

## **FIX Market Model Typology (MMT) Progress report 2019**

### **1 Governance and interaction within FIX Community**

- a) Acting Steering Committee (MMT SC) Co Chairs Anna Branch and Christiane Baumgarten have been re-elected for another term in 2020.
- b) Additional relevant activities:
  - MMT SC and MMT TC Co Chairs made an introduction on MMT scope and benefits to FIX Global Steering Committee (GSC) on October 22.
  - MMT TC and SC Co Chairs joined the FIX Consolidated Tape Working Group. They made a substantial contribution to the work of the FIX Consolidated Tape Working Group work. FIX submitted a comprehensive reply to the ESMA consultation.

### **2 Documentation update**

MMT documents have been updated in 2019, with two additional items were released on the MMT FAQ documentation:

- #14: Trade flagging for give-up/give-in trades further to ESMA Q&A update of Jan. 4 2019.
- #15: Trade flagging for periodic auction trades.

### **3 MMT and Regulation**

MMT originally had been initiated and developed by Regulated Markets and Data Vendors on suggestions of a CESR (now ESMA) working group and is applied by many Trading Venues and Market Data Vendors by now.

MMT provides multiple benefits to the industry which has always been recognized by regulators. While harmonized trade flagging is part of MiFIR/MiFIDII requirements, MMT is not mentioned within the regulation so far. However, the MMT TC has transposed successfully a mapping of regulatory required post-trade flags into the MMT logic with the help of the affected entities (Trading Venues, Data Vendors). MMT is an efficient operational solution for the implementation of trade flagging obligations in datafeeds, display services and databases.

Initial talks have been conducted with other FIX Groups by now, who are interested to expand MMT application to transparency requirements of IF's and APAs. This work-stream has been further taken up by the FIX Consolidated Tape Working Group after initial discussions at the beginning of 2019.

The MMT SC and TC will support the technical MMT transposition to Ifs post-trade transparency. For a sensible and smooth workflow, and in order to focus on the core competencies of the MMT TC, a clear governance requirement has been issued to the respective experts in FIX. This implies that MMT TC / SC will not conduct any regulatory interpretation, flagging or whatsoever, but will support the technical flagging in the MMT logic, once the different post-trade use cases have been defined and classified by those who will be regulatory liable for the correct classification.

Besides these workstreams, FIX MMT standard has been prominently and positively mentioned as instrument for better overall market data quality in the ESMA consultation paper ( ESMA70-156-1065) published on July 12 and in the ESMA report (ESMA70-156-1606) published on Dec. 5 2019. MMT is seen as a valuable means to improve the data quality issues attached to off-venue post-trade data.

Please see the respective references below:

70. Concerning on how to resolve issues around data quality and standardisation, several suggestions were made, in particular:

- make the use of the MMT standard compulsory;
- improve quality, consistency and reliability of OTC data;
- ensure high quality of reference data (FIRDS and FITRS);
- ESMA to issue supervisory guidance on reporting standards;

147. Most respondents to the CP agreed with the issues on the content of data identified in the CP and considered that a broader and more consistent implementation of the Market Model Typology (MMT) standard across SI and OTC trade reporting would be desirable. At the same time, several respondents highlighted that the situation has been improving and that currently several industry workstreams are working on consistency/data quality issues.

179. ESMA therefore suggested in the CP to achieve an adequate level of data quality through (i) the standardisation of the reporting by both trading venues and APAs, and (ii) mechanisms to reduce reporting errors. ESMA sought in particular feedback from stakeholders on which aspects such data quality work should focus and whether further guidance should be developed by an industry-led initiative (such as FIX Trading Community Market Model Typology – MMT) or via ESMA guidance.

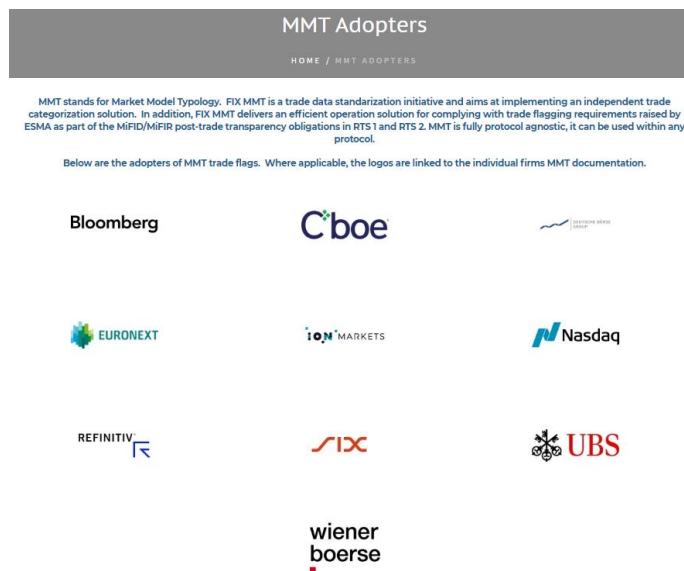
## 4 Communication activities

In 2019 the MMT SC looked into measures how to promote MMT even further in the industry. FIX Marketing had been invited to make suggestions to the SC, most of which have been taken up. The measures included those lined out below.

### 4.1 MMT adopters page on FIX website

Launch of FIX MMT adopters page on FIX website with hyperlinks to MMT related content on stakeholders own web pages:

#### MMT Adopters • FIX Trading Community



### 4.2 Standard MMT presentation slide deck

- a) Standard MMT presentation slide deck update was released (see attachment).
- b) Slide deck was presented during following events:
  1. FIX Program Office update on October 15 2019
  2. MMT Presentation to FIX Global Steering Committee on October 22 2019
  3. FIX France Trading Briefing on Nov. 14 2019

### 4.3 MMT representation in public events

- a) FIX EMEA Board Co Chairs made supportive statements on MMT during FIX events such FIX EMEA Conference and FIX Nordic Trading Briefing.
- b) MMT TC Co Chair joined the panel on consolidated tape during the FIX London Regional Meeting on July 8.
- c) MMT TC Co Chair had a slot to introduce MMT during FIX France Trading Briefing conference on Nov. 14.

## 5 Outlook 2020

The MMT SC sees good chances to further expand the reach of MMT within the industry as investment firms indicate interest to implement MMT in their transparency obligations vs. the regulators.

This co-incides with the EU regulators focussing on data quality improvement in the EU and the enforcement of regulatory requirements. In this context, the MMT WG will align with the FIX Consolidated Tape Data Standards WG.

It is planned to market MMT prominently during FIX Trade Events, e.g. by active panel participation of MMT experts and/or dedicated presentation slots during such events.