

Subject: Notes from the EVIA FX Working Group
Date: Monday, 11th June 2018
Time: 10.30am
Venue: Conference Call

1. AFME/GFMA Questions on the TV treatment of trades with multiple allocations, requests for comments

AFME/GFMA had a request from its members on TV treatment of pre-allocations. They submitted five questions as circulated in the pack which refer to TV reporting pre-allocated trades, how these are mapped back to MiFIR RTS 22 Transaction reporting and post trade under transparency RTS 2. The questions appear to suggest that the two reporting requirements are linked; however, we believe that they are not.

EVIA has circulated a draft response amongst the members and is awaiting feedback.

2. EU/US equivalence/Recognition: Draft letter to DG FISMA: STP Processing

This refers to CFTC SEF 2013 guidance and letter to trading venue 2015 to align equivalence on whether FX products are cleared or widely cleared. One question that came out was when a platform does the clearing, for those who are not cleared, a connection to a DCO/STP is not required and therefore cannot be a pre-requisite to equivalence. CFTC did not have an issue with this position but needed this to be set out to them.

EVIA has drafted a letter to the EU Commission but is minded that the EU stance is to have all products cleared with connectivity.

We also have a meeting on equivalence with Tilman Lueder on 28th June but will confirm the date and circulate invite.

3. ESMA May 2018 Q&A Update

a. Data reporting guidelines on APA's reporting and complex transactions

APA's

The guidelines on TV's APA's and CTP refer to follow up on much criticism early in May from the regulators which found that APA's were not making data available to the public free of charge 15 minutes after publication in a format that was easily accessible or user friendly.

Complex Trades

Guidelines refer to complex transactions reporting obligations under RTS 22 and reference data under article 4 of MAR.

We have received a query on whether FX Swaps could be treated as complex transactions. The view is that they are not a complex trade as there is not one price on a swap.

b. Pre-trade transparency on RFQ and Voice trading system

ESMA guidance suggests that indication of interest (IOI's) are subject to pre-trade transparency. This raises the issue that, in most cases, details of IOI's constantly change as the market moves or the decision of the client changes, therefore not all of the components of the trade are firm so providing pre-trade transparency of unknowns may have its constraints.

4. ANNA DSB CP on new fee schedule

EVIA has circulated the draft response to members but have recommended that firms submit their own responses to get the views across. Most of the questions were based around comments made on changing certain processes, and whether this was agreeable. Most of our responses received were not to make changes and to raise questions on user fee model; our response was to charge firms a flat fee across all MiFID II firms resulting in under Eur 1000 per utility.

Noted that the CP did not refer to the charging of fees but this may come into the second CP that is due shortly. This response will be submitted this Wednesday.

GLIE's, who are the LEI administrator, have put in a bid to be the administrator for UPI's, which will go along side ISIN'S when they come in. This is supported by the Group on UTI UPI Governance (GUUG) and CFTC which would mean that ANNA DSB would no longer be the sole provider of ISIN's.

5. EVIA press release on FXGCC

EVIA has published its list of members supporting the FX Global Code of Conduct by signing up to the code on its website.

6. AOB

a. Brexit impact to FX

- French non-paper on MiFID II perimeter raising the walls round the EU and subsidiarising in order to facilitate TV access. This could affect FX markets as these are widely traded across the perimeter definition.
- The US, on the other hand, is rolling back some of the provisions of CFTC trading rules on the permitted products under project KISS.
- EVIA continue to lobby with FXJSC and ICMA on access to markets to avoid fragmentation.
- Possible recognition this week on mandated products and equivalence to RMO's Singapore but will follow up with Tilman Lueder on FX matters.

b. FCA Benchmark roundtable

EVIA will arrange a member firm roundtable to discuss some further questions raised by the FCA following their informal review.

c. FMSB Transparency draft paper on Information Confidentiality

This includes a section on Market Colour and maintaining client confidentiality.