



› eex group

MiFID II /MiFIR position and transaction reporting

Dr. Marcus Mittendorf
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eex

ECC
European
Commodity
Clearing

powernext

PEGAS

GASPOINT
NORDIC

EPEXSPOT

› pxe

CLTX

NODAL
CLEAR

NODAL
EXCHANGE

There's a first time for everything

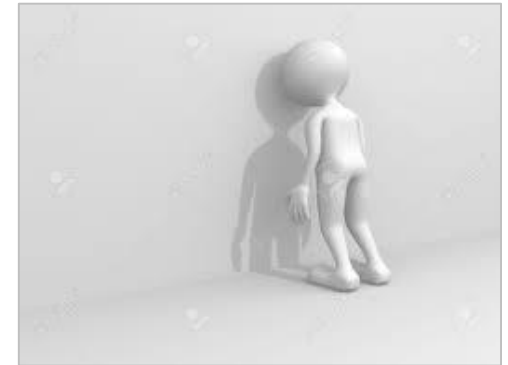
... when trading means also reporting and reporting and again reporting



EMIR (02/2014)



REMIT (10/2015)



MiFID II/MiFIR (01/2018)

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1. Overview on Reporting Requirements

2. Position Reporting

3. Transaction Reporting

4. Next steps

Reporting Obligations at D+1

	EMIR	REMIT	MiFID II/MIFIR
Orders	-	✓	-*
Trades	✓	✓	✓
Positions	✓	-	✓
Exposures	✓	-	-
Reference data			✓**
Spot	-	✓	-***
Derivatives	✓****	✓	✓*****
Power & Natural Gas	✓	✓	✓
Other commodities	✓	-	✓

* Record-keeping and pre-trade transparency required.

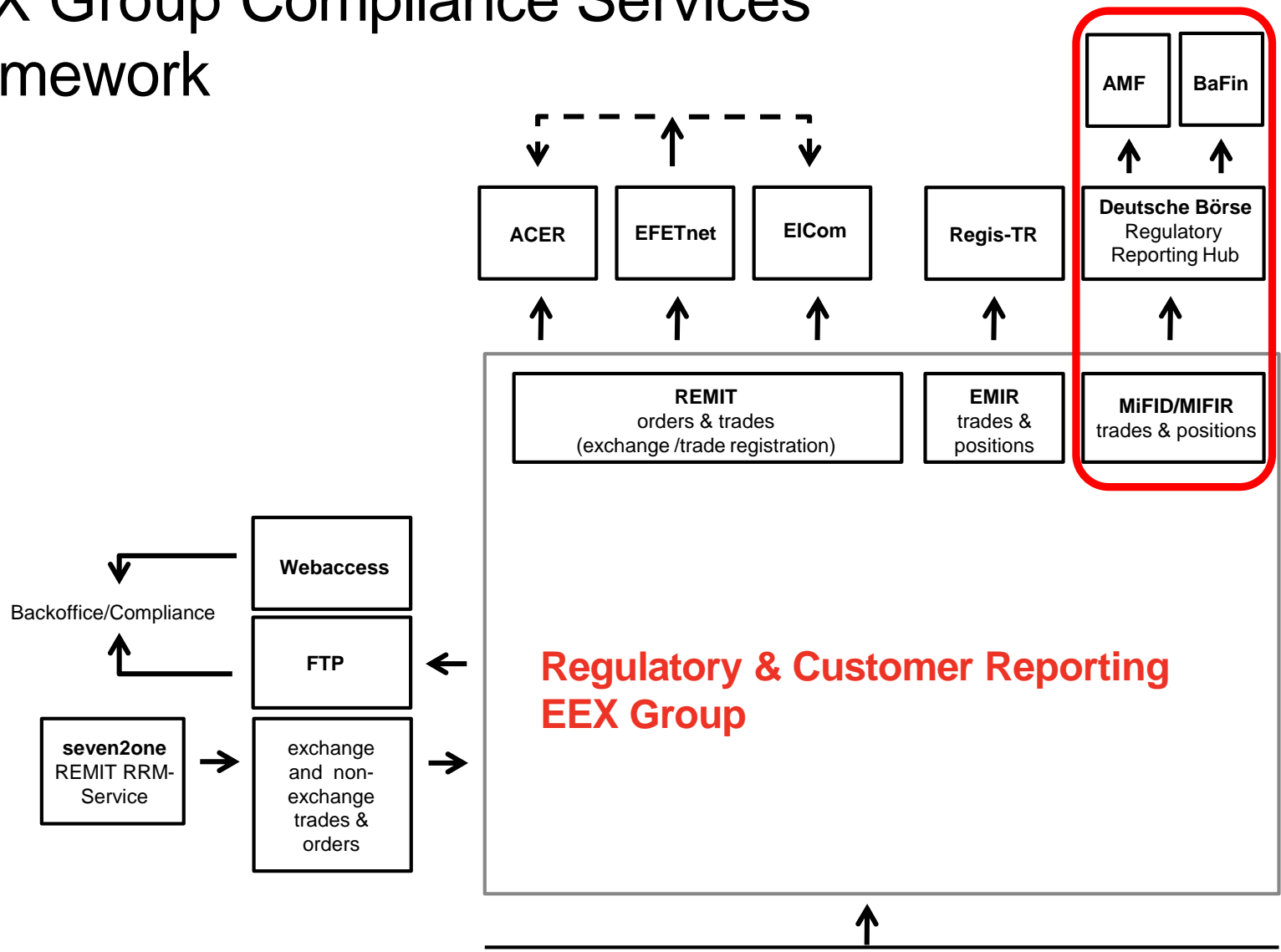
*** Emission allowances to be reported as exemption

**** For regulated market and financial products on OTF.

** Under MAR and MIFIR.

***** For regulated market.

EEX Group Compliance Services Framework



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Position Reporting Requirement

Article 58 MiFID II: Position reporting by categories of position holders

1. Member States shall ensure that an investment firm or a **market operator operating a trading venue** which trades commodity derivatives or emission allowances or derivatives thereof:

...

(b) provide the competent authority with a **complete breakdown of the positions held by all persons, including the members or participants and the clients thereof, on that trading venue, at least on a daily basis.**

...

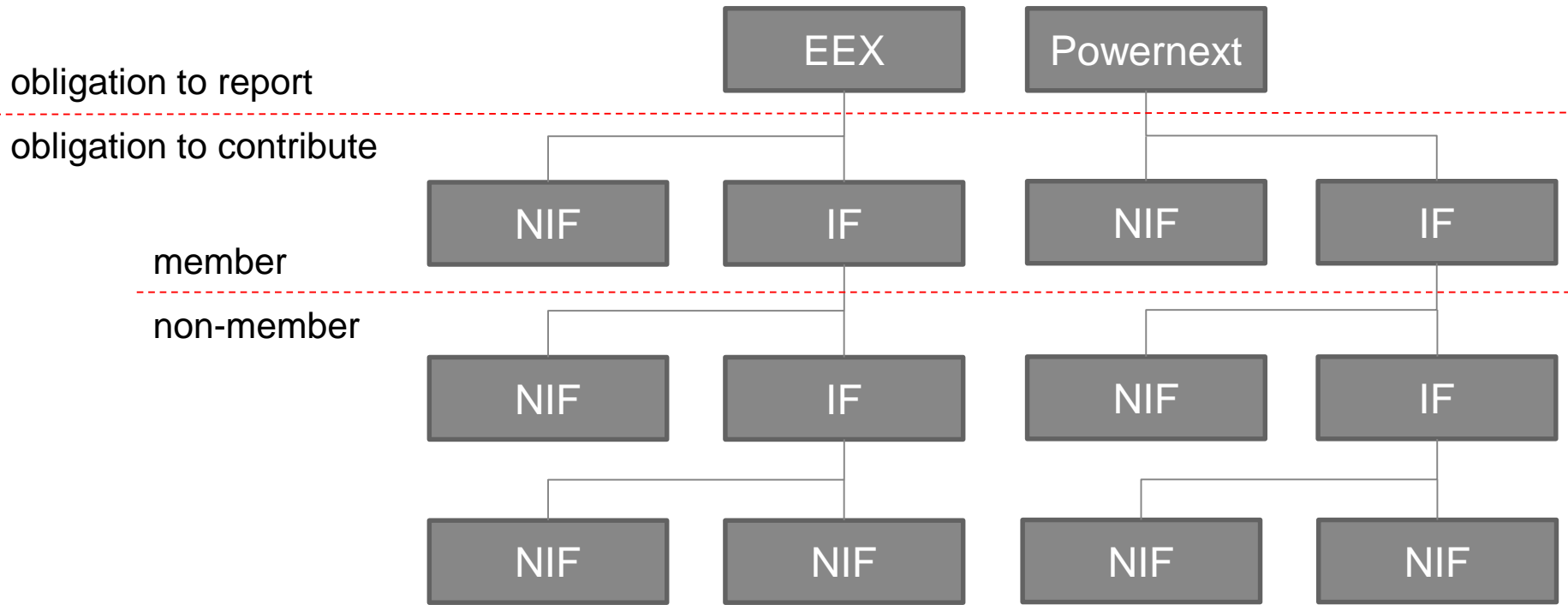
3. In order to enable monitoring of compliance with Article 57(1), Member States shall require **members or participants of regulated markets, MTFs and clients of OTFs to report to the investment firm or market operator operating that trading venue the details of their own positions** held through contracts traded on that trading venue **at least on a daily basis, as well as those of their clients and the clients of those clients until the end client is reached.**





However, certain data of the member is not available to the trading venue.

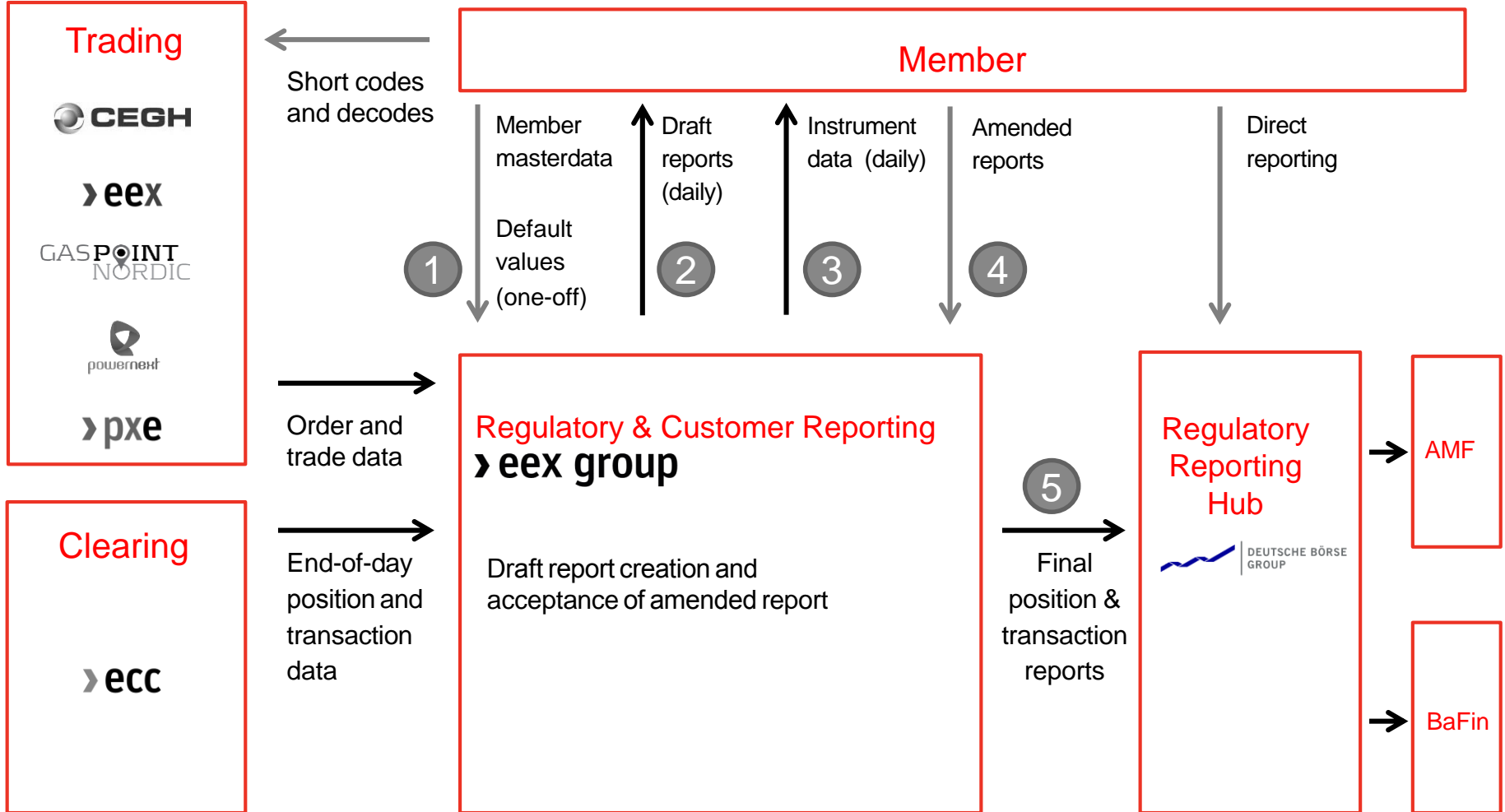


Affected Entities



 However, certain data of the client of the client is usually confidential. 

Position & Transaction Reporting Infrastructure



Position Reporting Process

1 Static data

- Members are required to provide additional member-related static data and default values (one-off task) according to the definition in ESMA's ITS4

2 Draft reports

- EEX will prepare a full draft position report for each EEX and PWX member based on ECC position data with all information available to the exchange
- Members can download the encrypted draft reports (xml) from a ftp at 10am CET, make amendments and upload new versions

3 Instrument file

- EEX provides a dedicated MiFID II/MiFIR designed instrument file (csv) on the ftp server containing, inter alia, ISIN on contract level, contract details and option deltas

4 Amended reports

- EEX expects report amendments for the previous trading day by 2pm CET on each trading day.

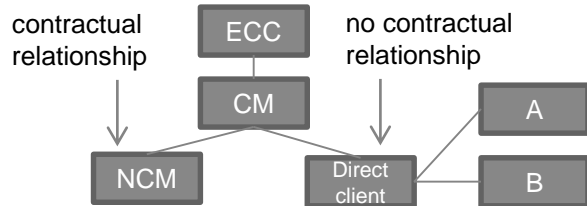
5 Submission of final report

- EEX checks the relevant ftp folders for amended report(s) post 2pm CET and takes up the latest one. In case no amended reports is available, EEX assumes the draft report as the final one.
- If an amended report is available, it will be submitted to Deutsche Boerse's Regulatory Reporting Hub. Deutsche Boerse will pass it on to AMF and BaFin..

Position Reporting – Non-Member Reporting

Challenges

- Clients of IF may not want to report the details of their position (e.g. hedge/spec, information of subsequent clients) to the IF.
- ECC's indirect clearing model does not require the clearing member to know the clients of its clients.



- Art. 58.3 requires the trading venue members to provide the complete breakdown until the end client is reached. Indirect clients have no legal obligation towards the trading venue.
- Operational challenges: How do we avoid errors and double reporting in the light that the exchange has the legal obligation to report correctly?

Solution approach

- **Key principle:** Every IF reports what they know.
- **Contractual solution:** The first IF in the chain holds its direct client(s) accountable. The direct client of the IF – if also an IF - holds its own direct client accountable
- **Technical solution:**
 1. When submitting its report, the client of the IF first « reverses » the position(s) reported by the IF on its behalf.
 2. Secondly, it enters (a) new record(s), incl. the right hedging information and/or client information.
 - ▶ No need to correct/eliminate/overwrite existing reports: By reversing the position, the NCA will have the correct information for each end-client.
 - ▶ Please note: There is no draft position report available for non-members except for those participating in ECC's indirect clearing model and using the technical NCM solution.

Service Options Available

	Position Reporting
Basic Service	Provision of instrument and draft position file and amendment of the position file by the trading member
Additional Service 1	Basic Service operated by a service provider (e.g. GCM, EFETnet, Unavista, ...)
Additional Service 2	Delivery of a final position file by non-members to EEX
Additional Service 3	Delivery of a final position file to Deutsche Börse
Additional Service 4	Reporting of off-exchange positions in EEX and Powernext products to EEX for submission to AMF and BaFin

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Transaction Reporting Requirement and Affected Entities

Article 26: Obligation to report transactions

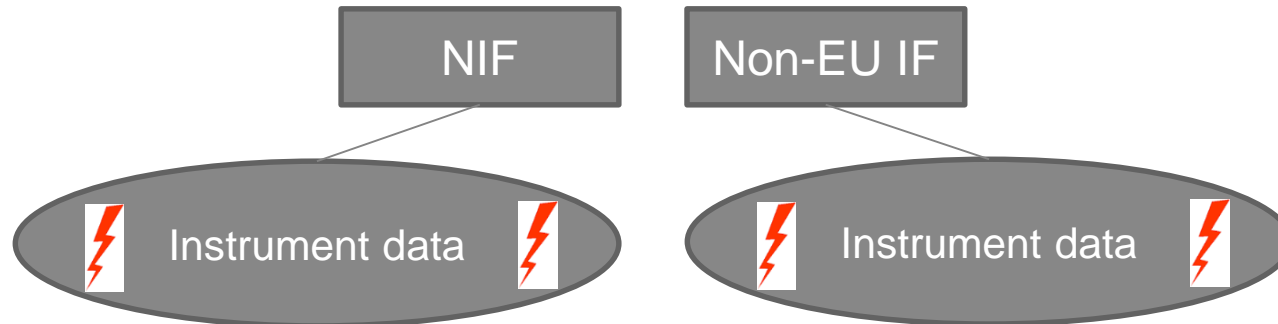
...

3. The reports shall, in particular, include details ... For commodity derivatives, the reports shall **indicate whether the transaction reduces risk** in an objectively measurable way in accordance with Article 57 of Directive 2014/65/EU.

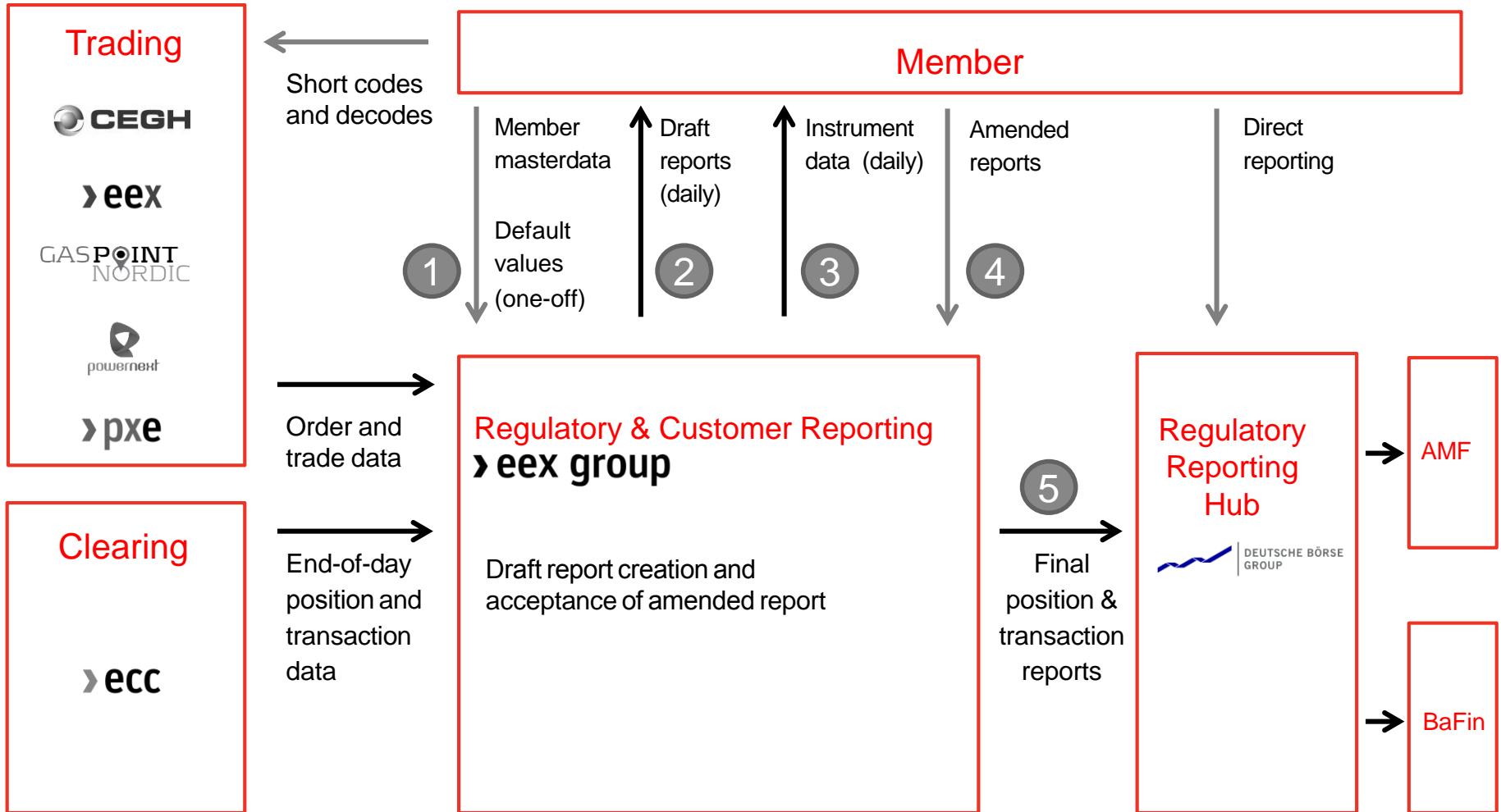
...

5. The **operator of a trading venue** shall report details of **transactions in financial instruments** traded on its platform which are executed through its systems **by a firm which is not subject to this Regulation** in accordance with paragraphs 1 and 3.

...



Position & Transaction Reporting Infrastructure



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Next Steps

- MiFID II/MiFIR Data Services Agreement distributed 27 Oct/7 Nov
 - Technical reporting specification distributed 7 Nov
 - Access to customer simulation environment 16 Nov
 - MiFID II/MiFIR Data Services Agreement to be completed 30 Nov
-
- GoLive 3 Jan

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