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GLOBAL FOREIGN EXCHANGE DIVISION

MEETING WITH ECB FX CG
APRIL 26 2017

Agenda

- MiFID II/R update
- Transparency
- Global Code

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MiFID II/R: FX reminder

- Go live is 3rd January 2018
- Scope of MiFID II/R in relation to FX
 - All FX products except FX spot are in scope
 - FX spot includes FX security conversions and broadly those FX trades entered into for goods/payments
- FX is currently deemed illiquid as an asset class
 - ESMA determined that the whole FX asset class would be deemed illiquid at go-live
- What does the illiquid classification this mean for FX?
 - Non-equity transparency (RTS 2): NCAs can apply waivers for pre-trade and deferrals for post-trade obligations. Expected that pre-trade will be waived and that a deferral will be in place for post-trade but the deferral may be different in each jurisdiction in Europe
 - No mandatory trading obligation for FX
 - Transaction Reporting (RTS 27/28) will still be required from go-live. Data collation from 1 January 2018 to 31 March 2018 for the first Best Ex reporting obligation due by 30 June 2018
 - Mandatory clearing (RTS 26) is determined via EMIR. Voluntary clearing flows will not be impacted by the illiquid classification but will need to be updated to reflect RTS 26 requirements

MiFID II/R: GFXD Focus Items

The GFXD has historically focused on the themes of liquidity, trading obligations and transparency. Whilst this is still the case we are now looking at other items when the needs arise, especially implementation. We actively engage with other sell and buy-side trade associations

- GFXD positions published at <http://gfma.org/fx/>
- Current implementation deep-dive areas are
 - Transparency and Reporting
 - Best Execution
 - Trading and venue preparedness/flows (including taxonomies)
 - ISIN including FX swaps
 - LEI
 - Costs and charges
 - Trading venue preparedness
 - Extraterritoriality

Transparency – EU and US obligations

Scope: what, when and to whom

Timing	Continuous	Pre-Trade (Continuous)			ASATP	<15min	ASATP < 30min	30min	<21.00 CET	<T+1	T+2 / 4wk	Quarterly	Annual			
Data Capture	Costs and Charges	Indicative Quote	Firm Quote	Pre-Trade Mid	All Trade Details (US)	Price, Time and Volume (EU)		Instrument Data	All Trade Details (EU)							
REPORT		MiFID Art 18 RTS 2			DFA Part 23	DFA Part 43	MiFID Art 21 RTS 2	DFA Part 45	DFA Part 43	MiFID Art 27 RTS 23	MiFID Art 26 RTS 22	EMIR Art 9	MiFID 2 Art 25 DA Apr16 Art 59	MiFID Art 21 RTS 2	MiFID 2 Art 27 RTS 27	MiFID 2 Art 27 RTS 28
Dossier	MiFID 2 Art 24 DA Apr16 Art 50															
Name/Scope	Investor Protection (1)	Pre-Trade	Pre-Trade	Pre-Trade	Disclosures of Material Information	Real-Time Public Reporting	Post Trade	Swap Data Reporting	Real-Time Public Reporting	Reference Data	Transaction Report	Trade Report	Investor Protection (2)	Post Trade	Best Ex	Best Ex
Scope/Notes		Liquid <SSTI	Liquid <SSTI Art 18(5)	Illiquid < SSTI Art 18(2)	* All NDFs, NDOs and exotic options * Fwds and swaps if cpty agrees, and real time pricing is available, it only applies to fwds and swaps in BIS top 31 ccys >1yr * Vanilla options: if cpty agrees, and real time pricing is available, it only applies to vanilla options in BIS top 31 ccys >6mths	NDF and options <block size	If no deferral granted		NDF and options >block size					If granted deferral		
Recipient	Client	Public via RM/APA/proprietary means	Other clients	Clients (on request)	Counterparty (only when cpty is not SD, MSP, SBSID or MSBSP)	Public via TR	Public via APA	TR	Public via TR	NCA	NCA	TR	Client	Public via APA	Public via website	Public via website
Content	Costs and Charges (incl information on investment and ancillary services, the cost of advice, the cost of the financial instrument and how the client may pay for it, and any third party payments)	Firm Quote (Fields TBD)	Firm Quote (Fields TBD)	Firm Quote (Fields TBD)	Pre-Trade Mid	Transaction and Pricing Data	Price, Time and Volume	Confirmation Data and PET	Transaction and Pricing Data	All Instruments Traded/Admitted to Trading (incl. Quotes and Orders)	Trade Details (65 Fields)	Trade Details (85 Fields)	Details concerning the order	Price and Time OR Aggregated Data	Best Ex Venues, Instruments, Price, Cost, Likelihood of Execution, Extra RFQ Information	Top 5 Venues
Price/Quote	N/A	Yes (All in)	Yes (All in)	Yes (All in)	Mid Mark (Trader)	Yes (All in)	Yes (All in)	Yes (All in)	Yes (All in)		Yes (All in)	Yes (All in)	Yes	Yes (All in)	Yes (All in)	N/A
Currency		?	?	?		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes/Yes	Yes	
Notional		?	?	?		Yes, rounded	Yes	Yes	Yes, capped	Yes	Yes	Yes	Yes	No/Aggregated	Yes	Yes - % of Total
Reporter ID							?	Yes			Yes	Yes	Yes	?	Yes	Yes
Cpty ID								Yes			Yes	Yes	Yes		Yes	Yes
Product ID								Yes	Yes	Yes	Yes	Yes	Yes	Yes/Yes	Yes	Yes
Buy/Sell								Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Timestamp						Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes/No	Yes	

Global Code

- GFXD hosting a launch event in London on 25 May 2017
- The event will consist of a panel session with
 - Guy Debelle (Deputy Governor, Reserve Bank of Australia)
 - Simon Potter (Head of Markets, New York Federal Reserve Bank)
 - Chris Salmon (Executive Director, Markets, Bank of England)
 - David Puth (CEO, CLS)
 - Moderated by James Kemp (Managing Director, GFMA Global FX Division)
- The panellists will discuss the content and form of the complete Code, as well as the plans for promoting adherence
- Expectation of more information on adherence, last look consultation, enforcement and who will look after the code going forward