Consultation Response – Final Response

General Comments	The FIX Trading Community is the non-profit, industry-driven body that focuses on developing free and open standards for trading. The organization is independent and neutral, and dedicated to addressing real business and regulatory issues through standardization, delivering operational efficiency, increased transparency, and reduced costs and risks for all market participants. Central to the FIX Trading Community's work is the continuous development and promotion of the FIX family of standards, including the FIX Protocol messaging language and FIX MMT. The FIX Protocol has revolutionized the trading environment and has successfully become the way the world trades. FIX MMT, being the practical and common solution for standards on post-trade data across all asset classes, is the industry's answer to many of the implementation challenges ESMA is raising in RTS1 and 2. We welcome the opportunity to participate in this discussion. Our responses are focused on addressing standards and governance elements. We do not consider any commercial or market structure aspects and as such we have opted not to respond to any questions where we do not feel that there is a strong standards element. We would like to summarise our responses to pick out the main themes and help provide some overall context: Data formats (questions 8, 12 and 23) We note that the proposed wording could be read as imposing a detailed technical implementation standard on the industry for pre-trade and post-trade data and have proposed alternative wording to allow the industry to continue to develop its own solutions while ensuring they are compatible with ESMA's data requirements. This extends to trade flags where the proposal appears to conflict with FIX's MMT standard (which has a significant usage footprint and changing it would require significant rework at significant cost). Invalid combinations of trade flags (questions 18, 19 and 23) The proposed language for the usage of the new WAIV flag imposes what we feel is an unnecessary constraint on its usage vs. other trade flags and we have proposed alternative wording with reference to relevant trading scenarios. We have made a similar point for the usage of the BENC, PORT and CONT flags. More broadly, we feel it would be helpful to have a list of exclusivity rules for trade flags as we believe this achieves the objectives of maintaining high levels of data quality without prescribing a specific method of implementation. We would like to offer our assistance in this regard. 'Technical' trades not addressed by the non-price forming definition (questions 21 and 22)

	We proposed a number of new flags to ESMA, including one to cover a specific class of trades between affiliates/branches of a single group entity. We note ESMA have proposed that this flag not be adopted but we think this would leave a significant gap and have highlighted this along with possible options for remediation (including adopting our proposed flag). We have also extended this to give-ups associated with requests for market data. Delivery timetable (question 43) We felt it would be helpful to provide some insight from our members on matters relating to implementation. We have made points regarding: ▪ Timelines - specifically that changes to trade reporting and market data systems involve changes to underlying standards and require extensive coordination, both of which impose their own implementation lead times in addition to individual firms' design/building/testing timelines, and ▪ Phased vs. 'big bang' implementation – making the general point that permitting certain changes to be implemented at different times has the potential to lower the complexity and cost of implementation. As ever we welcome continued cooperation with ESMA and will continue to provide assistance and guidance with regard to the data standards and improved data quality to support clear, unambiguous and robust capital markets in Europe.
	Whilst harmonisation between Equites and non-equity is desirable where appropriate, we feel that there is room for aligning text for non-material aspects, but we do not believe that combining these tables is in the best interest of the industry as their current separation gives ESMA continued flexibility to define different aspects of the trading models between Equity and non-equity.. Note the equities group thinks FIX should not respond at all (as they believe this crosses into advocacy). Decision pending.
Question 8: Do you agree with ESMA's proposals to require a specific format and standardise further the pre-trade information to be disclosed? If not, please explain why. If yes, please clarify which elements should be amended, added and/or removed, if any. 48	The consolidated tape work undertaken thus far by FIX has focused entirely on post-trade data so we have no specific comments on the contents of the proposed Table 1b. We do of course support data standardisation in principle. However, we have concerns with the proposed wording of paragraph 1 article 3 as it could be read as requiring trading venues (and similar) to generate and distribute data in the precise format as prescribed in Table 1b. Market Data distribution is a latency sensitive process and undergoes constant optimisation that also includes data formatting. For example tag-value and SBE (simple binary encoding) implementations of the FIX Protocol permit data to be transmitted in any order. We believe ESMA's intent is to allow firms to use an appropriate data or transmission format provided the Table 4 format can easily be derived from it. We note that ESMA has provided guidance in this regard in Q&A (question 2c in the Q&A on transparency topics) and wish to see this captured within the legislation.

	We therefore propose the following alternative wording to paragraph 1 of article 3 (paragraph 102 of the consultation): "The information is to be made public in accordance with the type of trading systems they operate as set out in Table 1 of Annex I and in a manner that allows the data to be represented in the formats as set out in Tables 1a and 1b of Annex I". Similar, we suggest similar wording for article 9 (paragraph 103 of the consultation): "(e) the arrangement allows the data to be represented in the formats as set out in Tables 1a and 1b of Annex I".
Question 12: Do you agree with the changes proposed to Table 3 of Annex I of RTS 1 (List of details for the purpose of post-trade transparency) presented above? If not, please explain and provide any alternative proposal you might have. Are there other issues to be addressed and how? 59	Similar to our response to question 8 (pre-trade transparency formats) we would like to ensure that the intention is for firms to be permitted to use an appropriate data or transmission format provided the Table 3 format can easily be derived from it. We note that ESMA has provided guidance in this regard in Q&A (question 2c in the Q&A on transparency topics) and wish to see this captured within the legislation. We further note that ESMA has not proposed any wording changes to article 12 and, in order to align with articles 3 and 9 and to explain the new field number column in Table 3, we propose the following wording for article 12 paragraph 1: "Investment firms trading outside the rules of a trading venue and market operators and investment firms operating a trading venue shall make public, by reference to each transaction, data representing the details set out in Tables 2 and 3 of Annex I and applicable flags listed in Table 4 of Annex I." One specific point our members have made is in regard to pricing currency. We note that RTS 1 already states that prices of trades should be made public in major currency but wish to confirm that, given end users are generally familiar with seeing prices in trading currency which, for some markets (e.g. the UK, Israel and South Africa, and noting some stocks from these markets are tradable on EU trading venues) may be a minor currency unit, that a representation of such information in trading currency (being market convention) is acceptable.
Question 18: Do you agree with the approach suggested for non-price forming transactions? If not, please explain. 75	PORT: The need for this type of flag has been identified by our working group and hence we are strongly supportive of this proposal. We believe this will resolve an ambiguity in the identification of "addressable liquidity" and hence improve the quality of post-trade data. CONT: Though not explicitly identified by our working group, we understand the logic ESMA are following in cleaning up the usage and definitions of 'non price forming' and see how CONT naturally results from that logic. As such we support this new flag and, should it be retained in the final text, will incorporate it into FIX's standards, including MMT. There are two other important points we would like to make, however: ▪ We note in the consultation that the flags PORT, BENC and CONT are to be considered as mutually exclusive whereas we have identified legitimate (and, in some cases, quite common) examples where at least two may be used in combination. For example, portfolio risk guaranteed VWAP trades (where a broker may execute a portfolio of their client's orders against their own capital at the VWAP price of each stock) would meet the criteria for BENC and PORT. And an exchange for physical where, say, an equity index future is 'exchanged' for its underlying shares would qualify for PORT and CONT. We therefore strongly recommend that provision be made for these three flags to be used in various combinations together. Note we provide more depth in our views on the structure of trade flags more fully in our response to question 23.

	▪ We refer ESMA to our responses to questions 20 and 22 where we feel that the proposed clean-up of the non price-forming logic still leaves a gap where inter-affiliate 'housekeeping' activity and RFMD give-ups cannot be clearly identified. We note these represent a material volume of trading.
Question 19: Do you agree with ESMA's proposal to introduce a pre-trade LIS waiver flag for on-book transactions? If not, please explain. Should it be limited to completely filled LIS orders? 76	We explored this topic as part of a trading scenario analysis (which generated the recommendations for new trade flags such as PORT and NTLS) and the group concluded that a flag for identifying on-book LIS waiver transactions was not required. However, we note the statements made in the consultation regarding the incorrect use of LRGS and support any changes intended to remedy this in order to improve data quality overall. As such we support this new flag and, should it be retained in the final text, will incorporate it into FIX's standards, including MMT. Furthermore we have conducted a brief analysis of scenarios where orders using different pre-trade transparency waivers interact with each other and strongly recommend that the final text states clearly which flag or flags result from such executions. We suggest the following (noting we have no view regarding the use of waiver flags, other than to say this should be clearly prescribed and documented): ▪ LIS vs. LIS -> WAIV ▪ No-waiver vs. LIS -> WAIV (as per consultation paragraph 209) ▪ RPFT vs. LIS -> WAIV + RPFT (logically follows from the above) If ESMA agrees then we recommend that wording be included in RTS 1 to clarify the flags to be used in these scenarios. We note that the proposed level/sub-level framework (which we cover more fully in our response to question 23) would prohibit WAIV and RPFT from being used on the same trade, which we would see as problematic as per this scenario analysis. One final point we would like to make concerns iceberg orders (with reference to paragraph 211 in the consultation). The proposal for handling interactions between sub-LIS iceberg orders and LIS orders results in the WAIV flag not being applied to all such executions. This potentially presents a usage problem for WAIV; the flag will not be present on every LIS execution and hence is unlikely to be useful to end users (e.g. it would not be possible accurately to ascertain the volume of executions from LIS orders). We also note that should ESMA adopt this iceberg order proposal, we would like to see associated wording in the RTS (e.g. in Annex I Table 4).
Question 20: Do you agree with ESMA's proposal to introduce a pre-trade LIS waiver for off- book transactions? If not, please explain 76	The need for this type of flag has been identified by our working group and hence we are strongly supportive of this proposal. We believe this will resolve an ambiguity in the identification of off-book LIS transactions and hence improve the quality of post-trade data.
Question 21: Do you agree with the proposal not to add such additional flags? If not, please explain why those flags are needed in your view. 77	Trades brought on venue for the purposes of clearing/settlement In light of the changes ESMA are proposing to article 6 (which would treat these 'clearing-only' trades as non price forming) we are comfortable that this meets the needs of the industry and that the proposed 'on venue for clearing and settlement' flag is not required. Out of hours transactions

	The proposal for the 'out of hours' flag was intended as an aid to end users (where comparing execution and publication dates/times on rapidly moving data is hard for humans though, obviously, not for computers). As such we are comfortable that this does not necessarily require regulation though do note that Question 18 relates to improvements in post-trade data quality for users and this flag could be considered to be such an improvement. We would also request confirmation from ESMA that, where data providers introduce this capability, which of course goes beyond Annex I Table 3, this is acceptable. Inter-affiliate transactions It is not clear to our members which article of RTS 1 or RTS 22 renders inter-affiliate group transactions as either exempt from post-trade transparency or considered as 'non price forming'. Indeed many member firms who undertake this type of activity between affiliate entities are currently transaction reporting and trade reporting such activity. We note that these trades are typically an aggregated sum of transactions that have previously been published either by venues or by the investment firms to APAs at the point of actual trade formation. Hence reporting these volumes again distorts the true liquidity of the stock. We cannot see how to resolve this without undertaking one of the following: ▪ Explicitly including such trades under one of the transaction reporting exemptions (while recognizing that RTS 22 is not in scope for this consultation), ▪ Introducing a new exemption under RTS 1 article 13 that explicitly references this type of transaction, or ▪ Introducing a new flag to be used under articles 2 and 6 to allow them to be distinguished from other activity (i.e. our original proposal). Should ESMA adopt a change to article 13 or articles 2 and 6, then we suggest the definition "Trades undertaken between legal entities of a single company where those transactions are considered to be for 'housekeeping' purposes (e.g. position management) or intercompany back-to-back trades)".
Question 22: Do you recommend adding/deleting/amending any other flags? If yes, please explain. 77	We conducted a survey of members of FIX as well as several industry bodies, asking this question. A number of respondents raised the DUPL flag, feeling that the flag was unnecessary and indeed suggesting that there is no reason why firms would need to publish to multiple APAs and therefore this should simply be not permitted. We note that changing this would require changing RTS 13, which is outside the scope of this consultation, but would like to raise this to ESMA's attention regardless. Our members have also raised the topic of give-ups (in the context of requests for market data). ESMA has provided Q&A (Transparency topics, equities transparency question 4) on this topic, reproduced below: *Question 4 [Last update: 04/01/2019]*

	When an executing broker executes a risk trade following the receipt of a request for market data (RFMD) from a client and then gives up that risk trade to another broker (e.g. a prime broker), how should this RFMD give-up be reported? *Answer 4* *An RFMD give-up/give-in trade flow is characterised by being executed as a VWAP trade. As such, the trade should be defined as a transaction not contributing to the price discovery process as defined in Article (2)(a) of Commission Delegated Regulation 2017/587. Therefore it should be reported using 'XOFF' as the Venue of Execution field and using the 'TNCP' flag.* The changes to RTS1 proposed in this consultation remove the TNCP flag and hence would render this Q&A answer obsolete. This is also felt to be a topic important enough to be covered directly in the legislation. Furthermore, and noting similarities with our response to Q21 on the topic of inter-affiliate trades, we feel that such trades of this nature are distinct from other VWAP trades and should either be exempted from post-trade transparency or carry their own flag. We therefore propose one of the following: ▪ Introducing a new exemption under RTS 1 article 13 that explicitly references this type of transaction, or ▪ Introducing a new flag to be used under articles 2 and 6 to allow them to be distinguished from other activity. Should ESMA adopt a change to article 13 or articles 2 and 6, then we suggest the definition “RFMD give-ups, being trades resulting when an executing broker executes a risk trade following the receipt of a request for market data (RFMD) from a client and then gives up that risk trade to another broker (e.g. a prime broker)” We note that the inter-affiliate trades covered in Q21 and RFMD give-ups covered here could potentially be combined into a ‘technical’ category covering both scenarios.
Question 23: Do you agree with the proposal to prescribe the order of the population of flags? If not, please explain and provide an alternative proposal. 82	Our response to question 8 makes the point that we believe it is beneficial for firms to use an appropriate data or transmission format provided the relevant data formats in Annex I can easily be derived from it. We would like to repeat that point here specifically in the context of trade flags. In our response to question 8 we have proposed wording to article 12 paragraph 1 which we believe meets this requirement: *“Investment firms trading outside the rules of a trading venue and market operators and investment firms operating a trading venue shall make public, by reference to each transaction, data representing the details set out in Tables 2 and 3 of Annex I and applicable flags listed in Table 4 of Annex I.”* Noting ESMA’s proposals to introduce a structure of levels and sub-levels, we note that this appears to be taking some design principles from FIX MMT while making some key structural changes that render ESMA’s proposals incompatible with FIX MMT without substantial changes to the latter. Given the existing implementation footprint of FIX MMT (adopted by most major trading venues, APAs and data vendors), this would require significant rework of technology systems which imposes a substantial implementation cost to the industry.

	We believe the intent of the ESMA proposal is to allow data to be represented in a specific order and to enforce certain rules relating to valid/invalid combinations of trade flags. We address the first point in our proposed changes to article 12 paragraph 1. For the second point, we feel ESMA should simply list the rules for combining trade flags, leaving the implementation of those rules to industry participants. We also note that the proposed structure would prohibit some combinations of trade flags that we believe are actually valid (i.e. RFPT and WAIV, referencing our response to question 19; BENC, PORT and CONT, referencing our response to question 18). Based on our understanding of the intended usage of trade flags under the proposed RTS changes, we believe that there should be a concise list of rules for preventing invalid combinations of trade flags and we would like to see that list included in the RTS. We note the existence of Q&A on this topic, though also note that certain points made there may be rendered obsolete by the changes proposed in this consultation, and would be happy to assist ESMA in the formulation of the required/updated rules
Question 25: Do you agree with the proposal to specify the fields to be populated for pre-trade transparency purposes? If not, please explain. In case you support the proposal, please comment on the fields proposed, in particular whether you would consider them necessary and/or whether additional information is required. 92	Whilst many of our Members voiced doubt whether there is value in pre-trade transparency for non equities if this continues to be required then in principle Yes. The FIX Trading Community always welcomes standardisation where appropriate and the specifics illustrated in Table 7 are appropriate for Pre-Trade Transparency for Bonds. Some specific comments would be: ▪ Fields 4, 6 - Use of MONE is preferred except where a price in monetary value is not available, when BAPO/YIELD/PERC should be used instead, depending on the scenario. However, the FIX Trading Community would like to see a better definition of how Spread and Yield prices should be calculated before making more detailed suggestions as there is still inconsistency in the market. ▪ Field 12 - Using Nominal in the context of Notional Amount provides clear guidance, however ESMA should consider guidance for exceptions like EU sinking bonds where there are factors that potentially change the nominal from the standard definition. Other exceptions include Mexican bonds (trading in titles). ▪ Quantity: ▪ Fields 4, 9, 12, 17 - ESMA should also be careful in overriding technical standards used to optimise transmission performance. Technical Standards already in use for number fields, IEEE 754, is used in low-latency environments. The FIX Trading Community suggest flexibility should exist so that the format to be populated can be derived from the technical format used by the trading venue. While these standards are applicable to Regulated Markets, MTFs and OTFs, the FIX Trading Community supports ESMA's view that they should also be applicable to Systematic Internalisers as well, regardless of whether they choose to publish directly or through and APA.
Question 31: Do you agree with the changes proposed to Table 2 of Annex II of RTS 2 (List of details for the purpose of post-trade transparency) presented above? If not, please	In general, the FIX Trading Community agrees with the changes proposed to Table 2 of Annex II of RTS 2 by ESMA. In line with Pre-Trade Response: ▪ Fields 3, 5 – The FIX Trading Community would like to see more consistency in the publication of prices for the same instrument to facilitate comparisons between prices in the same bond across venues. Use of MONE is

explain and provide any alternative proposal you might have. Are there other issues to be addressed and how? 125	preferred except where a price in monetary value is not available, when BAPO/YIELD /PERC should be used instead, depending on the scenario. For example: o Use Basis Points (BAPO) when trading a spread over a forward benchmark o Use Yield (YIEL) where it is the standard market convention for the security to be traded in yield o Use Percentage (PERC) where it is the standard market convention for the security to be traded as % of issue price o Other exceptions include local Mexican bonds which trading in units (Titles) and some convertible bonds which are traded in units. o Furthermore, the FIX Trading Community would like to see a better definition of how Spread and Yield prices should be calculated before making more detailed suggestions, as there is still inconsistency as to how these pricing methodologies are applied. ▪ Field 11 - Using Nominal in the context of Notional Amount provides clear guidance, however ESMA should consider guidance for exceptions like EU sinking bonds where there are factors that potentially change the nominal from the standard definition. ▪ Fields 3, 8, 11 - ESMA should also be careful in overriding technical standards used to optimise transmission performance. Technical Standards already in use for number fields, IEEE 754, is used in low-latency environments. The FIX Trading Community suggest that flexibility should exist so that the format required by RTS 2 can be derived from the technical format used by the trading venue. Specifically to Post Trade Transparency: ▪ Section 4.3.1.1 makes reference to Section 3.3.1.1 which states that ESMA proposes to standardise the order and the name of the fields to be used in the publication of post-trade reports. The FIX Trading Community suggest that flexibility should exist so that the format required by RTS 2 can be derived from the technical format used by the trading venue/APA e.g. FIX Protocol.
Question 32: Do you agree with the changes proposed to Table 4 of Annex II of RTS 2 (Measure of volume) presented above? Do you think that it now provides more clarity? If not, please explain and provide any alternative proposal you might have. 126	The FIX Trading Community believe that the changes present better clarity and consistency to the industry as to the specifics for measuring volume.
Question 37: Do you agree with ESMA's proposal to delete the ACTX flag? Please explain 140	The FIX Trading Community does not support the removal of the ACTX flag.
Question 38: Do you agree with ESMA's proposal to merge the current non-equity deferral flags into one general flag? 141	The FIX Trading Community do not see any reason to object to this simplification but would bring to attention that in implementing the change: 1. This will require a change to the MMT standard and

	2. The merge of flags will impact certain Trading Venues and APAs when the new RTS 2 rules come into force that will require system changes at both publishers and consumers of data.
Question 39: Do you agree with ESMA's proposal not to change the existing flags regarding non-price forming transactions in non-equity financial instruments? If not, please explain. 142	Some of the members of the FIX Trading Community believe that there is an additional scenario which could result in a non-price forming transaction for fixed income securities. In addition to the existing Package Transaction (defined by "mefrroc" and now similar to the Contingent Trade being considered for RTS 1), members of the Fixed Income community are regularly observing Portfolio Trades where the price of the individual trades making up a Portfolio Trade are potentially different to the current market value for the individual instruments. There was a lengthy discussion over several meetings as to whether it would make sense for Portfolio Trades to be identified with a different flag. Any introduction of such flag would enable market participants to assess the reason for which certain reported trades may be at prices deferring from the prevailing market at the time. The definition of a Portfolio trade would need consideration as the FIX Trading Community believe that the RTS1 definition of a Portfolio Trade is not suitable for non-equity instruments There was no consensus from Fixed Income members of the FIX Trading Community on the introduction of a flag identifying trades that are part of Portfolio Trade for fixed income securities. From the 18 responses we received from Members on this matter, 11 supported the introduction of a new flag to identify trades that are part of a Portfolio Trades and 7 did not support the introduction of a flag .
Question 40: Do stakeholders agree with ESMA's proposal to introduce a general waiver flag for non-equity transactions benefitting from a waiver? For LIS, should it be limited to completely filled LIS orders? 142	The FIX Trading Community do not see the benefit of introducing a flag for this reason. This flag does not provide any additional information that helps identify whether: 1. The trade represents true liquidity or not 2. The price the trade was done at is the current market value or not
Question 43 (CBA): Can you identify any other costs and benefits not covered in the CBA below? Please elaborate. 156	A number of members have noted some implementation considerations that are relevant and would like to take the opportunity to bring to ESMA's attention. Firms require significant time to analyse and implement changes and where multiple groups of our members are involved through the trading process, the analysis cannot always be carried out concurrently. Our members have specifically noted: ▪ Changes to reporting formats (and, in particular, trade flags) require changes to relevant technical standards (e.g. MMT, FIX Protocol). Such changes carry a minimum lead time of up to 3 months from the point at which the RTS changes have been finalised. ▪ In addition, the industry has adopted a working practice of giving 3 months' notice for any changes relating to market data publication (this includes both pre-trade and post-trade transparency).

	▪ Where a change requires changes to market data publication and makes use of industry technical standards (e.g. the proposed changes to the post-trade transparency trade flags), a 6 month lead time would therefore apply for the standards alone. ▪ The above does not factor in implementation timelines at individual firms, and though some preparatory work may be possible from the point the RTS text is finalized, any detailed planning, analysis and computer system changes cannot typically start until technical standards are finalized. We note that it is often appropriate to implement changes in a phased manner and suggest that ESMA's implementation timelines allow for firms to make certain changes ahead of any final deadline. Addition of new trade flags (e.g. PORT, CONT) would fall under this category, as would changes resulting from addition of clarifying text to regulation.