

Commission Regulation (EC) No 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive

Question

What execution time should be recorded where a French branch of a Greek (4pm) firm receives confirmation (3pm) from a UK dealer (2pm) of a trade it transmitted earlier in the day?

Answer

Trading time should be published in accordance with the transaction reporting obligation. Where the branch conducts its business within the territory of the host competent authority (we assume that this is the case in this example) transaction reports will need to be sent to the host authority, i.e. the AMF in this example and it would therefore make sense that the publication is reported as 15: 00 UTC +1 (winter time) and 15: 00 UTC +2 (summer time). It is important to underline that the time at which the transaction was executed should be the time at which the most important elements of the transaction (e.g. price and quantity) were agreed and it is assumed that the sending of the confirmation represents such an agreement on the part of the UK dealer. The same execution time should be used for transaction reporting as well as post-trade publication purposes.

Please provide concise example of what is meant by 'basis in which transaction is reported expressed as UTC+/- hours'.

UTC (Universal Co-ordinated Time) is equivalent to GMT. Suppose that a trade was carried out at 15:00 in Paris and is reportable to the French regulator. You will need to indicate that the trade was done at 15:00 UTC +1 (winter time) or UTC +2 (summer time).

I have a problem understanding the following stated delay:

-Until end of trading day (or roll-over to noon of next trading day if trade undertaken in final two hours of trading day)

'undertaken in final two hours of trading day'

For an OTC trade, what trading hours are we supposed to take as reference?

Options:

1) trading hours of the most relevant

Please consult Article 4 of Regulation (EC) 1287/2006 which explains the term 'trading day'.

The meaning differs according to whether the trade is done on a trading venue (i.e., a regulated market, MTF or systematic internaliser) or OTC.

If done on a trading venue, the trading day is according to the normal trading hours of that venue. If done OTC, the trading day is determined according to the most relevant market in terms of liquidity for the share in question. Note that a 'market' for these purposes is not a particular trading venue but a Member State. The close of the trading day means the latest close of trading in the relevant share on

- Country/Market of the traded equity
- 2) trading hours of the Investment firm
- 3) the latest to close.
- 4) the earliest to close

Example:

An OTC trade (time 14:50) has been done by a Spanish bank (MADRID) on a Greek equity (GRS323013003) which most relevant market is the Athens Stock Exchange. The trade size and instrument entitle the trade for the discussed delay (Until end of trading day (or roll-over to noon of next trading day if trade undertaken in final two hours of trading day)

Reference Time is Madrid all open times are expressed in Madrid term.

Madrid Bank open time: 0900-1630

ASE exchange open time: 10:00-1730

- 1) Since the trade is in the final two open hour of the Madrid Bank we can wait noon to the next trading day to publish the trade
- 2) Since the trade is not in the final two open hour of the ASE we can wait until close of the current trading day to publish the trade.
- 3) Since ASE is opened for a longer time we take it as reference, we can wait until close of the current trading day to publish the trade.
- 4) Since the Spanish Bank closes earlier we take it as reference, we can wait noon to the next trading day to publish the trade.

What option are we supposed to take?

In the notice to the client we will have to include the hour of the execution of the transaction in the following form: local time + timezone (hours in UTC) + +/- X hours. This information is only mentioned in annex 1, table 1. Is it therefore really applicable? For which kind of client and operation?

trading venues in that Member State. To determine the most relevant market for a share, please consult CESR's MiFID shares database at <http://mifiddatabase.cesr.eu>. For each share, the most relevant market is indicated in the 'Country Code' field. In your example, the correct answer is 2), with the qualification that if there were another trading venue in Greece that traded those shares with a later closing time, the later time would be the reference.

Note also that where no delay is applicable to a trade, publication of an OTC trade must be done in accordance with the specifications of Article 29(5) of the Regulation. This requires publication at the latest before the opening of the next trading day in the most relevant market (or as close to real time as possible if the trade is done during the firm's normal trading hours).

Regulation (EC) n° 1287/2006 is applicable in all its elements including annexes.

This specification is required to be made for all kinds of transaction for which Directive 2004/39/EC imposes a reporting obligation.