
FIX TRADING COMMUNITY™

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FIX Trading Community - MiFID Newsletter Issue 2

Welcome to the second edition of the FIX Trading Community MiFID Newsletter. In this regular publication, we will endeavour to keep our members updated on the work being done across the different MiFID working groups as the countdown to Jan 2018 continues.

FIX Trading Community has already published multiple extensions packs as part of the work being done by the MiFID Working Groups.

[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

The Best Execution Working Group has been putting together a set of guidelines for all investment firms to reference in order for them to be compliant for best execution. This best practice document has now been shared with a number of EU regulators and industry bodies and we are currently awaiting feedback on questions included in the document, where further clarification was required.

Additionally, the Global Technical Committee will be presenting to the Best Execution subgroup, in Q2, the FIX solution to Best Execution Reporting.

The latest version of this document can be found [here](#).

Clock Synchronisation

Co-chaired by Neil Horlock and Kathleen Traynor

The Clock Synchronisation Working Group started the year by polling the members to identify areas of common interest. As part of this, three work items have been identified. The first is the construction of a framework of tests that can be used to evaluate a solution and that meets the group's collective definition of what a compliant solution may look like and which to a large extent helps with the annual review of system suitability. This workstream was kickstarted by a proposal made by a vendor to put together a unified set of standards / test criteria that will enable compliance from a Clock Synch solution or at least a very good guide.

Focus on the testing and evaluation of solutions will ultimately contribute to and arguably

require that we address the second of the items, the revival of work to establish a common baseline for traceability reporting that the group are both comfortable with, and that we feel meets the spirit and word of the regulations.

The third broad item is focussed very much on implementation challenges addressing questions for network providers, both in-house and for hosting solution providers, who need to understand the technical constraints of synchronisation over wide areas and how to assess such things.

As these work items progress new items are raised and considered. Risk factors around dependency on GPS or another time source, as well as clarifications and discussions with the NCAs are potential avenues that will need to be followed.

Commission Unbundling

Co-chaired by Glenna Lynch and Alison Hollingshead

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. This document is currently being reviewed by the GTC. It will be made public as and when it is approved. Additionally, the WG will need to review a possible pre-trade solution that will allow firms to allocate commission for RPA/CSA before the trade is executed.

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](#). Additionally, the exchanges and venues within the WG have been working on a short code standard, as proposed by Bats, to represent the data required and then collect a mapping file at the end of the day. This has been well received by the members and is currently with the GTC for review and comment.

Reference Data

Co-chaired by Sassan Danesh and Geoffroy Vanderlinden

The WG focus to date has been on understanding the reference data requirements across the transparency RTS 2, transaction reporting RTS 22 and the reference data reporting RTS 23. Some of the key clarifications include ESMA's expectations for the use of 'OTHR' instead of the supply of an ISIN within RTS 2, the rationale for the differences in reference data attributes between RTS 2 vs RTS 23 and ESMA's expectations on the granularity of ISINs to be reported under RTS 23.

In the coming months, the WG will focus on RTS 23 reference data reporting requirements and the extension of ISIN reporting to OTC derivatives.

Trade and Transaction Reporting Working Group

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

The MiFID Trade & Transaction Reporting Working Group have put together implementation guidelines for the communication of information between investment firms to facilitate transaction reporting requirements under MiFID II. This document is currently in draft format and has been shared with the MIFID working group for feedback.

A number of trading scenarios have been analysed and are covered comprehensively in these guidelines, but other scenario analysis is ongoing and further issues of this document will be

produced as those complete.

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](#).
 - Involved in the first and second set of FIX protocol extensions for order record keeping, transaction reporting and post-trade transparency.
 - ESMA has recently published a Q&A on transparency topics:
https://www.esma.europa.eu/sites/default/files/library/esma70-872942901-35_qas_transparency_issues.pdf
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Call for Participation

Given the timelines, we are as keen as ever to have more active participation from our members in these working groups.

As mentioned, we are extremely grateful to the Co-chairs and a number of other individuals that have given up their time to work on putting together documents for the industry to use. However, more effort is needed. If you are involved with implementing solutions for MiFID II and would be able to help the Co-chairs in their work, please contact the FIX Program Office - fix@fixtrading.org.



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