# **FTC Response to CP23-32**

# **Improving transparency for bond and derivatives markets.**

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|  | Response |
| Q42: Do you prefer to remove the trade reporting field ‘Instrument identification code type’ and to include a requirement for trade reports to report on the field ‘Instrument identification code’ using only an ISIN code format, or retain the reporting on this field? Please explain your preferred approach. | We support retaining this field as this helps to future proof the reporting structure should subsequent changes be made to product identifiers. Even if it were removed from the regulation, the FIX protocol still requires it to be provided. If however, the IICT is removed we would suggest that the Instrument Identification code name be changed to “ISIN” to remove any potential ambiguity. |
| Q43: Do you agree with our proposal to introduce the new field “Unique product identifier”? If not, please explain why and set out your preferred approach to the identification of derivative instruments. | We believe that the introduction of the UPI will provide enhanced transparency for the market. This is already supported as a separate field within the FIX Protocol |
| Q44: Do you agree with our proposal to set the scope of the use of UPI to OTC derivatives? If not, please describe the scope of instruments to which you would prefer for it to apply. | UPI’s should be aligned to the scope of ISO 4914 (Unique Product Identifier) which currently only covers OTC derivative products. |
| Q45: Do you agree with our proposal to introduce the additional data fields enhancing the UPI to identify an instrument? If so, please detail what data fields additional to the UPI should be included under the trade reporting requirement. | We have no objection to the addition of the fields outlined in 8.23, but it does depend on the context in which they are to be used. |
| Q46: Would the introduction of UPI have an impact upon the costs incurred by your firm? If so, please explain how and try to estimate the impact. | No Response |
| Q47: Do you agree with the proposed changes to the ‘price’ field and related reporting fields? If not, please explain why. | **For Bonds:**  **For Price** - It is the view of the FIX Trading Community that Price should be expressed in the percentage format in all cases where it is possible to calculate a percentage value regardless of any market convention.  If it is not possible to price bonds or calculate the conversion of traded price into the percentage format, then the market convention should be used.  This is in order that all interested parties, including both institutional and retail, can understand the price data.  There are three reasons for this:   1. This removes any ambiguity as to how the bulk of the prices should be expressed, even if market convention may suggest otherwise. 2. 'Market Convention' is not consistent across investment management firms. 3. Any need to interpret prices back to a "local" or "market" convention can be carried out by expert Market Data or Trading systems if required.   **For Quantity** - The FIX Trading community agrees with the approach that only the 'notional amount' field should be populated.  The approach for Price & Quantity is consistent with recommendations put forward to ESMA. |
| Q48: What are your views about the introduction of a ‘price conditions’ field? | FIX Trading Community fully supports a separate 'price conditions' field. This ensures that text values are separated from numeric values which is 'good practice'.  This separation is already supported by the FIX Protocol & MMT implementation today. |
| Q49: Do you agree with our proposal that we should work with industry to develop guidance on the reporting of prices under post-trade transparency? If not, please explain why. | The FIX Trading Community believe that frequent consultation with the industry is almost always appropriate. |
| Q50: Do you agree with our proposal to amend Table 4 of Annex II of RTS 2? If not, please explain why and set out your preferred approach to refer to the measure of volume. | **For Bonds:** The FIX Trading Community agrees with this approach. |
| Q51: Do you agree with our proposal to introduce the new field “LEI of clearing house”? If not, please explain why and set out your preferred approach to reporting the clearing status of trades. | The FIX Trading Community agrees with this approach. |
| Q52: Do you agree with our proposal to delete the field ‘Transaction to be cleared’? If not, please explain why. | The FIX Trading Community agrees with this approach. |
| Q53: What are your views about the introduction of a portfolio trade transactions flag ‘PORT’? | The FIX Trading Community supports the introduction of the PORT flag.  This flag illustrates the fact that the price that a bond in a portfolio trade is traded at may not reflect the market price had it been traded individually.  This circumstance is now more common for both on Venue and OTC transactions.  It would be useful to understand if the PORT and TPAC flags should be mutually exclusive. If this is the case, this should be stated, with a recommendation that TPAC takes priority over PORT. |
| Q54: Do you agree with our proposal to delete the agency cross ‘ACTX’, non-price forming transaction flag ‘NPFT’, illiquid instrument transaction ‘ILQD’ and post-trade size specific to the instrument transaction ‘SIZE’ flags? If not, please explain why and the uses of each flag. | The FIX Trading Community agrees with this approach. |
| Q55: Do you agree with our proposal to delete all of the supplementary deferral flags for post-trade transparency with the exception of the volume omission ‘VOLO’ and full details ‘FULV’ flags? If not, please explain why and describe your preferred approach. | As long as “Price” will never be deferred, the FIX Trading Community agrees with this simplification. |
| Q56: Are there any other flags that we should consider introducing, removing or amending? | The FIX Trading Community believes that there is no need for further flags at this stage. Should market structure change mean that this introduces ambiguity into the data, we would welcome further debate. |
| Q57: Do you agree with our proposal to amend Table 1 of Annex II of RTS 2? If not, please explain why and set out your preferred approach to the symbol table for the format to be populated for post-trade transparency trade reporting. | The FIX Trading Community agrees with specifying the exact format of industry standard data fields as the final format of the output of any reporting activity.  This format is defined in the ISO formats that FIX Protocol already supports. |
| Q58: Do you agree with our proposal to delete Annex IV of RTS 2 in its entirety? If not, please explain why. | The FIX Trading Community agrees with this approach. |