

Following further discussions with the FCA in Spring 2023 we have updated the best practice guidance as below.

Prior EVIA guidance remains in line with expected reporting protocol for a situation where a firm is acting as matched principal and trading two [or more] prices apply. Where different prices are provided to multiple parties, those prices to each individual party should be reported in that report for the transaction leg with that counterparty.

This solution enables the trading capacity to be correctly shown as the Matched Principal in both [or more] reports and allows NCAs to monitor those Matched Principal transactions being arranged by the OTF, whilst also capturing the price information accurately. In this case, since it is not possible to report two prices in one report 'INTC' can be used to link the transaction legs.

Category	Report 1	Report 2
Buyer	Client 1	INTC
Seller	INTC	Client 2
Price	Price 1	Price 2
Quantity	Quantity	Same Quantity as for Report 1
Date Time	Date, Time	Same Date, Time as for Report 1
Trading Capacity	MTCH [or DEAL if non-disclosed]	MTCH [or DEAL if non-disclosed]
Venue	MIC of OTF	MIC of OTF
UTI	LEI of OTF + TVTIC Reference #	LEI of OTF + TVTIC Reference #

Where the OTF is matching a trade with a buyer and a seller, but agreeing them at different prices, it should make two [or more] reports reflecting those different prices and deploy "INTC" account to indicate that there is another part or trade-leg to the transaction. Firms should use INTC for internalised legs of Matched Principal trades, together with MTCH (or DEAL) trading capacity, reporting based on this advice from the FCA team:

- Where an OTF brings together one of each buyer and seller participant and executes that transaction in MTCH with a different traded price for each party then as per the guidance previously provided the OTF can report two transactions using INTC to link both legs.
- It should be noted that INTC is NOT a trading capacity in any event, purely a linking mechanism.

Where a member trading venue brings together one of each buyer and seller participant and executes that transaction in MTCH with a **single price** then INTC **should not be** used by the OTF, rather this should be reported as a single transaction report with both buyer and seller IDs populated in respective fields.

Therefore:

Same traded price with commission taken as brokerage	One Transaction Report with a capacity of MTCH specifying the traded price
Different traded price with commission taken in the spread (spread not disclosed prior to trade)	Two Transaction Reports with capacity as MTCH/DEAL specifying the different traded prices and deploying INTC

The TVTIC/UTI should be constant across each report that forms the INTC linked parts of the Matched Principal transaction.

It should be recalled that where an Investment Firm is submitting trading interests or orders onto a trading venue, this is not the transmission/ reception of orders under MiFID2 and is not a reportable action. Therefore a broking desk submitting a pre-matched order or a single trading interest side onto its in house OTF or MTF trading venue does not constitute order transmission.

Where an IDB as a Limited Licence Investment Firm transmits or receives a trading interest from another Investment Firm or executes a transaction bilaterally with another Investment Firm away from the rules of any trading venue, then MTCH and DEAL flags should be used as appropriate in line with the reporting guidelines which are extracted below.

Notes

[2016-1452_guidelines_mifid_ii_transaction_reporting.pdf \(europa.eu\)](#)

- **5.2 Trading capacity**
- As set out in the Commission Delegated Regulation (EU) 2017/590 (Field 29), there are three different trading capacities that may be reported: dealing on own account, matched principal and 'any other capacity'. The reported trading capacity should reflect the capacity in which the Investment Firm actually traded and should be consistent with the rest of the information in the Investment Firm's transaction report(s). In Field 29 only one of the following values can be populated: 'DEAL', 'MTCH', 'AOTC'.
- **5.2.1 Dealing on own account (DEAL)**
- Where an Investment Firm is dealing on own account it should be reported as either the buyer or seller in the transaction report. The corresponding seller or buyer will be the counterparty or client or Trading Venue that the Investment Firm is dealing with. The Investment Firm may be acting purely to action its own proprietary trades or may be acting on own account with a view to filling orders that it has received from a client. In the latter case, the trading time and date for the client-side report may be the same as for the market side report or could be later and the price of the market side and client-side report could be the same or could differ. When using 'DEAL' Buyer Identification or Seller Identification or both of them should be identical with the executing entity identification code.
- **5.2.2 Trading in a matched principal trading capacity (MTCH)**
- Article 4(1)(38) of MiFID II defines matched principal trading as a "transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction (...)". Consequently, the transaction report should show that the executing Investment Firm does not have a change of position as a result of the transaction. Where there is only one client a single transaction report should be submitted including both the market side and client-side information. The client(s) should be populated in the buyer/seller field while the venue or counterparty should be populated in the seller/buyer field. When more than one client

is involved, the aggregate client account (section 5.23 on grouping orders) can be used to link the market side with the allocations to each client as shown in Example 61 and the client-side reports should include all applicable fields.

- **5.2.3 Trading in an 'any other capacity' (AOTC)**
- All other activity that does not come under the definitions of own account trading or matched principal trading should be reported with a trading capacity of 'any other capacity' which includes where the activity is taking place on an agency basis.