

Transaction Reporting and Order Record Keeping Guide

*Disclaimer: Please note this information does not represent in any form legal or regulatory advice.
Firms are required to seek their own professional advice to ensure compliance with MiFID II.*

Introduction

Markets in Financial Instruments Regulation (MiFIR)

- Art. 25 requires Trading Venues (TVs) to maintain records for **all** its members or participants
- Art. 26 requires TVs to report transactions for its members or participants **not** regulated under Markets in Financial Instruments Directive (MiFID)

Regulatory Technical Standards (RTS) 22 / 24

- Require TVs to collect, store and report personal data of natural persons executing transactions and making investment decisions
- Data includes names, date of birth, nationality and National IDs (passport numbers etc.)

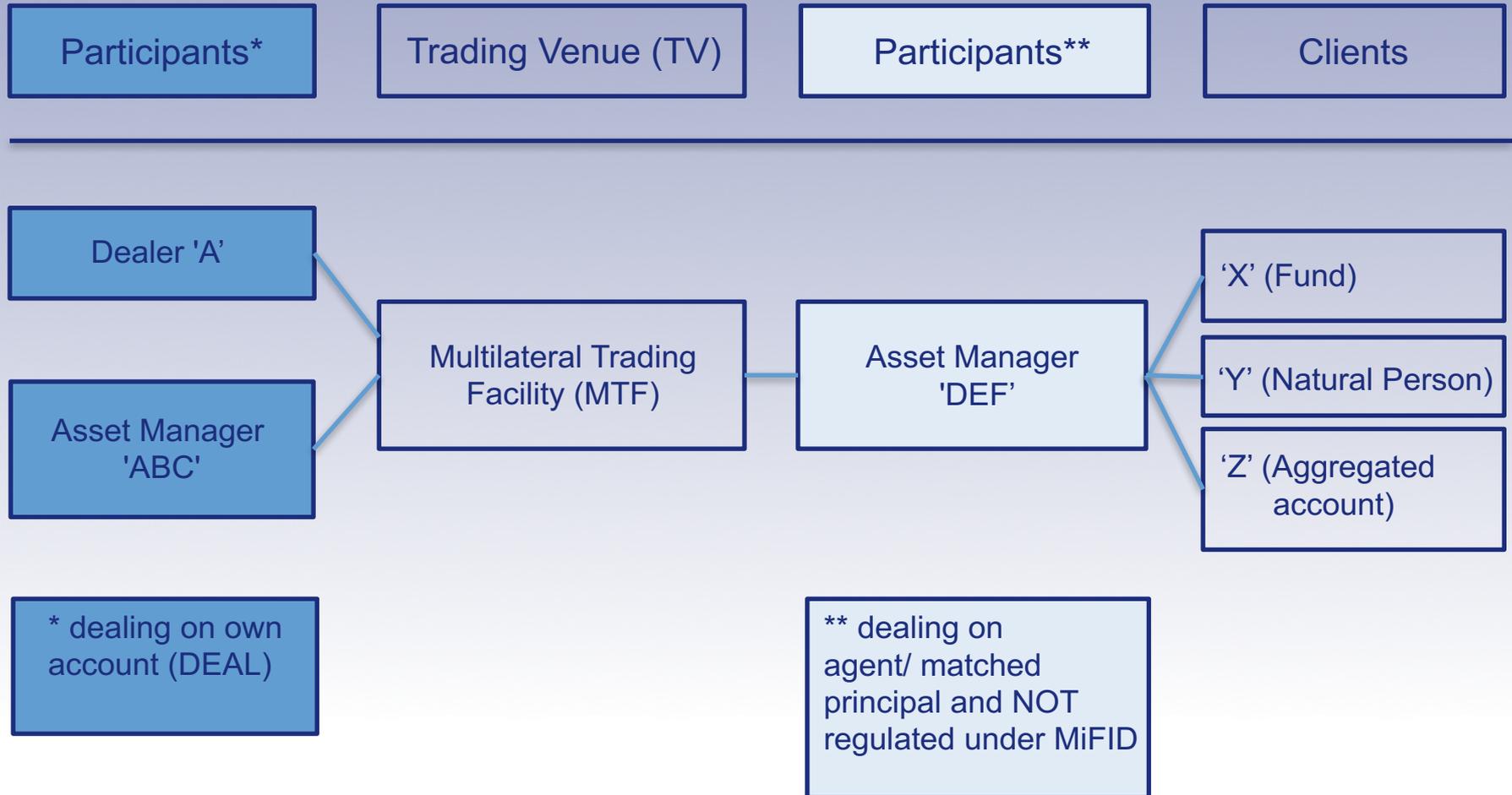
Challenge

- Non-European Economic Area (non-EEA) participants may encounter limitations in providing personal information due to local data privacy or banking secrecy laws
- Unlike in equity markets buy-side customers (asset and wealth managers) are **direct participants** of multilateral trading facilities (MTFs) providing execution in Fixed Income markets
- Hence, the **client side** transaction report effectively becomes the **market side** report
- Money managers trading in an agent capacity or matched principal on TVs operating Request For Quote (RFQ) trading systems will have to provide (personal) client information / identification on an allocation level

Solution

- TVs are putting in place arrangements to allow their members to provide the relevant information in an efficient way

Overview



RTS 24 order record keeping – Scenario 1: Participant record (DEAL)

Field		Trading on-venue		
RTS 24	Description	Content		Comment
1	Identification (ID) of entity submitting order	LEI of Asset Manager (AM) 'ABC'	LEI of Dealer 'A'	
7	Trading capacity	DEAL		
3	Client ID code	blank		Has no client(s)
5	Execution within the firm	Individual ID or algo ID If individual, on the basis of the nationality of the trader: 1) National ID trader (user) OR 2) CONCAT of trader (user)		National ID or Algo ID of the participant required in all cases, including non-EU individuals
4	Investment decision within firm	Individual ID or algo ID: If individual: could default to natural person populated in field 5		National ID or Algo ID of the participant required in all cases, including non-European Union (non-EU) individuals

RTS 24 order record keeping – Scenario 2: Participant record (AOTC/MTCH)

Field		Trading on-venue	
RTS 24	Description	Content	Comment
1	ID of entity submitting order	LEI of AM 'DEF'	
7	Trading capacity	AOTC/MTCH	
3	Client ID code	LEI, National ID, PNAL or AGGR	Participant has Clients 'X', 'Y' and/or 'Z'
5	Execution within the firm	Individual ID or algo ID If individual, on the basis of the nationality of the trader: 1) National ID trader (user) OR 2) CONCAT of trader (user)	National ID or Algo ID of the participant required in all cases, including non-EU individuals
4	Investment decision within firm	Individual ID or algo ID If individual within the TV's member or participant: 1) National ID or 2) CONCAT of every Portfolio Manager (PM) of each allocation to Clients 'X', 'Y' and 'Z'	Can only be left blank if the investment decision was made by a 3 rd person outside the participant, e.g. AM 'DEF' acts under a non-discretionary mandate.

RTS 22 transaction reporting – Scenario 1: Participant record (DEAL)

Field		Trading on-venue		
RTS 22	Description	Content		Comment
4	Executing entity ID code	LEI of AM 'ABC'	LEI of Dealer 'A'	
29	Trading capacity	DEAL		
7/16	Buyer/Seller ID code	LEI of AM 'ABC'	LEI of Dealer 'A'	Has no client(s).
59	Execution within the firm	Individual ID or algo ID If individual, on the basis of the nationality of the trader: 1) National ID trader (user) OR 2) CONCAT of trader (user)		Same info as RTS 24 field 5
57	Investment decision within firm	Individual ID or algo ID: If individual: could default to natural person populated in field 59		Same info as RTS 24 field 4
62	Short selling indicator	SESH - short sale with no exemption SSEX - short sale with exemption SELL - no short sale UNDI - info not available		

RTS 22 transaction reporting – Scenario 2: Participant record (AOTC/MTCH)

Field	Trading on-venue		
RTS	Description	Content	Comment
4	Executing entity ID code	LEI of AM 'DEF'	
29	Trading capacity	AOTC/MTCH	Participant has Clients 'X', 'Y' and 'Z'
7/16	Buyer/Seller ID code	LEI of Client 'X' National ID of Client 'Y' INTC for an aggregate client account	The use of INTC will trigger the need to report one additional report for each aggregated sub client 'X', 'Y', 'Z'. These reports will have the LEI or National ID of the sub clients in this field 7/16 and will be marked as XOFF in field 36 (refer to para 5.30.3 of ESMA Guidelines)
12/21	Buyer/seller decision maker	LEI of AM 'DEF'	In the case of discretionary mandates
59	Execution within the firm	Individual ID or algo ID If individual, on the basis of the nationality of the trader: 1) National ID trader (user) OR 2) CONCAT of trader (user)	Same info RTS 24 field 5
57	Investment decision within firm	Individual ID or algo ID If individual within the TV's member or participant and a discretionary mandate: 1) National ID or 2) CONCAT of every PM of each allocation to Clients 'X', 'Y' and 'Z'	Can only be left blank if the investment decision was made by a 3 rd person outside the participant, e.g. AM 'DEF' acts under a non-discretionary mandate
62	Short Selling indicator	SESH - short sale with no exemption SSEX – short sale with exemption SELL – no short sale UNDI – info not available	In case of clients 'X', 'Y', 'Z', the firm has to report this field for each additional report linked to each client

Glossary

Acronym	Name	Definition
AOTC	Any other trading capacity	Any other trading capacity <i>not</i> covered by dealing on own account (DEAL) or matched principal (MTCH) and including trading in an agent capacity.
AGGR	Aggregated orders	Aggregation of multiple client orders
CONCAT	National identifier for natural persons	A natural person identifier based on person's: <ul style="list-style-type: none"> • Name • Birthdate • Nationality Please refer to art. 6 and Annex II of RTS 22 for all the specific details.
DEAL	Dealing on own account trading capacity	Dealing on own account is trading against proprietary capital resulting in the conclusion of transactions in one or more MiFID financial instruments
INTC	Internal client account	This flag shall be used to designate an aggregated client account within the investment firm in order to report a transfer into or out of that account with an associated allocation to the individual clients out of or into that account respectively.
LEI	Legal entity identifier	A unique identifier for persons that are legal entities or structures including companies, charities and trusts.
MTCH	Matched principal trading capacity	A transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.
PNAL	Pending allocations	Orders pending allocations to different clients
TV	Trading venue	Either a Multilateral Trading Facility (MTF), Organised Trading Facility (OTF) or Regulated Market (RM)

About EDMA Europe

Electronic Debt Markets Association represents the interests of companies whose primary business is the operation of regulated electronic fixed income multilateral trading facilities in Europe (regulated markets and/or trading venues) and act as a source of consultation between the members in their roles as operators of such venues in order to project collective views on regulatory, compliance and market structure topics for the benefit of the electronic fixed income markets.

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