

*ATHEX & its Members in the process of complying with **MiFID II***

Market Operation & Member Support Division

Members Support Dpt

October 2017



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 towards MiFID II.

ORK ATHEX

Order Record Keeping

ORK as a Trading Venue Obligation

ORK for Trading Venues

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**. The uploading will be done via a web service (REST API or CSV files).

RDS ATHEX

Reference Data Service

Reference Data System – RDS

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** will have to synchronize their business clocks used to timestamp with the Coordinated Universal Time (UTC).
- **ATHEX** is required to achieve:
 - Maximum divergence from UTC: 100microseconds or better
 - Granularity of the timestamp: 1microsecond or better

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**

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).
- **Members** have to ensure the following accuracy for their own business clocks:
 - 100 microseconds for firms performing algo trading and/or HFT
 - 1 millisecond for normal trading (non-algo or HFT)
- **Market Making** is considered to be algo trading
- ATHEX **is not offering any kind of service** to the Investment Firms related to the clock synchronization

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.

➤ Reporting

- Investment Firms **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 access the data.

➤ 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)

*The ESMA Guidelines on the Transaction Reporting can be found [here](#)

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

ARM  ATHEX
Transactions Reporting Service

ATHEX as Transactions Reporting Service Provider

cash market risk
clearing settlement
trading membership
derivatives
stocks registry

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
 - Validation of information from other data sources
 - APA post-trading service for MiFID II OTC trade reporting will also be available
- **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)

ATHEX as Transactions Reporting Services Provider

cash market risk
clearing settlement
trading membership
stocks derivatives
registry

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

APA  ATHEX
OTC Trades Reporting

ATHEX as Trades Publication Service Provider

cash market risk
clearing settlement
trading membership
derivatives
registry

- 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

Contacts for MiFID II/MiFIR

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Service Desk



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