



FIX Trading Community - MiFID Newsletter

December 2017

Welcome to the final edition for 2017 of the FIX Trading Community MiFID Newsletter. Over the course of the year, we have endeavoured to keep the industry up to speed with the work that each of the different MiFID working groups has been doing. As we have moved into the final stages of the year, there has been more output from some of the working groups and the FIX Global Technical Committee as the guidelines have been finalised and further Extension Packs prepared.

Upcoming new Extension Packs with Pre-assigned EP numbers are as follows:

EP 237 MiFID II and MiFIR Extensions Part 4

EP 238 ESMA RTS 2 Segmentation Criteria

PRE-ASSIGNED new values for TradeReportingIndicator(2524):

6 = Trade has been or will be reported [Elaboration: Depending on the regulatory regime the recipient is not responsible for reporting.]

7 = Trade has been or will be reported as a “non-Systematic Internaliser” buyer trade

8 = Trade has been or will be reported by a trading venue as an “off-book” trade

9 = Trade is not reportable [Elaboration: The non-equity instrument is not deemed to have been traded on a trading venue.]

FIX Trading Community has already published multiple extensions packs as part of the work being done by the MiFID Working Groups and those are as follows:

EP 236, this extension pack addresses the gaps to the FIX Protocol Application Layer related to MiFID II RTS 28 and best execution reporting requirements.

EP 235, this extension pack addresses the gaps to the FIX Protocol Application Layer standard to meet the requirements for ESMA RTS 2 and RTS23 which specifically addresses the data standards and formats for financial instrument reference data.

EP 233, initiated by the Global Post-Trade Working Group, extends the FIX Protocol to support the separation of different types of commissions as required by the MiFID II directive. New values and fields were added to the CommissionDataGrp and AllocationCommissionDataGrp components.

EP 232, initiated by Bloomberg L.P. and the Global Technical Committee, extends the FIX Protocol to meet the requirements of ESMA RTS 22 for transaction reporting.

EP 231, initiated by the Global Technical Committee, extends the FIX Protocol to meet the requirements of ESMA RTS 27 for best execution reporting.

EP 229, initiated by the FIX EMEA Regulatory Subcommittee and the Global Technical Committee, extends the FIX Protocol to meet the requirements of MIFID II and MiFIR. This extension pack covers a second set of critical data requirements identified by the sub-working groups on trade data reporting and order record keeping.

EP 228, initiated by the FIX EMEA Regulatory Subcommittee and the Global Technical Committee, extends the FIX Protocol to meet the requirements of MiFID II and MiFIR. This extension pack covers a second set of critical data requirements identified by the sub-working groups on transparency, and order data and recordkeeping.

EP 222, initiated by the FIX EMEA Regulatory Subcommittee and the Global Technical Committee, extends the FIX Protocol to meet the requirements of MiFID II and MiFIR. This extension pack covers an initial set of critical data requirements identified by the sub-working groups on transparency, and order data and recordkeeping.

EP 206, initiated by the FIX Clock Synchronization subgroup of the EMEA Regulatory Subcommittee, enhances the precision of time stamp data types with higher resolution and greater granularity in order to meet MiFID II and MiFIR regulatory reporting requirements.

Several MiFID co-chairs have provided informative presentations on aspects of MiFID, please use the links below to access this information.

MiFID Overview: [Recording/Slides](#)

Commission Unbundling Overview: [Recording/Slides](#)

Best Execution: [Recording/Slides](#)

For all MiFID related documentation, please refer to the FIX website and the MiFID overview page that can be found [here](#).

Best Execution

Chaired by Rebecca Healey

On 18th October, the FIX Trading Community announced the release of its Recommended Practices for Best Execution Reporting as required by MiFID II RTS 27 & 28. This has been a document that has been 18 months in the making and has been produced and reviewed

by the members. In addition, the leaders of the working group have been in contact with various EU NCAs and asking them for their feedback.

The current version of the guidelines can be found [here](#).

Clock Synchronisation

Chaired by Neil Horlock

The Clock Synchronisation Working Group are currently drafting a document that aims to provide a generic set of operational guidelines that meet RTS 25 requirements. The objective is to establish a minimum agreed set of principles that the working group feel meet ESMA's requirements for a system of traceability and the "reasonable and proportionate" monitoring and testing thereof .

Commission Unbundling

Co-chaired by Glenna Lynch and Alison Hollingshead

On 15th November 2017, the FIX Trading Community announced the release of its Recommended Practices for Commission Unbundling as required by MiFID II. With input and assistance from the FIX Global Post Trade Working Group, the WG has analysed and agreed to the necessary extensions to the guidelines and recommended practices that will enable FIX to be used by buy-side and sell-side firms. This has resulted in the production of a document outlining the FIX messages that will be needed to be passed by firms wishing to indicate commission for an RPA/CSA on a trade.

Additionally, the document has provided details on a solution that will allow firms to allocate commission for RPA/CSA before the trade is executed.

The current version of the guidelines can be found [here](#).

Order Data and Record Keeping

Co-chaired by Tom Medland and Nick Dutton

The Order Data and Record Keeping Working Group is now an industry working group following the merger of FIX's and AFME's respective efforts. The work has been split in two distinct areas - investment firms to venues (and vice-versa) and investment firms to investment firms.

The WG has drawn up a comprehensive document that provides details of the information and related FIX tags that are required between different market participants, including HFT, for them to be compliant. The current version of this document can be found [here](#). Additional to this, there is a document being drafted that will give details on how to use this handoffs document.

Additionally, the exchanges and venues within the WG have been working on a short code standard, as originally proposed by Bats. This can be found [here](#).

Reference Data

Co-chaired by Geoffroy Vanderlinden and Richard Young

The recent efforts of the Reference Data Working Group have centred on RTS 23 and ToTV. As part of this, the Co-chairs have engaged with ESMA to seek clarification on a number of outstanding questions. This Q&A has been shared with the wider working group.

Trade and Transaction Reporting Working Group

Co-chaired by Geoffroy Vander Linden, Matthew Vincent & Rob Knight

The MiFID Trade & Transaction Reporting Working Group in conjunction with the Transparency WG have put together implementation guidelines for the communication of information between investment firms to facilitate transaction reporting requirements under MiFID II. Based upon the ESMA level 3 guidance on transaction reporting, record

keeping and clock synchronisation (October 2016) a number of examples for transaction reporting both for investment managers and brokers were outlined. These guidelines use these examples and maps the ESMA defined fields to FIX Standard Fields and FIX User Defined Fields. This document can be found [here](#).

Transparency

Co-chaired by Jim Kaye and Irina Sonich-Bright

The Transparency Working Group has published:

- Best practice guidance for post-trade transparency for MiFID II, encompassing APA messaging, 'who reports' logic, deferrals and related topics. Please click [here](#) to view the document.
 - Guidance on how to leverage FIX Tag 29 (Last Capacity) when communicating MiFID related trading capacity values. Please click [here](#) to view the document.
 - The RTS₁ & RTS₂ trees have been updated to reflect the latest ESMA Q&A paper. The revised documents can be found here: [RTS₁/RTS₂](#).
 - A spreadsheet that maps MiFID data to specific FIX tags and values. This document includes works across Transparency, Trade & Transaction Reporting and Order Data and Record Keeping. This can be found [here](#).
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Market Model Typology (MMT)

Technical Committee co-chaired by Marc Berthoud and Matthew Bumstead

FIX MMT has produced a MiFID II conformant trade flagging model. MMT already has broad acceptance among trading venues and data vendors (15 trading venues have already implemented MMT).

In the Summer of 2016, the MMT Steering Committee officially introduced MMT 3.01 that accommodates the applicable MiFID II Regulatory Technical Standards (RTS):

- The trade flags stipulated within RTS 1 for equities and equity-like financial instruments
- The trade flags stipulated within RTS 2 for non-equity financial instruments

During 2017 the MMT Technical Committee and Steering Committee focused mainly on the interpretation and implementation of MiFID II. The latest version (v3.04) of the MMT related trade flags can be found [here](#).