



GFMA Global FX Division

Standardisation of MiFIR Post Trade Transparency and Transaction Reporting for FX Forwards and Non-Deliverable Forwards (NDFs)

Regulation (EU) No 600/2014 – MiFIR

- **Article 10: Post-Trade Transparency Requirements for Trading Venues**
- **Article 21: Post-Trade Disclosure by Investment Firms, Including Systematic Internalisers**
- **Article 26: Obligation to Report Transactions**

Version: May 2017

About the Global FX Division (GFXD)

The GFXD was formed in co-operation with the Association for Financial Markets in Europe (AFME), the Securities Industry and Financial Markets Association (SIFMA) and the Asia Securities Industry and Financial Markets Association (ASIFMA). Its members comprise 25 global foreign exchange (FX) market participants,¹ collectively representing around 85% of the FX inter-dealer market.² Both the GFXD and its members are committed to ensuring a robust, open and fair marketplace and welcome the opportunity for continued dialogue with global regulators.

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¹ Bank of America Merrill Lynch, Bank of New York Mellon, Bank of Tokyo Mitsubishi, Barclays, BNP Paribas, Citi, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Lloyds, Mizuho, Morgan Stanley, Nomura, RBC, RBS, Scotiabank, Société Générale, Standard Chartered Bank, State Street, UBS, Wells Fargo and Westpac.

² According to Euromoney league tables.

MiFIR requires market participants to report executed trades for a number of different purposes in different formats.

This paper addresses a particular challenge that arises from two of those obligations (Post-Trade Transparency and Transaction Reporting), namely that the templates provided in the technical standards do not contain enough fields to fully report FX Forward and Non-Deliverable Forward (NDF) trades. The below proposals are intended to provide clarity to market participants and improve data quality.

The proposals should be used in respect of:

- MiFIR Articles 10 and 21, with the Commission Delegated Regulation (EU) 2017/583, which illustrates technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured financial products, emission allowances and derivatives (“RTS 2”); and
- MiFIR Article 26, with the Commission Delegated Regulation (EU) 2017/590, which illustrates technical standards for the reporting of transactions to competent authorities under MiFIR (“RTS 22”).

The proposed standards are set out below, and illustrated with an example trade of a USDJPY Forward, which the reporting party has booked into its system on a notional of 10 million USD. Further examples are then provided using different currency pairs.

Proposal for MiFIR Post-Trade Transparency (“RTS 2”)

The technical standards for RTS 2 contain one field for ‘price currency’, and one field for ‘notional amount’. However, FX Forwards and NDFs have, by definition, two notionals and two currencies.

GFXD therefore proposes the following field standards, to facilitate the reporting of both currencies, and to allow the consumer of the report to calculate the second notional using the exchange rate. The proposal has been created so that the reporting party can generate its report in accordance with the way in which the trade has been booked in its own system.

The ‘example report’ shown is for a USDJPY Forward, booked on a notional of 10 million USD.

Relevant fields	GFXD proposed standard	Example report
Price	Exchange rate ³ as booked by reporting party	114.84
Price notation	Monetary value - ‘MONE’ (as per RTS)	MONE
Price currency	Numerator currency of exchange rate	JPY
Quantity	Number of contracts (as per RTS)	1
Notional amount	Denominator currency notional	10000000
Notional currency	Denominator currency of exchange rate	USD

³ i.e. The exchange rate is the units of numerator currency per 1 unit of denominator currency

Further examples for RTS 2

Relevant fields	GFXD proposed standard	EURCHF Forward booked on notional of 10 million EUR	EURCHF Forward booked on notional of 10 million CHF	USDBRL NDF booked on notional of 10 million USD	USDBRL NDF booked on notional of 10 million BRL
Price	Exchange rate	1.0727	0.093206	3.15692	0.31647
Price notation	Monetary value	MONE	MONE	MONE	MONE
Price currency	Numerator currency	CHF	EUR	BRL	USD
Quantity	Number of contracts	1	1	1	1
Notional amount	Denominator currency notional	10000000	10000000	10000000	10000000
Notional currency	Denominator currency	EUR	CHF	USD	BRL

Proposal for MiFIR Transaction Reporting (“RTS 22”)

The technical standards for RTS 22 contain one field for ‘quantity’ (i.e. notional) and one field for ‘quantity currency’ (i.e. notional currency). There is also a field for ‘price currency’. However, as stated above, FX Forwards and NDFs have two notionals and two notional currencies.

GFXD therefore proposes the following field standards, to allow the reporting party to populate both currencies, and to allow the consumer of the report to calculate the second notional from the exchange rate. The proposal has been created so that each reporting party can generate its report in accordance with the way in which the trade has been booked in its own system.

The ‘example report’ shown is for a USDJPY Forward, booked on a notional of 10 million USD.

Relevant fields	GFXD proposed standard	Example report	
30	Quantity	Denominator currency notional	10000000
31	Quantity currency	Denominator currency of exchange rate	USD
33	Price	Exchange rate as booked by reporting party	114.84
34	Price currency	Numerator currency of exchange rate	JPY
44*	Notional currency 1	Numerator currency of exchange rate	JPY
45*	Notional currency 2	Denominator currency of exchange rate	USD

**Required only where no ISIN is populated in field 41*

RTS 22 requires both counterparties to the trade to report, where both are investment firms. There is no ‘matching obligation’, however use of the above proposal would allow regulators to ‘pair’ the two reports for a single trade, even if one party reports using an inverse rate, through calculation of the second notional for each report using the exchange rates.

Further Examples for RTS 22

Relevant fields		GFXD proposed standard	EURCHF Forward booked on notional of 10 million EUR	EURCHF Forward booked on notional of 10 million CHF	USDBRL NDF booked on notional of 10 million USD	USDBRL NDF booked on notional of 10 million BRL
30	Quantity	Denominator currency notional	10000000	10000000	10000000	10000000
31	Quantity currency	Denominator currency	EUR	CHF	USD	BRL
33	Price	Exchange rate	1.0727	0.093206	3.15692	0.31647
34	Price currency	Numerator currency	CHF	EUR	BRL	USD
44*	<i>Notional currency 1</i>	<i>Numerator currency</i>	<i>CHF</i>	<i>EUR</i>	<i>BRL</i>	<i>USD</i>
45*	<i>Notional currency 2</i>	<i>Denominator currency</i>	<i>EUR</i>	<i>CHF</i>	<i>USD</i>	<i>BRL</i>

*Required only where no ISIN is populated in field 41

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