
Subject: Notes from the EVIA FX Working Group
Date: Monday, 9th July 2018
Time: 10.30am
Venue: Conference Call

1. AFME/GFMA

a. White paper on transparency of data

The draft paper requests feedback on pre-allocated trades as following implementation MiFID II, GFXD members have encountered differing practises regarding the provision of data from trading venues, particular on the obligations placed on firms reporting requirement under Article 26.

Area of focus:

- Trades concluded on venue and allocated on venue
- Trades concluded off venue and then allocated on venue
- Additional data elements that would benefit – MIC for non-EU trading venue

EVIA has circulated this paper and no strong views have been received but happy to take any further views.

b. PIID

Update on AFME PIID meeting on Thursday 5 July who are looking into provision of raw personal data as part of RTS 24 and RTS 22 reporting requirement to discuss initiative to create a standard to store personal data on a single hub. Regulators will gain access to the hub via secure encryption.

The proposals detail the current concerns around security risks and storage in multiple locations and looking into a potential industry solution.

AFME requires venues to support this as an industry proposal and to ask some members to discuss this with the FCA. EVIA supports this initiative and will ask its members who would like to participate in the meetings with the FCA.

In addition, Bloomberg who were there at the meeting are about to build system that store PIID.

FCA Another [interesting speech](#) from Mark Steward at the FCA, touching on National IDs:

- The additional data has identified a number of anomalies (and we do carry out quality checks) identifying individuals executing transactions who were apparently born in 1900...

- ...In this context, we are now also asking for and receiving, daily, order book and trade report data from 7 UK trading platform, processing approximately 140 million rows of data per day...
- ...Using software developed in-house to normalise and ingest disparate order book data-sets from the main lit and dark UK trading venues, it is now possible to track potentially related trading activity on different venues and detect cross-market manipulation (i.e. artificially influencing the price of a financial instrument in one market while benefiting in another). Previously this was effectively undetectable, at least not without enormous time and resource...[OH – A consistent Trader ID would remove this 'enormous time and resource' commitment for other NCAs]
- ...The maturation of systems and controls in firms, the development of global governance frameworks, like LEIs, are vitally important...

Next session: Friday 20th July to prepare for FCA

Annex: AFME .ppt attached

c. AFME Trading Venue Questionnaire

One year on from the first questionnaire, AFME are collating a further series of 100 questions across five broad topics, notably a large miscellaneous section that points towards third countries and Brexit. We have received comments from members to have a common set of responses in certain pages as many of questions are covered by the Rulebook. This is a work in progress document with no end date as more and more questions will be added. EVIA will review this again once this has been formulated.

2. ESMA July Q&A seeking to include FX Swap Reporting

EVIA has reviewed the draft ESMA Q&A into each EMIR and into MiFIR, which has been circulated to their Market Data Standing Committee to push FX as a singular product transaction for FX swap reporting where the price of the swap is entered at points to enrich EMIR reporting. This is opposed by AFME and most of the advisory group to the MDSC, who have presented enough hurdles and queries to likely defer the passage through ESMA BoS scrutiny.

Trading venues systems are currently built to report multiple legs so therefore may need to consider offering different approaches depending on what the client wants. Should this become the requirement, and should the industry find it problematic then TVs could further move FX Swaps off from MiFID rulebooks, or list them as "FX Packages," which could be a helpful delineation from "Cross Currency Swaps."

Likely it is prudent for FX TVs to have the capacity to list, offer and book FX Swaps via either route, especially as the IA have advised AFME that their clients will have both requirements and remember that dealers are ever more simply passing through or agenting their direct customer interest.

3. Transaction Reporting



European
Venues &
Intermediaries
Association

FCA Transaction Reporting slides yet to be published and will circulate once these are available.

4. Tilman Leuder data request

Due to other commitments and priorities many members are working on their Brexit plans this week so will reschedule this discussion to next week.

5. Fines

- a) 18 June CFTC fines JP Morgan Chase Bank NA \$65M for attempted manipulation of the ISDAFIX making false reports during January 2007 and January 2012
- b) 21 June US fines Deutsche Bank \$250m for multiple FX violations. FX traders at DB were found to have used online chat rooms to share confidential information, coordinate trading activity and manipulate currency prices.

6. AOB

NDF'S fixing - EVIA spoke to Korean Brokers association on how they fix the Korean spot date for Korean NDF's to consider UK Benchmark Administrator to endorse third country benchmarks to be used in the EU.