# ATHEX & its Members
## in the process of bridging **MiFID II**

**Market Operation & Member Support Division**
**Members Support Dpt**

# General

Scope of presentation:

➢ To provide the status of ATHEX's services & systems in the context of its obligations towards the requirements of MiFID II.

*It should be clarified that the aforementioned ATHEX's obligations will eventually create, through ATHEX's regulatory framework, obligations for its Members, too.*

➢ To stimulate Members' compliance (apart of the above) towards MiFID II.

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# ORK ATHEX
## Order Record Keeping

## ORK as a Trading Venue Obligation

# ORK for Trading Venues

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**Trading Venues** are required to collect and maintain in a specified format data relating to all orders and trades realized, for at least five years. This obligation is called Order Record Keeping (ORK) for Trading Venues.

➢ In line with the above requirements, ATHEX has added several new fields to OASIS order transactions, as dictated by MiFID II.

➢ Most of the them are **identification codes** (short codes) for legal entities, persons & algorithms taking part in the process of order acceptance, submitting and execution.

➢ However, ESMA requires that the orders and trades have to be maintained with enhanced information for those fields, hence the Short Codes have to be replaced with Long Codes.

➢ In order ATHEX to be able to comply with the ORK requirement, the trading Members **are obliged to upload information**, actually a **Mapping Table**, such as the Short Codes to be translated by ATHEX to Long Codes, as ESMA dictates. This is called **Short/Long Mapping process**.

# ORK for Trading Venues

Fields to be **translated to Long Codes**

➤ **Client Identification code – Client ID** {Short Code}
  ▪ The (direct) client on behalf of which the Member insert the order
  ▪ Long Code {LEI for legal clients/ DSS investor code for physical clients, or the CONCAT if the DSS investor code is unknown}

➤ **Investment Decision within the firm – Investment ID** {Short Code}
  ▪ Person or algorithm within firm responsible for the investment decision related to particular order
  ▪ Long Code {DSS investor code for physical clients, or the CONCAT if the DSS investor code is unknown / Algo ID}

➤ **Execution within the firm – Executing ID** {Short Code}
  ▪ Person or algorithm within firm responsible for the execution of the particular order
  ▪ Long Code {DSS investor code for physical clients, or the CONCAT if the DSS investor code is unknown / Algo ID}

➤ **Non Executing Broker** {Short Code}
  ▪ Long Code {LEI}

# ORK for Trading Venues

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➢ ATHEX will offer a web based access to its Members in order for them to upload the Short/Long code Mapping Table

➢ Technically, this access will be given to the members by two ways
- REST services
- CSV files

➢ Processing cycles
- Cycle 1: Short codes fixing and codes translation - End of Day processing (T+0 - 18:00 local time)
- Cycle 2: Long codes fixing - Next trading day (T+1 - 23:00 local time)

# Reference Data System – RDS

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The **ATHEX Members** and the **Data Vendors** need the reference data information **at the start of every day** in order to set up their systems and processes.

**CURRENT SITUATION**

➢ The Market participants (ATHEX Members and ATHEX Data Vendors) are receiving every morning the static data (reference data) for all the ATHEX / CSE Products via:
  ▪ ATHEX GW (for Members)
  ▪ IOCP – Feed Server (for Data Vendors)

**NEW SITUATION**

➢ The ATHEX GW and the IOCP will **stop disseminating** the reference data
➢ This will be replaced by the **Reference Data Service (RDS)**. The RDS service will replace the **CA messages** of ATHEX GW and the **baselines messages** of current Data Feed service.
➢ This web based service will be used for propagating* **all useful non-real time** information (reference data) of the OASIS accommodated exchanges to **Members** and **Data Vendors**.
➢ ATHEX will create **different files** of reference data information for such clients

*By ASCII delimited and XML files retrieved by the participants through web based standardized procedures (physical log-in and /or API)*

# Clock Synchronization

Clock Synchronization as a Trading Venue Obligation

# Clock Synchronization

- ➢ **Trading Venues** and their **Members** will synchronize their business clocks used to timestamp with the Coordinated Universal Time (UTC).

  - ▪ Dates and Times formatted for ESMA reporting will be defined with a string **YYYY-MM-DDThh:mm:ss.dddddZ**

- ➢ **ATHEX** is required to achieve:
  - ▪ Maximum divergence from UTC: 1ms or better
  - ▪ Granularity of the timestamp: 1ms or better

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# ORK for Investment Firms

## Mandatory change for the Investment Firms

# ORK for Investment Firms

**Investment Firms** are required to collect and maintain in a specified format data relating to all orders and trades realized, for at least five years.

➢ This obligation is called **Order Record Keeping (ORK) for Investment Firms**

➢ ATHEX's ORK obligation should be distinguished from **Members' ORK obligation**

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# Clock Synchronization

## Mandatory change for the Investment Firms

# Clock Synchronization

➢ **Members** will have to synchronize their business clocks used to timestamp with the Coordinated Universal Time (UTC).

- ▪ Dates and Times formatted for ESMA reporting will be defined with a string **YYYY-MM-DDThh:mm:ss.dddddZ**

➢ **Members** have to ensure the following accuracy for their own business clocks:
- ▪ Other order book trading activity: max divergence and granularity of 1ms or better
- ▪ Activity on concluding negotiated transactions: max divergence and granularity of 1s or better

➢ ATHEX **is not offering any kind of service** to the Investment Firms related to the clock synchronization

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# Transaction Reporting

Mandatory change for the Investment Firms

# Transactions Reporting – General info

- ➢ Transaction reporting regime has been **expanded** to include financial instruments:
  - ▪ admitted to trading/traded in a Trading Venue (Regulated Markets, MTFs, OTFs)
  - ▪ for which a request for admission to trading has been made
  - ▪ where the underlying financial instrument is traded on a Trading Venue and
  - ▪ where the underlying instrument is an index or a basket composed of financial instruments traded on a Trading Venue.

- ➢ **Who** must report
  - ▪ **Investment Firms** which execute transactions in equities, ETFs, fixed income & Derivatives shall report complete and accurate details of such transactions to their competent authority by the next working day

- ➢ What does **execute transaction** means
  - ▪ An investment firm **executes** a transaction (with regard to Transaction reporting) where it performs the **following MiFID activities**:
    - • reception and transmission of orders,
    - • execution of orders on behalf of clients or dealing on own account,
    - • makes the investment decision in accordance with a discretionary mandate given by a client, or
    - • transfers financial instruments to or from accounts, provided that in each case such services or activities have resulted in a transaction.

# Transactions Reporting

➢ Conclusion

  ▪ Investment Firms which execute transactions must report to their National Competent Authority "as quickly as possible" and no later than the close of the following working day, i.e. T+1, using the proper format.

  ▪ The NCA forwards them to the ESMA, which puts them through the Transaction Reporting Exchange Mechanism (TREM), which allows NCAs from other EU Member States to look at the information.

➢ MiFID II, gives two options to the Investment Firms, in order to cover their Reporting obligations

  ▪ By direct reporting to its National Competent Authority, or

  ▪ By using an Authorized entity, called Approved Reporting Mechanism (ARM)

# Trades Publication Obligations

Mandatory change for the Investment Firms

# Trades Publication Obligations

➢ MiFID II requires that the **Investment Firms** should **publish their OTC trades** on cash or derivatives assets classes via Regulated Markets, or MTFs, or SIs, or OTC, in a specified format

➢ **Systematic Internalisers** (SIs), that deal on own account by executing client orders outside of a trading venue without operating a multilateral system, have a pre-trade transparency obligation. They have to make public **their pre-trade quotes**

The **Approved Publication Arrangement (APA)** is a person authorized under MiFID II to provide the service of publishing trade reports on behalf of investment firms that allows trade details to be made public in the required timeframe, with publication

- either as close to instantaneous as possible or
- deferred publication

# ARM ● ATHEX
## Transactions Reporting Service

# ATHEX as Transactions Reporting Service Provider

ATHEX is going to apply to the HCMC in order to become an ARM (**ARM@ATHEX**), offering a **commercial service** to any Investment Firm wishing to use **ARM@ATHEX** to cover their reporting obligations.

Why the **ARM@ATHEX** service

➢ **Experience and know-how in transactions reporting**
  - Regulatory reporting, even before MiFID
  - Reporting for MiFID on behalf of investment Firms and the TRS system for MiFID
  - Experience
  - ISO 20022 / XML experience

➢ **One-stop shop**
  - Validation services
  - Members portal in ATHEX can be used for all markets
  - Information from order record keeping in ATHEX may be used for additional validations
  - Validation of information from other data sources
  - APA post-trading service for MiFID II OTC trade reporting will also be available
  - RDS to 3rd parties will also be available
  - SFTR reporting is also planned to become available for borrowing and lending products of ATHEX in 2018

➢ **Competitive pricing**
  - Economies of scale give the opportunity for competitive pricing

➢ **Obligatory use of ATHEX for Transaction Reporting for Non-MiFID Members**
  - Members located outside European Economic Area (EEA)
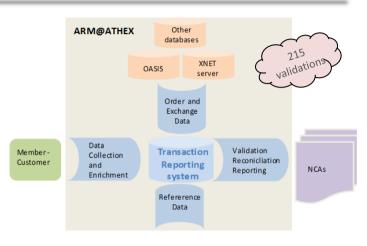  - Members falling in the exemption in MiFID Article 2

# ATHEX as Transactions Reporting Services Provider

The following steps are performed by the **ARM@ATHEX** service for each transaction:

1. The transaction details file **is submitted** to the **ARM@ATHEX** Service by the Investment Firm
2. The **ARM@ATHEX** Service:
   a. Notifies the ARM Client that the file is received and is under processing
   b. Proceeds to the necessary data checks and:
      i. Sends to the Client a message of acceptance, or
      ii. Sends to the Client a message of rejection, by notifying the exact errors to each transaction and asking the Client for a recheck and correction of erroneous data
3. The service transmits the report to the relevant Competent Authority in the appropriate XML format and timeframe
4. The service receives the message of acceptance from the relevant Competent Authority
5. Until T+7, the service receives the acceptance or rejection message from ESMA

The service archives transaction data for 5 years or as required by the relevant Competent Authorities



For any enquiry or support on the **ARM@ATHEX** services: ARM@athexgroup.gr

# ATHEX as Trades Publication Service Provider

- ➢ ATHEX will apply to be an Approved Publication Arrangement (**APA@ATHEX**), offering the relevant services to Investment Firms
  - This services will be available to both Members and non-Members of ATHEX
  - It allows trade details to be made public in the required timeframe
  - Effective dissemination to all Data Vendors which are already ATHEX clients

For more information regarding **APA@ATHEX**: APA@athexgroup.gr

# APPENDIX

1. Regulatory Technical Standards under MiFID II
2. Timetable to Go-Live

# Appendix 1. Some useful RTS

| RTS | Short description | English version | English version - Annex |
|---|---|---|---|
| RTS 1 | Algorithmic trading | 14/07/2016 C(2016) 4390 | annex to RTS 1 |
| RTS 2 | Pre-trade Transparency | 14/07/2016 C(2016) 4301 | annex to RTS 2 |
| RTS 3 | Pre-trade Transparency - Volume Cap Mechanism | 13/06/2016 C(2016) 2711 | annex to RTS 3 |
| RTS 7 | Trading Venues - Organizational requirements | 14/07/2016 C(2016) 4387 | annex to RTS 7 |
| RTS 8 | Market Making | 13/06/2016 C(2016) 3523 | |
| RTS 9 | Order to Trade Ratio | 18/05/2016 C(2016) 2775 | annex to RTS 9 |
| RTS 11 | Tick sizes | 14/07/2016 C(2016) 4389 | annex to RTS 11 |
| RTS 22 | Transactions Reporting | 28/7/2016 | annex to RTS 22 |
| RTS 24 | Order Record Keeping | 24/06/2016 C(2016) 3821 | annex to RTS 24 |
| RTS 25 | Clock synchronization | 07/06/2016 C(2016) 3316 | annex to RTS 25 |
| RTS 27 | Trading Venues - Execution Quality Requirements | 08/06/2016 C(2016) 3333/4 | annex to RTS 27 |
| RTS 28 | Investment Firms - Execution Quality Requirements | 08/07/2016 C(2016) 3337/3 | annex to RTS 28 |

# Time Table

| MifID II / MiFIR External Planning | Specs OASIS | Specs ORK and Members Portal | Specs ORK and Members Portal | External testing initiation (*), (**) | Co-ordinated UAT general tests | General Mock to GO LIVE on T+1 | MiFID II / MiFIR Goes Live |
|---|---|---|---|---|---|---|---|
|  | 12/6/2017 | 10/8/2017 | 20/8/2017 | 16/10/2017 | TBA (~24/11/2017) | 10/12/2017 | 3/1/2018 |
| OASIS specs - Draft version (for feedback) | √ |  |  |  |  |  |  |
| OASIS specs - Final version |  | √ |  |  |  |  |  |
| ORK and Members Portal specs - Draft version (for feedback) |  | √ |  |  |  |  |  |
| ORK and Members Portal specs - Final version |  |  | √ |  |  |  |  |
| UAT - System Vendors participation |  |  |  | √ | √ |  |  |
| UAT - Data Vendors Participation |  |  |  | √ | √ |  |  |
| UAT - Members participation |  |  |  | √ | √ |  |  |
| PROD - System Vendors participation |  |  |  |  |  | √ | √ |
| PROD - Data Vendors Participation |  |  |  |  |  | √ | √ |
| PROD - Members participation |  |  |  |  |  | √ | √ |

(*) Note that as of 16/10/2017 the UAT will be running under MiFID II / MiFIR specs - No availability for current UAT.

(**) The new version of ATHEX Gateway will be provided in advance

# Contacts for MiFID II/MiFIR

For more information regarding **MiFID II/MiFIR:**

## Members Support Department

Tel: (+30) 210 - 33.66.393 & (+30) 210 - 33.66.385

E-mail

Service Desk