**Reply** **form**

Review of RTS 22 on transaction data reporting under Art. 26 and RTS 24 on order book data to be maintained under Art. 25 of MiFIR

Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **17 January 2025.**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

* Insert your responses to the questions in the Consultation Paper in this reply form.
* Please do not remove tags of the type <ESMA\_QUESTION\_RTS2224\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
* When you have drafted your responses, save the reply form according to the following convention: ESMA\_RTS2224\_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_RTS2224\_ABCD.

* Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

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# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | European Venues and Intermediaries Association |
| Activity | Regulated markets/Exchanges/Trading Systems |
| Are you representing an association? |[x]
| Country/Region | Europe |

# Questions

1. Are any other adjustments needed to enable comprehensive and accurate reporting of transactions which will enter into scope of the revised Article 26(2)?

<ESMA\_QUESTION\_RTS2224\_01>

Given that the scope of the reporting obligation is essentially being narrowed, we do not see the requirement for any other adjustments in respect of the revised Article 26(2).

Whilst we support the level 1 changes away from the TOTV scope criterion, for firms operating MTFs and OTFs the relevant operational impacts are not substantial to the reporting processes.

However mindful that the European Commission will publish a Delegated Act early in 2025 which shall make substantial changes to the OTC derivatives instrument reference data, clearly this will require concomitant adjustments, most likely with associated workshop and consultation by ESMA.

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<ESMA\_QUESTION\_RTS2224\_01>

1. Does the existing divergence in the implementation of the MRMTL concept under Art. 4 and Art. 26 of MiFIR results in any practical challenges for the market participants? If so, please explain the nature of these challenges and provide examples.

<ESMA\_QUESTION\_RTS2224\_02>

No, we have not identified any practical challenges, especially in relation to reportable fields, arising from the divergence of the MRMTL concept between Art. 4 and Art. 26, although this would clearly be the case were it to apply to non-equities.

We would however firmly support a harmonisation of the approach as suggested by ESMA.

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<ESMA\_QUESTION\_RTS2224\_02>

1. To what extent the rules applied for the determination of the RCA and RCA\_MIC are relevant for your operations? Do you agree with the potential alignment of the RCA rules with the RCA\_MIC rules for equities? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_03>

Whilst the rules applied for the determination of the RCA and RCA\_MIC are indeed relevant to the operation of MTFs, the practical hurdles stemming from the divergence have been minimal.

Nevertheless, we do agree with the potential alignment of the RCA rules with the RCA\_MIC rules for equities.

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<ESMA\_QUESTION\_RTS2224\_03>

1. Do you agree with the proposed RCA determination rule for emission allowances and CIUs other than ETFs? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_04>

No. When considering emission allowances and CIUs, we would prefer ESMA to hold the powers to simply nominate the correct RCA. This would facilitate any reappointment of RCA should the relevant market activities change going forwards.

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<ESMA\_QUESTION\_RTS2224\_04>

1. Do you agree with the proposed RCA determination rule for equities for which no sufficient data is available to calculate the turnover? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_05>

No. When considering equities, we would prefer ESMA to hold the powers to simply nominate the correct RCA.

Should ESMA deploy the concept of first admission to trading then it could publish that opinion, but this route would simply the transaction reporting approach.

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<ESMA\_QUESTION\_RTS2224\_05>

1. Do you agree with the proposed RCA determination rules for the derivative contracts falling under Article 8a(2) of MiFIR? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_06>

Whilst we do not disagree with the five-step waterfall approach suggested in the Consultation, it would still appear to be overly complex and ridged in comparison to the importance of the outcome.

It is also generally historical and could benefit from being more forward looking.

It may be better for ESMA to take these steps into account when publishing its own opinion as to the RCA.

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<ESMA\_QUESTION\_RTS2224\_06>

1. Do you agree with the proposed amendments to RCA determination rules for index derivatives and depositary receipts?

<ESMA\_QUESTION\_RTS2224\_07>

Yes, the “Effective Date” is an important parameter, and clearly more so under the forthcoming OTC derivatives delegated act. Therefore, despite adding a further parameter and therefore adding to the extensive data capture and systems changes, and notwithstanding our answers to questions 04/05/06 above, we do not disagree with the proposed amendments.

We would note however that when such a field is mandated for “OTC Derivatives” it once again draws attention to the definitional failings of EU regulations that have not be remedied under the various reviews and revisions. In this case, we note once again that MiFIR has a definition of both “derivatives” and “OTC” that is different to the EMIR definition of “OTC derivatives.” Therefore, derivatives traded on MTFs and OTFs still qualify as “OTC derivatives,” despite not being OTC but rather as TOTV. This draws a brightline between the same cleared instrument traded on the same technology depending upon whether that screen is labelled RM or MTF/OTF.

Presumably, the supposition in the Level 1 text is that any RM could not list [“MAtT”] forward starting derivatives. This appears a false presumption, and the deployment of the EMIR term “OTC Derivative” leads to false delineations within MiFIR.

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<ESMA\_QUESTION\_RTS2224\_07>

1. Do you have any further comment or suggestion in relation to the inclusion of a new field to capture the effective date in transaction reports?

<ESMA\_QUESTION\_RTS2224\_08>

Firstly, we recognise the rationale for the “Effective Date” and its importance in terms of forward starting dates, and within EMIR3-Refit reporting for derivatives. Therefore, when considering the pool of related derivatives data and its labelling not only under EU Technical Standards but also going forwards under both ROC and ISO standards but also the Common Domain Model [“CDM”], so this date will be an essential component of the transaction confirmation.

However, we would simply add this this field has scope for variation across the intent and meaning of the contractual terms as well as the instrument type or package. This may result in the new field becoming somewhat conditional and complex. As such, it is not currently captured in the trade reporting systems and would require a minimum of 18 months for the logic and the systems to be developed, tested and deployed.

From our answer to Question 7 above:

We would note however that when such a field is mandated for “OTC Derivatives” it once again draws attention to the definitional failings of EU regulations that have not be remedied under the various reviews and revisions. In this case, we note once again that MiFIR has a definition of both “derivatives” and “OTC” that is different to the EMIR definition of “OTC derivatives.” Therefore, derivatives traded on MTFs and OTFs still qualify as “OTC derivatives,” despite not being OTC but rather as TOTV. This draws a brightline between the same cleared instrument traded on the same technology depending upon whether that screen is labelled RM or MTF/OTF.

Presumably, the supposition in the Level 1 text is that any RM could not list [“MAtT”] forward starting derivatives. This appears a false presumption, and the deployment of the EMIR term “OTC Derivative” leads to false delineations within MiFIR.

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<ESMA\_QUESTION\_RTS2224\_08>

1. Do you agree that the concept of effective date applies also to transactions in shares? If yes, should the intended settlement date be considered as the effective date? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_09>

Yes, we agree that the concept of effective date may also apply to transactions in shares where the trade may have forward settlement or may be grouped allocations after multiday executions, consequent to corporate actions, or to a package of trades which need a common effective date or other complex trade. This is also the case in related share transactions in convertible cash instruments and could be the case for those related to total return swaps or index derivatives; all where the related instrument has a different effective date to the cash shares settlement.

Whilst in most specific forward settlement use-cases the settlement date may be considered as the effective date; clearly exceptions commonly occur whether related to the contractual intent, trade execution shape and period, or to settlement complications.

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<ESMA\_QUESTION\_RTS2224\_09>

1. Do you agree with the inclusion of this new field according to the analysed scenario? Please specify if you see additional cases to take into consideration in the definition of this new field.

<ESMA\_QUESTION\_RTS2224\_10>

As operators of trading venues, we concur that it is very commonly the case that any counterparty may not be subject to MiFIR and implicitly rely on the trading venue for the submission of the transaction report.

From the consultation, it appears that the LEI of the Trading Venue Operator would populate both fields 6 and 6b in all the relevant TOTV cases. We therefore query whether this is a duplicated field for TOTV trades, or whether more guidance is required.

However we would underscore that in these instances, the trading venue and the firm providing the report are almost always the same entity. This calls into question whether that direct mapping requires a whole new reporting field.

Should the additional LEI of the concerned TV’s operator really not be deducible from the Segment-MIC already in the scope of reporting, then as a new data element we would suggest a minimum of 12 months requirement to build and test the reporting functionality.

We would also ask for guidance where the Trading Venue may hold a different LEI to that of the Investment Firm operating the trading venue, who may likely be submitting the trades onto that venue for trade registration.

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<ESMA\_QUESTION\_RTS2224\_10>

1. Do you agree with the assessment that the TVTIC reporting requirement applies to all type of on venue executed transactions (e.g., negotiated trades)?

<ESMA\_QUESTION\_RTS2224\_11>

Whilst we concur that TVTIC reporting requirement currently applies to all type of on venue executed transactions, as an imperative, ESMA should replace all references to TVTIC with the global UTI. This is immediately mitigating the dilemma widely discussed at the ESMA open hearing regarding the extraterritorial lien and reach of these technical standards.

We consider that ESMA should effectively substitute or upgrade the TVTIC by facilitating the explicit submission of the Global UTI to fulfil this field. In this was both the TVTIC and the TIC are merged into the UTI with the effect that both the EEA regulations and those of any third country, both for TOTV trades and those away from trading venues would collectively producing the same trade identification outcome protocol without any freeform or extra-territorial proposals.

In this aspect, Syntax is important but has already been specified by the FSB/ROC. We note that ESMA supposes a set of trade details without setting these out in the tables [“*ISIN, LEI of the generating entity, Date, Time and Quantity*”]. These do not accord with the schema for the global UTI and should therefore not be proposed because these facets form the substance of the trade confirmation and its transaction reporting rather than the identifier itself to that data package. Most especially the time of the transaction should not form a part of the syntax for any number of practical reasons when considering the post-trade transmission, matching, affirmation, and other uses.

For UTI syntax details See ISO 23897:2020 Financial services — Unique transaction identifier (UTI) (<https://www.iso.org/standard/77308.html>). See also the work done by the HKMA & SFC in the March 2024 paper: “[*Joint further consultation on enhancements to the OTC derivatives reporting regime for Hong Kong to mandate – (1) the use of Unique Transaction Identifier, (2) the use of Unique Product Identifier and (3) the reporting of Critical Data Elements and Joint consultation conclusions on revising the list of designated jurisdictions for the masking relief*](https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20240322e3a1.pdf)*.”[* [*https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20240322e3a1.pdf*](https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20240322e3a1.pdf)*].*

Whether or not the suggestions concerning TICs for trades on non-EEA TVs by EU counterparties, apply to the counterparties or to the Trading venue operator, we note that this would introduce considerable implementation complexities, particularly with regards to passing this information between parties and along chains to fulfil their reporting obligations. Moreso where trades are brought onto venues manually; where the venue operates voice and hybrid systems; and where the decision to bring an execution on-venue takes place away from the execution process.

As operators of trading venues both in the EEA and across third countries, but also as firms habitually accessing third-party trading venues across third countries (RoW), we remain puzzled and unclear quite what obligations and processes these ESMA suggestions require from our members.

Clearly all third country trading venues have historically created and appended a “trade ID” to confirmations and to trade reports than could be used as a TIC. But under the ongoing adoption of reforms all the G20 regimes shall require the creation and transmission of a UTI. Therefore, why would ESMA not simply embed the mutual recognition of this into the MiFID and MiFIR reforms?

We also note that it is not clear from the proposal how far up a chain of firms the same TVTIC is required on their transaction reports, and therefore how many firms need to have this information. Rather, only the direct venue participant should provide the UTI or TVTIC on their transaction report and recommend this be made clear in the proposal, particularly given the proposed inclusion of a chain identifier to handle more complex chains of firms.

We note that any requirement to pass information along transaction chains will impose a significant implementation burden because many of the reporting flags and characterisations change along the chain. On this basis, we would have concerns should validation rules be implemented very strictly

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<ESMA\_QUESTION\_RTS2224\_11>

1. Do you have views on how to improve the consistency of the reporting of TVTICs? Please provide your view on the proposal of making mandatory the reporting of such information in validation rules when the MIC code is provided.

<ESMA\_QUESTION\_RTS2224\_12>

Yes, the consistency of trade level identification would be greatly improved and simplified if ESMA undertook the straightforward adoption of the global Unique Trade Identifier (UTI)\* to replace both the current TVTIC and notions of an associated “TIC.” Recalling that the UTI is an alphanumeric code of fixed length, typically consisting of a prefix and a concatenated code value, ensuring global uniqueness.

* Reference : ISO 23897:2020 Financial services — Unique transaction identifier (UTI) (<https://www.iso.org/standard/77308.html>).
* See also the work done and relevant tables by the HKMA & SFC in the March 2024 paper: “[*Joint further consultation on enhancements to the OTC derivatives reporting regime for Hong Kong to mandate – (1) the use of Unique Transaction Identifier, (2) the use of Unique Product Identifier and (3) the reporting of Critical Data Elements and Joint consultation conclusions on revising the list of designated jurisdictions for the masking relief*](https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20240322e3a1.pdf)*.”[* [*https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20240322e3a1.pdf*](https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20240322e3a1.pdf)*].*

In paragraph 65, ESMA states that it shall, “*further elaborate in the context of L3 guidance a methodology that can ensure the generation of a consistent and unique TVTIC codes across the non-EEA venues*”. We question why this is not already in place as UTI is governed by the ISO 23897:2020 standard. This standard specifies the elements of an unambiguous scheme to identify a financial transaction uniquely.

This would be the most feasible solution in order to combine the set of already available information: ISIN, LEI of the generating entity, Date, Time, and Quantity. It would also identify the UPI which in turn codifies the Common Data Elements [CDE fields] which express the contractual details to the trade.

Since the UTI is a global identifier, the requirements for logic concerning validation rules in cases where a Market Identifier Code (MIC) is provided would be subsidiarised, but clearly UTI construction does anyway include the MIC, which should render ESMA’s concerns in Paragraph 63 obsolete.

Perhaps most importantly, the adoption of the global UTI should greatly solve the data quality impediment where extensive duplications exist within the NCA transaction reporting sets. Specifically, the transmission of the UTI would link and flag use-case instances such as partial fills, aggregations, splits, allocations, and the existence of reporting chains.

We note that member trading venues across third countries could indeed generate a form of TIC, since they currently hold a UTI generation obligation. In this sense we concur with the principle that for any transactions on venues, a standardised transaction identifier should be required.

Clearly as it stands, the TVTIC is not a standardised field and as such is not fit for purpose.

However, we note that the codification of some processes which, as “ESMA TIC” are different to the UTI would add substantial complexity and development when considering the statement in paragraph 64: “*To ensure that a robust process is in place also for the generation of TVTICs by non-EEA venues, further L3 guidance will be developed to identify a methodology for generating such a code in a harmonised manner and ensure consistency in the reporting.”*

As flagging in the consultation, the ESMA proposals would require substantial development and testing within the data collection and reporting systems operated by trading venues. For instance, even details to transpose the concept of “Buyer and Seller” into derivatives and complex packages thereof would not be simple. Beyond trading venue systems, those of APAs, ARMs and market participants would need to make corresponding changes. We would not suppose such systems could be built, tested, and implemented within 24 months of the formal proposals.

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<ESMA\_QUESTION\_RTS2224\_12>

1. Do you have views on how to improve the consistency of the TVTIC ( non-EEA TV TIC) generation process for transactions executed in non- EAA venue? Please provide your view on the proposed syntax methodology based on the already reported fields or suggest alternatives.

<ESMA\_QUESTION\_RTS2224\_13>

Yes, the consistency of trade level identification would be greatly improved and simplified if ESMA undertook the straightforward adoption of the global Unique Trade Identifier (UTI) to replace both the current TVTIC together with notions of an associated “TIC.”

Perhaps most importantly, the adoption of the global UTI should greatly solve the data quality impediment where extensive duplications exist within the NCA transaction reporting sets. Specifically, the transmission of the UTI would link and flag use-case instances such as partial fills, aggregations, splits, allocations, and the existence of reporting chains.

For the avoidance of doubt, ‘non-EEA TVTIC’ or any related ‘TIC’ concept should be the Global UTI. Recalling that the UTI is an alphanumeric code of fixed length, typically consisting of a prefix and a concatenated code value, ensuring global uniqueness (<https://www.iso.org/standard/77308.html>).

Any approach other than adopting existing global standards would not only impact the redevelopment of trade reporting systems, but would hold both upstream and downstream data generation, identification, and data capture technical implementation.

Clearly third country venues are under no obligation to provide transaction identifiers in any particular format, so any proposal that requires this outside the ISO bounds will therefore be unworkable in practice. In addition, we find it unclear in the consultation whether any ‘non-EEA value,’ would be specific solely to recognised third country venues on the ESMA register, or to any nominated trading facility.

For instance, the approach to both trade aggregation into single fills or into spread and packaged outcomes; or that to disaggregation in client account shapes and allocations may well occur at locations on the trade chain both inside and outside the EU. This would mean that any bespoke ESMA identifiers or protocols may not persist across trade legs or along the transaction chain.

Clearly, ESMA have already begun to explore this possibility in the 2021 review, but it remain unclear, even after the open hearing in December, why this consultation did not build upon that work. We understand that ESMA had considered the UTI not to be a good candidate for linking transactions because it could be generated by Trade Repositories [TR’s] as it pertains to EMIR Refit. However, in the greater proportion of instances, we would suppose that the trading venue or the arranging broker would create the UTI at the point of trade. In this way these entities would be the best placed to consider the trade linking identifiers.

The requirements on syntax should be simply stated at a high level, such that the identifier needs to be unique for the executing entity on that day. It is important to set out that by no means all instruments have ISINs, even where admitted to EU trading venues, since not all instruments are necessarily in the scope of MiFID, whilst of course for derivatives under the proposed Delegated Act, the number of ISINs across the universe of Interest Rate Swaps will be reduced to under one hundred. Therefore, ISIN alone may not be sufficient to identify the instrument completely uniquely being traded, and that the syntax appears to replicate data already present in other fields on the transaction report. We believe.

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<ESMA\_QUESTION\_RTS2224\_13>

1. Do you agree with the proposal of identifying the non-EEA TV as the primary entity responsible for the creation of the non-EEA TV TIC code and for disseminating it?

<ESMA\_QUESTION\_RTS2224\_14>

We do not agree but this language is essentially extraterritorial. Rather it should seek to use any appropriate identifier supplied by the “non-EEA TV.”

We would add that the definition of any qualifying “non-EEA TV” remains obscure and should refer to an ESMA register. We also refer to our responses to Q 11, 12, & 13.

Noting here also that Article 26(3) of MiFIR only requires the generation and dissemination of transaction identification code by ‘trading venues’, which is a MiFID defined term as per Article 4(1)(24), and thus, excludes any organised trading systems outside the Union that are not authorised and operate under MiFID. Article 26(3) of MiFIR does not include any reference to a TIC for off-venue transactions to be generated by “market facing firms” in a transaction. Paragraphs 64-68 in the consultation do not provide for a reference to MiFIDII level 1 text, neither in relation to the TVTIC for non-EEA venues, nor the TIC. This would make a standalone determination by way of previous level 3 guidance difficult to justify those proposals when Articles 26(9) and 26(3) of MiFIR do not cover those two fields.

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<ESMA\_QUESTION\_RTS2224\_14>

1. Do you have any further comment or suggestion in relation to the definition of a new transaction identification code (TIC) for off venue transactions? Please provide your view for the proposed syntax methodology for creating the TIC based on the already reported fields, or suggest alternatives.

<ESMA\_QUESTION\_RTS2224\_15>

Any new transaction identification code [“TIC”] for off-venue transactions should be the global UTI. Otherwise, it is not clear from the proposal how far up a chain of firms the same TIC would be required on their transaction reports, and therefore how many firms need to have this information.

All the attributes that are suggested in the consultation to constitute the TIC are core economic data within trade confirmations and would therefore be available to NCAs in the transaction report. Therefore, any such TIC, if required, could be generated automatically by the reporting hub of the relevant NCA or by ESMA FIRDs based on the UTI together with the substantive data within the relevant reporting fields.

Clearly, ESMA have already begun to explore this possibility in the 2021 review, but it remain unclear, even after the open hearing in December, why this consultation did not build upon that work. We understand that ESMA had considered the UTI not to be a good candidate for linking transactions because it could be generated by Trade Repositories [TR’s] as it pertains to EMIR Refit. However, in the greater proportion of instances, we would suppose that the trading venue or the arranging broker would create the UTI at the point of trade. In this way these entities would be the best placed to consider the trade linking identifiers.

Specifically, what value is created by concatenating the ISIN and trade-time into a TIC which is purely duplicative and where both the fields and information are already available to NCAs. Likely this mainly layers on the complication of validation rules, which would likely be harsh on the process and use-case exceptions to the process and methodology of "concatenation."

ESMA should state within the technical standard [“L2”] (as opposed to solely at the level of further guidance [“L3”]) that only the trading venue or the investment firm generating the UTI [“TIC”], together with that entity’s direct and immediate client need to provide the relevant transaction identifier on their transaction reports. Clearly in the many cases where the market participant on a trading venue or where the client to an investment firm is not a MiFID firm there will only be a single transaction report containing the UTI [“TIC”] as a result.

We would also implore that ESMA merge the current TVTIC (together with any prospective TIC) conjointly with the RTN (Report Tracking Number) under EMIR and SFTR into the singular UTI.

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<ESMA\_QUESTION\_RTS2224\_15>

1. Do you agree with the proposal of identifying the “market facing” firm acting as the seller as the primary entity responsible for the creation of the TIC code of off–venue transactions and for disseminating it to the other “market facing” firm acting as the buyer?

<ESMA\_QUESTION\_RTS2224\_16>

Whilst we are sympathetic to the issue at hand in seeking to create clarity as to whom should be responsible for creating and disseminating any relevant transaction identifier, the proposal appears likely to create any number of exceptions. These include where there is no “seller” or “buyer” because the instruments are derivatives, FX, money markets, or spreads, or complex, or any other. They may include where trade counterparties are not MiFID firms or are agents. There may be cases where more than two simple counterparties are present.

Overall, the issue as where responsibility lies may be better dealt with within guidance as a waterfall or deferred to industry bodies to consider use-case outcomes.

Needless to say, that a straightforward substitution of the identifier criterion to the Global UTI would enable many or most of the complex use-cases to be standardised.

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<ESMA\_QUESTION\_RTS2224\_16>

1. Do you have any further comment or suggestion in relation to the inclusion of a new field (INTC identifier) to capture in detail the aggregate orders? Please provide views on the proposed methodology for defining a common syntax or suggest valuable alternatives.

<ESMA\_QUESTION\_RTS2224\_17>

We underscore that the use and deployment of the INTC flag has always been fundamental to the OTF trading venue and broker reporting of trades under the ‘Matched Principal Model’: [EVIA; Guidance for Transaction Reporting Matched Principal transactions; June 2023.pdf](https://wmbaleba-my.sharepoint.com/%3Ab%3A/g/personal/amcdonald_evia_org_uk/Eb_wRbpctJpKmx0a_kl2_jkBzJfGom5-TIik2eS2diaFOw?e=9pIMSh)

However, as flagged to both ESMA and to the relevant NCAs, whilst the EVIA guidelines have been approved, recognised, and adopted by the FCA and several EU NCAs, we still receive different responses and acceptances from others across the EU and beyond.

Consequently, our strong preference would be that RTS22 be updated to either reflect the detailed industry guidance (or some other agreed approach for dual sided reporting for different legged prices); or to adopt the proposed new venue Matched Principal Flag [“*MHPT*”] as set out in the prior consultation on transparency. We would request that such current industry guidelines be adopted and formalised within the new ESMA guidelines with due reference made within RTS22.

Were the approach to IDB’s, MTFs and OTFs not using INTC when operating European Bond Markets be taken forward by deploying instead the MHPT approach, then we reemphasise our comments made to ESMA to the effect of a broader application across all trading venues together with XOFF, and guidance on reporting the actual leg prices where they differ.

Below is our answer to ESMA\_QUESTION\_CP3\_60>

*“We agree in principle with the introduction of the MHPT flag for venue Matched Principal trading. However, we fail to understand the proposed practical application as it does not adequately cope with different prices between the buy and sell legs. Concisely, we would welcome clarity from ESMA on whether MPTs should be reported as one single transaction with a clean price or two separate transactions which takes into account matters including brokerage, accruals, and any other market conventions between a “clean” and a “dirty” price. ESMA’s commentary would appear to allow for either method to be utilised, but there are different and sometimes conflict-ing views on this most fundamental component. We would therefore request that ESMA provide clarity within the RTS.*

*It also needs to be more widely applied, particularly to MTFs for whom Matched Principal trading is the default model, albeit with the insertion of an intermediate facility to manage the MiFIR restrictions. IT should also be applied to XOFF trades and specific guidance, and examples given. Consequently, EVIA could only support the idea if it were further developed and detailed such that if the application could be applied to the common situations where trade legs have different prices and where the scope is widened out beyond narrowly OTFs to include XOFF trades and MTF trade model where a settlement facility is deployed as an intermediary.*

*Regarding the deferral flags, we note the additional complexity this will introduce to the data and that there will be an implementation burden for market participants, while also recognising the benefits of the additional granularity and opportunity for data quality checking.”*

To add also that the INTC identifier would never normally be passed or transmitted from one firm to another and as such has never required a new field. Enumerating the INTC code with a new alphanumeric internal identification code would indeed suppose a requirement to define the common and standard syntax of the new code. We reiterate that any approach other than adopting existing global standards would not only impact the redevelopment of trade reporting systems, but would hold both upstream and downstream data generation, identification, and data capture technical implementation. We therefore consider this implementation period to be about 18 months following the publication of the detailed rule.

We note the discussion within [Discussion Paper DP24/2](https://www.fca.org.uk/publications/discussion-papers/dp24-2-improving-uk-transaction-reporting-regime) on transaction reporting under way by the FCA, which specifically addresses this topic in proposing an “*aggregate client linking code*”. Any best practice should be taken up conjointly since it would be highly problematic for implementing firms to have different solutions to the same problems in different jurisdictions.

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<ESMA\_QUESTION\_RTS2224\_17>

1. Do you agree that the executing investment firm should be responsible for generating consistently the INTC identifier?

<ESMA\_QUESTION\_RTS2224\_18>

We are unsure whether existing MiFID II text adequately defines and identifies who is “*the executing investment firm*.”

We would like confirmation from ESMA whether the executing investment firm would also or alternatively include trading venues, especially OTFs where they are operating under the Matched Principal Model.

Noting again that we would like ESMA to adopt formal guidance as to the use and deployment of the INTC flag which has always been fundamental to the OTF trading venue and broker reporting of trades under the ‘Matched Principal Model.’ This should closely reflect the longstanding industry guidance: [EVIA; Guidance for Transaction Reporting Matched Principal transactions; June 2023.pdf](https://wmbaleba-my.sharepoint.com/%3Ab%3A/g/personal/amcdonald_evia_org_uk/Eb_wRbpctJpKmx0a_kl2_jkBzJfGom5-TIik2eS2diaFOw?e=9pIMSh)

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<ESMA\_QUESTION\_RTS2224\_18>

1. Do you agree with the proposal of how to report such additional field to identify and link chains in transaction reports? Please provide views on the key information to be considered for defining a common methodology for the syntax. Otherwise, please suggest alternatives for defining it and improve the linking process among chains.

<ESMA\_QUESTION\_RTS2224\_19>

No, we disagree. Whilst an attractive concept in theory we do not believe the implementation of any “Chain Identifier” could withstand contact with reality, and therefore fails the simplicity criterion under the principles of good regulation. In short, any such linking identifier could only be applied by a single firm at a single point in the transaction arrangement or execution.

We set out a few simple reservations below, but as a rule, reporting firms should be required to report simple and indelible facts and items, rather than attempting, at a T+0 or T+1 finality, to construct ideas such as a chain ID and make immutable and innumerable assumptions as to what applications to make under actual events such as trade aggregation, splits, multiple legs in different jurisdictions or on different trading venues and so forth. Although Article 26 does consider the reporting of transmission chains, this should be only where appropriate. The creation and transmission of a Chain Identifier is susceptible to breakdown and could leave reporting entities unable to report on time, with a correct identifier, or to report the identifier at all.

Rather, we would advocate that ESMA mandate that the ISO International UTI as the “Chain Identifier” where available in order to fulfill the amended Art. 26(9)(j) mandate.

Where any UTI may not be available, then it may be appropriate to develop a contingent methodology along the lines suggested as a separate Chain Identifier, but as such these cases would be few and should be limited to a single application once along the chain.

The overarching issue for use-cases with no readily available UTI would be to determine when such is applicable, who generates an alternative identifier and how. In the first instance, ESMA should consider how any such a separate Chain Identifier may be fulfilled by the Report Tracking Number under EMIR-Refit; mindful that we would suppose this should anyway be merged into the global UTI.

For arranged transactions away from a trading venue [XOFF] such as brokered matched principal packages, there would not usually be a chain, the counterparties being wholesale firms trading as principles. In these instances, would any chain ID applicable, especially when using MTCH or DEAL capacity? We would suppose that any wholesale broker undertaking such activities could in any case generate a UTI and render a separate Chain Identifier to be redundant should that exemption be applied.

Regarding the upstream or downstream transmission or transfer of any chain identifier, ESMA would need to clarify whether the requirement applies independent of the existence of any RTO agreement, and hence applies anywhere where transmission is flagged on an order or could only be contingent to an RTO agreement being in place. ESMA may usefully provide guidance on the application to agreements where reporting is made on reception rather than transmission.

ESMA might additionally specify where and when any transmission chain may be deemed to have ended and how that should need to be formally established, transmitted and recorded. For example, if one of the firms is not a MiFID Investment firm or if it flags INTC for order aggregation does that formalise the end user.

We note that any requirement to pass information between firms (including, but not limited to, chain ID) will impose a significant implementation burden and may be problematic for non-electronic trading flows. We also note the reference to ‘confirmation’ in paragraph 79 of the consultation and note that if the intent is to include such identifiers on post-trade confirmations, this will impose a large implementation burden.

Subject to the number of entities within a given chain, passing the code across all counterparties involved in the chain flow will put significant strain on entities at the tail end of the chain and may threaten their ability to satisfy the T+1 reporting deadline, and it would severely limit any firm’s ability to develop or conduct real-time reporting.

We also note discussions on transaction reporting under way by the FCA and that it would be highly problematic for implementing firms to have different solutions to the same problems in different jurisdictions.

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<ESMA\_QUESTION\_RTS2224\_19>

1. Do you agree with the proposal of identifying the entity executing transaction as the primary entity responsible for the creation of such code and for disseminating it?

<ESMA\_QUESTION\_RTS2224\_20>

No. We would propose that the ISO Global UTI perform the function of chain identifier wherever it is available.

To propose any primary entity responsible for the creation and dissemination of any other such code should be confined to narrow and specific defined circumstances where the UTI could not be expected.

Please refer to the comments in answer to Q.19.

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<ESMA\_QUESTION\_RTS2224\_20>

1. Do you agree with the proposed reference to Art. 3(3) of Benchmark Regulation to define the relevant categories of indices?

<ESMA\_QUESTION\_RTS2224\_21>

Yes, we agree with the cross-reference to EU BMR.

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<ESMA\_QUESTION\_RTS2224\_21>

1. Do you see a need to specify the ‘date by which the transaction data are to be reported’ different from the date of application of the relevant RTS 22 or have other comments with regards to the proposed timeline? If so, please specify.

<ESMA\_QUESTION\_RTS2224\_22>

Yes, we agree that the ‘date by which the transaction data are to be reported’ may likely be different from the date of RTS 22 application. Time to build and implement systems is the principle concern of firms, together with the process of implementation because any backloading would not be feasible across the instances of system rebuilding.

We flag that whilst the ESMA comments in the consultation paragraph 86 states that, “*ideally 12 months from when the technical documentation is available*” would be severely problematic to the entire community of MiFID licenced firms. Concisely, article 17 of the draft RTS 22 notes that the implementation timeframe is, “*18 months after the entry into force”*.

Rather, both are too short for a number of reasons. Moreover, the commencement trigger point should be the formal publication of the adopted technical standards, including the new Delegated Act on the Derivatives ISIN; and the term for the date of application should be not less than 24 months following this commencement date.

We recall the prolonged and contested discussion at the December open hearing with respect to the specification of a bespoke, ‘*date by which the transaction data are to be reported*.’ It was widely noted that the relevant dates cited in the consultation appeared not to be in coherence with each other as well as being predicated on the ESMA proposals to the European Commission rather than the final text. We would fully support those comments here and also flag the open hearing discussion as to whether dates of application are a competency of the EU Commission alone.

Regarding systems buildout requirements for investment firms operating MTFs and OTFs, we would flag that in order the meet the changes proposed in this consultation, rebuilding systems to meet Article 48a, 48b, 48c, 49, 51, and 52 are each in scope. ESMA should be aware that in each of these cases, firms shall need to make both upstream and downstream commensurate changes to systems that collect, label and store trade, transaction, and instrument data.

Amongst these changes, we have identified that issues relating to the identification of the direction of the trade or spreads; the treatment of algorithms; and the complex trade component ID would require more specification and substantial systems development. The need for coordinated testing and development of common standards, can be particularly onerous.

It is also likely that the adoption of rules should also have a regard to the operation of the consolidated tape since the systems and tools for the transmission of transaction data will be ostensibly the same.

They should also achieve subsidiarisation and seek close alignment with the outcomes for the reviews to EMIR III and to SFTR II in order not only to deliver the efficiencies explicit within Capital Markets Union, but also to provide for the adoption of new technologies which will deliver automated digital reporting [“DRR”] though tools such as cloud computing and the Common Domain Model [“CDM”].

Consequently, the RTS22 application should properly be subsequent to the finalisation and implementation of firstly the rearranged transparency rules under RTS 1, 2, 24; secondly the Reference data revisions including the adoption of ISO UTI and UPI; thirdly the launch of the CTPs in the relevant three asset classes; and fourthly the proper coordination with third country changes under application, notably those by the FCA to UK RTS 22.

In terms of the cliff edge to application, one of the reasons to seek some flexibility in the date of application is because trading venues and IDBs may be required to report trades executed prior to the implementation of the new technical standards, but not yet submitted, or to re-report a transaction that was initially submitted with an error. In such cases, the new data points may not always be available, i.e. new field may require firms to start collecting or creating new data points that are not currently used for reporting. In such cases, we propose that the validation rules are relaxed so that transactions executed before the implementation date can either leave new fields blank or pre-existing rules can be applied to those fields.

We also recommend that the implementation date is not across the year-end period as many market participants and service providers impose IT freezes. This would make an end of year implementation extremely difficult to execute, and challenging to resolve any issues discovered post-implementation. Also, we would flag that the industry move to T+1 is scheduled for October 2027 which would likely fall close to any date that the EC publish the RTS + 24 months to implementation.

Finally, we would remind ESMA that there will be a prompt demand for Level 3 guidance and validations to be provided as soon as possible after the technical standards are available. Indeed, taken together, all these changes hold potential for the contention of scarce resources within firms, with their outsourcing and suppliers, and with their client chains and relationships. Together they comprise significant implementation costs and risks.

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<ESMA\_QUESTION\_RTS2224\_22>

1. Are there any other international developments or standards agreed at Union or international level that should be considered for the purpose of the development of the RTS on transaction reporting?

<ESMA\_QUESTION\_RTS2224\_23>

Being mindful of the fact that the UK & EU transaction reporting regimes are coincident and based on the same regulation, as generally agreed during the ESMA Open Hearing, it is imperative to achieve as much alignment as possible between the two regimes in order to maintain data quality and consistency and minimise the implementation and compliance burden faced by firms operating in both regions.

Further, ESMA will be closely aware of the global changes currently under implementation.

Clearly this is best achieved by deference to the ISO standards across instrument reference data, counterparty identifiers, UPI, CDEs and UTI. It is likely that consequently, both ESMA and the FCA should closely consider any necessary common amendments or alignments to these standards should any ‘reverse engineering’ be required.

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<ESMA\_QUESTION\_RTS2224\_23>

1. Do you agree with the proposed alignment of fields with EMIR/SFTR requirements as presented in the table above? Are there any other fields that should be aligned?

<ESMA\_QUESTION\_RTS2224\_24>

Whilst we disagree with the approach to maintaining TVTIC rather than a move to UTI (as detailed prior Q11-16), we do agree and remain supportive of full alignment with EMIR & SFTR. Indeed, this review can only be viewed as an interim stage towards fully automated reporting of articulated data items into a single “data lake.” Therefore these, and other regulations both in the EU and overseas should seek to harmonise wherever possible.

In general, this means that aspects such as a common and global standard syntax for any underlying index, as well as products and instruments should be set out; whilst action types should similarly be harmonised not only with EMIR/ SFTR but with the global standards for all such events as generally handled by global trade repositories or CSDs. Similarly, the fields concerning derivatives, whether MiFIR or EMIR should tightly coordinate with the established Common Data Elements [“CDEs”].

In the specific, we would propose that Field 3, Trading venue transaction identification code [“TVTIC”], be removed and replaced by Unique Trade Identifier [“UTI”] to achieve the points made in the prior paragraph and to align with the comments present already in the table.

Secondly, we would propose that the Unique Product Identifier [“UPI”] as an instrument identification field be used. Besides aligning with ISO standards, other EU regulations and third countries, the UPI now forms an essential component of trade confirmations from trading venues, platforms and IDBs. It serves to simplify transaction reporting because the attributes provide NCAs with details otherwise covered by fields 42-56. It is already required across much of the world and shall be the global identifier across trade reporting chains by the point this RTS achieves implementation. As such, its absence is puzzling and it’s addition would serve to harmonise consistency across reporting regimes and therefore help to confer mutual recognition.

Clearly, we still await the DG FISMA delegated act to effectively merge UPI and ISIN for derivatives, but notwithstanding, this could be achieved either by adding a specific UPI field (potentially as field number 41a), or preferably by updating the ‘Content to be reported’ for the field ‘ISIN’ (field 41) to allow for a UPI to be populated when there is no ISIN. For this second option, the field name would either need to be retained as ‘Instrument identification code’ or amended to allow for either an ISIN or UPI to be entered.

We note that the wording will need to reflect that fields 42-56 are not required if the transaction has either an OTC ISIN or a UPI.

Finally, the Classification of Financial Instrument [“CFI”] code makes any other reference to the ‘MiFIR identifier’ redundant and this should therefore be removed and retired.

We would detail that in order the meet the changes proposed in this consultation, rebuilding systems to meet Articles 48a, 48b, 48c, 49, 51, and 52 are each in scope.

Regarding timelines, we also again remind ESMA that this will introduce implementation work to systems, especially where trading venues and brokers are also providing the relevant EMIR and SFTR data within trade confirms for counterparty reporting. Therefore, not only upstream and downstream system changes will be required within investment firms, but also client systems, middleware’s and outsourcing arrangements, who are not directly regulated, shall also need to make changes.

We currently can find no use case to retain the “Asian Option” category.

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<ESMA\_QUESTION\_RTS2224\_24>

1. Do you agree with the proposed approach for the alignment of reporting of the information related to direction of the transaction?

<ESMA\_QUESTION\_RTS2224\_25>

Yes, we broadly agree with all the proposals in the consultation but note that there may still be use-cases not set out where the direction of the trade may still not be apparent.

Across such complex trades, it may be helpful to add guidance for a fallback approach, perhaps based on entity name or any other commonly understood application.

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<ESMA\_QUESTION\_RTS2224\_25>

1. Do you agree with the proposed approach for the alignment of reporting of the information related to price?

<ESMA\_QUESTION\_RTS2224\_26>

Yes, we agree with the proposal for the alignment of reporting of the information related to price.

However, it appears that the consultation that the related EMIR and MiFIR columns for financial contracts-for-difference and spread-bets are the opposite way around to each other. We would support the EMIR REFIT version wording which identifies the Counterparty which goes short on the contract shall be identified as “*the Seller”.* This still leaves spreads and other multilegged or contingent arrangements undefined and without any guidance.

We note that it remains important to be able to report a price of zero, especially in certain derivatives such as Total Return Swaps or unwinding protocols where the negotiated data element may be something other than price such as the spread within the floating leg.

Section 4.17 entitled ‘Price, notional and quantity fields’ of ESMA’s Guidelines, published to provide clarification regarding the compliance with the EMIR technical standards, states that, for certain derivative contracts, including but not limited to, interest rate options, equity options and commodity options, the Price field should not be reported as it is understood that the information in fields ‘Strike price’ and ‘Option premium amount’ are interpreted as the price of the derivative

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<ESMA\_QUESTION\_RTS2224\_26>

1. Do you agree with the proposed alignment of the concept of complex trades with EMIR?

<ESMA\_QUESTION\_RTS2224\_27>

Whilst we do not disagree with the proposals concerning the alignment of the concept of complex trades with EMIR, because the intent is to create simplification and harmonisation; we note that the proposed introduction of an additional field ‘*Package transaction price’* is not supported.

This additional field appears to introduce complexity and development requirements with no evident benefits. “*this change would require adjustments in the reporting systems of market participants to be able to report both component and package prices, …“* In short, because the complex trade is not defined or standardised, the price component conveys no relevant information.

In practice complex trades and package transactions tend to be priced either in a single leg component and negotiated core economic term rather than as a monetary pricing component. Rather ESMA should undertake further cost-benefit analysis with trading venues and market participants in order to present the required relationship to the CDE before continuing with this proposal.

We would add the comment that trading venues would strongly prefer the option to denote trades with multiple legs and multiple fill rates as a “complex trade” because the single priced outcome would make trading operations and reporting greatly simpler. As it stands the commonly understood guidance stands that where any transaction has more than a single price than it must be reported as a package and not as a complex trade. However, for member firm wholesale brokers [“IDBs”] operating as limited licence arrangers the inability to take any position requires them to pass on the shapes and partial fills within each product as well as disaggregating the products within contingent trades. For a simple example, in “Basis Trades” [aka “Invoice Spreads”] where a bond is spread traded against its future, neither the OTF nor any arranging broker could report this simply as the spread for which the trading arrangements and instructions were made.

As we understand the current supervisory approach to require decomposition where any legs are traded, this effectively constitutes the decomposition of the single trade into multiple linked instruments purely for the purpose of reporting. While it can be understood that decomposing complex trades may allow for some data elements to be more clearly reflected, notably ETDs within the contingent trade set, by doing so it introduces the probability that inapplicable or incorrect values are reported in other fields. For example, multiple futures leg prices will have been submitted as a block trade and negotiated away from the futures order book, but the multiple prices that will need to be reported if the trade is decomposed for reporting would not be coherent to either the futures orderbook nor the related cash bond trades and associated repo arrangements.

We therefore support the inclusion of a complex trade component ID, but which can be used when linking separate transactions on different trading venues, but which were executed together as part of the same package.

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<ESMA\_QUESTION\_RTS2224\_27>

1. Do you agree with adding the field ‘Package transaction price’ to align the reporting under MiFIR with EMIR Refit and CDE Technical Guidance?

<ESMA\_QUESTION\_RTS2224\_28>

Whilst we do not disagree with the proposals concerning the alignment of the concept of packaged transactions with EMIR, because the intent is to create simplification and harmonisation; we note that the proposed introduction of an additional field ‘*Package transaction price’* is not supported.

This additional field appears to introduce complexity and development requirements with no evident benefits. “*this change would require adjustments in the reporting systems of market participants to be able to report both component and package prices, …“* In short, because the package transaction is not defined or standardised, the price component conveys no relevant information.

In practice complex trades and package transactions tend to be priced either in a single leg component and negotiated core economic term rather than as a monetary pricing component. Rather ESMA should undertake further cost-benefit analysis with trading venues and market participants in order to present the required relationship to the CDE before continuing with this proposal.

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<ESMA\_QUESTION\_RTS2224\_28>

1. Do you agree with the proposed additional fields to allow for the reporting of the ISO 24165 Digital Token Identifier for DLT financial instruments and underlyings?

<ESMA\_QUESTION\_RTS2224\_29>

No, we disagree because we cannot find any MiFID nor MiFIR related rationale for reporting MICA fields, nor to differentiate financial instruments that are issued on Distributed Ledger Technology [“DLT”] even where the transactions themselves are in scope for reporting.

This proposal appears to contravene the Capital Markets Union edict for efficiency and indeed likely constitutes a punitive requirement for firms spend financial resources to purchase the Digital Token Identifier [DTI] expensively and in addition to fixed system development and data quality processes. Indeed, given that the issuer of the DTI is also the issuer of the related ISIN, and that the two are mutually mapped, reporting should already be accounted for via the ISIN.

Concisely, given that a “DLT financial instrument,” or underlying, may become TOTV, clearly all in scope DLT instruments or related products would, or at least should, have an ISIN. Indeed, the ISIN remains essential in order to effectively act as the UPI and capture details of the security. The relevant details relating to the token as mapped to the DTI are not directly relevant to MiFID.

Whilst there may be instances where multiple DTIs are linked to a specific ISIN; this is directly analogous to the revised approach to derivatives under the forthcoming EU Commission Delegated Act, yet there is no proposal to resubmit either detailed EMIR reporting fields nor CDE fields under MiFID II RTS22. That same approach should be replicated for digital assets to rationalise costs and burdens where duplicated.

We note the discussion at the ESMA Open Hearing in December wherein ESMA confirmed that the requirement for the DTI is not consequent to the Market Abuse context but solely an alignment with the MICA text because ESMA would like to be able to track the orderly functioning of the market where transactions occur over several blockchains, and therefore would like to receive the most granular level of information. However, this is simply not a MiFID requirement nor competency and simply layers costs and frictions onto the EU market place in a manner that contravenes both the intent of MiFID and the more recent commitment to Capital Markets Union efficiencies because this data is readily available to ESMA from MICA.

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<ESMA\_QUESTION\_RTS2224\_29>

1. Do you agree with the proposed amendments to Art.4 to extend the transmission of order agreement also to cases of acting on own account? Please detail your answer.

<ESMA\_QUESTION\_RTS2224\_30>

Yes, we agree with the proposed amendments to Art.4 to extend the transmission of order agreement also to cases of acting on own account. This standardises and makes more uniform the application of the term “Transmission.”

We would assume that this proposed amendment would hold no concomitant bearing for the ongoing compliance with field 25, “*Transmission of order indicator*,” which has in itself always raised a series of questions requiring guidance.

Conversely, we would assume that this proposed amendment would hold a direct bearing on any final “Chain Identifier” wherein the cases of acting on own account under Article 4 would form a part of that chain, if only an endpoint therein.

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<ESMA\_QUESTION\_RTS2224\_30>

1. Do you agree with the proposed amendments to Art.7 to include specific cases of portfolio and fund managers? Please detail your answer.

<ESMA\_QUESTION\_RTS2224\_31>

Yes, we agree with the proposed amendments to Art.7 to include specific cases of portfolio and fund managers.

We would flag that this appears to hold an instrument scope wider than just RTS1 instruments and may require either specific level 3 guidance as to whether a discretionary mandate needs to be formally existing and disclosed; and where a person can be commonly understood to be a “decision maker” under MiFID II.

For simplicity, we would encourage ESMA to mandate the application of these changes to Article 7 solely to the scope of RTS1.

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<ESMA\_QUESTION\_RTS2224\_31>

1. Do you have any comments on the proposed approach to updating the ‘Instrument details’ section in the Annex to the RTS 22? Please flag any additional aspects that may need to be considered.

<ESMA\_QUESTION\_RTS2224\_32>

We essentially agree with the proposed approach concerning reference data in the Annex to the RTS 22. We also agree with the comments in paragraph 110 that the deference to RTS23, “*has proved efficient and works well in practice.*” We would therefore urge ESMA to consider further steps to defer all the aspects relating to ‘Instrument details’ within RTS 22 across to RTS 23 as a measure for simplification.

Clearly the European Commission forthcoming adoption of a Delegated Act to respecify the identifying reference data to be used for OTC derivatives by essentially merging the UPI functionality into the ISIN labelling will hold significant effect. Whilst we support the DA and therefore the intent within paragraph 113 that the data element, ‘*Term of the contract*’ be supplanted into the transaction reports; it would be fit and proper for ESMA to reopen an annex to this consultation when that process becomes relevant. Such a process should focus on understanding what changes that ESMA are expecting to make to the transaction reporting table fields in the light of the EU Commission Delegated Act and whether these changes are intended to apply across all instruments in scope of transaction reporting or just to those under the scope of the transparency which the DA sets out.

This request becomes especially pertinent when considering the forward role for the restated ISIN (as a UPI) in relation to the point expressed in paragraph 114 that, “*in the case of IRS the effective date and the expiry date should not be considered reference data but should rather be reported in the transaction reports*”. We refer back to Q24 and the proposal to allow for a UPI to be reported when an OTC ISIN does not exist for a transaction. This will simplify transaction reporting by removing the need to populate fields 42-56 for the scenarios where there is no ISIN for a transaction, but there is a UPI.

This bears on the context for the inclusion of Field 43a as a “MiFIR Identifier” which appears excessive and not to be required under the Level 1 mandate. Indeed, this further inclusion appears similar to the prior discussion regarding the “DTI” wherein the required data is readily available elsewhere and the ESMA reporting requirement essentially duplicative and unnecessarily burdensome. This is because we understand the relevant data elements to be mapped with the CFI encoding.

With regards to field 47 (Underlying ISIN), we note that the additional fields 47a, 47b and 47c essentially turn on prior RTS 23 reporting. Given the changes both within the prospective Delegated Act and the scope of TOTV, we would urge ESMA to clarify and provide step-by-step guidance in relation to these fields in consideration of the interaction between RTS 22 and RTS 23.

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<ESMA\_QUESTION\_RTS2224\_32>

1. Do you support inclusion of the new fields listed above? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_33>

We do not oppose the inclusion of the new fields relating to either the categorisation of the client, nor to the validity timestamp.

The ‘*clients treated as professionals on request,’* category is not currently identified within the MiFIR legislation, and this should therefore be a MiFIR category of client. We advocate to keep it simple as a client would either be a ’professional’ or it will not.

In the case of the reporting timestamp we consider that ESMA would need to set out in detail the expectations, ownership, and scope of the obligation since trading venues may both need to populate this field and also supply the relevant information both to client market participants as well as to ARMs and/or CTPs.

Rather, and in the aspiration for harmonisation and standardisation, ‘Validity timestamp’ should be replaced by using the CDE field ‘Event timestamp’. ‘Event timestamp’ was introduced in version 3 of the CDE with the definition commencing “Date and time of occurrence of the event”. The draft version 4 of the CDE proposes adding “for which a report is made” to the end of that definition.

This is in contrast to the idea for Validity timestamp which would be a new field that is not used in other regimes.

We would add that any requirement to pass information from trading venues onwards to reporting firms shall always incur a significant implementation burden and may be more complex for non-equity and hybrid trading models. For information concerning client classification, we note that this comprises “Static Data” and has not hitherto been a trade-by-trade reporting item.

It remains therefore important to clarify that adding these fields and to automate the related capabilities to populate them correctly presents a further significant technology development project for firms operating wholesale trading venues and making transaction reports at scale. To be concise, these are buildouts which can only be constructed and deployed with at least 18 months’ timeframe from the point of final certainty and specification.

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<ESMA\_QUESTION\_RTS2224\_33>

1. Do you agree with the amendments listed above for the existing fields? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_34>

We do not oppose the inclusion of the new fields relating to Table 2 of Annex I and Annex II. Indeed, as a matter of principle, the reallocation of requirements from the level 3 transaction reporting guidelines into the technical standards should provide for a better basis for data quality outcomes.

However, we would request ESMA to make it clear that from the point of implementation there would be no requirements for backloading this information into prior reports, nor for the backdating of any reporting to take these revisions into account. Any such approach other than a “big bang” at a point in time subsequent to systems readiness would be very burdensome to wholesale trading venues.

Most of the proposals for substantive change appear valid and beneficial, but particular scrutiny should be placed upon the proposed harmonisation across the lists of updated flags to be reported under field 63 (OTC post-trade indicators) which together constitute Field #9, especially considering that the list will be further updated in line with the final outcome of the relevant consultation.

Specifically:

* Flags ALGO, RFPT, PRIC, NLIQ and OILQ do not apply to OTC transactions and should not be in this field.
* While noting that the CANC and AMND flags are not changing, and with reference to our response to Q47, we note that is not clear how cancellations of transactions are handled and suggest this be made clearer.
* The definition of LRGS “Post-trade large-in-scale transactions” has potential to be misinterpreted as meaning any transaction above large in scale, as opposed to qualifying for deferral, which we believe to be the intent. We recommend that the description of this field be changed to match that in the annex to RTS 1. We also note LRGS appears a second time in the list “(Large in scale”) and assume this to be an error.
* We would like to make the point that adding new flags to the OTC post-trade indicator has the potential to incur significant implementation costs, particularly when flags need to be passed between investment firms for accurate transaction reporting. The post-trade deferral flags for fixed income would be a good example.

Regarding the table on national identifiers accompanying paragraph 127 and the proposed wording change to article 6, we note:

* It not being clear why article 6 of RTS 22 refers just to a ‘highest priority’ identifier, while Annex II allows for lower priority identifiers.
* The proposal for Finland may cause problems for Finnish residents using financial services in other countries.

The removal of references to the UK could usefully be replaced by a table of differences or comparison to the parallel requirements in the UK.

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<ESMA\_QUESTION\_RTS2224\_34>

1. Do you support suppressing the reporting of the field listed above? Please provide details in your answer.

<ESMA\_QUESTION\_RTS2224\_35>

Yes, we support the removal of the short selling indicator.

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<ESMA\_QUESTION\_RTS2224\_35>

1. Do you agree with the proposal of including in the list of exempted transactions under Art.2(5) the disposal or selling of financial instruments ordered by a court procedure or decided by insolvency administrator in the context of a liquidation / bankruptcy / insolvency procedure?

<ESMA\_QUESTION\_RTS2224\_36>

Yes, we support the proposal to include relevant disposals in the list of exempted transactions under Art.2(5).

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<ESMA\_QUESTION\_RTS2224\_36>

1. Do you consider that the exemption in Art.2 (5) should take into consideration also other similar instances as described? Please elaborate your answer.

<ESMA\_QUESTION\_RTS2224\_37>

Yes, we support the proposal to consider that the exemption in Art.2 to cover similar instances.

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<ESMA\_QUESTION\_RTS2224\_37>

1. Do you agree with the assessment and the proposal of expanding the perimeter of the exempted transactions to auctions in emission allowances?

<ESMA\_QUESTION\_RTS2224\_38>

Yes, we support the proposal to expand the perimeter of the exempted transactions to auctions in emission allowances as defined in Article 34 of Commission Delegated Regulation (EU) 2023/2830”.

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<ESMA\_QUESTION\_RTS2224\_38>

1. Do you agree with the proposal of narrowing the perimeter of the exempted novations to transactions having clearing purposes?

<ESMA\_QUESTION\_RTS2224\_39>

Yes, we support the proposal to narrow the perimeter of the exempted novations to transactions having clearing purposes.

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<ESMA\_QUESTION\_RTS2224\_39>

1. Please provide your views on the format for reporting and any challenges you foresee with the use of JSON format compared to XML. Please provide estimates of the costs, timelines of implementation and benefits (short and long term) related to potential transition to JSON.

<ESMA\_QUESTION\_RTS2224\_40>

Provided the underlying message structure is consistent, and therefore the quality of the data is not compromised, enabling market participants to report using different message formats will have immediate cost and implementation benefits, enable more global consistency, and also provide flexibility to introduce better formats in the future should they become available

We understand from the ESMA Open Hearing in December that the proposals for the use of JSON format over that of XML have been rescinded. We also understand that the UK FCA have no proposals to mandate the use of JSON as a reporting format.

Rather than specifying a particular reporting format within the technical standards, ESMA may wish to specify that reporting format must comply with ISO 20022 standard methodology and set out expectations within Level 3 guidance. Moreover, the choice of encoding via any protocol or format should solely be a technical specification matter.

So, whilst XML and JSON are fairly similar and both would be fit for purpose for transaction reporting, there is no benefit accruing in moving from XML to JSON in relation to the costs involved when considering the widespread industry adoption of the former.

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_RTS2224\_40>

1. Should the use of transaction data to perform the calculations be feasible, what would be the costs and the benefits of using this data and discontinuing the specific reporting flows (FITRS and / or DVCAP), including in relation to the change and run costs of reporting systems, data quality assurance and other relevant aspects?

<ESMA\_QUESTION\_RTS2224\_41>

We are unclear as to the quantification of the costs and the benefits accruing from the putative switch to using transaction data to replace that currently obtained from FITRS, but would strongly endorse the approach and the PoC outcomes detailed in the consultation and further explained at the open hearing by Lukas Popko of the ESMA Governance and Strategy Team.

Concisely, we would support the discontinuation of both FITRS and DVCAP in favour of a single source of transaction data which is generally understood to provide a better data quality and matching reconciliation as compared to the current approach.

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_RTS2224\_41>

1. Do you have any comments on the methodological approach outlined above?

<ESMA\_QUESTION\_RTS2224\_42>

We would support the discontinuation of both FITRS and DVCAP in favour of a single source of transaction data which is generally understood to provide a better data quality and matching reconciliation as compared to the current approach.

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_RTS2224\_42>

1. Do you have other comments on this potential change, e.g. on specific issues, challenges or alternatives that could be considered by ESMA in its assessment?

<ESMA\_QUESTION\_RTS2224\_43>

Comment whether future data from APAs and TVs designed to supply CTPs would also be a useful resource for a FITRs replacement.

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_RTS2224\_43>

1. Do you agree with the proposal of adopting JSON as standard and format of order book data keeping and transmission? Please justify your answer.

<ESMA\_QUESTION\_RTS2224\_44>

We do not think that there should be any format prescribed for how firms store their order book data providing the protocols are standardised and achieve the desired outcomes.

There is some rationale behind requiring a common format for transmitting such data to NCAs and likely this should be aligned with the ISO standards adopted worldwide. It is clearly very likely that many or most firms, especially those operating MiFIR trading venues will purpose the format already deployed for transaction reporting. In most cases this will be XML, and therefore, as set out in some detail across the prior consultations, any move to prescribe JSON would fail both cost-benefit and international harmonisation tests.

The definition of a machine readable format has been taken from existing and therefore rather dated sources. We would query whether ESMA should also address or cater for the ongoing adoption of cloud computing in its definition of “machine readable” (currently a machine-readable format is “*a file format structured so that software applications can easily identify, recognise and extract specific data, including individual statements of fact, and their internal structure*.”)

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<ESMA\_QUESTION\_RTS2224\_44>

1. Please provide your views on the format of reporting and any challenges you foresee with the use of JSON format compared to XML. Please provide estimates of the costs, timelines and benefits (short and long term) related to the potential implementation of JSON syntax.

<ESMA\_QUESTION\_RTS2224\_45>

See answer to Q44.

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_RTS2224\_45>

1. Do you have any comments on the proposed approach to updating the field list in the Annex to align with the proposed RTS 22 fields? Please flag any additional aspects that may need to be considered.

<ESMA\_QUESTION\_RTS2224\_46>

Mindful of the systems buildout required to cater for the annex revisions across MiFID II and MiFIR, but especially in respect of RTS 1, 2, 22, 23, 24 for which the data annexes are cross dependent, we would strongly advocate that concomitant changes across all the data fields come into synchronous force and are not phased in such that backloading or frontloading, even across short periods, becomes a further implementing requirement.

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_RTS2224\_46>

1. Do you support inclusion of the new fields listed above?

<ESMA\_QUESTION\_RTS2224\_47>

Yes, we support the inclusion within RTS 24 of the new fields concerning “Transaction Cancellation Date and Time”.

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_RTS2224\_47>

1. Do you agree with the amendments listed above for the existing fields?

<ESMA\_QUESTION\_RTS2224\_48>

Yes, we support the inclusion within RTS 24 of the amendments concerning, a new value as possible entry NORE to identify that the execution decision has not been taken by the market participant; and a new “INTC“ value to align with fields 7 and 16 of RTS 22 indicating an aggregate client account.

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<ESMA\_QUESTION\_RTS2224\_48>

1. Do you have further suggestions to improve or streamline the other fields in RTS 24?

<ESMA\_QUESTION\_RTS2224\_49>

We would strongly advocate that ESMA check and align the fields and protocols in the revised RTS 24 with ongoing parallel changes being undertaken by the FCA in the UK. Both should adopt and embrace global standards, and the relevant principles set out by IOSCO.

Where these prove difficult, we would strongly encourage the European authorities to seek the relevant changes to the IOSCO approaches such that other third countries in turn adopt harmonised rules.

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<ESMA\_QUESTION\_RTS2224\_49>