

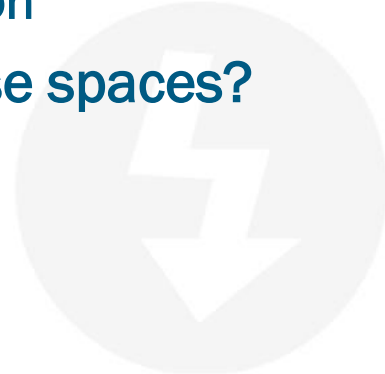


EFETnet Annual User Meeting New or updated EFETnet solutions

June 7, 2017 – Grandior Hotel, Prague

What is happening at EFETnet

- The past 12 months have been a little quieter than recent years
- End of 2016 saw REMIT reporting stabilise
- 2017 has seen a new regulatory focus e.g.
 - ACER data quality initiative
 - Changes to ESMA reporting, plus new Swiss financial regulation
 - MAR requirements
 - MiFiD II coming on the horizon
- What is EFETnet doing in these spaces?





ACER DATA QUALITY



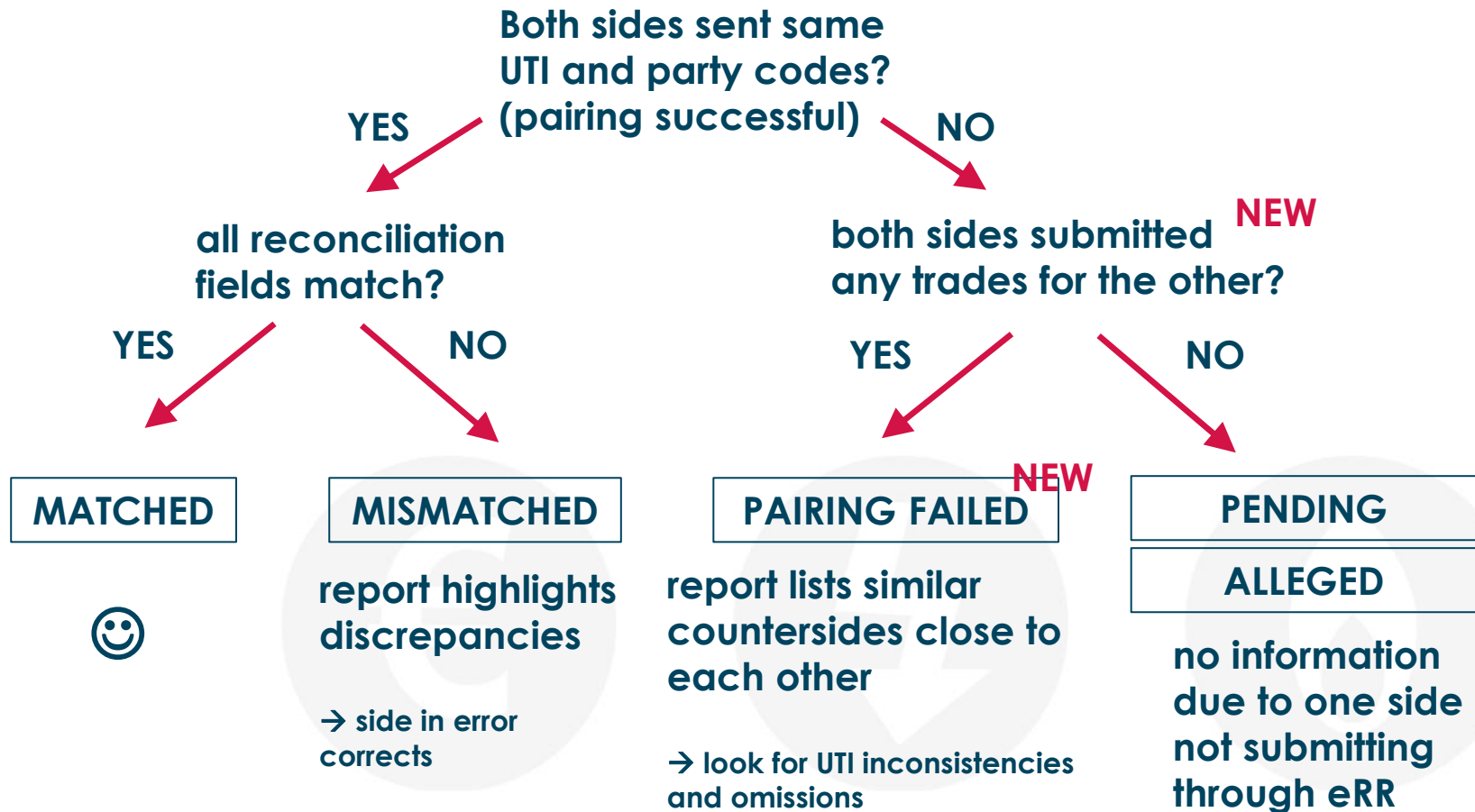


ACER Data Quality

- EFETnet is the largest independent RRM for REMIT
- As such, we see a large amount of data, from a diverse number of sources
- EFETnet is working with ACER to provide input into ways data could be made more consistent across sources
- EFETnet has also introduced new functionality to eRR to try and resolve mismatches in reporting



UTI Reconciliation on eRR





UTI Reconciliation – Improved Mismatch Tab

mismatch highlighting

white = me
grey = CP

full details on both lines for easier filtering

auto-filtering

Execution Da	Termination D	B	Contr. Ty	Set	Put/C	Com	Delivery Point	Delivery St	Delivery E	Price	Price C
26.08.2016	27.08.2016	B	FW	P		EL	10YFR-RTE-----C	27.08.2016	27.08.2016	35,83000	EUR
26.08.2016	27.08.2016	S	FW	P		NG	37Y701125MH0000I	27.08.2016	28.08.2016	3.583,00000	EUX
25.08.2016	30.08.2016	B	OP_FW	P	C	NG	21YNL----TTF---1	27.08.2016	30.08.2016	10,90000	EUR
25.08.2016	30.08.2016	S	OP	P	C	NG	21YNL----TTF---1	27.08.2016	30.08.2016	10,90000	EUR
26.08.2016	01.10.2017	S	FW	P		NG	21YGB-UKGASGRIDW	01.04.2017	01.10.2017	0,35300	GBP
26.08.2016	01.10.2017	B	SW	C		NG	21YGB-UKGASGRIDW	01.04.2017	01.10.2017	35,30000	GBX
26.08.2016	30.09.2016	B	FW	P		EL	10YDE-RWENET---I	01.09.2016	30.09.2016	28,75000	EUR
26.08.2016	30.09.2016	B	FW	P		EL	10YDE-RWENET---I	01.09.2016	30.09.2016	28,75000	EUR
24.08.2016	25.08.2016	B	FU	C		EL	10Y1001A1001A58E	25.08.2016	25.08.2016	30,00000	GBP
24.08.2016	09.01.2017	S	FU	P		EL_NG	10Y1001A1001A58E	25.08.2016	09.01.2017	30,00000	GBP
25.08.2016	27.08.2016	S	FW	P		NG	37Y701125MH0000I	26.08.2016	27.08.2016	11,28000	EUR
25.08.2016	26.08.2016	B	FU	P		NG	37Y701125MH0000I	26.08.2016	26.08.2016	11,28000	EUR
23.08.2016	01.10.2016	S	FW	P		NG	21Y0000000000041I	01.09.2016	01.10.2016	11,85000	EUR
23.08.2016	01.10.2016	B	FW	P		NG	21ZSHAMST-----W	01.09.2016	01.10.2016	11,85000	EUR
26.08.2016	01.10.2016	B	OP_FW	P	P	NG	21YGB-UKGASGRIDW	01.09.2016	01.10.2016	29,20000	GBX
26.08.2016	01.10.2016	S	FW	P		NG	21YGB-UKGASGRIDW	01.09.2016	01.10.2016	29,20000	GBX

1 day tolerance

currency fractional unit tolerance

UTI Reconciliation – New “Pairing Failed” Tab

same details as on mismatch tab
but only unpaired trades

counterparty sent same details but different UTI

UTI	Execution	Termination	B/S	Contr	Comn	Delivery Point	Delivery Star
WS2E20BA5JjtOXiL0JaDZ0g0WU8sP46KQc3qnUUs01	24.08.2016	25.08.2016	B	FU	EL	10Y1001A1001A58E	25.08.2016
02dJKLD9js9e0388392098930sBhhiAWsQxJlk930a01	24.08.2016	25.08.2016	S	FU	EL	10Y1001A1001A58E	25.08.2016
3C3KJ2TY7Mtu8Xjt902TFK7jq3BhhiAWsQs86U3T01	26.08.2016	30.09.2016	B	FW	EL	10YDE-RWENET---I	01.09.2016
48Dkdklks9e0388392098930sBhhiAWsQsXXJKLDT01	26.08.2016	30.09.2016	S	FW	EL	10YDE-RWENET---I	01.09.2016
3C3KJ2TY7M3btxAiqXzSKIA0XE4RnVfmV1wAMZpA01	26.08.2016	01.10.2017	S	FW	NG	21YGB-UKGASGRIDW	01.04.2017
3C3KJ2TY7M3btxAiqXzSKIA0XE4RnVfmV1wAMZpA04	26.08.2016	01.10.2017	B	FW	NG	21YGB-UKGASGRIDW	01.04.2017
3C3KJ2TY7Mv3aCi38NmHAXOJIDYjkNq9IKzNyRaE01	25.08.2016	27.08.2016	S	FW	NG	37Y701125MH0000I	26.08.2016
81ZfOynzqCYCfUGXWNSOZ3OJ104783748	26.08.2016	27.08.2016	B	FW	EL	10YFR-RTE-----C	27.08.2016
490239489023492323	26.08.2016	27.08.2016	S	FW	EL	10YFR-RTE-----C	27.08.2016
490239489034898933	25.08.2016	30.08.2016	S	FW	NG	21YNL----TTF---1	27.08.2016
81ZfOynzqCYCfUGTW7SOZMOX105085898	23.08.2016	01.10.2016	S	FW	NG	21Y000000000041I	01.09.2016
81ZfOynzqCYCfUGTWNSOZMOJ105220891	26.08.2016	01.10.2016	B	OP_FW	NG	21YGB-UKGASGRIDW	01.09.2016
81ZfOynzqCYCfUGTWNSOZMOJ105228930	26.08.2016	01.10.2016	S	OP_FW	NG	21YGB-UKGASGRIDW	01.09.2016

easy to spot omissions
(CP sent more trades than us)

sorting by parties + trade contents
make similar trades which do not
pair on UTI appear next to each other



ESMA AND FINFRAG



EMIR 'Level 3' – the drivers and impacts

- ESMA have a drive to get more transparency across reported data both inter- and intra- Trade Repository
- New reporting formats come into effect in November 2017
- Changes to EMIR reporting requirement:
 - 100 out of 129 fields are affected (80%)
 - 39 new fields
 - 51 modified fields
 - 10 fields depreciated
- Big impact on MPs, regardless of the TR they use, unless



EMIR 'Level 3' – eRR protection

- EFETnet eRR uses an independent data format (CpML) which is not tied to the ESMA formats
- In addition, eRR offers a high degree of central enrichment of reported data
- The result is a far lower impact on eRR users
 - eRR data format has small changes to accommodate new data requirements
 - Mitigation of impact on eRR users:
 - Updated mappings from currently reported data
 - Update to Standing Instructions (new & repeating values)
 - Updated enrichment rules (e.g. delivery profile enrichment for financial trades aligned with REMIT enrichment processing)

EMIR 'Level 3' – what eRR can't protect against

- Some changes are too far reaching for eRR to fully absorb the change
- Collateral Message has been completely reworked, and so has the eRR processing
- Changes to message Action Types means MPs must capture the reason why a previously reported trade is being modified



FinFRAG

- FinFRAG is the new Swiss financial reporting regulation (think ESMA for Switzerland)
- FinFRAG uses multiple TRs (as with ESMA)
- Reporting under FinFRAG goes live September 2017
- eRR is being extended to support FinFRAG reporting (as it was to support reporting to ElCom)
- Reporting format and process will be consistent with eRR EMIR reporting

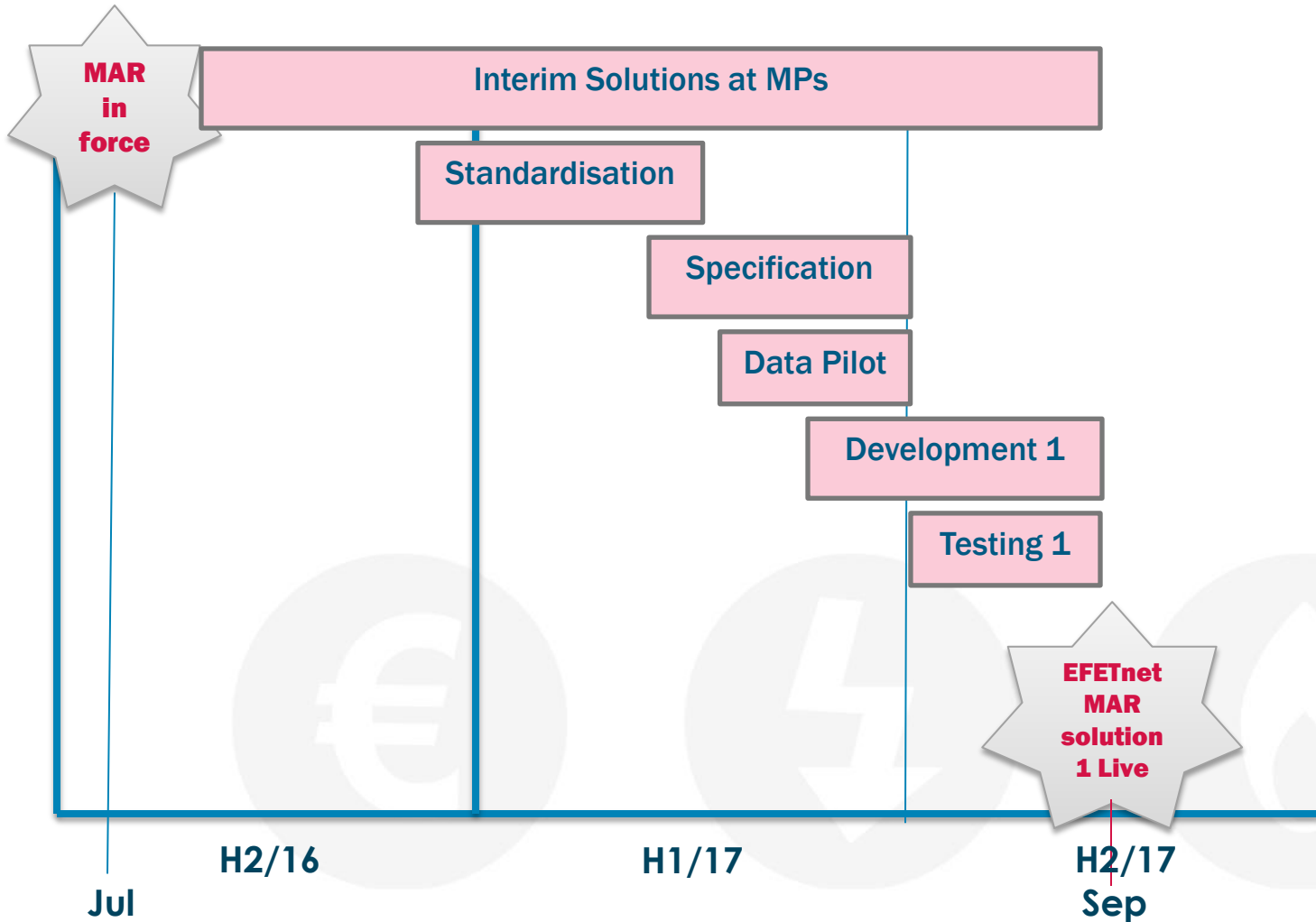




MAR



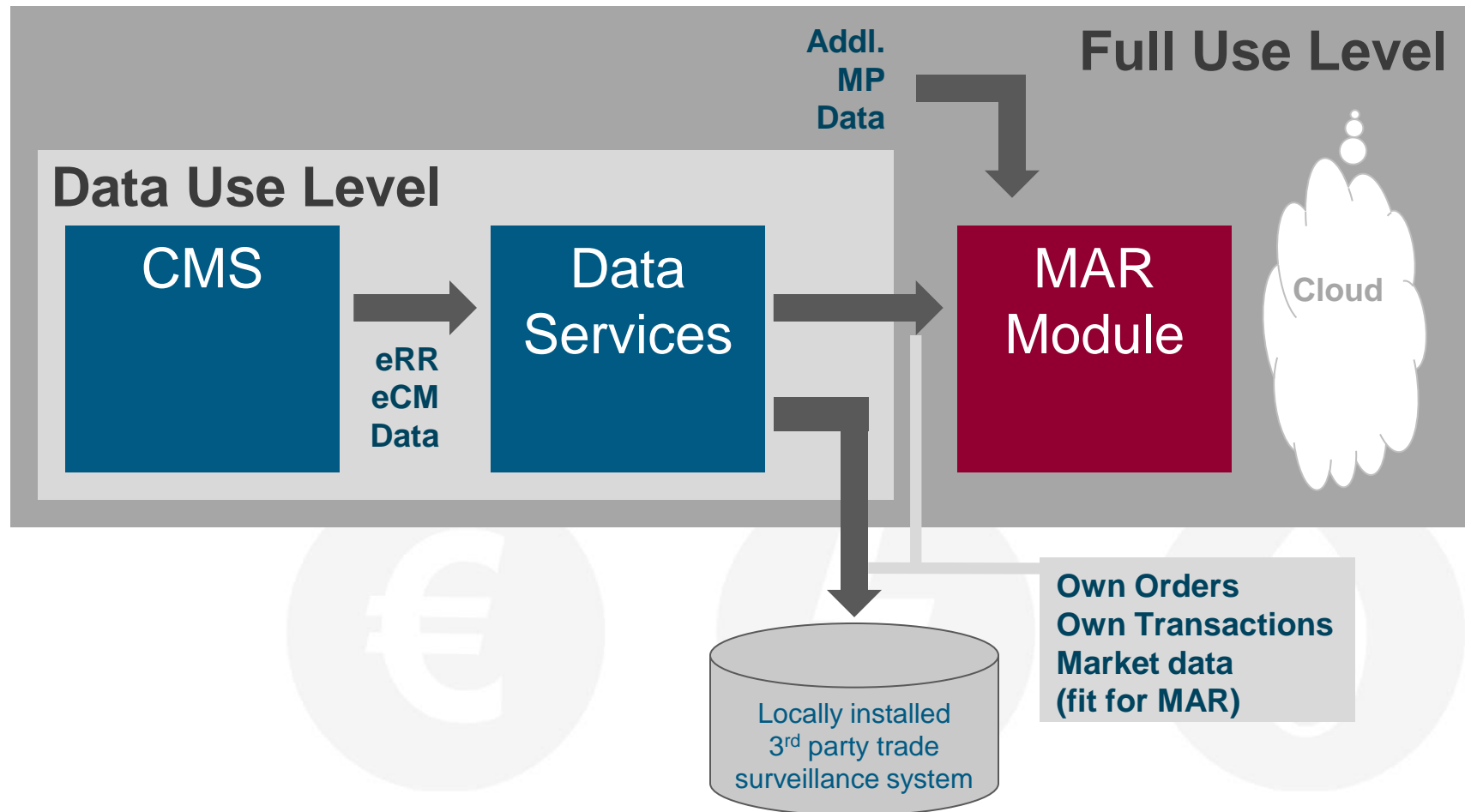
EFETnet MAR Solution



MAR monitoring – EFETnet solution sketch

- EFETnet is developing a solution for MAR electronic trade monitoring in 2017
- EFETnet already collects orders and trade data from brokers and exchanges - re-use regulatory reporting and eCM data of MAR users
- Goal: Deliver turn-key solution without the need for a local data integration project and ongoing data cleaning
- EFETnet offering will consist of two levels:
 - Full use, triggers & alerts for abuse patterns inside the centrally hosted EFETnet MAR module
 - Data use, data as subscription feeds to users wishing to implement locally hosted or bespoke MAR solutions
- The solution will be delivered incrementally, starting with the highest-ranked abuse patterns and their indicators

Two levels of using the EFETnet MAR Solution



Focus for first release:

Ranking (from EFET WG Trading Compliance):

1. Layering and Spoofing
2. Marking the Close
3. Abusive squeezing, cornering the market
4. Insider Trading
5. Wash Trades (linked with 7)
6. Cross-market manipulation
7. Pre-arranged Trading
8. Off-market pricing



Focus of first release



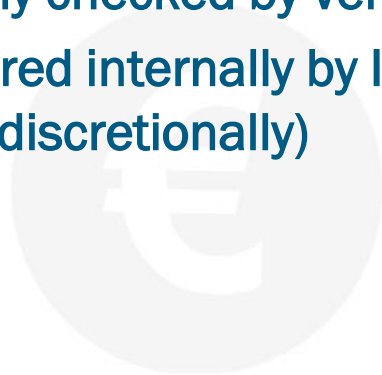
MIFID II





MiFID II – What is it?

- Operational go-live 1st Jan 2018
 - Some talk of ‘soft’ introduction
- Industry Data Flows
 - Transaction Reporting
 - Position Reporting/Limits
- Position Limits
 - Officially checked by venues
 - Monitored internally by Investment Firms and Non-Investment Firms (discretionally)



MiFID II – Who reports?

■ Reporting ‘Roles’

■ Venues

- Transaction Reporting for Non-Investment Firms
- Position reporting and limit checking

■ Investment Firms

- Transaction Reporting: self and on behalf of Non-Investment Firms economically equivalent OTC (EEOTC) counterparties
- Position Reporting: self broken down by client (including EEOTC)

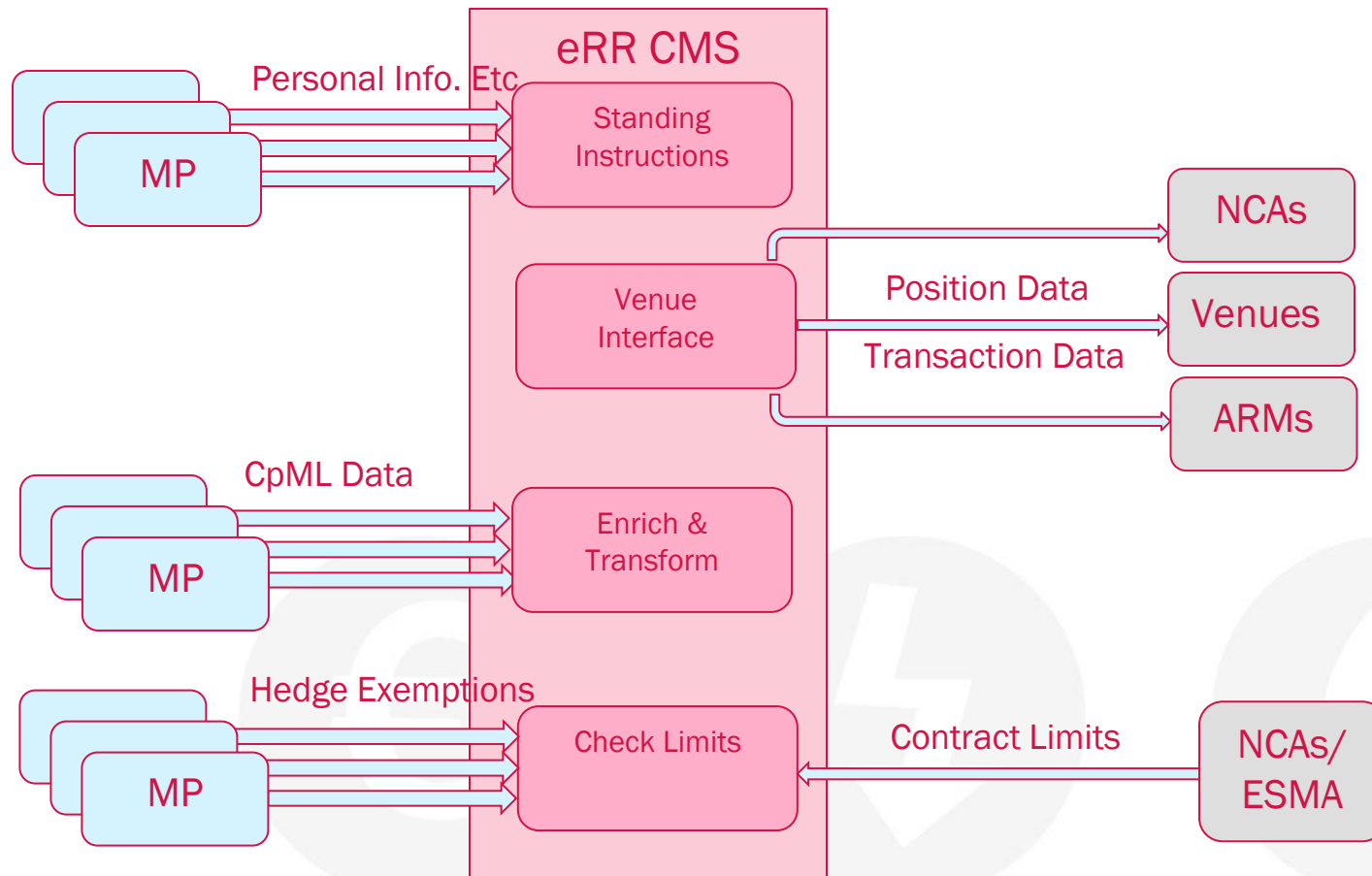


MiFID II – How do Position Limits work?

- Publication
 - National Competent Authorities regulating each venue
 - Consolidated by ESMA ?
 - By venue by contract
- Hedging Exemptions
 - Applied for by Non-Investment Firms (not Investment Firms)
 - By venue by contract ?



MiFID II Overview





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