



FINANSTILSYNET

THE FINANCIAL SUPERVISORY
AUTHORITY OF NORWAY

Information on MiFIR transaction reporting

December 2017

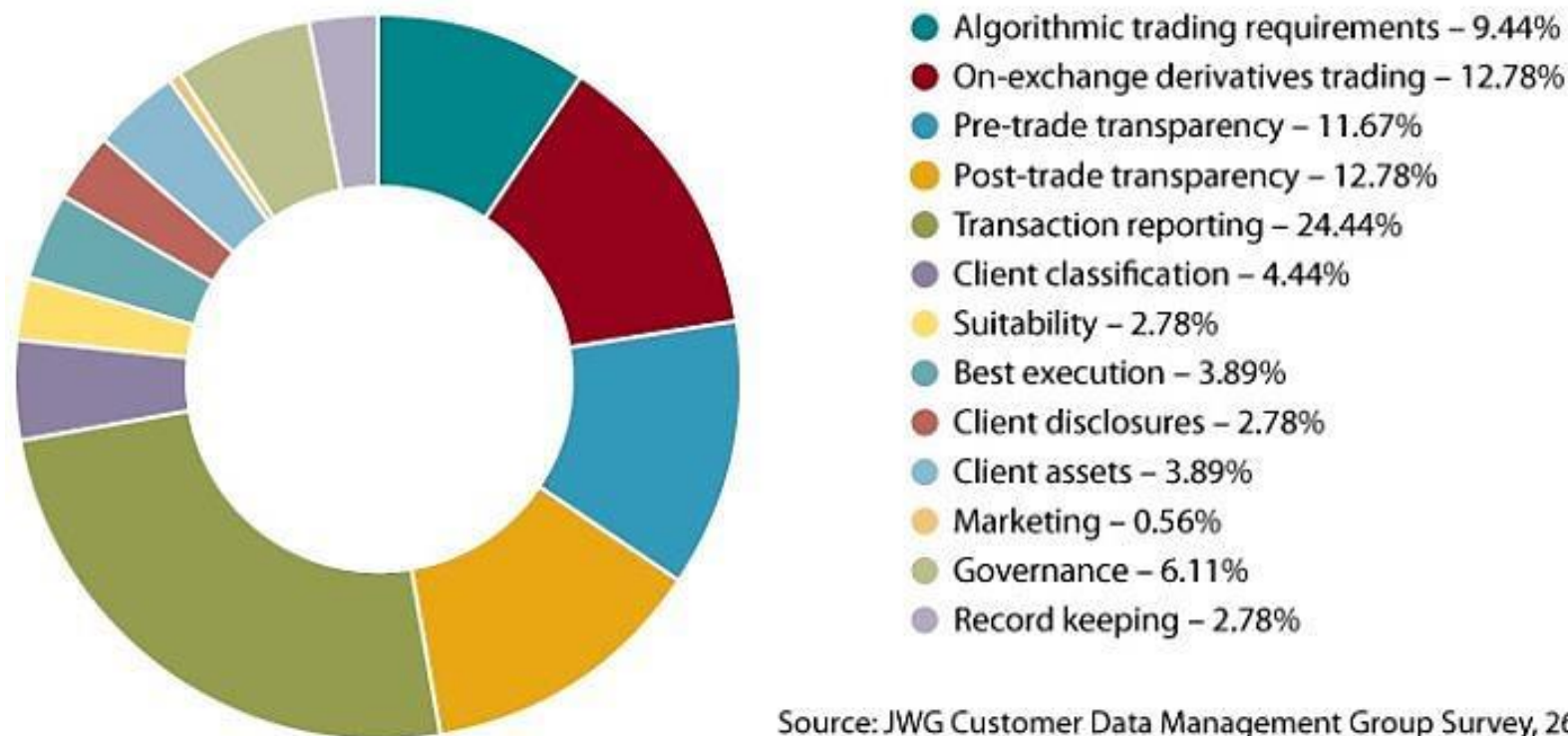
MiFIR - Transaction reporting 2017

Agenda

Tid	Tema
10:00-10:05	Velkommen
10:05-10:30	Transaksjonsrapportering under MiFIR <ul style="list-style-type: none">- Regelverk- Identifisering av personer og selskaper- Viktige endringer og felter
10:30-11:30	IT løsning <ul style="list-style-type: none">- Funksjonalitet- Application to application- Formater, navngivning, referansedata, feedback filer- Teknisk oppsett:<ul style="list-style-type: none">- Kryptering- sFTP server- My standards – test av XML
11:30-11:45	Informasjon og kommunikasjon
11:45-12:00	Q&A

JWG Customer Management Group Survey 2013

Fig 1: Mean percentage budget allocated to implement key MiFID II changes



Source: JWG Customer Data Management Group Survey, 26 November 2013

Legal framework

L3

Guidelines on
transaction
reporting

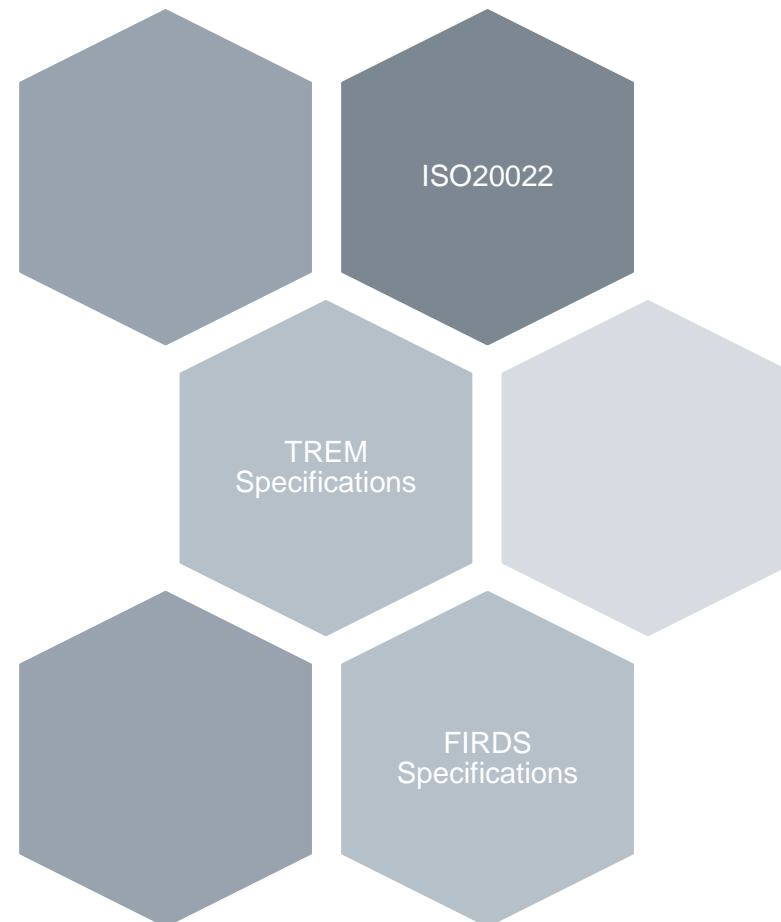
Q&A

L2

RTS 22,23

L1

MiFIR Article 26&27



Article 26

Obligation to report transactions

1. Investment firms which execute transactions in financial instruments shall report complete and accurate details of such transactions to the competent authority as quickly as possible, and no later than the close of the following working day.

The competent authorities shall, in accordance with Article 85 of Directive 2014/65/EU, establish the necessary arrangements in order to ensure that the competent authority of the most relevant market in terms of liquidity for those financial instruments also receives that information.

The competent authorities shall make available to ESMA, upon request, any information reported in accordance with this Article.

2. The obligation laid down in paragraph 1 shall apply to:

(a) financial instruments which are admitted to trading or traded on a trading venue or for which a request for admission to trading has been made;

(b) financial instruments where the underlying is a financial instrument traded on a trading venue; and

(c) financial instruments where the underlying is an index or a basket composed of financial instruments traded on a trading venue

The obligation shall apply to transactions in financial instruments referred to in points (a) to (c) irrespective of whether or not such transactions are carried out on the trading venue.

Scope (forts')

measures to be adopted pursuant to Article 20(3)(a) and Article 21(5)(a). For commodity derivatives, the reports shall indicate whether the transaction reduces risk in an objectively measurable way in accordance with Article 57 of Directive 2014/65/EU.

4. Investment firms which transmit orders shall include in the transmission of that order all the details as specified in paragraphs 1 and 3. Instead of including the mentioned details when transmitting orders, an investment firm may choose to report the transmitted order, if it is executed, as a transaction in accordance with the requirements under paragraph 1. In that case, the transaction report by the investment firm shall state that it pertains to a transmitted order.

5. The operator of a trading venue shall report details of transactions in financial instruments traded on its platform which are executed through its systems by a firm which is not subject to this Regulation in accordance with paragraphs 1 and 3.

6. In reporting the designation to identify the clients as required under paragraphs 3 and 4, investment firms shall use a legal entity identifier established to identify clients that are legal persons.

ESMA shall develop by 3 January 2016 guidelines in accordance with Article 16 of Regulation (EU) No 1095/2010 to ensure that the application of legal entity identifiers within the Union complies with international standards, in particular those established by the Financial Stability Board.

7. The reports shall be made to the competent authority either by the investment firm itself, an ARM acting on its behalf or by the trading venue through whose system the transaction was completed, in accordance with paragraphs 1, 3 and 9.

Transaksjoner- og referansedata

- Regulerte markeder
- MTF, OTF
- SI

Instrument
referansedata

KOA	Kongsberg Automotive
KOG	Kongsberg Gruppen
KVAER	Kværner
LINK	Link Mobility Group
LSG	Lerøy Seafood Group
MCG	MultiClient Geophysical
MEDI	Medistim
MELG	Melhus Sparebank
MHG	Marine Harvest
MING	SpareBank 1 SMN
MORG	Sparebanken Møre
MSEIS	Magseis
NANO	Nordic Nanovector
NAPA	Napatech

- Verdipapirforetak
- Regulerte markeder
- MTF, OTF

Transaksjoner

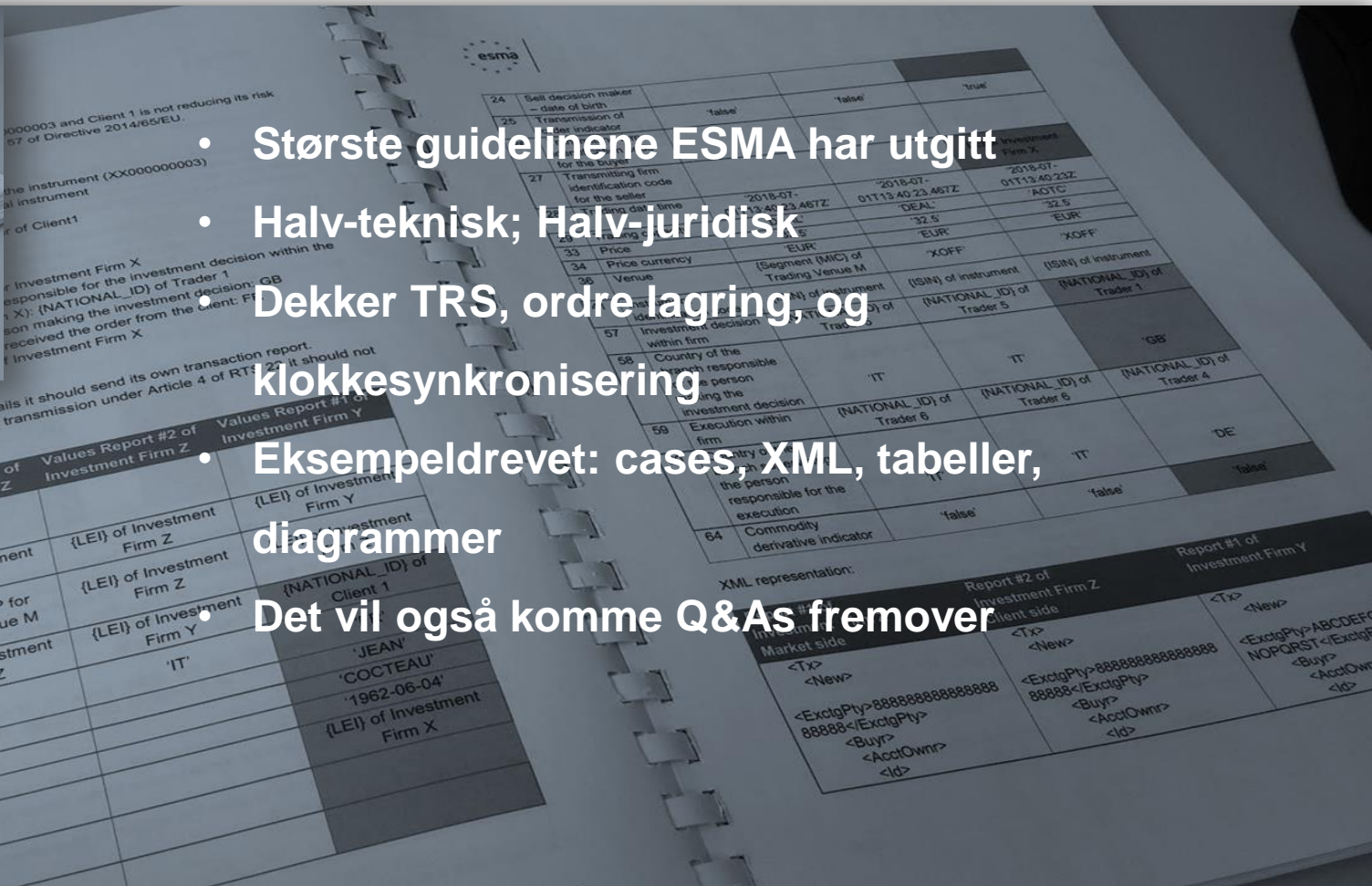
Time	Price	L	Volume
13:53:59	139,700	▶	196
13:53:19	139,700	▶	196
13:52:31	139,700	▶	85
13:52:21	139,700	▶	196
13:49:00	139,700	▶	168
13:49:00	139,700	▶	347
13:49:00	139,700	▶	156
13:49:00	139,700	▲	50
13:48:07	139,600	▼	100
13:47:23	139,700	▶	106
13:47:23	139,700	▶	352

«Early warning»

- Krevende implementering
 - < 1 år implementeringstid
 - Nye og kompliserte data
 - Ny protokoll for overføring
- Strengt krav til datakvalitet
 - Historiske feil skal rettes
 - Overrapportering / underrapportering
 - Forvent automatiske og manuelle kontroller av data
- Mer rigid regelverk
 - Harmonisering overtar for nasjonale tolkninger og tilpasninger



280 sider Guideline



- Største guidelinene ESMA har utgitt
- Halv-teknisk; Halv-juridisk
- Dekker TRS, ordre lagring, og klokkesynkronisering
- Eksempeldrevet: cases, XML, tabeller, diagrammer
- Det vil også komme Q&As fremover

LEI / NATIONAL_ID

N	Field	Values Report #1	Values Report #2
3	Trading venue transaction identification code	'1234'	
4	Executing entity identification code	{LEI} of Investment Firm Z	{LEI} of Investment Firm Z
7	Buyer identification code	{LEI} of CCP for Trading Venue M	{LEI} of Investment Firm Z
16	Seller identification code	{LEI} of Investment Firm Z	{NATIONAL_ID} of Client 1
17	Country of branch for the seller		'FR'
18	Seller first name(s)		'JEAN'
19	Seller surname(s)		'COCTEAU'
20	Seller – date of birth		1962-06-04
21	Seller decision maker code		{NATIONAL_ID} for Representative 1
22	Sell decision maker – first name(s)		'FABIO'
23	Sell decision maker - surname(s)		'LUCA'
24	Sell decision maker - date of birth		'1962-10-11'
25	Transmission of order indicator	'false'	'false'
26	Transmitting firm identification code for the buyer		



Natural person identification

ISO 3166 – 1 alpha 2	Country Name	1st priority identifier	2nd priority identifier	
LU	Luxembourg	CONCAT		Expected in >99% of transactions
LV	Latvia	Personal code (Personas kods)	CONCAT	
MT	Malta	National Identification Number	National Passport Number	
NL	Netherlands	National Passport Number	National identity card number	CONCAT
NO	Norway	11 digit personal id (Foedselsnummer)	CONCAT	Exceptions only
PL	Poland	National Identification Number (PESEL)	Tax Number (Numer identyfikacji podatkowej)	
PT	Portugal	Tax number (Número de Identificação Fiscal)	National Passport Number	CONCAT

CONCAT

First name(s)	Family name/ Surname(s)	Country code + CONCAT	Comment
John	O'Brian	IE19800113JOHN#OBRIA	Padded 'John' to 5 characters. O' is attached to name, not converted. Removed apostrophe.
Ludwig	Van der Rohe	HU19810214LUDWIROHE#	Removed prefix 'Van der'
Victor	Vandenberg	US19730322VICTOVANDE	'Van' is attached not considered a prefix
Eli	Ødegård	NO19760315ELI##ODEGA	Padded 'Eli' to 5 characters. Converted Ø to O, and å to A
Willeke	de Bruijn	LU19660416WILLEBRUIJ	Removed prefix 'De'
Jon Ian	Dewitt	US19650417JON##DEWIT	Padded 'Jon' to 5 characters. Ignored 'Ian', only first name should be used. 'De'-part of 'Dewitt' is not a prefix.

Legal persons identification

Legal Entity Identifier Search
Created by ETLOGIC

SEARCH REPORTS ▾ PRICING ABOUT ▾ REGISTER SIGN IN

Search: ?

55-81 of 793

LEI Code	Legal Name	City	Ctry
5967007LIEEXZXEM1S97	HØYRES PENSJONSKASSE	OSLO	NO
5967007LIEEXZXE7E070	SCANDINAVIAN ENERGY GROUP AS	OSLO	NO
5967007LIEEXZX7JF455	EIKA KREDITTBANK AS	OSLO	NO
5967007LIEEXZX7MI871	TOLAB ACQUISITION AS	OSLO	NO
549300NBM133YZQA3Y79	Eaton Electric AS	Oslo	NO
5967007LIEEXZXHQPC18	GYLDENDAL ASA	OSLO	NO
5967007LIEEXZXHS8W30	BARRIKADE DIVERSIFIED AS	OSLO	NO
5493008WY6RKOKX0FR34	JADRANSKA VRATA dionicko drustvo za poslovanje kontejnerskim terminalom	Rijeka	HR
5493001CKL0FWH1IJ406	Preskok družba za trgovino in poslovno svetovanje d.o.o.	Ljubljana	SI
5967007LIEEXZXHMUG69	KLAVENESS SHIP HOLDING AS	OSLO	NO
549300FTPOA2CP8QMB09	Bayer Norway AS	Oslo	NO
5967007LIEEXZXHI7S78	AWILCO ECO TANKERS HOLDING AS	OSLO	NO
54930006EEGVUIF5TP57	Verdipapirfondet Movestic Bull 2.0 (Derivat)	Oslo	NO
5967007LIEEXZXHDL433	OSLO BØRS ASA	OSLO	NO
5967007LIEEXZXHF4O96	Veidekke ASA	OSLO	NO
5967007LIEEXZX7BPC72	OBOS FACTORING AS	OSLO	NO
5967007LIEEXZXHAJ017	STATNETT SF	OSLO	NO
5967007LIEEXZXHCTC69	XXL ASA	OSLO	NO

Viktigste endringer

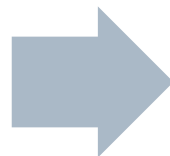
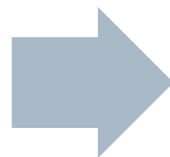
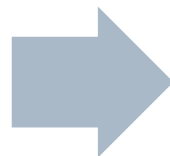
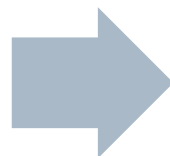
MiFID

Verdipapirforetak

Direkte

Bare instrumenter på regulert marked

2 data strømmer



MiFIR

Verdipapirforetak og børser

Direkte & ARM-rapportering

Baskets & Indexes

Alt i en

Viktigste endringene

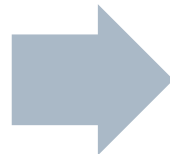
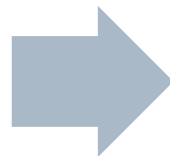
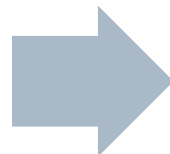
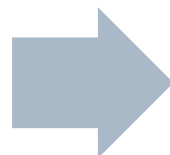
MiFID

Personnummer
Organisasjonsnummer
Internnummer

Uklar håndtering av filialer

Agency og Principal

Kort tilbakerapportering



MiFIR

Land-spesifikke koder
LEI-koder

Filialer rapporterer alltid via
hovedkontorets myndighet

DEAL, MATCH, ANY Other

5 år tilbakerapportering

Viktigste endringene (forts')

MiFID

Udefinert på ordreformidling

Local time

ISIN & AII

BIC-koder



MiFIR

«Chains and transmission»

UTC time

ISIN Only

LEI-koder

Viktigste endringene (forts')

MiFID

-

-

-

-



MiFIR

Decision maker

Trader ID

Algo ID

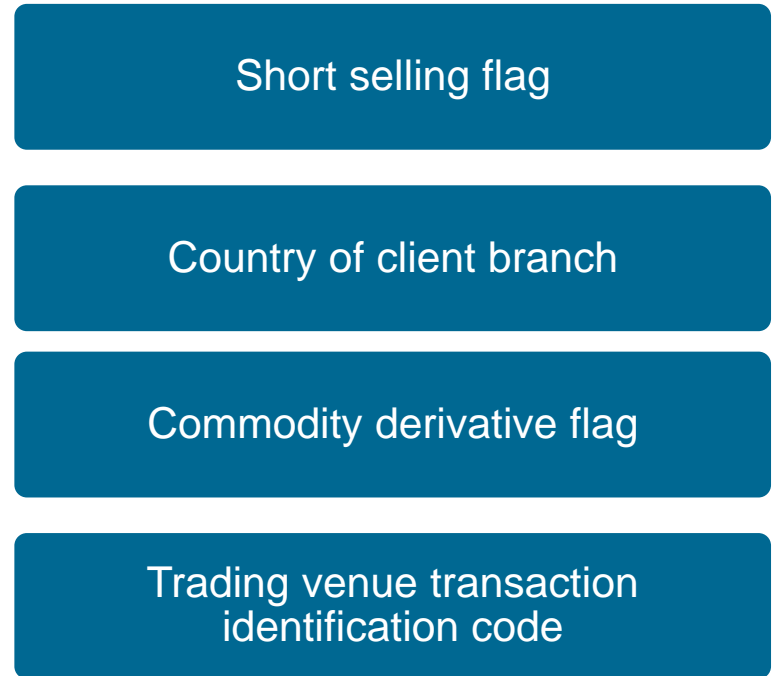
Waiver flag

Viktigste endringene (forts')

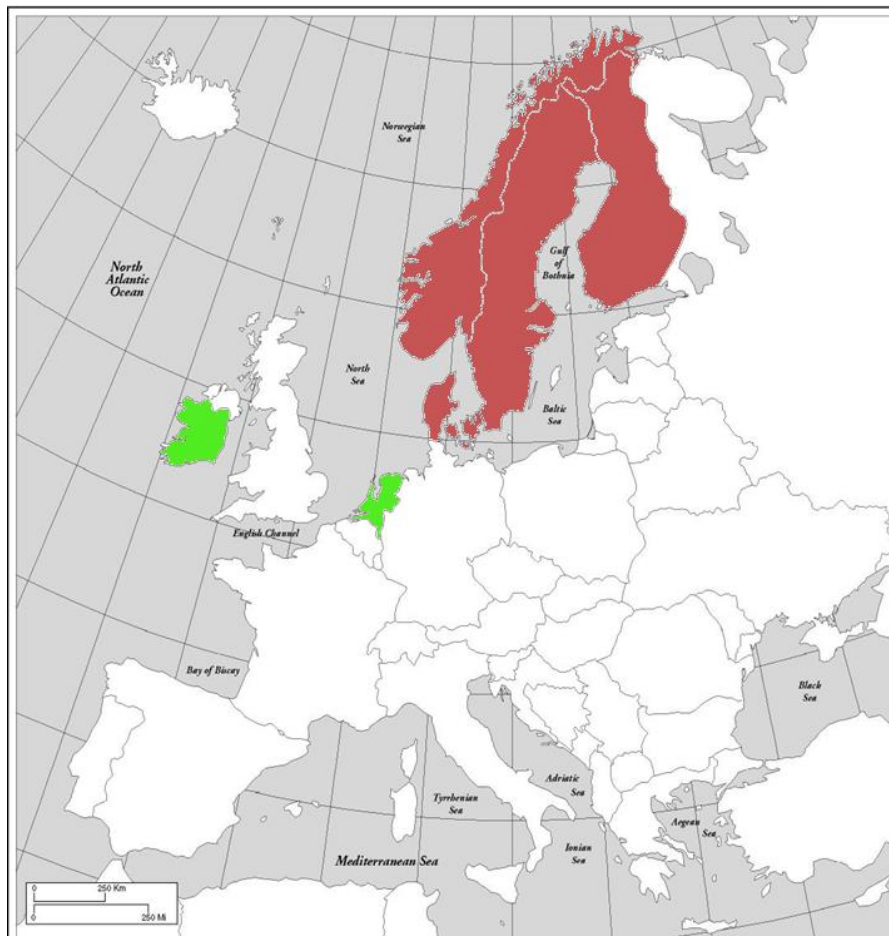
MiFID



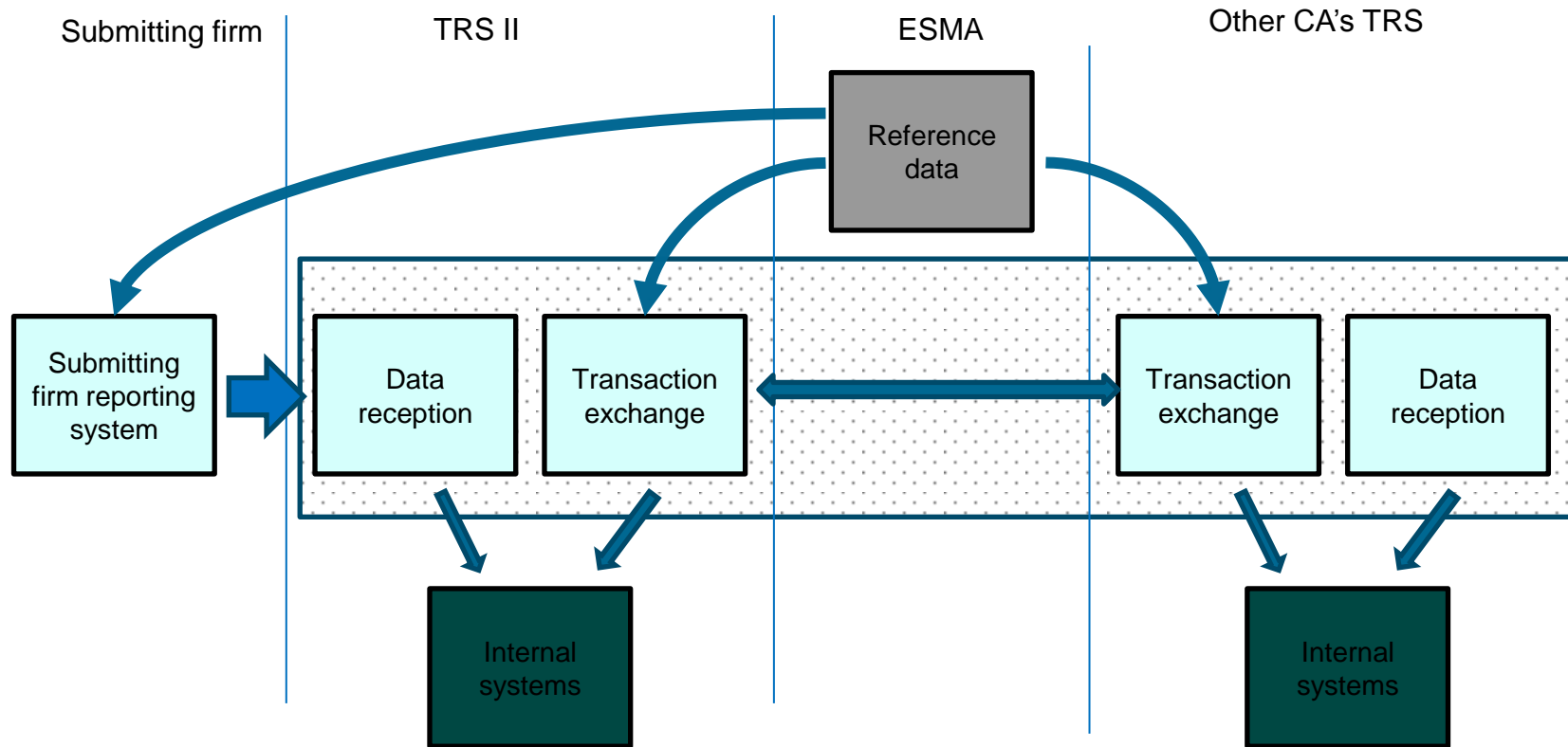
MiFIR



Utvidet teknisk samarbeid



System overview

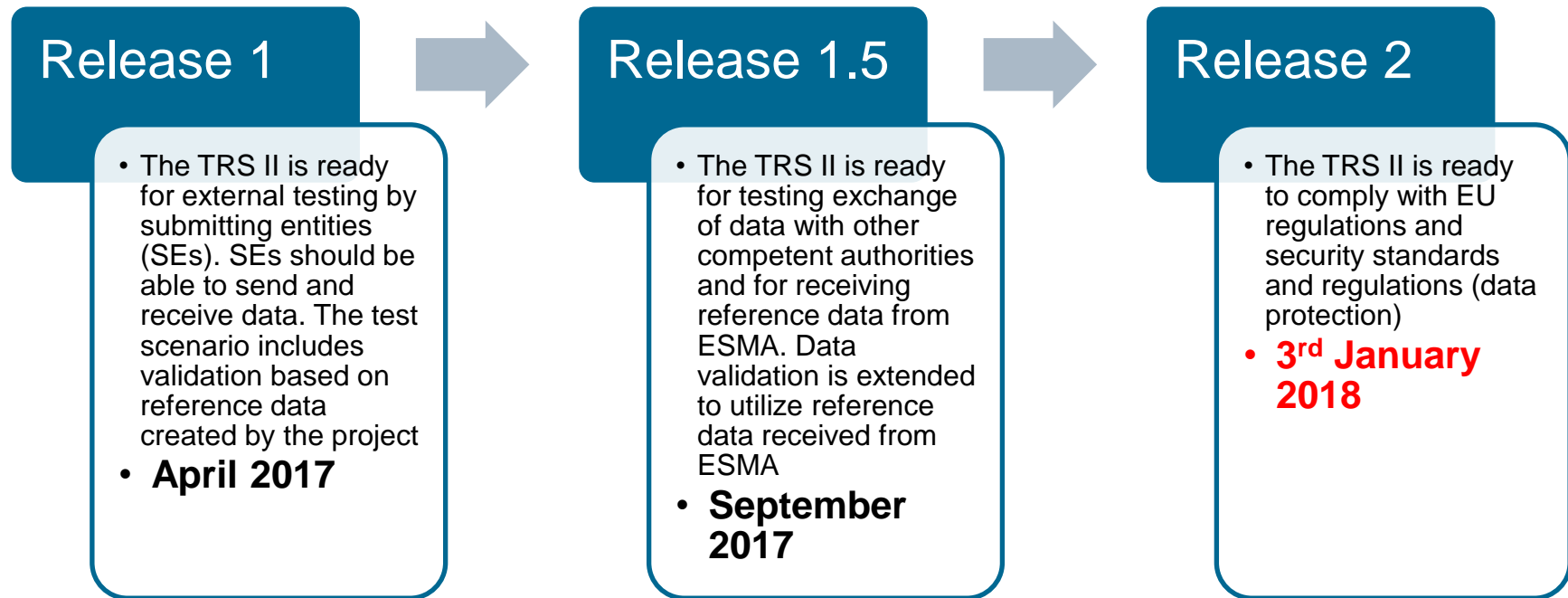


Description of system overview

- Each submitting entity will need to implement a **reporting system** that will be submitting transaction reports to CAs in the specified format ISO20022
- CAs shall implement a **data reception system** that will receive data from the submitting entities. This system shall validate the compliance of the transaction reports with the common format and common validation rules as well as provide feedback to the submitting entities
- **Transaction exchange:** this component shall implement the common set of rules with regard to transaction reports exchange between CAs. The data format and validation rules should be the same as for the data reported by submitting entities (except for minor technical differences)



TRS II Expected release plan



Test Expected Time Schedule

Start date	End date	Test
Apr. 2017	Jun. 2017	Test of connection and basic data validation (utilizing "home crafted" test reference data)
Sep. 2017	Nov. 2017	Test utilizing reference data from ESMA
03-01-2018		Go-live/Production

Technical need-to-knows and preparatory steps

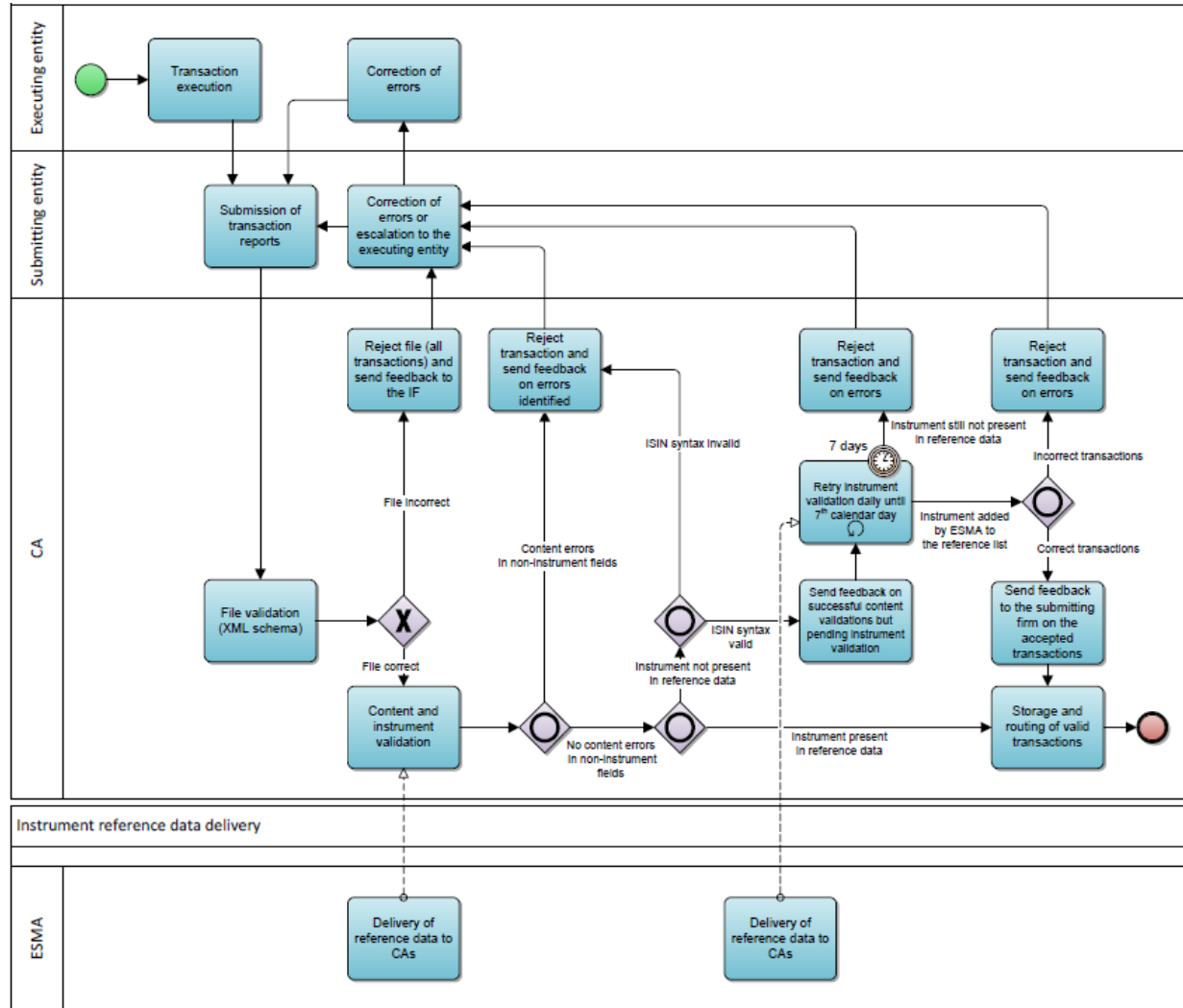
- Each SE will have to apply for a user account in the runtime environment for the new TRSII in order to initiate testing.
- Applications for test environment access should include LEI for the applying SE, IP (range) for SERS (Submitting Entity Reporting System) and contact information for technically responsible person(s) at SE.
- Any Executing Entities (EE) delegating the technical reporting to another legal entity, should notify Finanstilsynet of which SE is conducting the technical reporting on the EE's behalf. Such notifications should include LEIs for both EE and SE(s).
- Applications for test environment access and notifications of EE-SE relationships are submitted by e-mail to trs@finansstilsynet.no
- Reports submitted to the TRSII environment is uploaded to a SFTP(/FTPES) server frontend exposed to the SE/SERS over the internet.
- Reports submitted to the TRSII environment should be encrypted and digitally signed, using Advanced Encryption Standard (AES) PKI, X.509 digital certificates and SHA256 signing algorithm, according to the guidelines stated in "TRS II Crypto HOW-TO" and equivalent to how PKI is applied for the current TRS system.
- "TRS II Crypto HOW-TO" and detailed guidelines for implementing TRSII compliant PKI will be provided on request.

Transaction and feedback files

- A submitted transaction file is initially checked for file level errors and validated with regard to completeness and accuracy (*compliance with XML schema*). If errors are found upon initial validation, the entire file is rejected with an error code FIL-XXX. E.g an *XML schema validation error* would be reflected by a FIL-008 error.
- Subsequent to the initial file validation, the report content is checked (valid LEI, country code etc). Errors occurring during the content validation step, will result in CON-YYY content error codes on individual transaction level”. The reported transactions are validated one at the time, and validation errors associated with one transaction will not affect processing of the remaining transactions in the same file.
- The system could potentially capture several validation errors for one single transaction.

Transaction Reporting at national level

(source: 2016-1452_guidelines_mifid_ii_transaction_reporting 8 Annexes)



Transactions Report scenarios

- The TRS paths to validation:
 1. The trade was done the same date as the reporting ($R=T$). Validation of the TR is postponed one day ($T+1$) until reference data for the day T has been received. Status of TR is **received**.
 2. The trade is made previously ($R>T$). The trade is **accepted**.
 3. The trade is made previously ($R>T$). The trade is **rejected** because of content error.
 4. The trade is made previously ($R>T$). The trade was validated and accepted except that the ISIN is not present in the reference data. The trade is **parked** with a grace period of up to 7 days. It is accepted if the ISIN becomes valid for the data of the trade within the grace period; otherwise it is rejected.

Feedback (Status Advice)

- One single feedback file is generated per transaction file received by the system
- For each SE, one additional feedback file is generated on a daily basis, in order to deal with TRs preliminarily stored in a pending or awaiting state. The daily feedback file will contain feedback reflecting the following TR status aspects:
 1. TRs which were not validated previously, owing to reference data not being available at the time of receipt.
 2. TRs which have been parked because of missing reference data on the specific ISIN instrument referenced.
- Note that one single feedback file may contain feedback/status advice for TRs from different transaction files.

File naming convention

Transaction file: TR_SEIC_ORI_YYYYMMDD_SEQ.TYPE

Segment	Content
TR	Literal, stands for "Transaction Report"
SEIC	Submitting Entity Identification Code. Legal entity identifier (LEI) as defined in ISO 17442 (20 alphanumeric characters).
ORI	The originating system or department of the file. A 2-digit number. 00 = The TRSII system. Reserved for future use. 01...99 = Department or system at the SE. Used for uploaded files or files sent from a SERS (automated). The number uniquely specifies the department that created and sent the file.
YYYYMMDD	Date for the file being created by the Submitting Entity.
SEQ	Sequence number. A 4-digit sequence number [0000-9999]. Starts over every day.
TYPE	File type

File naming convention

File feedback: *FF_<Base name of received file>[_FFSEQ].TYPE* (e.g.,
FF_TR_SEIC_ORI_YYYYMMDD_RFSEQ[_FFSEQ].TYPE)

Segment	Content
FF	Literal. Stands for "Feedback on File"
FFSEQ	Feedback file sequence number. A 1 digit number [01-99].

Daily feedback: *FD_TR_SEIC_ORI_YYYYMMDD[_FFSEQ].TYPE*

Segment	Content
FD	Literal. Stands for "Feedback, Daily"
FFSEQ	Feedback file sequence number. A 1 digit number [01-99]; generated by TRSII

Note the use of ORI in the daily feedback. This means that using different ORI in the TR file will cause different daily feedback files.

Creation, updates, cancellations

- A Transaction Report (TR) can either be a "creation of a **new** trade" or it can be a "**cancellation** of an previously submitted TR".
- Changing or updating of a trade previously submitted is done by canceling the trade and sending the updated transaction.
- The same reference number shall be used for the changes and updates to the same trade. (As opposed to the current reporting system).

Content error code samples

See also "2016-ITMG-66 - Annex 1 Validation rules_v1.1.xlsx" on ESMA home page

Code	Error text
CON-023	Transaction report with the same transaction reference number has already been sent for the firm and not cancelled
CON-040	The executing entity LEI is not valid
CON-071	Buyer national identification code XXX does not include valid country code
CON-162	Seller MIC XXX is not valid for the trade date
CON-290	When using 'DEAL' either Buyer or Seller should be identical with the executing entity identification code
CON-340	Currency code is not valid for the trade date
CON-370	Country of branch membership is missing
CON-381	Up-front payment is missing
CON-450	Notional currency 2 was populated but Notional currency 1 is missing.

XML feedback sample 1

- <?xml version="1.0" encoding="UTF-8"?>
- <Document xmlns="urn:iso:std:iso:20022:tech:xsd:auth.031.001.01" xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance" xsi:schemaLocation="urn:iso:std:iso:20022:tech:xsd:auth.031.001.01 auth.031.001.01.xsd">
- <FinInstrmRptgStsAdv<
- <MsgStsAdv<
- <MsgRptldr>TransactionFile1</MsgRptldr>
- <MsgSts>
- <RptSts>PART</RptSts>
- <RefDt>2016-01-05</RefDt>
- <Sttstcs>
- <TtlNbOfRcrds>8</TtlNbOfRcrds>
- <NbOfRcrdsPerSts>
- <DtldNbOfTx<
- <DtldSts>PDNG</DtldSts>
- </NbOfRcrdsPerSts>
- <NbOfRcrdsPerSts>
- <DtldNbOfTx<
- <DtldSts>RJCT</DtldSts>
- </NbOfRcrdsPerSts>
- <NbOfRcrdsPerSts>
- <DtldNbOfTx<
- <DtldSts>ACPT</DtldSts>
- </NbOfRcrdsPerSts>
- </Sttstcs>
- </MsgSts>
-

XML feedback sample 2

- <RcrdSts>
- <OrgnlRcrdId>00987654321009876543Txn1-3</OrgnlRcrdId>
- <Sts>RJCT</Sts>
- <VldtnRule>
- <Id>CON-411</Id>
- <Desc>Instrument Inst1 is not valid in reference data on transaction date</Desc>
- <Issr>Entity</Issr>
- </VldtnRule>
- </RcrdSts>
- <RcrdSts>
- <OrgnlRcrdId>00987654321009876543Txn1-51</OrgnlRcrdId>
- <Sts>PDNG</Sts>
- <VldtnRule>
- <Id>CON-412</Id>
- <Desc>Pending instrument Inst5 validation</Desc>
- </VldtnRule>
- </RcrdSts>

Responsibilities of Submitting Entity & Executing Entity

- Missing feedback file from TRSII is no excuse not to keep reporting
- SEs must ensure that all feedback files are analysed and all reports are corrected
- Updating of a Transaction Report (TR) requires reuse of the Transaction Reference Number.
- **If a TR has been accepted by TRSII (NO), but failed after exchanging with other Competent Authorities, then it is a manual process to correct errors. Finanstilsynet may ask for a correction.**

Environment

- Test phase 2017
 - 1 test environment for TRSII available in Q2
- Go live 2018
 - 1 test environment
 - 1 production environment

Test XML - MyStandard

- MyStandards / Readiness Portal
 - The MyStandards Readiness Portal will be made available for CAs and SEs to support the testing of ISO 20022 XML messages.
 - This tool enables the users to submit XML messages and check whether they are correctly formatted (compliant with the XML schema) and follow data quality rules. Some of the simple content validation rules will also be checked by this system (e.g. dependencies between fields). However, the Readiness Portal will not validate complex rules (e.g. the rules verifying the transaction reports against the instrument reference data, the CFI rules, etc.)
 - We urge you NOT to send production data to the MyStandard

Test XML - MyStandard

- Use MyStandards at SWIFT. ISO 2022 is described and published here:
<https://www2.swift.com/mystandards/#/>
 - It is free to create a user account
 - Search for eg. ESMA

esma head.001.001.01_ESMAUG_1.0.0

esma DRAFT4auth.031.001.01_ESMAUG_NationalReporting_1.0.0

esma **DRAFT15auth.016.001.01_ESMAUG_NationalReporting_1.0.2**

esma DRAFT5auth.035

esma DRAFT4auth.031

esma DRAFT5auth.032

esma DRAFT5auth.041.001.01_ESMAUG_DATNQU_1.0.0

DRAFT15auth.016.001.01_ESMAUG_NationalReporting_1.0.2

Publisher: ESMA
Last update: 03-11-2016
Collection: MiFIR - Transaction Data - National Reporting
Restricted message: mx/DRAFT15auth.016.001.01

Information from ESMA on transaction reporting MiFIR

- For information on MiFIR please look to ESMA's pages:
 - <https://www.esma.europa.eu/policy-rules/mifid-ii-and-mifir/mifir-reporting-instructions>

<ul style="list-style-type: none">• MiFIR transaction reporting instructions	<ul style="list-style-type: none">• FIRDS transparency reporting XML schema
<ul style="list-style-type: none">• FIRDS reference data reporting instructions	<ul style="list-style-type: none">• Reporting message schema
<ul style="list-style-type: none">• Reporting instructions double volume cap	<ul style="list-style-type: none">• FIRDS reference data reporting CML schema
<ul style="list-style-type: none">• FIRDS transparency reporting instructions	<ul style="list-style-type: none">• Validation rules
<ul style="list-style-type: none">• Double volume cap XML schema	<ul style="list-style-type: none">• CFI validations

Communications and information from Finanstilsynet

- Please direct all questions to the mailbox:
 - trs@finansstilsynet.no
- Mailing list
 - Please send us an e-mail trs@finansstilsynet.no to subscribe to our mailing list. Subject: "subscribe"
- Next information meeting on transaction reporting:
 - Time: In the beginning of March
 - Topic: Information about the testing phase
 - Information about the meeting will be posted on our web pages, and there will be sent an invitation on the mailing list.
 - Please remember to send us your e-mail address.

References

Document	Short url
Guidelines Transaction reporting, order record keeping and clock synchronisation	https://goo.gl/1V1SZw
MiFIR (Regulation (eu) NO 600/2014 of the european parliament and of the council)	https://goo.gl/XtzjgQ
Technical standards (RTS 22/23)	https://goo.gl/NSqoTZ