ESMA_QA_1704

Submission Date
07/07/2017

Status: Answer Published

Additional Information

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

Topic
* Transaction reporting

Historic Question Reference
ESMA70-1861941480-56 Questions and Answers on MiFIR reporting

Subject Matter
Transaction reporting

Question
How shall Field 30 (Quantity) in Commission Delegated Regulation (EU) 2017/590 Annex I Table 2 be reported for a transaction where there have previously been acquisitions or

disposals that are excluded from the meaning of a transaction? For example, a decrease in notional amount in a financial instrument which has previously had pre-determined contractual down payments exempted from transaction reporting under Commission Delegated Regulation (EU) 2017/590 Article 2(5)(j)?

ESMA Answer

07-07-2017

Original language

[ESMA 70-1861941480-56 MiFIR data reporting Q&A, Q&A 24.4]

Competent authorities require an accurate and holistic view of transactions that are within the scope of reporting requirements under Article 26 of MiFIR. Therefore, Article 15(5) of Commission Delegated Regulation (EU) 2017/590 obliges an Investment Firm to ensure that a collective view of the transaction reports reported by the Investment Firm as the executing entity accurately reflects all changes in its position and in the position of its clients that arise from reportable transactions.

It should be noted that the reporting requirements are not intended to capture the Investment Firm’s or the Investment Firm’s client’s actual position. What is of interest to competent authorities is the change of position resulting from reportable transactions. Therefore only acquisitions or disposals that are reportable transactions under Article 2 of Commission Delegated Regulation (EU) 2017/590 are reported and only the amount of the acquisition or disposal that takes place at the date time of the execution of the reportable transaction should be reported in field 30.

Scenario: Decrease in notional amount of a financial instrument originally reported with a notional amount of EUR 10 mill. The instrument has an ongoing amortisation cash flow and after 2 years, the contract has a remaining notional of EUR 8.5 million due to amortisations, i.e. contractually pre-determined payments that have not been reported due to the exemptions under Article 2(5)(j) of Commission Delegated Regulation (EU) 2017/590. The

contract is then terminated, i.e. the notional amount is decreased to zero, in a transaction that was not contractually pre-determined to take place.

Field 30 (Quantity) shall be populated with 8.5 mill. This corresponds to the actual decrease of notional and it reflects the change in position of the investment firm resulting from a reportable transaction at the point of execution.