike MiFID 1, IMs cannot place reliance on broker reports. Unlike EMIR, there is no simple delegation route. Therefore, buy-side firms need to assume that they will be responsible for their own transaction reporting.

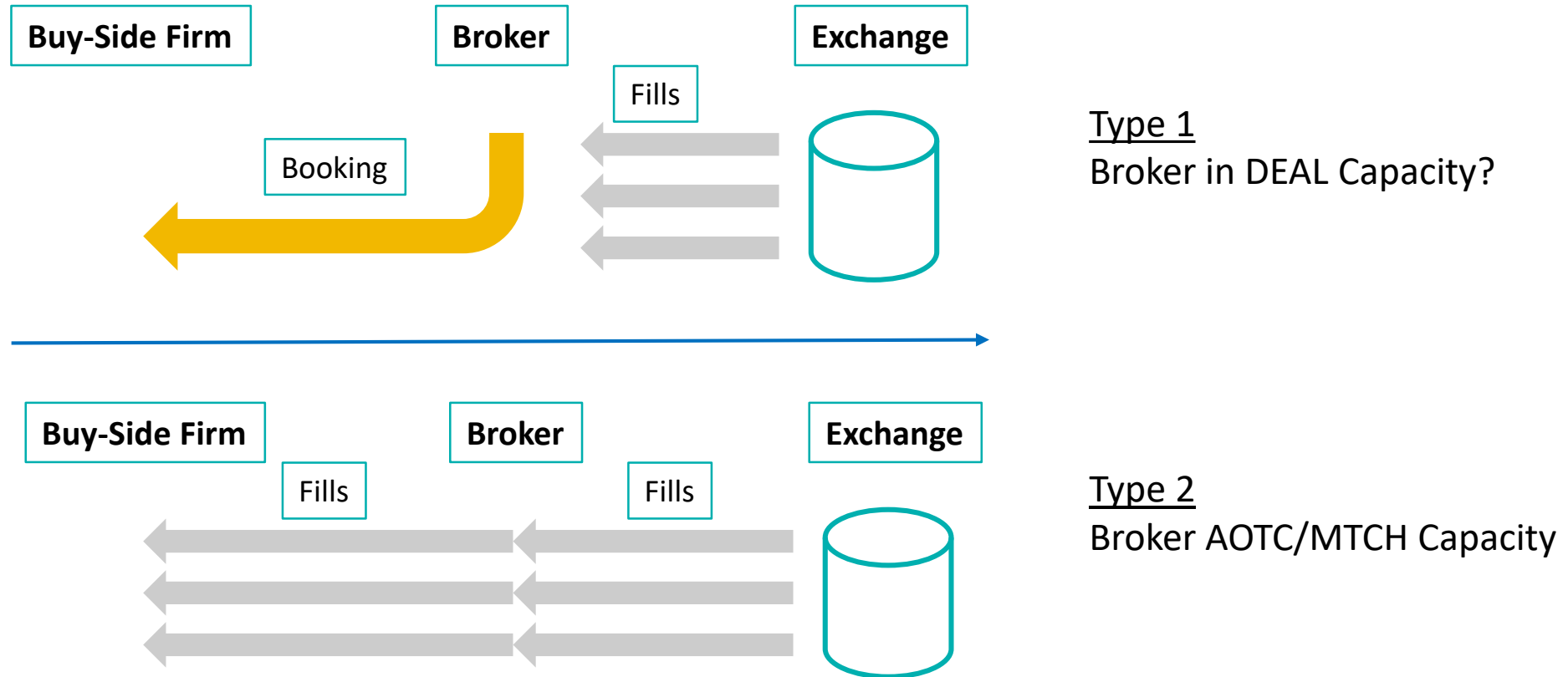
2. Reporting Volumes Will Be Higher Than You Expected

A change in the reporting rules for your market counterparties makes it much more likely that they will report against you at fill level rather than order level, obliging you to report in the same manner. This may increase your reporting volumes 100-fold or more.

3. Trade Publication May Not Pass You By

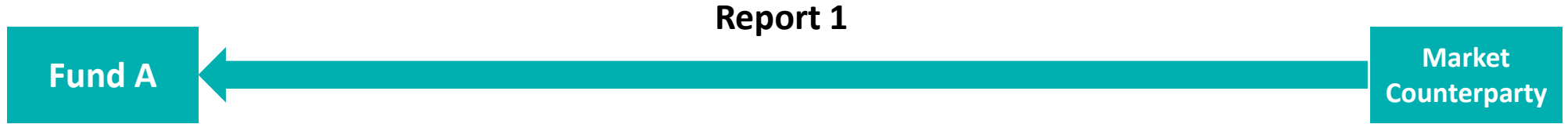
Post-trade transparency covers more instruments and more scenarios under MiFID II than MiFID I, giving rise to some edge cases where even Investment Managers operating in an AOTC capacity may need to publish just-traded prices to an Authorised Publication Arrangement (APA)

Order vs Fill Reporting - Plimsoll Line or Pass It On



INTC Reporting

1. One Fill for one Fund

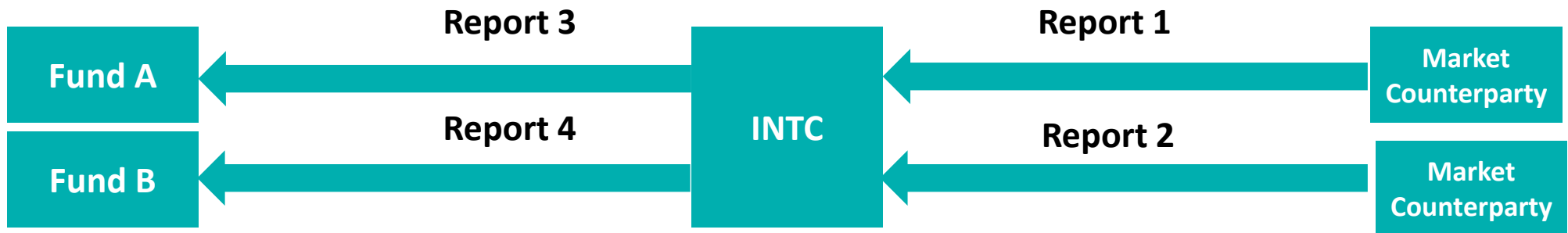


2. Many Fills for one Fund



NB – Applies irrespective of average price confirmations to Fund or from Counterparty

3. One/Many Fills for Many Funds



Edge Cases For Off-Exchange Trade Publication

> Edge Cases

- > Non-EEA venue execution treated as off-exchange trade
- > Off-exchange transaction with a third country firm (or other non-MiFID counterparty)
- > Sale on behalf of fund to a non-SI investment firm (with no venue execution)
- > Crossing between funds without external broker involvement

> Trade Reporting Avoidance

- > Eliminate business flows creating Trade Reporting obligation
- > Require broker to place all trades with venue or SI
- > Arrange for broker to trade report on behalf of IM

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THANK YOU

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