

WHAT DO YOU NEED TO KNOW?

Trade reporting is the action through which an Investment Firm provides “post trade transparency” to the market allowing for efficient price formation in the security. MiFID2 does not change the objective of trade reporting. However, it clarifies which trades should be reported and by whom and crucially prevents this obligation from being delegated.

Post 3rd January 2018, **if an Investment Firm is selling a stock outside a trading venue (i.e. on risk), they are responsible for trade reporting... unless their broker is an SI.**

If the trade originates from a trading venue (an exchange or an MTF), the obligation to trade report rests with the trading venue.

WHAT IS EXANE BNPP DOING?

Exane BNP Paribas will be an SI in all Equity and Equity like instruments, from 3rd January 2018. We will be responsible for the OTC trade reporting obligation (for more information see our Fact Sheet on SI)

HOW IS THIS GOING TO IMPACT YOU?

Exane BNP Paribas’s status as SI means that clients will not have a trade reporting obligation when trading OTC with us.

However, this may not be the case when trading with other brokers, and clients are advised to check the basis on which these brokers will be trading to determine whether you will have reporting obligations. If you do have such obligations you will need to implement trade reporting functionality or, alternatively, consider subscribing to an “assisted trade reporting” service.

WHAT ARE THE TIME OBLIGATIONS?

For equities, the new regulation requires the trade to be reported as soon as possible during the trading hours of the most relevant market:

- at the latest within **1 minute**, unless the trade qualifies for a deferral

Where the trade occurs outside the trading hours of the most relevant market:

- the trade is to be reported immediately upon commencement of the investment firm’s daily trading hours and
- at the latest before the opening of the next trading day of the most relevant market.

The time ‘**countdown**’ begins when the parties agree the following: quantity, price, currency, instrument identification & instrument classification.

WHAT CHANGES WILL BE MADE TO FIX PROTOCOL?

Exane BNPP will confirm on the FIX Execution message which party has the trade reporting obligation within the execution chain:

FIX Tag = 2524

- 0 = The trade has not yet been reported
- 1 = The trade has been reported by a trading venue as an on book trade
- 2 = The trade has been reported as a SI trade as seller
- 3 = The trade has been reported as a SI trade as buyer
- 4 = The trade has been reported as a non-SI trade as seller
- 5 = The trade has been reported under a sub-delegation arrangement by investment firm X to APA Y on behalf of investment firm Z.
- 6 = The trade is expected to be reported
- 7 = Trade has or will be reported as a "non-systematic internaliser" buyer trader
- 8 = Trade has or will be reported by a trading venue as an off-book trade

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