



Euronext Cash Market: Trade publication and transaction reporting under MiFID

STATUS

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CONTENT

- 1 INTRODUCTION 2**
- 2 PROPOSED PUBLICATION / REPORTING SERVICE 3**
 - 2.1 INVESTMENT FIRMS AND INSTRUMENTS ELIGIBLE FOR THIS OFFER. 3**
 - 2.2 OPENING TIMES OF THE SERVICE 3**
 - 2.3 OVERVIEW 4**
- 3 OFF-EXCHANGE TRADES..... 5**
 - 3.1 ONE-SIDE OFF EXCHANGE TRADE..... 5**
 - 3.2 MATCHED OFF EXCHANGE TRADES..... 9**
- 4 ACCESS MEANS TO THE PUBLICATION/REPORTING SYSTEM (TCS) ... 11**
- 5 FUNCTIONS DEPENDING ON ACCESS MEANS..... 12**
- 6 PUBLICATION 14**
- 7 STORAGE 14**

TRADE PUBLICATION AND TRANSACTION REPORTING

1 INTRODUCTION

The aim of the Markets in Financial Instruments Directive is to create a single financial market in Europe allowing for more competition between trading venues, while ensuring transparency and guaranteeing 'best execution' for investors.

In this context, investment firms are required to publish their trades on equities admitted to trading on a European regulated market, and are required to report transactions in any financial instrument to their relevant market authorities no later than the close of the following day.

Euronext already provides its members with a system (TCS) that enables them to publish and report trades executed off the central orderbook of Euronext listed securities, but within its regulated markets, such as their negotiated deals, their VWAP operations or their operations in orders that are large in scale (block operations). This service meets the MiFID transparency requirements and the resulting trades are sent automatically to the Euronext relevant market authorities.

Euronext's new trade publication and transaction reporting service will be extended to all European equities and ETFs listed on a European regulated market for all transactions executed outside a regulated market or an MTF.

The purpose of this document is to describe the solution proposed by Euronext, providing a guideline for those investment firms that have chosen Euronext for their post-trade transparency obligations when negotiating OTC or when acting as a Systematic Internaliser (SI). Euronext will also continue to offer its current trade publication and transaction reporting services for warrants & certificates, bonds and regulated market trades (negotiated deals, block trades and VWAP).

For the message flow and the detailed description of ingoing and outgoing messages, please refer to the following technical documentation available on the Euronext website at www.euronext.com/cashmembers > Market / IT documentation.

- **TEST: NSC and TCS systems market data message specifications (TOPCAC), V8.8**
- **TEST: Messages exchanged between MMTP SLEs and the TCS application, V5.4**
- **TEST: Euronext FIX trading interface, V2.1.2**
- **TCS-WEB user guide V2.0**
- **Euronext e-TCS access solution: Specifications for a new internet tool for TCS V1.1**

2 PROPOSED PUBLICATION / REPORTING SERVICE

Euronext will offer the following services to comply with post-trade transparency requirements for transactions executed off the central market:

- real-time or deferred publication of transactions
- transaction reporting to the Euronext market authorities
- possibility to report block trades, negotiated deals and VWAP trades for Euronext listed securities
- five-year data storage for compliance purposes
- Possibility of clearing for Euronext securities.

Euronext offers the possibility to either use the trade publication and transaction reporting services together, use both services separately, or to only use the trade publication service, allowing investment firms to adapt the services to their own internal organisation or processes. In addition, those Euronext members that have opted for the publication/reporting service will benefit from the Euronext clearing / settlement facilities. This additional service will be available for any Euronext instrument, provided that its price is expressed in the specified currency in which it is quoted on Euronext.

2.1 INVESTMENT FIRMS AND INSTRUMENTS ELIGIBLE FOR THIS OFFER

The Euronext trade publication and transaction reporting service is available to all institutions qualifying as investment firms under the Investment Services Directive. No Euronext membership is needed (as it is for the central orderbook service), unless clearing services are required by the investment firm.

All equities and ETFs admitted to trading in a European regulated market are eligible for this publication/reporting service.

2.2 OPENING TIMES OF THE SERVICE

The service is open:

- From 07:15 until 19:00 CET for the matching of off-exchange trades,
- From 07:15 until the close of the service, 20:00 CET, for the entry of one-sided trades and their reporting and publication.

The trades concerned must be entered in real time on the day of their execution for the publication service, and can be entered until the close of the service on the day of their execution for the reporting service. Euronext will respect the required dissemination deadlines in every case.

2.3 OVERVIEW

The table below summarises the main features of the service proposed by Euronext:

	Publication services	Reporting services	CCP clearing
Investment firms concerned			
▪ Euronext members	X	X	X
▪ Non Euronext members	X	X	
Instruments concerned			
▪ All Euronext instruments negotiated in their Euronext quotation currency	X	X	X
▪ All listed equities and ETFs admitted to trading in other regulated markets	X	X	
Types of operation			
▪ One-sided off-exchange trade			
○ OTC trade for publication	X		
○ OTC trade for transaction reporting		X	
○ OTC trade for publication and transaction reporting	X	X	
▪ Dedicated matched off-exchange trade in Euronext securities for members			
○ OTC trade	X	X	X

3 OFF-EXCHANGE TRADES

This chapter describes the information data required depending on the type of operation used.

Two kinds of functions can be used for declaration or publication purposes:

- The one-sided trade function:
This function allows the firm to send the trades without the confirmation of the counterpart. Note that firms may cancel the trades issued from this function for up to five trading days after they have been sent. The cancellation is broadcast.
- The matched off-exchange trade function:
This function allows the matching of two opposite declarations

Note that some of the data entered through these functions are converted in order to comply with the relevant market authority required format.

3.1 ONE-SIDE OFF EXCHANGE TRADE

3.1.1 Publication

Off-exchange trades to be published (**Operation type:** OTC trade for publication) should contain the following information:

- o **Trading venue:** Possible values are the relevant MIC code, or the relevant BIC code for a systematic internaliser or OTC trading.
- o **Trade ID:** Allocated by the subscriber in order to uniquely identify the off-exchange trade in the broadcasting and reporting chain.
- o **Instrument code:** Trading code or ISIN code for Euronext instruments, ISIN code for equities/ETFs admitted to trading on other European regulated markets. Only the ISIN will be published in the off-exchange trade.
- o **Buy/Sell indicator:** Defines the side of the issuer and counterpart. This information is not published and is used for internal monitoring purposes and storage.
- o **Price and quantity:** The price is monitored with regard to the reference price of the most liquid marketplace for the instrument in question, taking into account the currency. There is also quantity check as well.

- **Price notation (currency):** Optional field. The currency in which the price of the off-exchange trade is expressed. Only to be filled if the currency traded is different to the value specified in the initialisation message.
- **Trading date and trading time:** Optional field. By default, they are equal to the date and time of the reception of the trade to be published in the system. The trading time entered **shall be expressed in CET**.
- **Bypass indicator:** enables investment firms to bypass the price and quantity controls defined by Euronext.
- **Counterpart member code:**
 - When the counterpart is a Euronext member, the code to be filled must be the Euronext code of the counterpart
 - When the counterpart is a NOT a Euronext member, the code to be filled must be the BIC code of the counterpart.
 - In certain cases, for example when the counterpart is a trading venue (eg Euronext or an MTF), the code to be filled in may be the MIC code of the counterpart.
 - Depending on the type of trade, this field can also contain the single value "C" for customer.
- **Real time publication indicator:** (also called "deferred trade indicator" in the functional specifications). The investment firm should send the publication details to Euronext immediately.
 Using this indicator the investment firm can choose to be published immediately in the case of client / client trade, or to be published following the MiFID deferred publication rules for regulated equities, or Euronext rules for all other instruments.

Deferred publication delay regarding the ADT of the instrument and the amount entered.

	Average Daily turnover (ADT)			
	< €100 000	< €1 000 000	< €50 000 000	> €50 000 000
Immediate	≤ €10 000	≤ Max [5 % of ADT and €25 000]	≤ Min [10 % of ADT and €3 500 000]	≤ Min [10 % of ADT and €7 500 000]
60 minutes	> €10 000	> Max [5 % of ADT and €25 000]	> Min [10 % of ADT and €3 500 000]	> Min [10 % of ADT and €7 500 000]
180 minutes	> €25 000	> Max [15 % of ADT and €75 000]	> Min [15 % of ADT and €5 000 000]	> Min [20 % of ADT and €15 000 000]

	Average Daily turnover (ADT)			
	< €100 000	< €1 000 000	< €50 000 000	> €50 000 000
Until end of D* (rollover to noon of D+1 if trade undertaken in final 2 hours of trading day)	> €45 000	> Max [25 % of ADT and €100 000]	> Min [25 % of ADT and €10 000 000]	> Min [30 % of ADT and €30 000 000]
Until end of D* + 1	> €60 000	> Max [50 % of ADT and €100 000]	> Max [50 % of ADT and €1 000 000]	> 100 % of ADT
Until end of D* + 2	> €80 000	> 100 % of ADT	> 100 % of ADT	> 250 % of ADT
Until end of D* + 3		> 250 % of ADT	> 250 % of ADT	

Note: The end of the day for a Euronext instrument is defined by groups and triggered when the milestone of the Market Surveillance Intervention phase has been sent to the market. For European securities, the end of day means 17:40 CET.

3.1.2 Transaction reporting

The off-exchange trade to be reported (**Operation type:** OTC trade for reporting) shall contain the same information as the off exchange trade to be published, except the deferred publication indicator and the bypass indicator which are not applicable.

A trade reported through this function is not published.

The trading date and time are mandatory, and **are expressed in CET**.

- **Counterpart member code:**
 - When the counterpart is a Euronext member, the code to be filled must be the Euronext code of the counterpart
 - When the counterpart is a NOT a Euronext member, the code to be filled must be the BIC code of the counterpart.
 - In certain cases, for example when the counterpart is a trading venue (eg Euronext or an MTF), the code to be filled in may be the MIC code of the counterpart.
 - Depending on the type of trade, this field can also contain the single value "C" for customer.
- **Trading capacity:** indicates if the trade has been made for a client or own account.
- **Quantity notation:** Indicates whether the quantity is the number of unit of the instrument or the nominal value of the bond. By default, set to the value specified in the initialisation message.

- **Other factors**: Indicates that the price of the trade is determined by other factors than the current value of the instrument.
- **Price multiplier**: Number of units of the financial instrument contained in a trading lot. By default, set to the value specified in the initialisation message.

3.1.3 Trade publication and transaction reporting

This service (**Operation type**: OTC trade for publication and reporting) enables the members to publish and report their trades in a single operation.

The fields to be filled in this operation are the same than for OTC trades for reporting and contains also the two specifics indicator related to the bypass control and the differed trade indicator.

3.2 MATCHED OFF EXCHANGE TRADES

This service is limited to those Euronext members that have opted for the off exchange publication and reporting service.

It enables them to match their off exchange declarations and the resulting matched off-exchange trade is automatically published to the market and reported to the relevant market authorities.

In addition, members can choose to clear their off exchange trades via LCH.Clearnet, provided that they concern Euronext-listed securities and that their price is expressed in Euronext quotation currency.

3.2.1 Entry of an off exchange declaration

The off exchange declaration contains the same information as the OTC / SI trade to be published/to be reported.

- **Counterpart member code:** the counterpart is a Euronext member and the code to be filled must be the Euronext code of the counterpart.
- **Settlement:** indicates if the trade is to be settled or not.
- **Guarantee:** members can ask to guarantee any operation to be settled. However, the operation cannot be guaranteed if the financial instrument is not guaranteed itself.
- **Settlement delay:** members can indicate a settlement delay, expressed in number of trading days. This delay can vary from D+ 2 until D+30 for equities, and from D+3 until D+30 for bonds. In the absence of any delay, it is equal to the standard delay, that is three days.
- **Clearer:** no monitoring is made on this data. It covers the case of a member having several clearers. The member can specify for each trade the clearer concerned.

3.2.2 Elimination of the off exchange declaration

Any Buy or Sell off exchange declaration is automatically eliminated after 15 minutes if no declaration of the opposite direction was received in the meantime.

3.2.3 Cancellation of the off exchange declaration

The members can cancel their declarations as long as they have not been matched within the elimination delay of 15 minutes.

3.2.4 Refusal of an off exchange declaration

The validation of the declaration entails the sending of a notification to the involved counterpart. The counterpart can then refuse the entered declaration.

3.2.5 Matching of two off exchange declarations

Two off exchange declarations that have the same following characteristics can be matched:

- Instrument
- Buyer
- Seller
- Quantity
- Settlement indicator
- Settlement delay
- Type of operation
- Guarantee indicator
- Trading venue
- Price notation
- Other factors
- Quantity notation
- Price multiplier

The matched trade is automatically published and reported to the relevant market authorities. The matched trade can be settled at the request of the members.

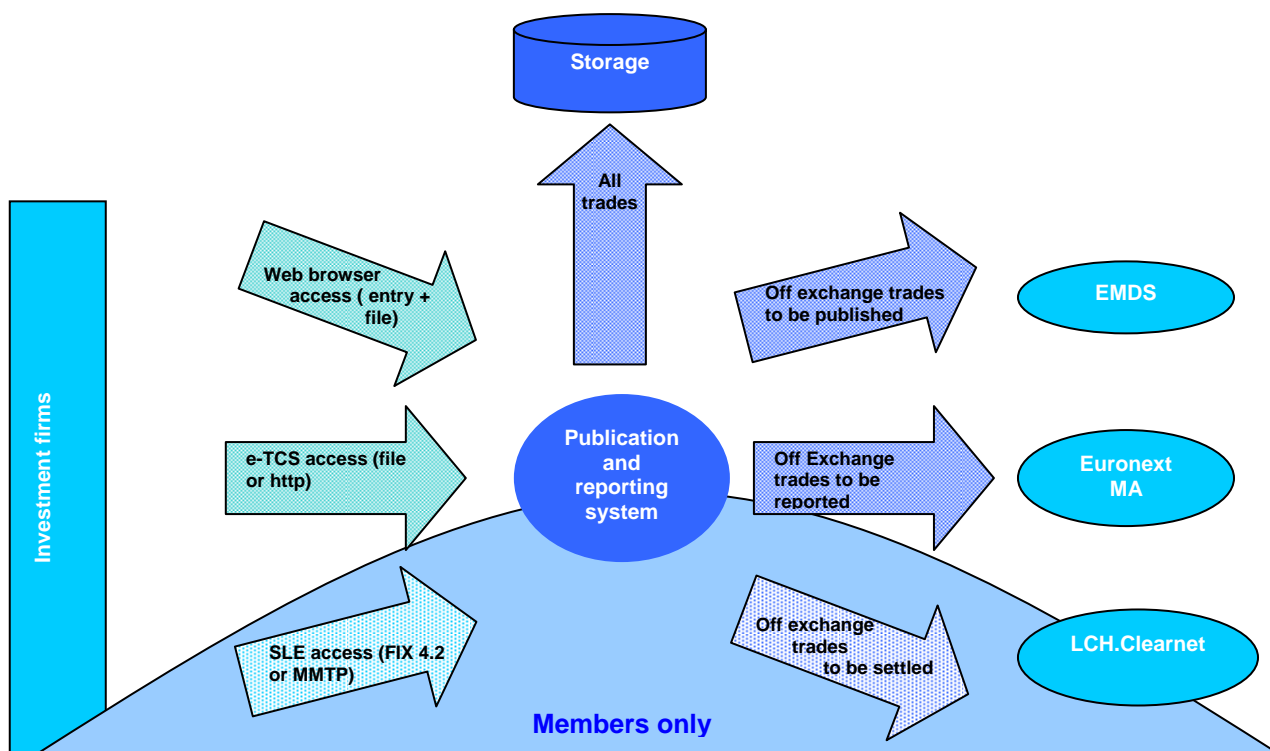
3.2.6 Cancellation of an off exchange trade

An off exchange trade can be cancelled during the day of its reception. As far as off exchange trades are concerned, the cancellation request must be sent by both members involved in order for it to be taken into account.

4 ACCESS MEANS TO THE PUBLICATION/REPORTING SYSTEM (TCS)

Euronext proposes three different access means to the publication/reporting system (TCS), adapted to the various needs and volumes of our clients:

- a web browser access, called **TCS-WEB** access, enabling them to enter manually their off exchange trades or to upload them by CSV file.
- a gateway access, called **e-TCS**, authorizing the transmission of XML messages in http or file mode (CSV or XML)
- a **SLE** through a CAP access or MAP (protocol FIX 4.2 or MMTP) reserved for Euronext members.



5 FUNCTIONS DEPENDING ON ACCESS MEANS

The available functions and access means depend on the status of the investment firms and on the service to be used. This chapter presents the functions which can be used by investment firms according to the different cases.

5.1 Access means available to publish and report an Off Exchange trade at the same time

Members can as they wish:

- Use the TCS-WEB browser access with its function "Trade reporting" by specifying the type of operation "OTC trade for publication/reporting", or use the declaration entry function by specifying the "OTC trade" operation.
- Use the e-TCS access to send their Off Exchange trade to be published/reported in XML format, using the new message "TCS trade entry" (428) created for that purpose, by specifying the appropriate type of operation (OTC trade for publication/reporting).
- Use the SLE access and the new message "TCS trade entry" (428) created for that purpose, by specifying the appropriate type of operation ("OTC trade for publication/reporting") or the new message "Entry of a declaration" (0441) to enable them to adjust their Off Exchange declarations and to settle if they fulfil the required conditions.

Please note that non-Euronext member firms have no SLE access.

5.2 Access means available to publish an Off Exchange trade only

The members can as they wish:

- Use the TCS-WEB browser access with its function "trade reporting" by specifying the type of operation "OTC trade for publication",
- Use the e-TCS access in http mode to send their Off Exchange trade to be published in XML format in http mode using the new message "TCS trade entry" (428) created for that purpose, by specifying the appropriate type of operation (OTC trade for publication).
- Use the SLE access and the new message "TCS trade entry" (0428) created for that purpose, by specifying the concerned type of operation.

5.3 Access means available to report only an Off Exchange trade

As detailed in the introduction to this document, Euronext offers the possibility to either use the trade publication and transaction reporting services together or to use them separately, allowing Investment Firms to adapt the services to their own internal organisation/processes.

Members can as they wish:

- Use the TCS-WEB browser access with:
 - its function “Trade reporting” by specifying the type of operation “OTC trade for reporting”,
 - its upload file function which enables the members to fetch a CSV file to upload the Off Exchange trades to be reported.
- Use the e-TCS access in http mode or file mode to send their Off Exchange trade to be reported in XML format.
- Use the SLE access and the new message “TCS trade entry” created for that purpose, by specifying the relevant type of operation.

5.4 Overview of the publication and reporting service

The table below presents the types of operation available by access means:

		Publication only	Publication and transaction reporting	Settlement
TCS-WEB	Off Exchange Trade entry	OTC trade for publication	OTC trade for reporting	N/A
		OTC trade for publication/reporting		N/A
	Off Exchange Declaration entry	OTC trade		X ¹
	Upload of the off exchange trades	N/A	OTC trade for reporting	N/A
e-TCS access	Off Exchange Trade by http mode	OTC trade for publication	OTC trade for reporting	N/A
		OTC trade for publication/reporting		N/A
	Off Exchange Declaration by http mode	OTC trade		X ¹
	Off Exchange Trade by file mode	N/A	OTC trade for reporting	N/A
SLE access	Off Exchange Trade	OTC trade for publication	OTC trade for reporting	N/A
		OTC trade for publication/reporting		
	Off Exchange Declaration	OTC trade		X ¹

¹ for Euronext instruments traded in their Euronext quotation currency

6 PUBLICATION

Trades executed outside the markets and MTFs operated by Euronext (OTC or SI) are disseminated via EMDS.

7 STORAGE

All the off exchange trades entered by the investment firms are stored for 5 years. Data will be available on request.