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Additional Information

Level 1 Regulation
Markets in Financial Instruments Regulation (MiFIR) Regulation (EU) No 600/2014- MDP

Topic
ESMA70-1861941480-56 Questions and Answers on MiFIR reporting

Subject Matter
FX forward reporting

Question
How should a transaction carried out on a trading venue on a FX forward be reported under Article 26 and Article 27 of MiFIR?

ESMA Answer

07-10-2019

Original language

[ESMA 70-1861941480-56 MiFIR data reporting Q&A, Q&A 17.1]

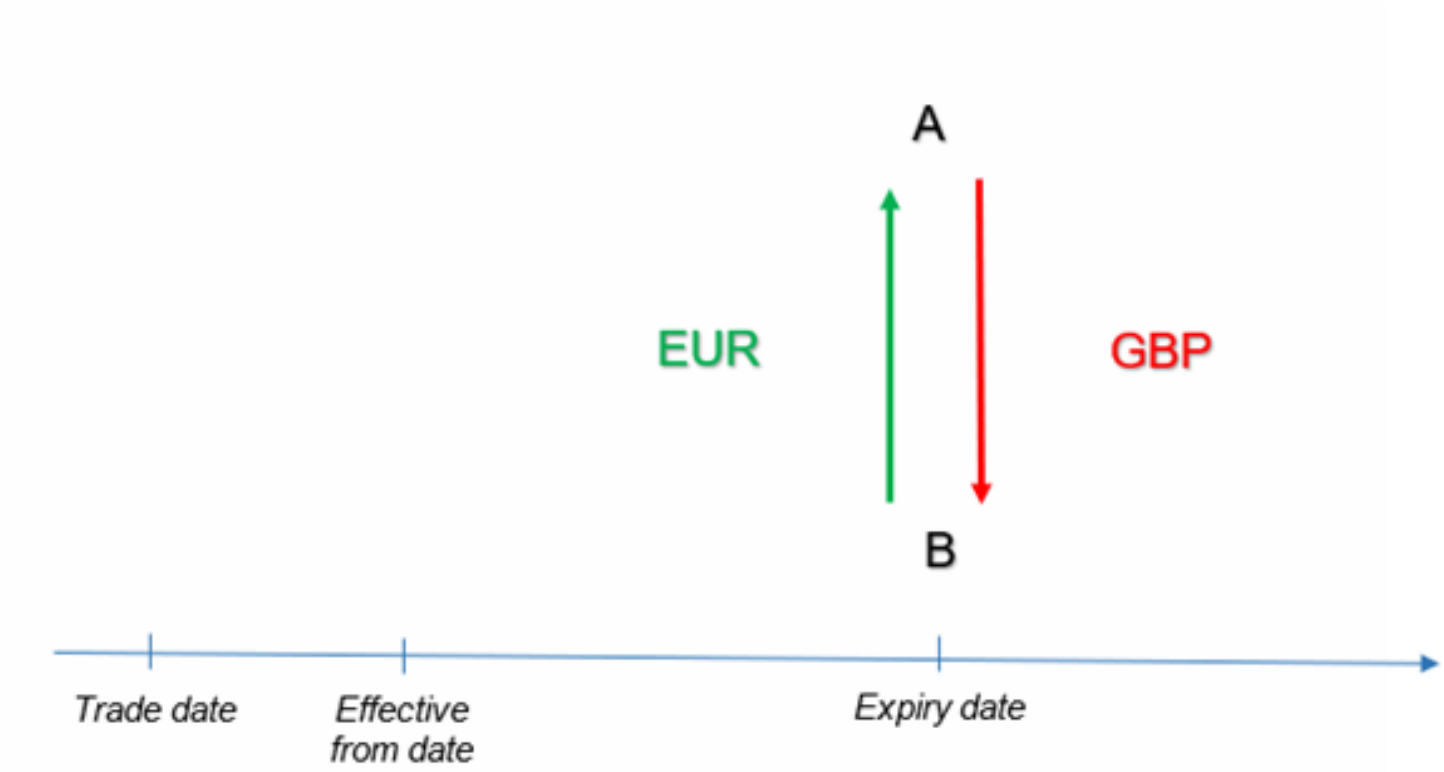
Example:

On March 13th, 2018, investment firms A and B enter in a EUR/GBP (the currency mentioned first is the ‘base’ currency, while the other currency is the ‘terms’ or ‘quote’ currency) FX forward instrument on a trading venue. The instrument has the following characteristics:

- Notional of the instrument: €1M;
- Effective date of the transaction: March 15th 2018 (T+2);
- Expiry date of the instrument: September 15th 2018;
- The tenor of this instrument is 6 months;
- ISIN code of the financial instrument: EZ1234567891;
- The price of the instrument is the FX forward rate expressed as a price of base currency in the quoted currency according to the market convention for the currency pair;
- The EUR/GBP FX forward rate reference is 0.8200.

The counterparty that is receiving the currency which is first when sorted alphabetically by ISO 4217 standard should be identified as the buyer[1].

In our example, investment firm A who will (in 6 months) deliver the GBP and receive the EUR is the buyer of the FX forward, while investment firm B who will (in 6 months) receive the GBP and deliver the EUR is the seller of the FX forward.



(A) The relevant fields in the transaction reporting as per article 26 of MiFIR should be[2]:

#	Field	Reporting of IF A	Reporting of IF B
7	Buyer	LEI of IF A	LEI of IF A
16	Seller	LEI of IF B	LEI of IF B
28	Trading date time	2018-03-13:Thh:mm:ss.ddddddZ	2018-03-13:Thh:mm:ss.ddddddZ
30	Quantity	1,000,000	1,000,000
31	Quantity currency	EUR	EUR
33	Price	0.82000	0.82000
34	Price currency	GBP	GBP
36[44]	Venue	{MIC}	{MIC}
41	Instrument identification code	EZ1234567891	EZ1234567891

The price should be populated with the forward rate expressed as a price of base currency in the quoted currency and the monetary value XML tag should be used[3].

In the quantity field #30 the executing entities (buyer and seller) should report the amount of the FX forward in the base currency. The quantity in field #30 in the transaction report is always shown as positive.

In the quantity currency field #31, the executing entities (buyer and seller) should report the base currency of the FX forward.

The price currency field should be populated with the term / quote currency (i.e. GBP in this example).

Although the examples show the reports of firm A, the reports of firm B would be identical.

B) As per article 27 of MiFIR, the trading venue or SI admitting to trade or trading this instrument shall report it in FIRDS. The following table shows the expected reporting of the instrument reference data by trading venues or SIs (only the relevant fields are displayed):

#	Field	Value
1	Instrument identification code	EZ1234567891
3	Instrument classification	JFTX*P
13	Notional currency 1	EUR
24	Expiry date	2018-09-15
34	Delivery type	'PHYS'[46]
47	Notional currency 2	GBP

Notional currency 1 should be populated with the 1st currency when sorted alphabetically by ISO 4217 standard.

Notional currency 2 should be populated with the second currency when sorted alphabetically by ISO 4217 standard.

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[1] As per field 7 (Buyer identification code) on table 2 of Annex 1 of RTS 22

[2] If this transaction is carried out outside a trading venue then field 36 should be populated with XOFF.

[3] Notional currency 1 may not be the base currency of the contract.