

# MiFID Post-trade Transparency Service of the Irish Stock Exchange

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# 1 Introduction

This document is designed as a guide to member firms who wish to avail of the ISE's MiFID Post-trade Transparency Service which is provided through ISE Xetra, the electronic trading system of the ISE. This service is available to all member firms who wish to report off exchange trades in non-ISE MiFID instruments in order to comply with MiFID's post-trade transparency obligations.

A member firm which intends to use the MiFID Post-trade Transparency Service should notify the ISE at [isexetra@ise.ie](mailto:isexetra@ise.ie).

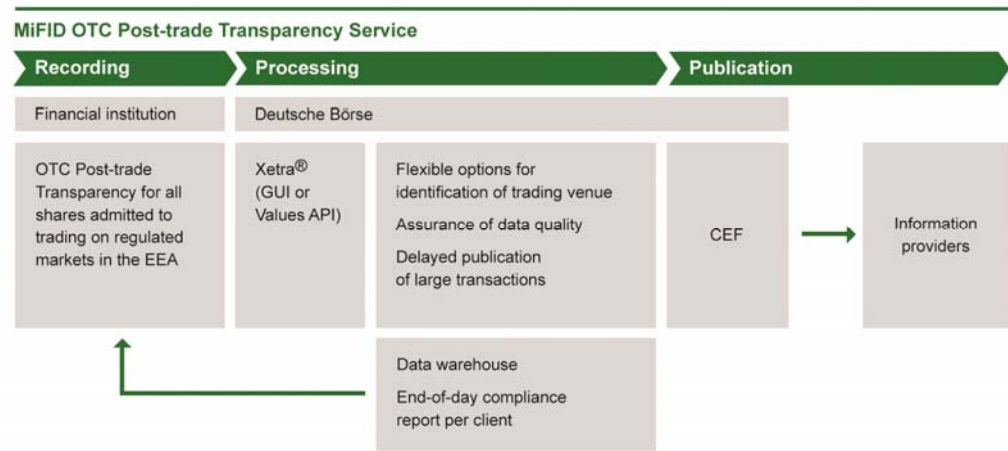
Non-member firms with no existing connection to ISE Xetra and which wish to avail of this service should contact the Traded Markets Department of the ISE by telephone on +353 1 617 4200 or by email to [isexetra@ise.ie](mailto:isexetra@ise.ie) to discuss the options available to them.

## 1.1 SERVICE COMPLIES WITH MiFID OBLIGATIONS

The MiFID (Markets in Financial Instruments Directive), requires investment firms and credit institutions (hereafter referred to as "firms") to publish their off exchange purchases and sales of shares admitted to trading on a regulated market in the European Economic Area (EEA). The MiFID Post-Trade Transparency Service provided by the ISE, using the ISE Xetra system, enables firms to fulfil their post-trade transparency requirements as set out in MiFID by offering a service with the following key features:

- Coverage of all relevant instruments across the EEA which are subject to MiFID transparency requirements,
- Reporting via ISE Xetra,
- Quality assurance of data submitted in accordance with MiFID requirements,
- Optional block trade facility which automatically defers publication of trades which are large in size in accordance with the criteria outlined in MiFID,
- Flexible use of the execution venue ID allowing this to be amended on a trade by trade basis,
- An option to report trades on behalf of third parties,
- Provision of an End of Day Compliance Report as proof that regulatory requirements have been met, and
- Worldwide dissemination of trade data to information vendors published via the CEF data feed under the ISE's service agreement with Deutsche Börse.

The diagram below provides an overview of the recording, processing and publication of trade data.



## 2 General Information

### 2.1 SUPPORTED INSTRUMENT SCOPE

The MiFID Post-trade Transparency Service covers all non-ISE MiFID instruments admitted to trading on a regulated market within the EEA but excludes ISE instruments trading on the order book of ISE T7 as trades in these securities are reported via the OTC Trade Reporting Window of the Xetra Front-End GUI and in accordance with the Member Firm Rules as on-Exchange trades.

### 2.2 USE OF EXISTING CONNECTIONS

A member firm has the option of using the following connections for the ISE Xetra MiFID Post-trade Transparency Service:

- Xetra GUI, or
- Xetra VALUES API, or
- The Enhanced Transaction Solution (ETS) interface, or
- The FIX Gateway.

### 2.3 USER IDENTIFICATION

All member firms and their users who are currently authorised by the ISE to enter off order book trades in ISE instruments to ISE Xetra can be enabled, by setting the Resource Access Levels (RALs) accordingly, to use the trade reporting functionality to report off exchange trades in non-ISE MiFID instruments. In addition to the Xetra Member ID, a member firm is required to use its BIC code for administrative and compliance purposes. A member firm may also decide to use its BIC code for publication purposes by entering it as the execution venue identification field as indicated in 3.1.

### 2.4 ENTRY ON BEHALF OF THIRD PARTIES

A member firm also has the option of reporting off exchange trades on behalf of third parties. In order to do so, a member firm should inform the ISE in advance of its intention in this regard by emailing [isextra@ise.ie](mailto:isextra@ise.ie). Furthermore, in cases where a member firm reports on behalf of its client (i.e. a third party) it is required to report using its own Member ID in combination with the client's BIC code. ISE Xetra will then be able to distinguish between a member firm's own trade reports and those of its clients. This is also important to ensure that the End of Day Compliance Report available to the firm is accurate.

### 2.5 SERVICE AVAILABILITY

The service hours for trade reporting off exchange trades in non-ISE MiFID instruments will be from 6.30am to 7.00pm Irish time (7.30 a.m. to 8.00 p.m. CET). The service will be available on all trading days based on the ISE holiday calendar.<sup>1</sup>

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<sup>1</sup> At a minimum this service will be provided on all days when ISE Xetra is available for trading. Details of the available days for this service will be published in November for the following calendar year on the ISE's website, [www.ise.ie](http://www.ise.ie).

## 2.6 TIME ZONE

A member firm must submit the trade time in its local time plus the deviation to Co-ordinated Universal Time (UTC) +/- hours with each reported off exchange trade to comply with MiFID.

## 2.7 STANDARD TRADE REPORTING DEADLINES

In order to comply with MiFID post-trade transparency requirements, firms are required to make trades public immediately after execution but no later than 3 minutes after the trade took place during normal trading hours unless:

- the trade is a portfolio trade in which case each constituent trade shall be reported as close to real time as possible, having regard to the need to allocate prices to particular shares, and/or
- the trade is eligible for deferred publication and the block trade delay indicator is selected.

In relation to a portfolio trade each constituent transaction shall be assessed separately for the purposes of determining whether deferred publication is applicable.

Where a firm trades outside its normal trading hours, the trade should be reported immediately upon commencement of the firm's normal trading hours or at the latest before the opening of the next trading day in the most relevant market for that particular instrument.

## 2.8 RESPONSIBILITY WITH REGARD TO TRADE SUBMISSION

Where a trade is executed outside the rules of a regulated market or MTF, MiFID states that one of the following firms shall, by agreement between the parties, arrange to make the information public:

- (a) the firm that sells the instrument concerned;
- (b) the firm that acts on behalf of or arranges the trade for the seller;
- (c) the firm that acts on behalf of or arranges the trade for the buyer;
- (d) the firm that buys the instrument concerned;

provided that the trade is reported only once. Where one of the firms does not need to comply with the MiFID post-trade transparency requirements, i.e. it is regulated outside the EU, the other investment firm is required to report the trade.

In the absence of an agreement between firms, MiFID envisages that the information shall be made public by the relevant firm determined by proceeding sequentially from point (a) to point (d) until such time as the relevant party to report the trade is reached.

The service offering by the ISE acts as a Primary Publication Channel meaning that it is an official publication channel for MiFID post-trade transparency data. In order to avoid duplication of post-trade information within the consolidation process at an EU wide level a member firm should ensure that a trade reported and published via the ISE's facility is not also reported to another Primary Publication Channel at the same time.

## 2.9 PUBLICATION VIA CEF

Trade reports are disseminated via the real-time data feed CEF. This system guarantees market publication within milliseconds of trade entry unless a trade has been flagged with the block trade delay indicator and meets the criteria for deferred publication. The large number of information providers connected to CEF ensures that there is very wide publication of the relevant trade data.

## 2.10 MiFID POST-TRADE REPORTS

ISE Xetra provides two different reports in XML format with regard to the MiFID Post-trade Transparency Service:

- TC815 – Daily MiFID Trade Report, and
- MF001 – End of Day Compliance Report.

Both reports are available on a Xetra member ID level via the Xetra network on the report nodes (MISS). In addition, the MF001 – End of Day Compliance Report can be accessed via a member firm's FTP account.

### 2.10.1 TC815 – Daily MiFID Trade Report

The TC815 – Daily MiFID Trade Report is an optional report. It contains a seamless overview of all submitted trade data which have been processed by Xetra including any trades reported on behalf of third parties. Relevant data required for proving compliance with MiFID will be available via the MF001 – End of Day Compliance Report.

### 2.10.2 MF001 – End of Day Compliance Report

The End of Day Compliance Report is automatically made available to each firm using the MiFID Post-trade Transparency Service via the Xetra network. This report serves as proof that MiFID requirements have been met. It provides:

- a seamless overview of all trading data transmitted and published via CEF on the day,
- information in relation to trades submitted for deferred publication,
- information on ISE Xetra time stamps (with regard to the time that the trade was entered into ISE Xetra and a time stamp when the trade is published by CEF). Therefore, it can be used as confirmation that the three-minute trade reporting deadline was adhered to, and
- information in relation to trades submitted on behalf of third parties. The report is provided at a Xetra member ID level only and data will be grouped and sorted by BIC codes.

The End of Day Compliance Report is made available via the following access points:

#### (a) Via the Xetra network

As stated above, no further action is required by a member firm in order to receive the End of Day Compliance Report on the report nodes (MISS). It is distributed automatically.



(b) **Via the FTP Server**

A firm can also request to receive the End of Day Compliance Report via the FTP File Server. Access via FTP allows a firm to allocate access rights to different users within its organisation, as well as to access previous End of Day Compliance Reports for up to 30 days. Although a firm may already have access to the FTP Server it is still required to indicate its request for access to the End of Day Compliance Report to [isextra@ise.ie](mailto:isextra@ise.ie) in order for the ISE to make the reports available to existing users and for any new user(s) which a member firm requests to be set up.

**Historical reports – request via hotline**

ISE Xetra will store the End of Day Compliance Reports for up to five years. Access to End of Day Compliance Reports older than 30 working days will be supported by sending an email to the Customer Service Info Operations: [customer.service@deutsche-boerse.com](mailto:customer.service@deutsche-boerse.com).

## 3 Trade Entry

### 3.1 REQUIRED CONTENT OF TRADE REPORTS

Trades entered using this service<sup>2</sup> must have:

- the mandatory data fields required by MiFID. These fields will be published,
- the originator's BIC code field which is required by ISE Xetra for technical reasons. This field will not be published, and
- the relevant trade type indicators which are required by MiFID as detailed in 3.2 where they apply.

#### Mandatory Data Fields required by MiFID – these fields will be published

Mandatory Fields as demanded by MiFID	Description
Trading Date	Trading date on which the trade was executed
Trading Time	Time at which the trade was executed, reported in the local time of the reporting firm
UTC offset	- / + hours deviation to UTC
Instrument Identification	ISIN code of the instrument in question
Unit Price	Price per instrument excluding commission
Currency code	The currency in which the price is expressed
Quantity	The number of units of the instrument traded
Unit of Trading	The unit of trading should be provided by the reporting firm to indicate whether the trade was traded in units, percentage, thousands, points or other.
Execution Venue Identification	The identification of the venue where the trade was executed i.e. the acronyms "SI" can be used for anonymous reporting of a systematic internaliser or "OTC" for anonymous reporting of any other investment firm. If a firm wishes to have the trade execution venue identified it may use a BIC/MIC code.

<sup>2</sup> For a detailed description of the mandatory data fields required please refer to the current Xetra Values API Front End Development Guide available on the ISE's website, [www.ise.ie](http://www.ise.ie)

### Additional Data Field required by ISE Xetra - this field will not be published

ISE Xetra <sup>®</sup> Data Fields	Description
Originators' BIC	The reporting firm also needs to provide the originator's BIC code. Where a firm is reporting for a third party, the BIC code of the third party should be entered.

All off exchange trades entered into ISE Xetra will receive a unique trade number. This assigned trade number will be required when using both the confirmation and cancellation functionality noted in 3.6.

## 3.2 TRADE TYPE INDICATORS

The following indicators should be used where relevant when reporting off exchange trades to ISE Xetra in order for a firm to comply with the MiFID post-trade transparency obligations:

Mandatory Indicators if applicable	Description
Other than current market price	Indicates that the reported trade price is determined by factors other than the current market valuation <sup>3</sup>
Portfolio Trade	Indicates that the trade is part of a portfolio trade
Negotiated Price Indicator	Indicates that the trade price was negotiated privately

In addition, a block trade delay indicator may be used as outlined in 3.3. All indicators are independent of each other and therefore a combination of indicators can be used together e.g. a trade which is part of a portfolio trade may also be eligible for the block trade delay indicator.

## 3.3 DEFERRED PUBLICATION OF TRADES LARGE IN SIZE

ISE Xetra operates a fully automated deferred publication regime in accordance with MiFID. The deferral will be calculated as per the criteria specified in MiFID using the Average Daily Turnover (ADT) for each instrument as classified by the relevant competent authority. The deferred publication of a large trade is permitted when a firm deals on its own account, i.e. on a principal basis, and the size of the trade is equal to or exceeds the relevant minimum qualifying size as defined by MiFID. It is not mandatory for a firm to defer a trade but if it chooses to do so it should use the block trade indicator available on ISE Xetra.

When the block trade indicator is selected, the disseminating system CEF automatically delays the publication in accordance with MiFID parameters with reference to the time of execution of the trade, not the time of entry into ISE Xetra. If the indicator is chosen and the trade does not meet the criteria the trade is instantly published.

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3 Other factors include VWAP, connected party, special settlement or worked trades.

If a firm subsequently decides to have the trade published at an earlier time it can cancel the trade and re-submit the trade without the block trade indicator and the trade will automatically be published. Please note that a trade can only be cancelled on the same trading day as the trade was entered (please see 3.6 for more details on cancelling a previously published trade report).

### 3.4 DATA QUALITY ASSURANCE BY ISE XETRA

In order to ensure the highest level of data quality in relation to reports submitted via the ISE Xetra MiFID Post-Trade Transparency Service all trade data is checked for syntax, as well as for price and volume anomalies in order to identify potential erroneous trades. Price and volume alerts are notified to the relevant user who input the trade and such trades are also published via CEF with a price and/or volume alert code as appropriate.

Furthermore, data records that are transmitted to ISE Xetra are compared with the current list of all instruments that are subject to MiFID post-trade transparency obligations to ensure that only the relevant instruments are accepted and published.

#### 3.4.1 Price Validation

ISE Xetra validates all reported off exchange trades for price anomalies. The validation is performed against the reference price of the instrument in combination with two tolerance bands per instrument, taking into account that off order book prices may vary from order book prices on a relevant market.

The reference price for off exchange trades depends on the most liquid market. The competent authority of each EEA country defines the most relevant market in terms of liquidity of an instrument<sup>4</sup>. If T7 Frankfurt is the most liquid market, the reference prices will be updated intraday with the last traded price from the T7 Frankfurt order book used as reference price. If a market other than T7 Frankfurt is the most liquid market for an instrument, the last traded price from the previous trading day is used for the entire trading day.

There are two ranges for checking the price of an off exchange trade. The first range is applied to all such trades with the exception of trades that are marked as “other than current market price” or as a “portfolio trade” which are validated against a wider range.

If the price of a trade lies within the respective range, the trade is published immediately as reported. If the price lies outside this range, the trade is published via CEF with a price alert code and simultaneously the user who input the trade will be notified that the price is outside the normal range. The user should then either a) confirm or b) cancel and amend the trade using the relevant procedures as detailed below.

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<sup>4</sup> For details, please refer to Commission Regulation (EC) No 1287/2006 documentation.

There are some instances where a price validation might not be possible<sup>5</sup>. Trades that are not price-validated will be published including an indicator that no price validation was performed and the user will be informed accordingly. No action is required in these cases unless the user becomes aware of an error and subsequently wishes to cancel or amend the trade.

#### 3.4.2 Volume Validation

ISE Xetra validates all reported off exchange trades with regard to volume anomalies taking into consideration the fact that off exchange trades are usually larger in size compared to order book trades. Volume caps are set at an instrument level and are based on historical data.

If the volume of the trade lies below the volume cap, the trade is published immediately as reported. If the volume of the trade exceeds the volume cap, the trade will be published via CEF with a volume alert code and simultaneously the user who input the trade will be notified that the quantity is outside the normal range. The user should then either a) confirm or b) cancel and amend the trade using the relevant procedures as detailed below.

In certain circumstances a volume validation might not be performed, e.g. where the volume cap parameter of the instrument is not available. Trades that are not volume-validated will be published including an indicator that no volume validation was performed and the user will be informed accordingly. No action is required in these cases unless the user becomes aware of an error and subsequently wishes to cancel or amend the trade.

### 3.5 USE OF CONFIRMATION AND AMENDMENT INDICATORS

Following a price and/or volume validation alert, a user should either confirm or amend the trade as follows:

- **Trade Confirmation:** a user can confirm a trade by using the confirmation button. A confirmation indicator will be published by CEF that the trade was successfully validated.
- **Trade Amendment:** a user can amend a trade by first cancelling the original trade report (as outlined in 3.6) and then entering a new amended trade using the amendment indicator. The trade will be published via CEF with the amendment indicator. The new amended trade report should include the original trade time and if applicable the same trade type indicator(s) as the original trade but it will be given a new trade number. Please note it is important for a user to cancel a trade in addition to amending a trade, failure to do so will result in the original trade remaining published with the associated price and/or volume alert.

Re-entered trades which qualify for deferred publication and have been flagged as such through the use of the block trade delay indicator will be delayed automatically in accordance with MiFID parameters, as ISE Xetra always references against the time at which the trade was executed, not against the time the trade was submitted to ISE Xetra.

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<sup>5</sup> For details, please refer to the Market Model for ISE Xetra available on the ISE's website [www.ise.ie](http://www.ise.ie)

Firms are reminded that a trade confirmation and a trade amendment and cancellation should be submitted as soon as possible and that the amendment facility should not be used in order to gain or extend a delay in publication.

### **3.6 TRADE REPORT CANCELLATIONS**

Where a firm wishes to cancel an off exchange trade, as a result of the amendment process indicated above or wishes to delete a previously reported trade which was reported in error, it is possible to do so by selecting the original trade and choosing the trade deletion button which will result in the automatic cancellation indicator being published via CEF (or where the original trade has been pending publication as the deferred publication criteria was met and chosen, the trade will be deleted by the system automatically).

The cancellation facility is only available on the same trading day that a report is submitted.