
Subject: Notes from the EVIA/LEBA MiFID2/R Working Group
Date: Wednesday, 9th May 2018
Time: 10.30 – 11.30am
Venue: Conference Call

1. The live “MiFID2/R” Issues list

One new item has been added relating to Brexit and FCA position. See point 5.

2. Swiss Power Perimeter

On 9th May, the FCA formally notified trade associations in respect of their position on certain physical settled Swiss Power contracts traded on OTFs. The FCA has determined that these products are regulated under REMIT and therefore removed the MiFID 2 position limits on the relevant contract. We will update our issues log to close this item. From ACER positions, they also do not expect Swiss Power to be reported.

3. ESMA Draft Transparency framework – time to maturity analysis

ESMA has shared some of their approaches towards the transparency framework, ISDA have reviewed this and proposed three methods to calculating the maturity bucket. EVIA have not received any comments from members on these proposals but will respond with feedback in due course.

4. Commodities Fines

The CFTC have fined Glencore Agriculture B.V. and Glencore Ltd \$2 million for breaches of position limits in ICE cotton futures contracts, executed trades which are construed as wash trades, and making incorrect submissions. There are similar MiFID II position reporting requirements and this case is an example of the implications of breaching the rules.

5. Brexit

EVIA reached out to the FCA on the status of UK authorised trading venues position from 12 months as to whether venues can begin to establish the jurisdiction of authorisation during the period 1st April 2019 to 31st December 2020. The FCA stated that as they are not one of the negotiating parties, they have highlighted on their website the implementation period.

6. AOB

- ESMA published first liquidity assessment on EU bonds. It found that only 220 bonds were deemed sufficiently liquid out of 71,000 which were executed to be subject to real-time transparency requirements. ESMA added that the data received so far is 'not full complete' for most

instruments therefore led to a lower number compared to ESMA's earlier transitional transparency calculations.

- OMP Webinar rescheduled to 17 May. This will be dedicated to common reporting issues on Delivery start date and Load delivery intervals.
- Fix Trading near final guidance on Order Data and Record Keeping. Document outlines various approaches that FIX offers to identify the legal parties associated with placing an order. It looks at the possible relationships of a broker and their clients and is primarily aimed at creating a standard for MiFID II client identification using LEI. This applies to investment firms as well as trading venues when performing reporting obligations.
- Swap unwind trades. Discussed views on a common understanding on how these trades should be treated for post trade transparency purposes. Generally, unwind/terminated trades do not have a price. RTS 2 Article 7 provides guidance on off-venue cancelled trades and what is required to be reported; however cancelled trades have a price associated to the trade so is not clear to this scenario. **EVIA will refer to ISDA to get a view and provide feedback to the group.**
- FX Rolls and Swap reporting v RTS treatment. EVIA reached out to AFM on views ESMA may have a short-term fix and a long-term change being RTS amended to incorporate further fields to report the additional legs where necessary.
- Best Execution Reports. No feedback has been received following Investments firm's annual publication of Best Execution Reports by 30 April 2018.