

## **Discussion Paper** **DP24/2\*\***

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# Improving the UK transaction reporting regime

**November 2024**

## How to respond

We are asking for comments on this Discussion Paper (DP) by **14 February 2025**.

You can send them to us using the form on our [website](#).

Or in writing to:

Markets Reporting Team  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

**Email:**

dp24-2@fca.org.uk

## Disclaimer

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.



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# Chapter 1

## Overview

### Introduction

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- 1.1** We receive over 7 billion transaction reports a year. These cover transactions executed by UK firms and on UK markets in over 20 million reportable financial instruments. We use this data to monitor and enhance the cleanliness, transparency and resilience of our markets.
- 1.2** The requirements of the transaction reporting regime are contained within the UK Markets in Financial Instruments Directive (MiFID) framework. Since the requirements were implemented in 2018, we have worked closely with market participants to improve data quality, requiring firms to take remedial action where necessary.
- 1.3** The regime works well. We rely on transaction reports being complete and accurate to detect, investigate and prevent market abuse. The reports help ensure our decisions are based on data and an understanding of our markets. We share transaction reports with the Bank of England to support their monitoring of risk in UK sovereign debt and bond markets.
- 1.4** But our markets and our market data needs have evolved since 2018. Through our supervision of the regime, we have identified opportunities to improve the quality of data reported to us while reducing reporting burdens on market participants.
- 1.5** This Discussion Paper outlines potential options for evolving the transaction reporting and instrument reference data requirements. We are not seeking change for the sake of change. We know firms invested to prepare for the MiFID II transaction reporting regime. We also recognise the benefits of close alignment with international standards and other regulatory reporting regimes, including the EU MiFID transaction reporting regime.
- 1.6** Some of the changes we are considering are simple. Others are complex, requiring detailed consideration and input from market participants. We invite all stakeholders to play an active role in this policy development process.

### Who this applies to

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- 1.7** You should read this Discussion Paper if you are:
- A MiFID investment firm or credit institution with transaction reporting obligations.
  - A UK branch of a third country investment firm with transaction reporting obligations.
  - The operator of a UK trading venue (recognised investment exchange (RIE), multilateral trading facility (MTF) or an organised trading facility (OTF)).
  - A systematic internaliser (SI).

- An approved reporting mechanism (ARM) or an approved publication arrangement (APA).
- A firm authorised under the Alternative Investment Fund Manager Directive (AIFMD) or the Undertakings for Collective Investment in Transferable Securities (UCITS).
- A market data service provider.
- An individual working within an investment firm responsible for making investment or execution decisions.
- A trade association representing any of the groups listed above.
- A professional advisor to the groups listed above.

## Is this of interest to consumers?

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- 1.8** Our discussion may be of interest to consumers who instruct firms to make investments in financial instruments on their behalf. This includes the beneficiaries of trusts. We welcome feedback from all consumers.

## Regulatory context

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- 1.9** The transaction reporting regime in the Markets in Financial Instruments Regulation (MiFIR) was implemented on 3 January 2018. The requirements were directly applicable across the European Economic Area (EEA).
- 1.10** When the UK left the EU, the body of EU legislation that applied directly in the UK at the point of exit was transferred onto the UK statute book by the European Union Withdrawal Act (EUWA) 2018. This is known as assimilated law. As a result, the relevant provisions of MiFIR and supporting technical standards which apply to the transaction reporting regime remained largely unchanged.
- 1.11** The Financial Services and Markets Act 2023 repeals assimilated law in financial services, subject to commencement. Assimilated law involving financial services will be replaced with rules set by financial services regulators, operating within a framework set by the Government and Parliament. Under the framework, firm-facing provisions related to financial services can be transferred from assimilated law to our Handbook.
- 1.12** The Treasury has published a statement confirming it intends to start revoking these transaction reporting provisions so they can be replaced with a new regime in our Handbook. We note and share the Treasury's ambition for a streamlined transaction reporting regime, tailored to the UK, to cut costs for businesses and make our capital markets more attractive. This ambition aligns with a key commitment in our [Business Plan](#) to strengthen the UK's position in global wholesale markets and prepare financial services for the future.
- 1.13** This Discussion Paper aims to inform our consultative position on the development of a new transaction reporting regime that will remove unnecessary burdens for firms while maintaining the high regulatory standards our markets are renowned for. This

includes potential changes to the fields for transaction reporting which are contained in Regulatory Technical Standard (RTS) 22 Annex I Table 2 as supplemented by Annex I Table I and Annex II. We refer to these in this paper as the RTS 22 fields.

- 1.14** Following consultation, and only when our final rules are ready to come into effect, the Treasury will commence the revocation of the transaction reporting provisions to ensure a smooth transition to the new regime.

## Summary of the discussion

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- 1.15** Our approach to developing the transaction reporting regime is based on 2 main objectives:

- Improve the usefulness of transaction reporting data through better data quality. Poor data quality can hamper our ability to act assertively against market abuse, monitor the functioning of our markets and make informed decisions. We aim to identify and address areas where reporting rules and guidelines have contributed to inconsistent, incorrect or incomplete reporting. Improvements in data quality should also benefit firms, as it will reduce the time and resources spent on resolving errors, including often costly back reporting exercises. We will also consider new rules, where necessary, to account for changes in our markets.
- Support the competitiveness of UK markets by ensuring requirements remain proportionate for firms. The transaction reporting regime contains fields and requires processes that may present a disproportionate cost relative to our use of the data. We will consider removing or amending these requirements where there is evidence this will result in reduced costs for market participants. Our requirements should also facilitate developments in technology to lower costs and drive innovation.

- 1.16** We are also considering opportunities for harmonisation between the transaction reporting regime and the wider set of wholesale market reporting requirements that support market integrity. We aim to align with appropriate global data standards to increase transparency, reduce reporting burdens, enable more effective market monitoring and integrated and efficient sharing of intelligence between public authorities.

- 1.17** The discussion is organised as follows:

- Chapter 2 contains background and data on the transaction reporting regime, aiming to stimulate discussion around data quality and the usefulness of transaction reports for market monitoring purposes.
- Chapter 3 considers the overall shape of the transaction reporting regime, seeking feedback on the relative merits of simplification against the cost of change. We also seek feedback on areas of the regime that are most burdensome for firms, as well as the role we could play in accommodating the development of new and existing technologies.
- Chapter 4 asks for feedback on the scope of firms subject to transaction reporting obligations and the scope of financial instruments captured by requirements. We

consider the scope of reporting obligations for over-the-counter (OTC) derivatives and identifiers for these instruments.

- Chapter 5 considers potential changes to the fields contained in RTS 22 to improve data quality. It considers where we could add new fields to improve use of data, where existing fields could be removed to streamline reporting and trading scenarios where clearer guidance may be needed to improve outcomes.

**1.18** In our discussion we refer to requirements in Commission Delegated Regulation 2017/580 (RTS 24). These rules cover data maintenance for orders in financial instruments. This data plays an important role in our ability to monitor markets for market abuse. We will consult on potential changes to RTS 24 in due course.

## Equality and diversity considerations

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**1.19** We have considered the equality and diversity issues that may arise from this discussion. While transaction reports contain personal information, including national identifiers, dates of birth and names, we do not expect any impact on the groups of persons with protected characteristics under the Equality Act 2010.

**1.20** If we propose changes that would introduce new requirements to collect personal data, we will consult the Information Commissioner's Office as required by Article 36(4) of the General Data Protection Regulation (GDPR).

**1.21** We will continue to consider equality and diversity implications when we review the feedback and decide on next steps. We welcome any comments on whether any of the ideas in this Discussion Paper could adversely impact any of the groups with protected characteristics, including age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

## Next steps

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**1.22** Annex 1 contains the list of questions we are seeking feedback on. Please send us your views and comments by 14 February 2025.

**1.23** We will consider the feedback when deciding our next steps. We will consult on any ideas covered in this Discussion Paper if we propose to adopt them as part of our final rules.

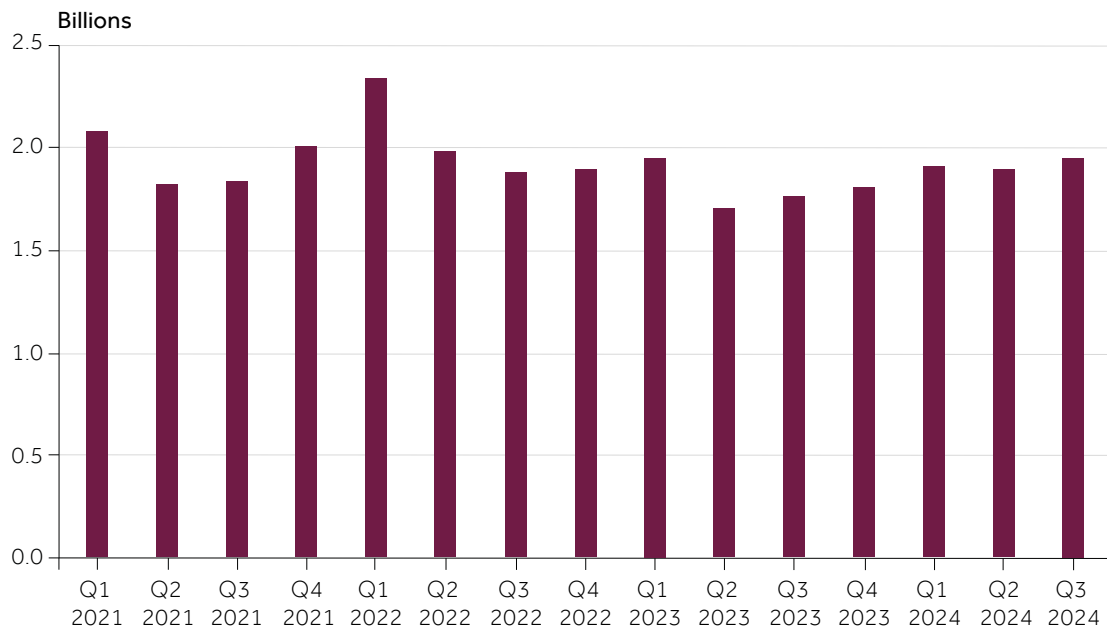
**1.24** You can send us your comments using the form on our website. If you are not able to use the form, contact us at [dp24-2@fca.org.uk](mailto:dp24-2@fca.org.uk) to discuss alternative ways to respond.

## Chapter 2

# Background

- 2.1** In this chapter we provide data and insight on the transaction reporting regime to support the discussion. Transaction reports allow us to take a data-led approach to identifying potential harms and understanding how our markets are evolving.
- 2.2** Our objective is also to be transparent about data quality and give firms information to improve their transaction reporting. Lack of awareness is not an acceptable cause for data quality issues.
- 2.3** The data analysed covers the period from 1 January 2021 to 30 September 2024 (unless stated otherwise). We have selected this period to demonstrate how markets have evolved since we stopped participating in the European Securities and Markets Authority (ESMA) transaction reporting exchange mechanism (TREM).
- 2.4** Figure 1 shows the number of transaction reports we received each calendar quarter since January 2021. We present the data by trade date. This ensures transaction reports are only counted once when they are submitted to us multiple times. A transaction report will be submitted to us multiple times when a cancellation and replay is required to correct a data quality issue.

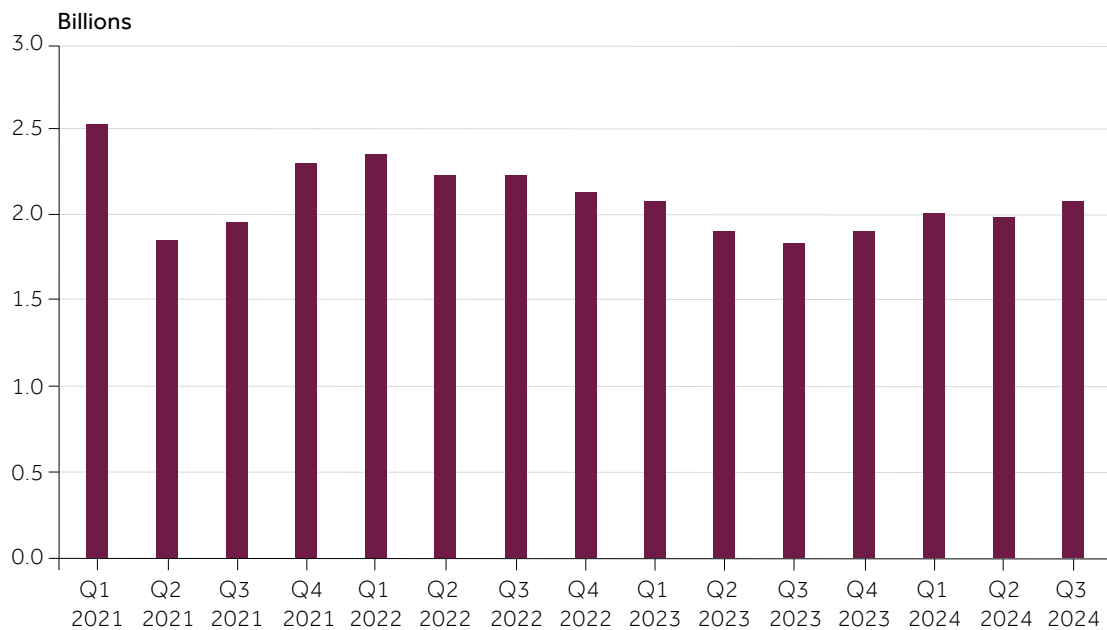
**Figure 1. Number of transaction reports received since 2021 by trade date.**



- 2.5** In Figure 2, we present the number of transaction reports we received during the same period by the submission date of the report, this time including transaction reports that were submitted to us multiple times to correct data quality issues.



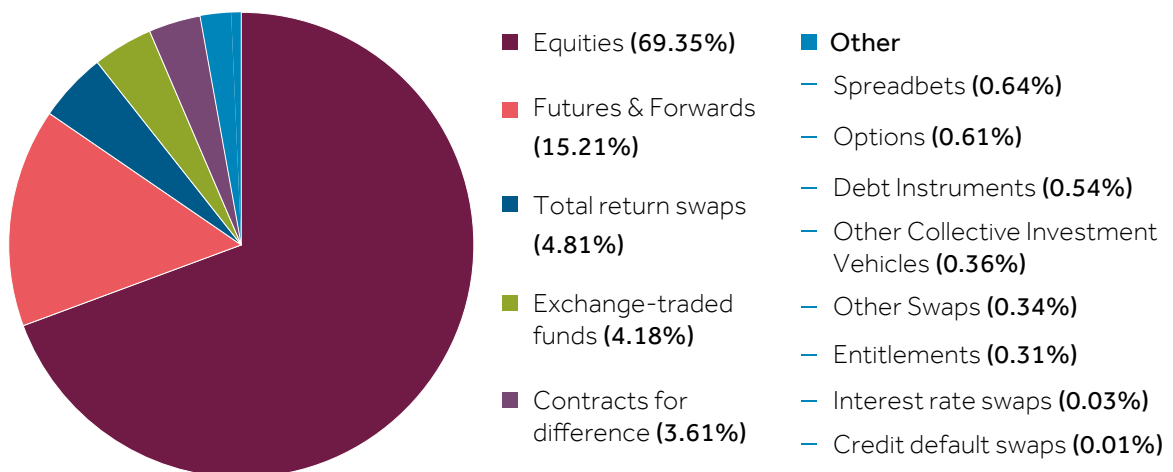
**Figure 2. Number of transaction reports received since 2021 by submission date.**



**2.6** The difference between the number of transaction reports received by trade date and submission date during the period gives an indicative figure of the number of transaction reports that were back reported during the period. This would include transactions back reported during the period for historic trade dates (pre-2021).

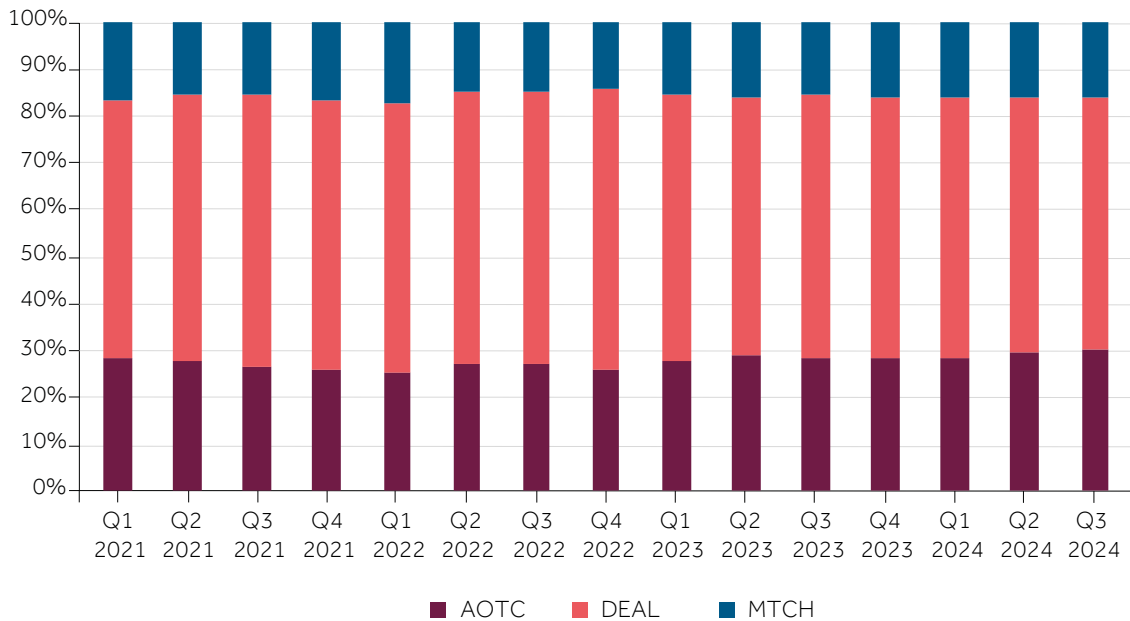
**2.7** Figure 3 aggregates the number of transaction reports we received over the relevant period by type of financial instrument. We determine the type of financial instrument from its International Organisation for Standardisation (ISO) 10962 classification of financial instrument (CFI) code.

**Figure 3. Proportion of transaction reports received since 2021 by type of financial instrument traded.**



**2.8** Figure 4 shows the proportion of transaction reports we received over the period by trading capacity. This tells us whether the executing entity was dealing on its own account (DEAL); as matched principal (MTCH); or any other trading capacity, including as agent (AOTC).

**Figure 4. Proportion of transaction reports received since 2021 by trading capacity.**



**2.9** Figure 5 shows the number of unique executing entities reported to us in RTS 22 Field 4 since 2021. We aggregate these entities by the corresponding value reported in RTS 22 Field 5 (Investment Firm covered by Directive 2014/65/EU):

- 'TRUE' indicates that the executing entity is a UK MiFID investment firm or a UK branch of a third country investment firm subject to transaction reporting obligations.
- 'FALSE' indicates that the executing entity is not a UK MiFID investment firm or a UK branch of a third country investment firm subject to transaction reporting obligations. Transaction reports are submitted for these executing entities by UK trading venues under Article 26(5) of UK MiFIR.

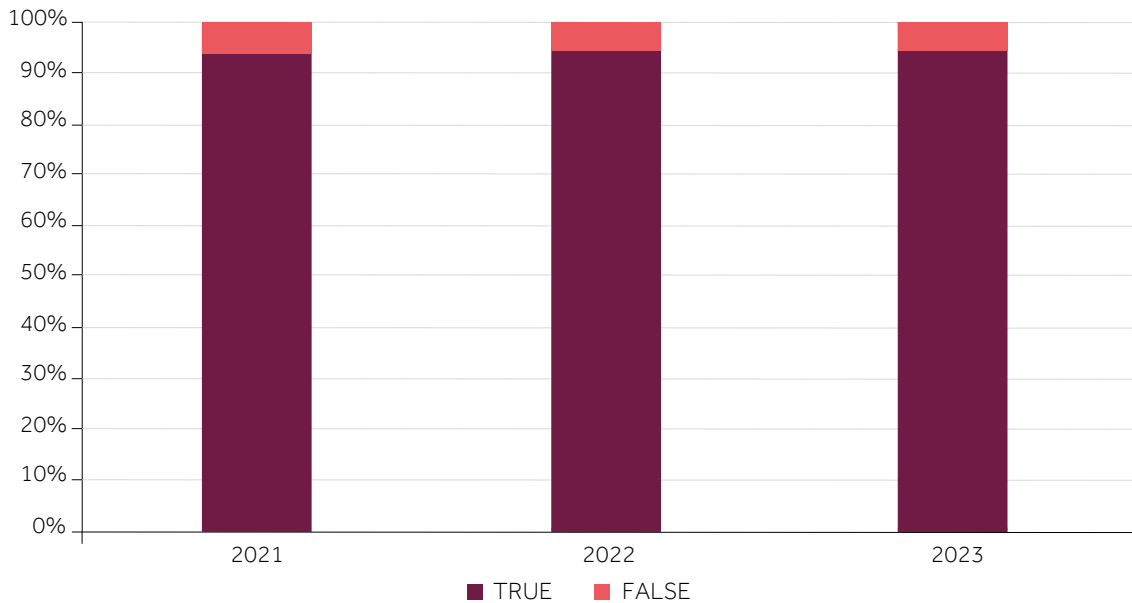
**Figure 5. Number of executing entities identified in transaction reports received by RTS 22 Field 5 (Investment Firm Covered by Directive 2014/65/EU) (2021-2023).**



**2.10** Unique legal entities are double counted in Figure 5 where they have been reported as an executing entity with both 'TRUE' and 'FALSE' values in Field 5. We would expect this to be the case for non-UK legal entities that operate a UK branch. The UK branch should submit transaction reports to us for all reportable transactions with Field 5 set to 'TRUE'. Transactions executed by the non-UK parent firm on a UK trading venue without involvement of the UK branch should be reported to us with Field 5 set to 'FALSE'.

**2.11** Figure 6 shows the number of transaction reports we received between 2021 and 2023 by the value reported in RTS 22 Field 5. Transaction reports submitted by UK trading venues under Article 26(5) of UK MiFIR represent 6% of the total number of transaction reports we have received since 2021.

**Figure 6. Proportion of transaction reports received by RTS 22 Field 5 (Investment Firm Covered by Directive 2014/65/EU) (2021-2023).**



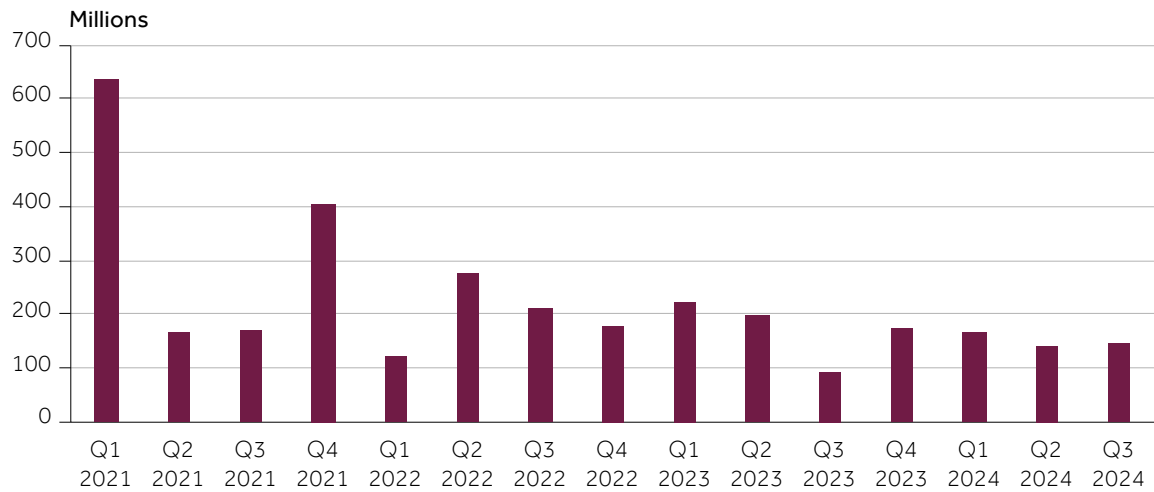
**2.12** Under Article 26(7) of UK MiFIR, transaction reports can be submitted to us by an investment firm, an ARM acting on its behalf, or by the trading venue whose system the transaction was completed through. Figure 7 shows the number of transaction reports submitted to us during the period aggregated by the type of submitting entity.

**Figure 7. Proportion of transaction reports received by type of submitting entity.**



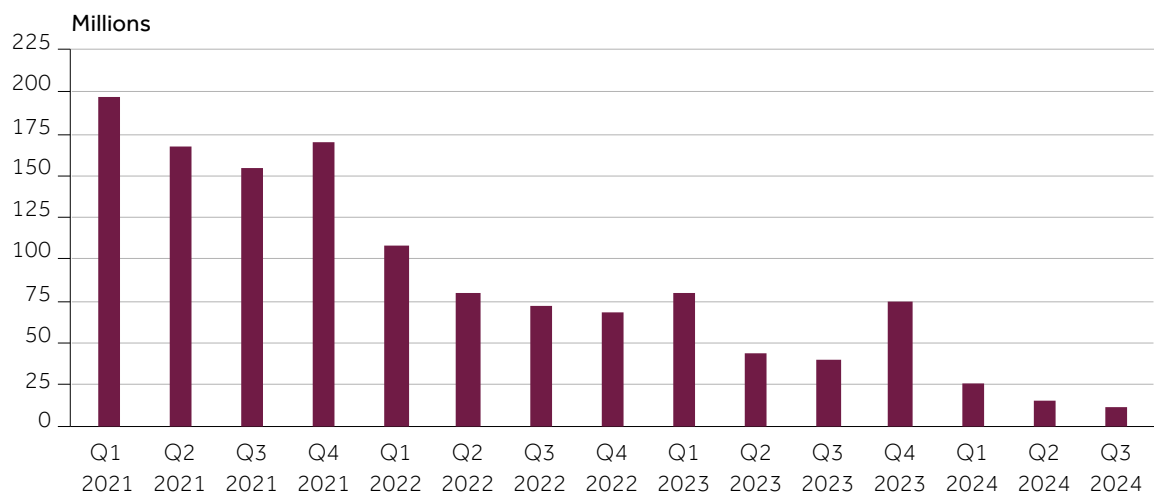
**2.13** Transaction reports must be cancelled when they are submitted to us in error or with inaccurate or incomplete information. The cancelled transaction report must be replaced with a corrected transaction report where there are errors or omissions in the data. Figure 8 shows the number of transaction reports cancelled in each quarter.

**Figure 8. Number of transaction report cancellations submitted by submission date.**



**2.14** We present the same information in Figure 9 by the trade date to which the cancelled report relates. This chart could be interpreted to suggest data quality has improved. While this may provide partial explanation for the trend line, we believe data quality issues for transaction reports submitted in more recent months may not yet have been identified.

**Figure 9. Number of transaction report cancellations submitted by trade date.**

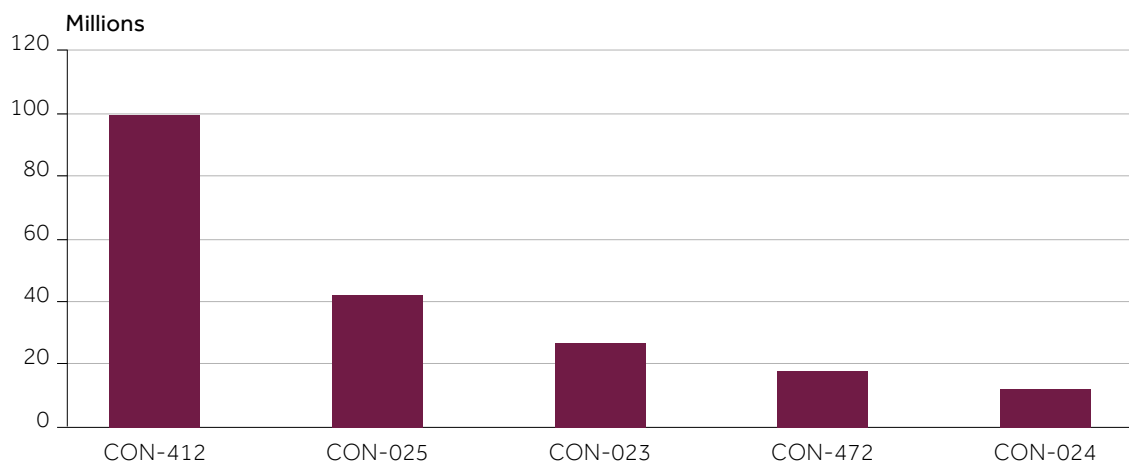


**2.15** Our Market Data Processor (MDP) validates the content of transaction reports received against a defined list of rules. It is important that firms know these rules are not intended to identify all data quality issues.

**2.16** We show below the 5 most common reasons we rejected transaction reports between 2021 and 2023. These error codes accounted for 95% of the total transaction reports we rejected over the period. They represent the following issues:

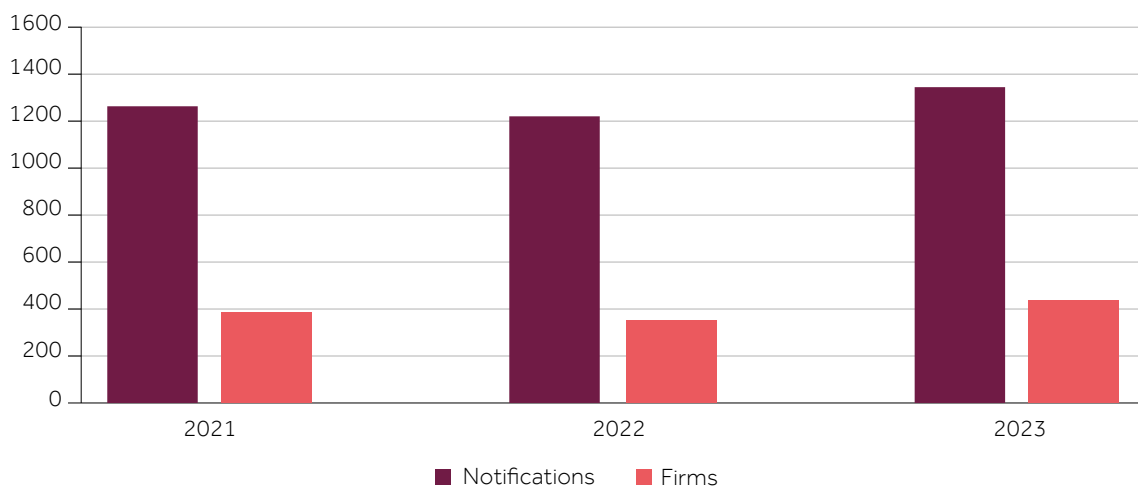
- CON-412 – the instrument reported is not valid in the reference data on the trade date
- CON-025 – the transaction has already been cancelled
- CON-023 – a transaction report with the same transaction reference number has already been submitted
- CON-472 – the underlying instrument reported is not valid in the reference data on the trade date
- CON-024 – a transaction for the cancellation cannot be found

**Figure 10. Most common MDP rejection codes (2021-2023).**



**2.17** RTS 22 Article 15(2) requires firms to notify us promptly when they identify an error or omission in their transaction reports. In Figure 11, we show the number of transaction reporting breach notifications received each year alongside the number of firms responsible for submitting those breach notifications.

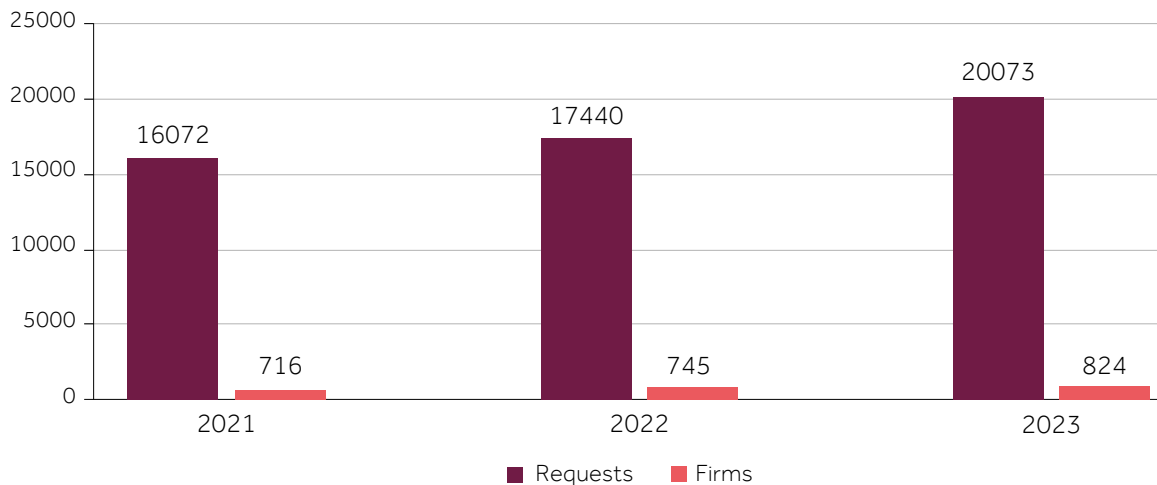
**Figure 11. Number of transaction reporting breach notifications received (2021-2023).**



**2.18** RTS 22 Article 15(3) requires investment firms to have arrangements in place to ensure their transaction reports are complete and accurate. Those arrangements must include regular reconciliations of front office trading records with data samples requested from the MDP.

**2.19** In Figure 12, we show the number of data extracts requested each year alongside the number of individual firms responsible for requesting those data extracts.

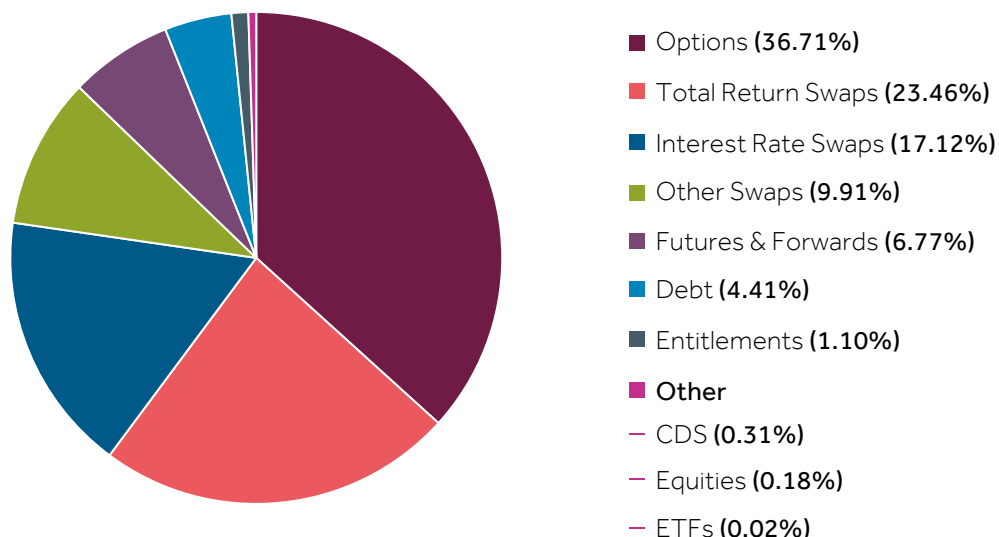
**Figure 12. Number of MDP data extract requests made (2021-2023).**



**2.20** UK trading venues are required to provide us with instrument reference data for the financial instruments traded on their platforms. We also receive instrument reference data from SIs. This data is used to validate and enrich the content of transaction reports.

**2.21** We publish this data on our Financial Instrument Reference Data System (FIRDS) to help firms understand their reporting obligations. Figure 13 shows the total number of financial instruments in FCA FIRDS reported by UK trading venues and SIs, aggregated by the ISO 10962 CFI code.

**Figure 13. Financial instruments reported to FCA FIRDS by type of financial instrument.**



## Chapter 3

# The shape of the regime

## Introduction

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- 3.1** The Treasury's Wholesale Markets Review in 2021 stated that the transaction reporting regime was working well. Respondents generally agreed. We are aware of the need to ensure a sensible, staged approach to changes in wholesale market reporting requirements for firms. We recognise the scale of the changes we have already made to the reporting requirements in the UK European Markets Infrastructure Regulation (EMIR) and the transparency regime for equities, bonds and derivatives.
- 3.2** We believe now is the right time to begin a discussion about future changes to the transaction reporting regime. While the regime currently works well, divergence between our requirements and other jurisdictions threatens to create inefficiencies. We have also identified improvements we could make in our supervision of requirements, technological developments and engagement with market participants. These are covered in the chapters that follow.
- 3.3** We believe these changes will help streamline the regime, simplify our rules, and improve data quality. Improved data quality will enable us to monitor our markets more effectively to ensure they are clean and fair. Cleaner markets enhance the competitiveness of the UK's financial markets globally, supporting growth and aligning with our secondary international competitiveness objective.
- 3.4** As we reflect on potential improvements, we must take an important decision on the scale of change. We know firms have invested in systems and processes for transaction reporting under the current regime. We also recognise the costs attached to amending systems and processes. Any changes we make need to be justified by benefits.
- 3.5** Change is not inevitable. While we will have to react to developments in international standards, maintaining continuity of requirements is an option.

### Alignment with non-UK reporting regimes

- 3.6** We believe data should only be reported where it is useful. This may mean we consult on proposals to streamline requirements, allowing us to place an even stronger emphasis on data quality. Simpler rules should enable firms to provide higher quality information and reduce time spent remediating problems. We believe reporting fields should be treated with equal importance, under a regime where all fields provide meaningful information, necessary to support the cleanliness of our markets.
- 3.7** However, these kinds of changes may reduce alignment between the UK transaction reporting regime and similar regimes in other jurisdictions. This divergence may prevent some firms from aligning systems and processes for reporting. It could reduce opportunities for creating reporting efficiencies and weaken data quality.



- 3.8** Due to the origins of the requirements and our approach to onshoring, the transaction reporting rules that firms are currently required to meet in the UK and EU remain largely aligned. We operate similar schemas and require most of the same fields to be populated with most of the same content. However, regulatory alignment needs to be balanced with benefits from a more streamlined UK regime tailored for UK participants.
- 3.9** Further divergence between the UK and EU transaction reporting regimes may occur whatever decisions we take. On 3 October 2024, ESMA published a Consultation Paper on changes to EU RTS 22 and RTS 24. This covers some of the themes and issues in this Discussion Paper. But we may not align with all the changes in the EU MiFIR review.
- 3.10** Our rules must focus on advancing our statutory objectives and work for UK market participants. While we welcome feedback on the benefits of maintaining alignment with non-UK reporting regimes, we ask market participants to consider changes to the shape of the regime in a future landscape where further divergence between UK and EU transaction reporting requirements is likely.

**Question 1:** **How should we balance alignment between international transaction reporting regimes with the benefits from a more streamlined UK regime? Are there particular areas where divergence would result in more significant operational challenges or costs? These could be specific to field content, trading scenarios, reporting arrangements or any other area.**

### **Harmonisation with other UK wholesale market reporting regimes**

- 3.11** The transaction reporting regime exists within a wider set of wholesale market reporting requirements which allow public authorities to monitor and enhance the cleanliness, transparency and resilience of markets. They include:
- UK MiFIR requirements for pre-trade and post-trade transparency, order book data and MAR 10 commodity derivative reporting.
  - UK EMIR reporting requirements targeted at enabling risk monitoring in derivatives markets.
  - UK Securities Financing Transactions Regulation (SFTR) reporting to enable risk monitoring in securities financing markets.
- 3.12** The Wholesale Markets Review sought feedback on duplicative requirements across these regimes. Participants provided high level comments and highlighted some overlap between trade and transaction reporting requirements in UK EMIR and UK MiFIR. Areas highlighted were:
- Inconsistency in terminology (the same attributes are referred to in different terms across regimes) and inconsistency in how the same attributes must be reported.
  - Differences in data format or representation. For example, basis points is not an acceptable value under UK EMIR for reporting the price for any instruments, but is for certain instruments under UK MiFIR.
  - Data should only be reported once and used for multiple purposes.

- 3.13** Respondents were split as to what to do next. Some opposed wholesale change as implementing the reporting systems represented a significant cost to industry. Instead, they proposed limited changes to, for example, address inconsistencies between definitions. Others supported a more comprehensive review of requirements.
- 3.14** We want to identify and eliminate unnecessary reporting burdens. However, UK EMIR, UK SFTR and UK MiFIR serve individual regulatory purposes. The regimes developed from separate G20 and other regulatory commitments. They apply to different financial instruments and rely on distinct market data infrastructure systems: EMIR trade reports must be submitted to trade repositories, while MiFIR transaction reports are submitted by ARMs or directly to us by investment firms and trading venues.
- 3.15** These factors, combined with the significant changes we made to the UK EMIR regime in September 2024, mean we think now is not the right time to begin a more comprehensive review to remove all duplicative reporting requirements.
- 3.16** However, we will consider whether we could make any changes now to enable a smoother transition towards a more streamlined regulatory reporting framework in the future. This will include considering the scope of the transaction reporting regime, the potential role of the ISO 4914 Unique Product Identifier (UPI) in transaction reporting, and changes to align field content and reporting rules for specific types of financial instrument.
- 3.17** We will also consider specific changes to remove duplicative reporting requirements that exist in the UK MiFID trade and transaction reporting regimes.

**Question 2: What changes could we make to the UK's transaction reporting regime now to remove duplication or provide synergies with requirements in other UK wholesale market reporting regimes?**

**Areas of challenge for firms**

- 3.18** We want to understand which areas of the transaction reporting regime firms find most challenging. This could be anything. Examples may include sourcing data, maintaining records, understanding requirements, applying systems and controls to ensure the quality of the data, or dealing with exceptions and correcting errors. We are already aware of some examples, such as the obligation on trading venues to obtain and report national identifiers for traders for third country members.
- 3.19** Some of these rules are necessary to support our ability to detect and prevent harmful behaviour on our markets. In such areas, the cost may be justified. But where we get limited benefit from data, we will consider removing requirements.
- 3.20** We have already demonstrated pragmatism in these areas through our supervisory flexibility on RTS 22 fields 61 (waiver indicator), 62 (short selling indicator), 63 (OTC post-trade indicator), 64 (commodity derivative indicator) and 65 (securities financing transaction indicator).

**3.21** We also exempted the reporting of all securities financing transactions from the transaction reporting regime in [Handbook Notice 96](#).

**Question 3: Which areas of the transaction reporting regime do you find most challenging? Please explain why.**

### Accommodating new technologies

**3.22** We have an important role in the continued success and competitiveness of the UK's capital markets. In a world of increasing digitisation, the focus on innovation is increasingly important. We are technology-agnostic, principles-based and outcomes-focused. Our regulation needs to adapt to the speed, scale and complexity of technological development.

**3.23** Within this context we would like to understand what role we could play through the transaction reporting regime to support the development of new and existing technologies. This could be aimed at reducing the compliance cost on firms, improving access to data or improving data quality.

**3.24** In [PS24/12](#), we said we had not identified any barriers in the transaction reporting regime to the operation of the Digital Securities Sandbox (DSS). We will reflect further on this and use lessons from the DSS to ensure that regulatory reporting enabled by technologies such as distributed ledger technology are not hampered by our rules.

**3.25** We have already launched joint initiatives to look at making regulatory reporting more efficient and effective through Digital Regulatory Reporting (DRR). We also want to ensure our rules do not act as a barrier to technology. These include other specific initiatives such as Common Domain Models (CDM).

**3.26** Additionally, the format of all messages used for UK MiFIR transaction reporting follows the ISO 20022 XML messaging standard. We understand there may be benefits to adopting new messaging standards such as JSON. We welcome feedback on whether other messaging standards could be adopted to improve data quality and reduce reporting burdens.

**Question 4: Could data quality be improved through new technologies or messaging standards? If so, how, and what can we do to support this?**

### FCA FIRDS

**3.27** We publish instrument reference data received from UK trading venues and SIs on FCA FIRDS. FCA FIRDS also includes instrument reference data reported to ESMA by EEA trading venues and SIs. We use this consolidated dataset to validate and enrich the transaction reports we receive.

**3.28** In H1 2024, the FCA FIRDS webpages received 65,027 visits and 1,164,838 search and download requests. To support our development of the instrument reference

data regime, we would like to understand how market participants use FCA FIRDS. For example, whether they predominantly use the system as a tool to enrich eligibility checkers, or to determine the reportability of a specific financial instrument.

**Question 5: Do you use FCA FIRDS? If so, do you access via the graphical user interface (GUI) or through file download and what is your predominant reason for using FCA FIRDS?**

## Chapter 4

# Scope

### Introduction

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**4.1** This chapter considers the scope of requirements in the transaction reporting regime. We cover reporting by collective portfolio management investment (CPMI) firms, the range of reportable financial instruments, identifiers for OTC derivatives and the obligation to submit instrument reference data.

**4.2** We consider how to reduce reporting costs on the smallest firms and the obligation on trading venues to submit transaction reports on behalf of firms that are not subject to transaction reporting obligations in the UK.

### CPMI firms

**4.3** Managers of funds subject to the requirements in the UK Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for Collective Investment in Transferable Securities (UCITS) (described as 'CPMI' firms in our Handbook) are not subject to transaction reporting requirements for activity that would be reportable if conducted by a MiFID authorised firm.

**4.4** Our ability to monitor activity by CPMI firms at a transaction level is limited when compared against MiFID authorised firms. There have been instances where this gap in the regime has made our enquiries more complex.

**4.5** We have considered whether to address this limitation by bringing CPMI firms into scope of the transaction reporting regime. However, were the MiFID activity by AIFMD and UCITS authorised firms to become reportable, this would only increase the information available to us by a limited amount. This is because activity conducted by these firms managing their own funds would still be excluded under Article 2 of UK MiFID.

**4.6** At this stage, we are unclear whether the additional cost of reporting imposed on these firms would be justified by the benefit of the data we would receive.

**Question 6:** **Should CPMI firms be subject to UK MiFIR transaction reporting requirements for their MiFID activity? Please explain why.**

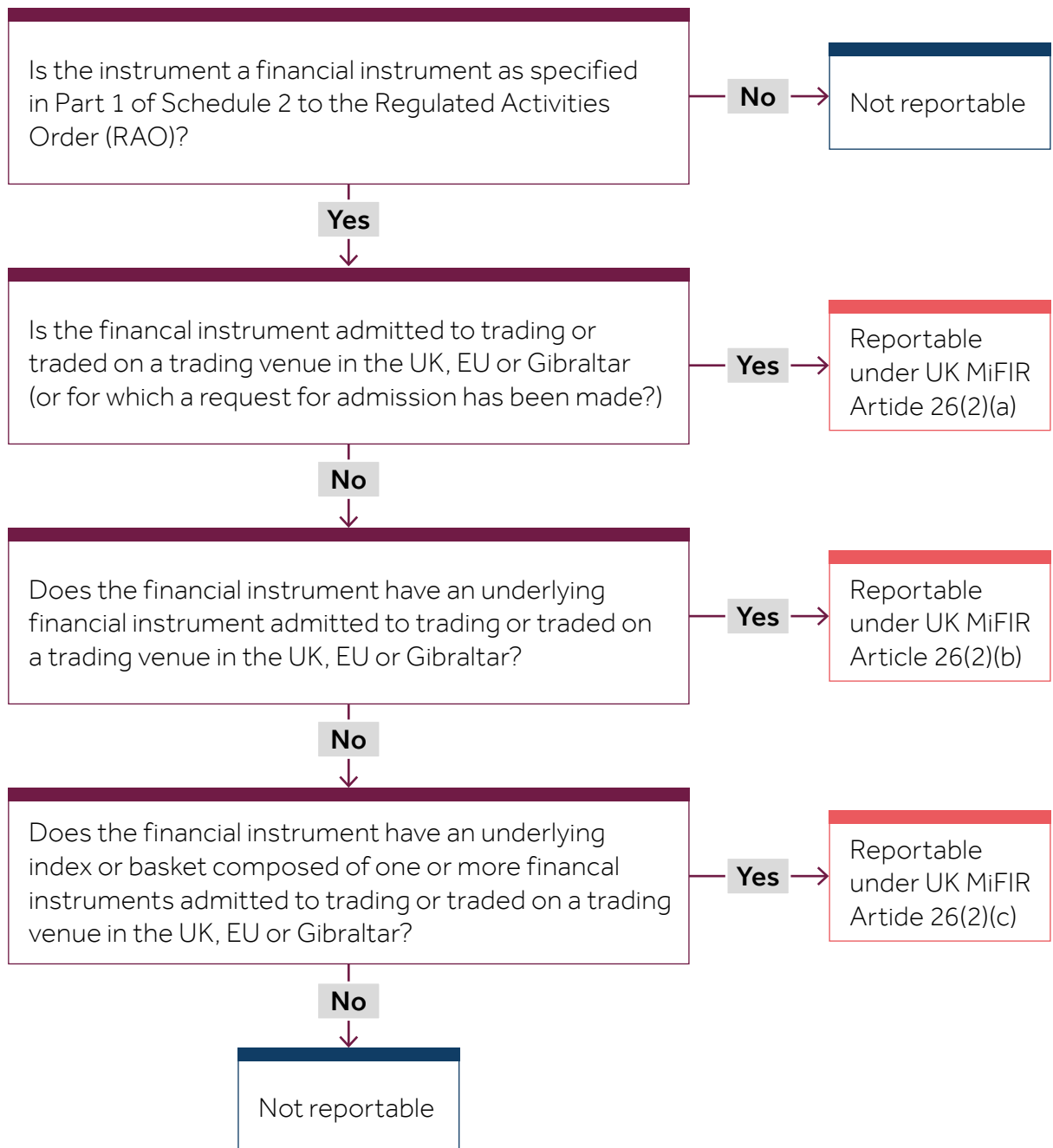
### Reportable instruments

**4.7** The transaction reporting regime's main purpose is to support our ability to detect, investigate and prevent market abuse. The data also enables us to monitor our markets. The scope of reportable instruments must be set appropriately to allow us to achieve these objectives.

**4.8** Under Article 26(2) of UK MiFIR, transaction reporting obligations apply to transactions in financial instruments that are traded or admitted to trading on a trading venue in the UK, EU or Gibraltar. This includes financial instruments for which a request for admission to trading has been made. We refer to financial instruments which meet these criteria as being 'TOTV' (traded on a trading venue).

**4.9** Financial instruments which have an underlying TOTV instrument, or a basket or index of instruments which includes one or more TOTV instruments, are also reportable. The obligations apply irrespective of whether the transaction took place on a trading venue. The scope of reportable instruments in UK MiFIR is deliberately calibrated with the UK Market Abuse Regulation (MAR).

**Figure 14. Assessing the reportability of a financial instrument.**



- 4.10** Firms must undertake due diligence to determine whether an instrument they have traded is a reportable financial instrument. RTS 22 Article 15(1)(g) and (h) require firms to have mechanisms in place to avoid reporting any transaction which has no obligation to report, and to identify any unreported transactions for which there is an obligation to report. Firms should not submit transaction reports to us for transactions executed in instruments that are not in scope of the regime, such as spot foreign exchange.
- 4.11** We have heard the complexity and associated cost of this due diligence is especially high for derivatives which are not traded on a regulated market. We refer to these instruments as 'OTC derivatives'.
- 4.12** Following ESMA's [opinion](#) on TOTV, an OTC derivative should be deemed as TOTV for the transaction reporting regime when it shares the same 'reference data details' as a TOTV derivative, except for:
- i.** the issuer or operator of the trading venue
  - ii.** the venue-related fields (trading venue, financial instrument short name, date of request for admission to trading, date of admission to trading or date of first trade and termination date)
- 4.13** We define 'reference data details' as the attributes held by a financial instrument under [RTS 23](#).
- 4.14** The process to determine whether an OTC derivative shares the same reference data details as a derivative traded on a trading venue can be time-consuming. There has also been uncertainty around the relevance of the instrument identification code (RTS 23 Annex Table 3 Field 1) and the instrument full name (RTS 23 Annex Table 3 Field 2):
- The instrument identification code is not excluded from the list of reference data details that should be compared but is not a 'characteristic' of the instrument. OTC derivatives which are not traded on a trading venue may not have been issued with an International Securities Identification Number (ISIN); and
  - The instrument full name is a free text field. As such, there may not be an exact match between the name of the instrument under RTS 23 and the name of the instrument as determined by the firm executing the transaction.
- 4.15** We have also identified inconsistent approaches to determining the reportability of financial instruments which are not derivatives, but which could be interpreted as having an 'underlying'. This includes structured products not covered by Question 11 in the ESMA Q&A and which aim to deliver a return based on the performance of another instrument. These products are often classified with a CFI code beginning with EY, DA or DE. Some firms consider reportability for these instruments under UK MiFIR Article 26(2)(a) only, while others make additional consideration of the underlying under Article 26(2)(b) or (c).

**Question 7: What difficulties do you have in determining whether a financial instrument is TOTV, if any? Please make your response asset class specific, if applicable.**

**4.16** Subject to feedback received, we will consider whether to issue further guidance on the TOTV concept, particularly for OTC derivatives. This will require careful consideration due to the current alignment in the scope of the transaction reporting regime with UK MAR and the relationship between the scope of reportable financial instruments and RTS 23. We believe the existing TOTV concept works well for most financial instruments other than specific OTC derivatives.

## Identifiers for OTC derivatives

**4.17** Alongside our consideration of the TOTV concept, we are considering whether we could make changes to the scope and nature of reporting obligations for OTC derivatives to improve outcomes for market participants. Any alternate approach must ensure that firms can determine their reporting obligations for OTC derivatives as efficiently as possible. We also require detailed information about the nature of financial instruments traded, given the market abuse risks they present and their importance to our market monitoring.

**4.18** In this section, we cover:

- The ISIN
- The Unique Product Identifier (UPI)
- A modified ISIN

### *The ISIN*

**4.19** The transaction reporting regime requires financial instruments admitted to trading on a trading venue to be identified with an ISIN. The ISIN is a 12-character alphanumeric code defined by the ISO 6166 standard as a universal way of identifying financial instruments.

**4.20** The Wholesale Markets Review noted that ISINs are an effective identifier for most financial instruments. Respondents agreed. But the Review concluded that further work was required to improve outcomes on the identification of OTC derivatives.

**4.21** Unique OTC derivatives must be identified with a unique ISIN. The uniqueness of a derivative is determined by its reference data details. These are specific to the type of derivative, but generally include properties such as the contract's expiry date.

**4.22** This means that for some OTC derivatives, the daily rolling expiry date of the contract requires a new ISIN to be created every day. Table 1 shows an OTC derivative traded on 3 consecutive days with identical reference data details other than the expiry date of the contract.

**Table 1: Example of derivatives with the same term of contract and different expiry dates (ISINs)**

Trade date	Term of contract	Expiry date	ISIN
10/07/2024	5 years	10/07/2029	ISIN 1
11/07/2024	5 years	11/07/2029	ISIN 2
12/07/2024	5 years	12/07/2029	ISIN 3



**4.23** The daily rolling ISIN creates a high operational cost for trading venues who must obtain and report these identifiers under RTS 23 for all OTC derivatives that are traded or admitted to trading on their systems.

### **The UPI**

**4.24** Some respondents to the Wholesale Markets Review proposed an alternative international standard to identify OTC derivatives: the ISO 4914 UPI. The UPI was developed to enable better aggregation of OTC derivatives in regulatory reporting regimes that support monitoring of systemic risk, such as UK EMIR. The Derivatives Service Bureau (DSB) is the designated global provider of UPIs.

**4.25** The reference data details in a UPI are less detailed than the reference data details in an ISIN. Attributes such as the expiry date of the contract are not included in the UPI. Table 2 shows how the expiry date of an OTC derivative with identical reference data details can change and not lead to the generation of a new UPI.

**Table 2: Example of derivatives with the same term of contract and different expiry dates (ISINs and UPIs)**

Trade date	Term of contract	Expiry date	ISIN	UPI
10/07/2024	5 years	10/07/2029	ISIN 1	UPI 1
11/07/2024	5 years	11/07/2029	ISIN 2	UPI 1
12/07/2024	5 years	12/07/2029	ISIN 3	UPI 1

**4.26** The UPI was not designed to enable monitoring for market abuse. Some reference data details not included in the UPI are necessary for us to monitor some types of financial instrument. These include the term of the contract for interest rate derivatives and the expiry date of the contract for all OTC derivatives.

**4.27** As a result, we consider that the UPI as a standalone identifier is not a suitable alternative to the ISIN for any OTC derivatives in scope of the transaction reporting regime.

### **UPI+**

**4.28** In addition to its usefulness as an identifier for monitoring systemic risk under UK EMIR, we will adopt the UPI in the UK MiFID transparency regime for derivatives. This is because it enables similar financial instruments to be aggregated for liquidity analysis, best execution, and price formation purposes. This was confirmed in our PS24/14 for improving transparency in bond and derivative markets.

**4.29** The UPI's reference data details are also insufficiently detailed for the transparency regime. As a result, our changes in PS24/14 will require market participant to provide additional data elements alongside the UPI. We refer to this model as 'UPI+', with the '+' denoting the additional data elements.

- 4.30** We have considered whether we could take a similar approach in the transaction reporting regime to improve outcomes while maintaining our market monitoring capabilities. This requires an assessment of:
- a.** The scope of OTC derivatives that would be identified with a UPI.
  - b.** The additional data elements not included in the UPI but that are necessary for our market monitoring purposes.
  - c.** RTS 23 reference data for OTC derivatives identified with a UPI.
  - d.** The impact on reporting for derivatives in scope under Article 26(2)(b) and (c) of UK MiFIR.
- 4.31** In the following paragraphs we use the term 'product' to refer to the UPI level of detail, and the term 'instrument' to refer to the ISIN level of detail.

### Scope of OTC derivatives

- 4.32** UPIs are assigned to uniquely identify OTC derivative products across asset classes. The DSB maintains specific product definitions for OTC derivatives in commodities, equities, fixed income, rates and foreign exchange (FX). These product definitions define the reference data details for a specific OTC derivative product within an asset class. Within each product definition is a template for each instrument type (swap, forward, option) and underlying product type.
- 4.33** The daily rolling ISIN issue does not affect all OTC derivatives. So we need to consider whether the UPI would be implemented as an identifier for all OTC derivatives, or only those affected by the daily rolling expiry date issue which compromises the ISIN's effectiveness. These include daily expiring instruments such as benchmark interest rate swaps.

**Question 8:** **Does the daily rolling ISIN issue impact your firm? If so, please explain for which asset classes and sub-asset classes. We would welcome any data you can provide on associated costs.**

### Additional data elements required

- 4.34** If UPI+ was implemented within the transaction reporting regime, the additional data elements required would not necessarily be the same as the additional data elements confirmed in PS24/14, which were designed to support the transparency regime. We would need to undertake detailed analysis to determine the relevant additional elements needed for each product definition and template.
- 4.35** The additional data elements required would likely cover information that is included within the ISIN but not the UPI. To illustrate:
- For interest rate derivatives, we may require the term of the contract and either the forward start date (to allow us to calculate the expiry date) or the expiry date.
  - For credit default swaps, we may require the notional currency.
  - For other OTC derivatives, we may require the price multiplier.

## Obtaining additional data elements

- 4.36** We also need to consider who would be required to source and provide the additional data elements. There are 2 options:
- Trading venues under RTS 23 and firms and trading venues with transaction reporting obligations under RTS 22.
  - Firms and trading venues with transaction reporting obligations under RTS 22 only.
- 4.37** Both approaches would require changes to RTS 22 and RTS 23, including applicable schema and validation rules.

### *Option 1 – additional data elements reported in RTS 22 and RTS 23*

- 4.38** Trading venues are required to submit RTS 23 reference data for OTC derivatives admitted to trading on their systems. Under this option, this reference data would contain the UPI for the derivative, the reference data details contained in the UPI template, the issuer and venue related fields and any specified additional data elements for the product. A unique record of reference data would be required for each unique combination of reference data details and additional data elements.
- 4.39** While there would be no requirement to source daily ISINs for these OTC derivatives, trading venues could still be required to submit daily reference data for each UPI due to the daily changing additional data elements. The detail of the reference data reported would allow investment firms to identify their reporting obligations clearly, as the reportability of an OTC derivative under the current transaction reporting regime cannot be determined from the UPI alone.
- 4.40** Table 3 shows how instrument reference data would be submitted under this option, with 2 records required for 1 OTC derivative product despite an exact match in reference data details.

**Table 3: Example of instrument reference data reported under option 1**

Reference data details		Additional data elements		
Fields in UPI template	Issuer and venue related fields	Term of contract	Expiry date	UPI
All matching	All matching	5 years	10/07/2029	UPI 1
		5 years	11/07/2029	UPI 1

- 4.41** Under this option, when an investment firm executes a transaction in an OTC derivative, the UPI could be reported in RTS 22 Field 41 (instrument identification code) of its corresponding transaction report. Instrument validation would take place at the UPI and additional data element level whether or not the transaction was executed on a trading venue. If it was, additional validation would take place at the trading venue level.
- 4.42** To determine the reportability of an OTC derivative traded away from a trading venue, firms would need to assess whether the reference data details and relevant additional

data elements of the derivative match those of a TOTV derivative. Our initial view is that this due diligence would be at least as complex for firms as the current TOTV determination required for OTC derivatives identified with an ISIN.

- 4.43** It would also not be possible to enrich transaction reports with additional data elements from the reference data. This currently occurs when an OTC derivative is reported with an ISIN in RTS 22 Field 41 that exists within FCA FIRDS. This is because there would be no unique mapping between the UPI and a single combination of additional data elements in FCA FIRDS.
- 4.44** As a result, investment firms would also need to report additional data elements (for example, the expiry date) to support our market monitoring capabilities. This would be a relative increase in reporting costs, as additional data elements are currently not provided when an ISIN is populated in Field 41 that exists within FCA FIRDS.
- 4.45** Table 4 shows how transaction reports would be submitted by an investment firm executing transactions in the OTC derivatives shown in Table 3. The reference data details in the UPI template would not apply as these would be sourced from the relevant reference data received under RTS 23.

**Table 4: Example of transaction reports submitted by an investment firm for a transaction in the derivative shown in Table 3**

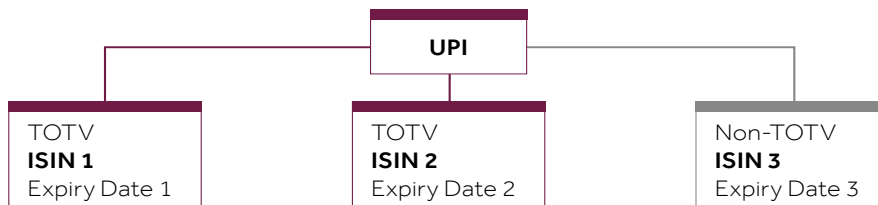
Trade Date	Instrument identifier	Reference data details in the UPI template	Additional data elements	
			Term of contract	Expiry date
10/07/2024	UPI 1	n/a	5 years	10/07/2029
11/07/2024	UPI 1	n/a	5 years	11/07/2029

**Option 2 – additional data elements reported in RTS 22 only**

- 4.46** Under this option, the reference data submitted by trading venues for OTC derivatives traded or admitted to trading on their systems would contain the UPI for the derivative, the reference data details contained in the UPI template and the issuer and venue related fields for the UPI. Due to excluding the additional data elements deemed relevant for the product, there would be 1 record from each trading venue for each UPI in FCA FIRDS.
- 4.47** Transaction reports submitted by investment firms would contain the UPI for the derivative, and the additional data elements outlined above in Table 4.
- 4.48** This would appear to be a more streamlined approach. But it creates an issue for determining the reportability of an instrument. This is because the UPI alone is not sufficiently detailed to determine the reportability of a financial instrument, which is at the ISIN level.

- 4.49** There may be unique financial instruments (each identifiable with an OTC ISIN) that share a UPI but that are not admitted to trading or traded on a trading venue. ISIN 3 in Figure 15 is not reportable even though it shares the same UPI as other reportable financial instruments.

**Figure 15. Link between UPI and ISIN**



- 4.50** We think it would be inoperably challenging for firms to determine whether a transaction executed in an OTC derivative away from a trading venue is reportable under this approach. As a result, a different approach to the scope of reporting obligations for OTC derivatives would be needed to support this option.
- 4.51** One approach could be to base the scope of reporting obligations on OTC derivative products that are admitted to trading or traded on UK trading venues. The UPI would serve as the identifier for these products. Trading venues would submit reference data including the UPI and no additional data elements. Where an investment firm executes a transaction in a product with the same UPI as a product admitted to trading on a UK trading venue, this will confer a transaction reporting obligation. ISIN 3 in Figure 15 would then be reportable.
- 4.52** This is a broader and potentially more burdensome scope of obligations. It would represent a departure from the TOTV concept for OTC derivatives. It would require different, but potentially less burdensome, due diligence processes for determining the reportability of OTC derivatives. We believe transaction reports for these OTC derivatives would be useful for market monitoring purposes due to their relationship with derivatives that are currently in-scope.
- 4.53** Alternatively, the scope of reportable instruments could be widened further to align with requirements in UK EMIR, covering all derivative contracts, irrespective of the TOTV concept, for both the instrument and its underlying. We expect this approach would further reduce the cost of due diligence to determine the reportability of OTC derivatives but would require some firms to submit considerably more transaction reports than they currently do.
- 4.54** Other changes would be required to accommodate reporting for derivatives that are outside the scope of the current regime. For example:
- A new value would be required for the underlying where an identifier for the underlying does not exist.
  - Changes would have to be made to enable transactions in derivatives with non-financial instruments as underlyings to be reported. The current scope of the transaction reporting regime means it was never envisaged that reference data for transactions in these instruments would be reported. The changes could include adding the base product and sub-base product for commodities.

- 4.55** We would also have to consider how an OTC derivative with an OTC derivative underlying could be reported, as any additional data elements deemed necessary for the asset class would not be contained within the UPI for the underlying.
- 4.56** Overall, this approach would increase the breadth of our market monitoring capabilities and give us more granular data on derivative transactions. However, we know much of this information would duplicate the information we already receive under UK EMIR. It would not be applicable to our market abuse enquiries work, and we believe the challenges outlined above would lead to data quality issues, contrary to the objectives of our review.

### **Reporting financial instruments under UK MiFIR Article 26(2)(b) and (c)**

- 4.57** For financial instruments which are only reportable under UK MiFIR Article 26(2)(b) or (c), we are not able to enrich corresponding transaction reports from instrument reference data reported by trading venues. Firms provide the instrument details (RTS 22 Fields 42-56) in their transaction reports and an ISIN is not required in RTS 22 Field 41.
- 4.58** Irrespective of the approach taken to obtaining additional data elements, we believe the reporting of a UPI for these financial instruments would improve data quality and allow us to better understand the nature of the product traded. We would not validate the reportability of a transaction using this UPI as we would not have this reference data from a trading venue in FCA FIRDS.
- 4.59** While this would appear to be an additional reporting cost for firms, we believe this information would already be available to firms to satisfy their reporting obligations under UK EMIR.
- 4.60** This assumes the UPI is adopted for all OTC derivative asset classes. If the UPI was only adopted for a subset of asset classes that are not in scope under 26(2)(b) or (c), such as interest rate swaps, this would not apply.

**Question 9: Would reporting the UPI for instruments in scope under UK MiFIR Article 26(2)(b) and (c) require firms who would not otherwise have to obtain UPIs to do so?**

### ***A modified ISIN***

- 4.61** The daily rolling ISIN issue is a consequence of the expiry date being included in applicable OTC ISIN product definitions and templates. The product definitions could be amended to remove the expiry date and add the term of the forward start. This would allow the expiry date of an OTC derivative product to change each day without creating a new ISIN. A new 'modified ISIN' could present an alternative identifier for OTC derivatives to the existing ISIN and UPI.
- 4.62** Table 5 shows the potential relationship between the existing OTC ISIN, a modified OTC ISIN and the UPI for a set of interest rate derivatives. This would reduce the number of ISINs created for daily rolling instruments, but still require reporting of more product identifiers compared to the UPI approach.

**Table 5: Example of the potential relationship between the ISIN, modified ISIN, and UPI for interest rate derivatives**

RTS 23 fields excluding expiry date and term of contract	Term of contract	Expiry date	ISIN	Amount of forward start	Modified ISIN	UPI
All matching	4 years	09/07/2029	ISIN 1	1 year	ISIN 1	UPI 1
	4 years	10/07/2029	ISIN 2	1 year	ISIN 1	UPI 1
	3 years	11/07/2029	ISIN 3	1 year	ISIN 2	UPI 1
	3 years	12/07/2029	ISIN 4	5 years	ISIN 3	UPI 1

- 4.63** We believe a modified ISIN would be easier to implement in the transaction reporting regime than the UPI, particularly if only adopted for a subset of OTC derivative asset classes. This is primarily because fewer changes would be required. Investment firms would continue to report ISINs for OTC derivatives reportable under UK MiFIR Article 26(2)(a) and we would still be able to validate those ISINs and enrich the content of transaction reports with instrument reference data. This means that investment firms would not necessarily need to report any additional data elements. Although the ISIN record would no longer include the expiry date, we could calculate it from the trade date, term of the contract and amount of forward start.
- 4.64** But there are still several complexities. If the expiry date was removed from the ISIN product definitions for OTC derivative asset classes other than rates, changes may be required to RTS 22 or RTS 23 to include the term of the contract. This is because the term of the contract is required for our market monitoring but is not currently included in RTS 23 or the ISIN product definition for OTC derivative asset classes other than rates.
- 4.65** Changes would also be required to RTS 23 and the rules which determine which reference data details are reported by firms under RTS 22:
- It is not possible to report an ISIN with multiple expiry dates in FCA FIRDS. The expiry date would need to be made not applicable under RTS 23 for derivatives which are reported with a modified ISIN.
  - The expiry date would either need to be calculated or reported by investment firms under RTS 22.
  - We would need to add a new field for the term of the forward start. We cannot amend the existing RTS 23 Annex Table 3 Field 24 (Expiry date) as this is a relevant value for other derivatives such as futures.
- 4.66** There would also need to be consensus on which OTC derivative sub-asset classes would be included.

## Conclusion

- 4.67** This section has outlined a range of approaches to the scope of reporting requirements for OTC derivatives and the corresponding use of product identifiers. We summarise these below.

**Table 6: Summary of different approaches discussed**

Approach	Maintain TOTV concept	Identifier for OTC derivatives	Additional data elements required
Maintain status quo, with additional guidance on TOTV concept	Yes	ISIN	No
UPI+ with additional data elements reported under RTS 22 and RTS 23	Yes	UPI	Yes
UPI+ with additional data elements reported under RTS 22 only, with the scope of reportable instruments covering UPIs admitted to trading or traded on a trading venue	Modified to the UPI rather than the ISIN	UPI	Yes
UPI+ with additional data elements reported under RTS 22 only, with the scope of reportable instruments covering all derivative contracts	No	UPI	Yes
ISIN modification	Yes	Modified ISIN	Dependent on the nature of ISIN modification

- 4.68** Many of these options involve material implementation challenges. Further complexity may be hidden in the backwards compatibility of any new product identifiers and the need to ensure sensible and coordinated implementation timing.
- 4.69** Some of these alternate approaches are targeted at managing the impact of the daily rolling ISIN. But changes to the transaction reporting regime alone will not outright remove the obligation on firms to source and report daily ISINs. This is because the existing ISIN is required for reporting instruments admitted to trading or traded on a trading venue under UK EMIR.
- 4.70** The ideas in this section only refer to the provision of reference data by UK trading venues. The current TOTV scope of the transaction reporting regime covers financial instruments admitted to trading or traded on trading venues in the UK, EU and Gibraltar; calibrated with UK MAR. This scope creates a dependency on reference data submitted by EU and Gibraltar trading venues. We will review the geographic scope of the current TOTV concept in the transaction reporting regime as needed to ensure the operability of requirements.
- 4.71** Finally, we recognise that the alternative scope options discussed above are not necessarily tied to the approach taken to product identifiers for OTC derivatives. For example, the scope of reporting obligations could be expanded to align with EMIR and include all OTC derivatives alongside a proposal to maintain the current ISIN or a modified ISIN. This would, however, present a unique set of challenges to manage.



**Question 10:** What would be your preferred identifier for OTC derivatives in the transaction reporting regime? Please indicate why and explain which types of OTC derivative it should be applied to.

**Question 11:** Would you support a change to the scope of reportable instruments to align with UK EMIR?

## Instrument reference data

### *What makes an instrument reportable by trading venues?*

- 4.72** RTS 23 requires trading venues to send instrument reference data for financial instruments that are admitted to trading or traded on their venue. This includes financial instruments where orders or quotes are placed through their systems.
- 4.73** Trading venues with a 'defined list' should report instrument reference data for all instruments on that list. A financial instrument is on a 'defined list' if all the relevant details that apply to the financial instrument in RTS 23 Annex Table 3 are definable before the start of the trading day. In practice this applies to regulated markets and some MTFs.
- 4.74** We understand there is confusion as to what other activity triggers the obligation to submit instrument reference data, such as the advertisement of a financial instrument, or financial instruments which only become tradeable intraday due to a client order.
- 4.75** We are looking to determine whether we may need to provide additional guidance to create a more consistent understanding about which events should result in the submission of instrument reference data.

**Question 12:** Trading venues: is further guidance required on when instrument reference data should be submitted?

- 4.76** We are also seeking views on whether the frequency of reporting should be made consistent across reporting entity types and trading models.
- 4.77** A trading venue operating a defined list must report reference data for all instruments on the defined list every day the trading venue is open for trading.
- 4.78** OTFs, on the other hand, tend not to know in advance what will be traded as they offer bespoke instruments which are created intraday. These are reportable where there is an order, quote or trade and where there are subsequent changes, including termination.
- 4.79** The reference data details for most financial instruments are generally static. This means we are unsure of the need for trading venues operating defined lists to provide reference data for each instrument each day. If reference data is submitted the first time there is reportable activity, or when an instrument is added to a defined list and for any subsequent changes (including termination), this could be sufficient.

**Question 13: Trading venues: Would you support making all instrument reference data reportable only the first time there is a reportable event and for any subsequent changes? Please explain why.**

***Admission to trading and requests for admission to trading***

- 4.80** Under Article 27 of UK MiFIR, the concept of 'admission to trading' only applies to financial instruments on regulated markets. Under UK MAR, MTFs can also admit instruments to trading.
- 4.81** This means that RTS 23 Annex Table 3 Field 8 (Request for admission to trading by issuer), Field 9 (Date of approval of the admission to trading) and Field 10 (Date of request to admission to trading) do not apply to reference data submitted by MTFs. This is the case even where they have similar processes to regulated markets for admitting instruments.
- 4.82** This may result in a gap in our visibility of trading which takes places before an instrument is admitted to trading on an MTF. This is because the scope of transaction reporting obligations applies to financial instruments for which a request for admission has been made.
- 4.83** We are considering changes to ensure the concept of 'admission to trading' applies across all trading venue types, to provide alignment with UK MAR.

**Question 14: Trading venues: Do you anticipate any issues with applying the concept of admission to trading across all trading venue types? Please explain why.**

- 4.84** Where there is a request for admission, the trading venue will provide the date on which the request for admission was made. But the obligation to submit instrument reference data is only triggered once an instrument is admitted to trading.
- 4.85** We believe the obligation to submit instrument reference data should apply from the date on which a request for admission is made.

**Question 15: Trading venues: Do you agree that the obligation to submit instrument reference data should apply from the date on which a request for admission is made? Please explain why.**

- 4.86** For instruments admitted to trading on a regulated market, our analysis shows the range of days between the request for admission date reported and the date of admission reported was between 1 and 6 days (after removing outliers). But 77% of all records had a difference of 1 day. This suggests trading venues may be applying standard or default values when reporting the request for admission date. This could be because there is no clear definition of 'request for admission'.

**Question 16: Trading venues: How do you currently determine and source the request for admission date?**

**Question 17: Trading venues: Would defining 'request for admission to trading' help determine what date should be applied for this field? If so, please suggest how this could be defined?**

***Should SIs report instrument reference data?***

- 4.87** Under Article 27 of UK MiFIR, SIs should report instrument reference data for instruments traded by the SI that are in scope under Article 26(2)(b) or (c) of UK MiFIR. These instruments are in scope because the immediate underlying is TOTV or is an index or basket with at least one TOTV constituent. Whether an instrument is traded on an SI has no impact on the scope of reportable instruments for transaction reporting.
- 4.88** 75% of the ISINs traded in H1 2024 were reported to FCA FIRDS by SIs. This is concentrated in specific asset classes. 86% of ISINs reported by SIs are for equity swaps and over 99% of all equity swap ISINs are reported by an SI. However, these ISINs only accounted for 2% of all transactions reported in the period. On average, ISINs reported by SIs traded 47 times in the period, compared to an average of 6,839 times for ISINs reported by trading venues.
- 4.89** We highlighted in Market Watch 70 that some SIs have mistakenly submitted instrument reference data for instruments that are admitted to trading or traded on a trading venue and that are reportable under Article 26(2)(a) of UK MiFIR. We have also identified SIs submitting instrument reference data for instruments that are not reportable under Article 26(2)(b) or (c) of UK MiFIR, either because there is no underlying (for example, equities) or because the underlying is not admitted to trading or traded on a trading venue.
- 4.90** On 28 August 2024, we identified around 60,000 active ISINs reported by SIs in FCA FIRDS where there is no underlying ISIN. These instruments have likely been overreported by SIs. They accounted for 1% of SI reported ISINs active in FCA FIRDS on that date. This results in confusion for market participants, who may be misled as to the reportability of these instruments.
- 4.91** We are considering whether to remove the requirement on SIs to submit instrument reference data. This would remove confusion around the submission of instrument reference data by market participants who are not considered trading venues for the TOTV concept.
- 4.92** Currently, when an investment firm executes a transaction in a financial instrument for which SI reference data exists, only an ISIN is required to be reported in RTS 22 Field 41. RTS 22 Fields 42 to 56 are not applicable. Were we to remove the obligation on SIs to report reference data, RTS 22 Fields 42 to 56 would become reportable by other investment firms trading with SIs who were previously able to rely on the SI reference data.
- 4.93** The benefit to investment firms of SIs reporting instrument reference data is that these firms only need to report the ISIN of the instrument traded in the transaction report, instead of having to populate all the relevant instrument reference data fields.
- 4.94** Our analysis indicates that this may not represent a significant additional burden. We found that, in H1 2024, for transactions in financial instruments that were reportable under Article 26(2)(b) or (c), only 14% related to financial instruments for which an SI had

submitted instrument reference data. For the remaining 86%, investment firms were required to populate RTS 22 Fields 42-56 and could not rely on instrument reference data submitted to FCA FIRDS. As a result, we expect that most investment firms will already have processes in place to determine and report RTS 22 Fields 42-56.

**Question 18: Do you support removing the obligation for SIs to report instrument reference data? Please explain why.**

### Reporting cost for small firms

- 4.95** Of the 1,351 investment firms that submitted a transaction report under Article 26(1) of UK MiFIR in 2023, over a third submitted fewer than 1,000 transaction reports. Just under 15% submitted fewer than 100. These transactions accounted for 0.002% of all transaction reports received in 2023.
- 4.96** We require all in-scope firms to submit transaction reports to us for all reportable transactions, regardless of how few transactions they execute. There is no minimum threshold and neither can there be. This would present a significant risk to our ability to detect, investigate and prevent market abuse. Our market abuse enquiries have included firms in this category. It is essential we have oversight of these transactions to maintain market confidence and reduce harm.
- 4.97** We have had feedback about the high relative cost of reporting for firms that execute occasional transactions. We are sometimes asked if we accept manual submissions, via email. We do not, and nor do we intend to, as our surveillance systems rely on the systematic collection of data.
- 4.98** For firms that are carrying out reception and transmission, an alternative is to comply with the transmission requirements under Article 4 of RTS 22. The requirements include the need for the 'transmitting firm' to transmit relevant details about the order to another firm with reporting obligations (the 'receiving firm'). There must also be an agreement between the transmitting firm and the receiving firm which specifies that the receiving firm will submit a transaction report including relevant details provided by the transmitting firm.
- 4.99** A potential barrier to the transmission mechanism is the perception that there are only a limited number of firms prepared to act as receiving firms. While our data suggests that 137 firms acted as a receiving firm in H1 2024, smaller firms have told us that it is often difficult to establish such an agreement with a receiving firm that is able to provide necessary liquidity.
- 4.100** One idea we are considering is maintaining and publishing an opt-in register of UK investment firms that are willing to act as a receiving firm. This could give firms greater transparency about their reporting options. Some firms only use RTS 22 Article 4 transmission agreements between intragroup subsidiaries and would not want to be included on any public register.
- 4.101** We will also consider other changes such as allowing UK investment firms to act as a 'transmitting firm' and benefit from the provisions in Article 4 of RTS 22 when dealing on their own account or acting in matched principal trading capacity.

**Question 19:** Would you support the introduction of an opt-in register of UK investment firms willing to act as a receiving firm? Are there any other challenges associated with the transmission mechanism that limit the potential effectiveness of this solution?

**Question 20:** Do you have any other suggestions that could help reduce the reporting cost for smaller firms?

### Article 4 transmission between a UK MiFID and non-MiFID firm

- 4.102** RTS 22 Article 4 transmission can only take place between a UK MiFID investment firm or a UK branch of a third country investment firm and another UK MiFID investment firm or UK branch of a third country investment firm. This is because the 'transmitting firm' must transmit all relevant details prescribed in RTS 22 Article 4 to the 'receiving firm', or else the conditions for transmission are not met, and the transmitting firm is obliged to submit a transaction report.
- 4.103** We have heard that this restriction adds complexity for some firms where reporting obligations could be simplified by looking through a chain involving a non-UK MiFID investment firm.
- 4.104** We are considering permitting UK MiFID investment firms (including UK branches of third country investment firms) to act as a receiving firm for non-MiFID investment firms. This would only be possible where the non-MiFID investment firm provides the UK MiFID investment firm with all the relevant details set out in Article 4 of RTS 22. Where the non-UK MiFID investment firm is subject to EU MiFID, they would remain subject to reporting obligations for the transaction in their home jurisdiction.
- 4.105** To make sure we have appropriate supervisory oversight of transaction reports submitted under this mechanism, the UK MiFID investment firm would be responsible for ensuring the completeness and accuracy of the information provided by the transmitting non-UK MiFID investment firm, and for any data quality issues that may be identified in the reports. We believe this would make the model unattractive or inoperable for most firms but might provide a benefit in some circumstances. It could simplify reporting where the receiving firm is reporting in the EU and to us, allowing the firm to report the client of the non-UK MiFID transmitting firm to both.

**Question 21:** Would you support UK MiFID investment firms (including a UK branch of a third country investment firm) being able to act as a receiving firm for non-MiFID investment firms (which are not subject to transaction reporting obligations)?

### Article 26(5) reporting by trading venues

- 4.106** Under Article 26(5) of UK MiFIR, trading venues must report details of transactions executed through their systems by firms that are not subject to transaction reporting

obligations under UK MiFIR. This requires trading venues to submit the same information as investment firms would if they were reporting these transactions under Article 26(1) of UK MiFIR. It also requires them to determine on a transaction-by-transaction basis whether a firm executing a transaction through their systems is subject to a transaction reporting obligation under UK MiFIR.

- 4.107** This requirement makes sure we have oversight of all activity conducted on UK trading venues. We must maintain this level of oversight to ensure our markets work well. In 2023, transactions reported under Article 26(5) accounted for 6% of the total transaction reports we received. Non-UK MiFID firms executing transactions on UK markets are internationally diverse, with 75 countries represented.
- 4.108** Some respondents to the Wholesale Markets Review highlighted that the obligations under Article 26(5) are particularly burdensome. This is partly because trading venues must retrieve information from their members to fulfil their reporting obligations. Examples include providing identifiers for the client of the member firm and the investment or execution decision maker within the member firm.
- 4.109** They also retain responsibility for data quality even where that data has been sourced from a member firm who will often not be regulated by us. We are mindful of the practical challenges this may present. But we expect trading venues to have mechanisms and procedures in place to ensure the timely receipt of complete and accurate information from members necessary to discharge reporting obligations. We also expect trading venues to identify errors and omissions in the data member firms give them.
- 4.110** We want to give trading venues clarity about the scope and nature of their obligations and our supervisory expectations. As the data that trading venues are required to submit under Article 26(5) is the same as for transaction reports submitted by investment firms under Article 26(1), any changes to the broader transaction reporting regime are likely to affect trading venues equally.

**Question 22: Trading venues: are there fields or trading scenarios that are particularly challenging to report accurately under Article 26(5)? If so, please provide details.**

- 4.111** The requirement for trading venues to report under Article 26(5) covers 'transactions executed through their systems'. It is currently not clear whether this includes transactions agreed away from a trading venue and brought under the rules of a trading venue (negotiated transactions).

**Question 23: Trading venues: do you currently report negotiated transactions under Article 26(5)? If so, do you face any difficulties reporting these transactions? If not, would you anticipate any difficulties reporting these transactions?**

### ***Article 26(5) reporting for UK branches of third country firms***

- 4.112** As well as the above challenges, some trading venues have encountered challenges in deciding whether to report transactions involving the UK branch of a third country

investment firm (UK branches). When a transaction is executed on a UK trading venue by the UK branch of a third country investment firm, the UK branch is subject to reporting obligations and the trading venue should not report. Where a UK branch is not deemed to have executed the transaction, the trading venue should report.

- 4.113** Trading venues may give access to multiple branches of a firm or to a UK branch and its parent. While the parent firm will always be executing when a branch executes, the converse is not true. It can be particularly difficult for a trading venue to determine whether a UK branch has executed a transaction where a UK branch membership is not used. This assessment then requires further consideration of factors such as whether the investment or execution decision was made by a UK branch, or the client order was received by a UK branch and executed in AOTC or MTCH capacity. Some of this information may not be known to the trading venue at the point of execution.
- 4.114** In H1 2024, 72 UK branches executed transactions on UK trading venues where the parent firm was also identified during the same period by a UK trading venue reporting under Article 26(5). We have identified instances where transactions executed on a UK trading venue were not reported to us because both parties (the trading venue and third country investment firm) believed the other party was fulfilling a reporting obligation. We have also seen duplicate reporting, where both parties submitted transaction reports for the same transaction.
- 4.115** To avoid this problem, we are considering whether to:
- Remove the reporting obligation attached to UK branches of third country investment firms when executing on a UK trading venue.
  - Require UK trading venues to report all transactions executed on their systems by third country investment firms, irrespective of whether a UK branch was involved in the transaction.
- 4.116** UK branches would continue to report transactions to the FCA for transactions not executed on UK trading venues.
- 4.117** This would remove the need for trading venues to determine on a transaction-by-transaction basis whether a member firm has reporting obligations through a UK branch. Trading venues would only have to determine whether its members are UK MiFID investment firms. This may be a far simpler determination.
- 4.118** We recognise this would increase the volume of reports submitted by trading venues. We want to know whether the cost of this reporting would be offset by a decrease in the cost of due diligence attached to determining reportability.

**Question 24: Would you support reporting under Article 26(5) for all UK branches of third country firms? Please explain why.**

## Chapter 5

# Content of transaction reports

## Introduction

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- 5.1** This chapter covers the content of transaction reports. There are currently 65 reportable fields in RTS 22, supplemented by additional data elements that are in XML tags attached to each field.
- 5.2** We have identified fields and trading scenarios where reporting requirements may not operate as intended. In some cases, this means persistent data quality problems. In others, it means lack of standardisation, compromising the data's usefulness. We consider a range of remedies to improve outcomes for these fields.
- 5.3** We also believe the transaction reporting regime could benefit from additional fields. These are described below. We welcome your views on any fields or scenarios not covered in this chapter.

## Existing fields

### *Trading venue transaction identification code (TVTIC)*

- 5.4** RTS 24 Article 12 requires operators of trading venues to maintain an individual TVTIC for each transaction resulting from the full or partial execution of an order. This code must be disseminated by the trading venue to both the buying and selling parties. The buying and selling parties must report this individual TVTIC in their transaction reports (RTS 22 Field 3).
- 5.5** If a transaction is executed on a UK trading venue by a firm not subject to UK transaction reporting obligations, the trading venue must include the TVTIC in the transaction report it submits to us under Article 26(5) of UK MiFIR.
- 5.6** This means we expect a reported TVTIC to match another TVTIC for all transactions executed on UK trading venues, other than for negotiated transactions which are brought under the rules of the trading venue. The TVTIC is optional for these transactions.
- 5.7** The TVTIC field allows us to match reports submitted by the buying and selling parties for an individual transaction executed on a trading venue. This matching allows us to compare data reported by different firms for the same transaction and identify potential data quality issues. It also creates an important link between transaction reporting data and order book data received under RTS 24 for the same transaction.
- 5.8** In [Market Watch 65](#), we noted that we had identified inconsistent dissemination of TVTICs by trading venues to investment firms. We had also encountered investment firms failing to report the TVTIC accurately. This included instances where the field had



been left blank, reported with an internal code, or reported with a code that failed to follow the respective trading venue's guidelines.

- 5.9** We continue to see data quality issues with the TVTIC. In Q2 2024, we found that only 71% of TVTICs reported on a UK trading venue matched with another TVTIC. We identified specific trading venues where the matching rate for TVTICs reported on the venue was below 25%.
- 5.10** The TVTIC format is not prescribed in RTS 22 or RTS 24, nor do the requirements specify how the information should be made available. We know practices vary across trading venues. Some disseminate the TVTIC in one piece of information. Others require information from multiple sources to be concatenated. In some cases, codes should be transformed from base-10 to base-36, or vice versa.
- 5.11** We are considering 2 options to improve the usefulness of the TVTIC:
- Require the TVTIC to be disseminated by UK trading venues as a clearly labelled single piece of information. This would remove the need for buying and selling parties to transform data received, reducing the risk of error. We recognise this would require some trading venues to change systems and processes. A corresponding change would be required from firms that execute transactions on those trading venues.
  - Publish information on the expected format and structure of the TVTIC for each UK trading venue. Under this approach, UK trading venues would need to provide information to us about the format and structure of the TVTICs they disseminate. We would consolidate this information and make it available to firms to support their reporting processes and enable us to identify data quality issues more efficiently. This information would need to be updated as and when any changes are made by UK trading venues to their TVTIC processes.

**Question 25:** Do you have a preferred option for improving the usefulness of the TVTIC? Are there other options we should consider?

### ***Investment Firm covered by Directive 2014/65/EU***

- 5.12** The primary objective of RTS 22 Field 5 (Investment Firm covered by Directive 2014/65/EU) is to identify whether the transaction report is being submitted by an investment firm under Article 26(1) of UK MiFIR (which includes the UK branch of a third country investment firm) or a trading venue under Article 26(5) of UK MiFIR.
- 5.13** We are concerned that the name of this field and the associated reporting values are unclear. This may have led to misreporting by firms. These issues can involve transactions executed by UK branches of third country investment firms.
- 5.14** We think the field name and its content could be updated to make its intended purpose clearer.

**Question 26: Do you think changing the name and content of RTS 22 Field 5 would improve data quality?**

***Identifying trusts in transaction reports***

- 5.15** Our market monitoring capabilities rely on clients being identified with a unique identifier. The same unique identifier must be used consistently to identify the same party in the transaction reports submitted by different firms. For clients that are legal entities, this unique identifier is the ISO 17442 Legal Entity Identifier (LEI).
- 5.16** We receive regular questions on the requirement to get and report an LEI for clients which are trusts. A trust is a legal entity for these purposes and is eligible for an LEI. However, the ESMA Guidelines state that where an investment firm knows the underlying client and set up the trust arrangement, the underlying client should be reported as the buyer or seller and not the trust. In these cases, the trust would not be required to get and provide an LEI. However, if the same trust wanted to instruct another investment firm (who did not set up the arrangement) to make investments in financial instruments on its behalf, an LEI would be required.
- 5.17** This can result in the same trust being reported using different identifiers (both an LEI and a national identifier for the underlying client) in transaction reports submitted by different investment firms. As the underlying client will not be identified in a transaction report that identifies a trust LEI, it is not possible for us to link these parties and conduct effective monitoring.
- 5.18** To resolve this issue, we are considering new guidance to allow investment firms to report the underlying client as the buyer or seller instead of a trust LEI in all instances where the identity of the client is known. We believe this approach would lead to greater consistency and standardisation in the data. We also consider it would relieve costs on consumers that are sometimes imposed through the requirement to get an LEI for a trust.

**Question 27: Do you agree that an investment firm should be able to report the underlying client instead of a trust LEI in all instances where the identity of the client(s) is known? Should we allow the use of the appropriate national identifier for the client(s) in this scenario?**

***Trading on a trading venue where the identity of the counterparty is not known at the point of execution***

- 5.19** There are certain scenarios, such as trading on a trading venue with an anonymous order book or on a dark pool, where the identity of the counterparty is not known at the point of execution. There are 2 ways of reporting the buyer or seller fields in these scenarios. This depends on whether the trading venue uses a central counterparty (CCP). Where the venue uses a CCP, the LEI of the CCP should be reported. Where it does not, the segment Market Identifier Code (MIC) (ISO 10383) of the trading venue should be reported. This does not apply to an OTF that is acting on a matched principal. Where a firm trades on an OTF acting on a matched principal basis, they should report the LEI of the OTF.

- 5.20** The requirement to report a CCP LEI in the buyer or seller field for trading venues that use a CCP has caused some firms to consider settlement as a relevant factor when submitting a transaction report. Settlement activity is not in scope for transaction reporting. The purpose of the requirement to report a CCP LEI is only to show that the counterparties were not known at the point of execution.
- 5.21** To simplify requirements and remove the due diligence required to determine whether a trading venue uses a CCP, we are considering requiring only the segment MIC of the trading venue to be reported in the buyer identification code (RTS 22 Field 7) or seller identification code (RTS 22 Field 16) fields for all trading scenarios where the counterparties are not known at the point of execution.
- 5.22** This would represent a change in reporting approach for most investment firms. Analysis conducted in H1 2024 showed that over 98% of transactions reported for trading venues operating an anonymous order book identified a CCP LEI.

**Question 28: Would you support simplification of the requirements for the buyer and seller field when trading on a trading venue where the counterparties are not known at the point of execution?**

### ***Transmission of order indicator***

- 5.23** The transmission of order indicator (RTS 22 Field 25) should indicate where transmission was taking place but the conditions for transmission in Article 4 of RTS 22 were not met.
- 5.24** Reporting for this field is inconsistent. In H1 2024, we received over 4 million transaction reports for transactions executed on trading venues where the trading capacity was AOTC, and the transmission of order indicator was 'TRUE'. This combination of values does not align with reporting guidelines for the transmission of order indicator. While this combination of values is allowed for executing entities trading on OTFs where the OTF provider is acting on an own account or matched principal basis, this scenario only accounted for less than 1% of these transactions.
- 5.25** We believe the language in RTS 22 Field 25 could be a contributing factor. The same term 'transmission' is used to refer to 2 different situations:
- The first captures the scenario where a client order or order generated for a client is passed from one firm to another firm to complete without the conditions specified in Article 4 of RTS 22 being met. In this scenario, both firms (if they are UK MiFID investment firms or UK branches of third country investment firms with transaction reporting obligations) are executing and must transaction report.
  - The second refers to the same trading scenario but where the conditions specified in Article 4 of RTS 22) are met. As described in section 4.98, where these conditions are met, the 'transmitting firm' is not deemed to be executing and does not have transaction reporting obligations.
- 5.26** We are considering options to make these requirements clearer. To support this process, we are open to feedback on potential changes we could make.

**Question 29: Do you have any suggestions for how data quality could be improved for transactions involving transmission?**

***Quantity and price type***

- 5.27** Values reported in the quantity field (RTS 22 Field 30) can be tagged as a 'unit', 'nominal value' or 'monetary value'. Values reported in the price field (RTS 22 Field 33) can be tagged as a 'monetary value', 'percentage', 'yield' or 'basis points'.
- 5.28** There are some financial instruments where a specific quantity and price type should be reported. We would always expect the quantity field for an equity instrument to be reflected in units. For credit default swaps (CDS), the price must show the coupon in basis points.
- 5.29** For other financial instruments where a specific price or quantity type is not explicitly required and market practice varies, we consider that any value may be used, provided it is consistent with the price, quantity and price multiplier fields. Market participants may however be guided by the ESMA Guidelines as to the most appropriate quantity and price type to use for a particular instrument.
- 5.30** These requirements have resulted in considerable variation in the reporting of the price and quantity type fields. This impacts some asset classes more than others. For equities, over 99% of transaction reports we received in Q2 2024 were reported with a single combination of quantity (unit) and price (monetary value) types. But for equity swaps, 9 distinct price and quantity type combinations were reported, with the largest single combination of values reported accounting for just 32% of the total equity swaps reported.
- 5.31** The use of incorrect tags or tags which are inconsistent with the value reported can make it difficult for us to match reports and understand trading scenarios. We are considering whether to provide more specific guidance to improve consistency in the reporting of quantity and price types for certain asset classes, while recognising that for some instruments, flexibility is required to account for the range of market practices.

**Question 30: What challenges do you have reporting the quantity type and price type tags for particular asset classes, if any? What further guidance could we issue to help firms?**

***Price field for equity swaps***

- 5.32** The price field for an equity swap should reflect the spread on the financing rate. This contrasts with the approach required for reporting equities and similar equity derivative products such as single name forward contracts with a contract for difference (CFD) payout trigger. For these instruments, the price field reflects the price of the underlying financial instrument.
- 5.33** We view the price of the underlying as a more useful data point for equity derivatives with a single underlying. We are considering a change to require the underlying price to be reported instead of the spread on the financing rate. We think this could be more

challenging for swaps which have multiple underlying instruments as it may not be possible to derive a single underlying price.

**Question 31: Do you anticipate any challenges with aligning the reporting of the price for single name equity swaps with the reporting of forwards with a CFD payout trigger? Could this be applied to swaps with multiple underlying instruments?**

### *Indicator fields*

**5.34** We refer to RTS 22 fields 61-65 as the 'indicator fields':

- Waiver indicator (RTS 22 Field 61) – is used to indicate whether a transaction was executed under a pre-trade transparency waiver.
- Short selling indicator (RTS 22 Field 62) – indicates whether an executed transaction is a short sale.
- OTC post-trade indicator (RTS 22 Field 63) – indicates the type of OTC transaction executed as defined in our UK MiFIR post-trade transparency regime.
- Commodity derivative indicator (RTS 22 Field 64) – indicates whether a commodity derivative transaction reduces risk in an objectively measurable way.
- Securities financing transaction indicator (RTS 22 Field 65) – should be populated where the transaction falls in scope of UK SFTR but is exempt from reporting under that regime.

**5.35** In July 2023, we confirmed we would not take action against firms which fail to populate these fields in line with requirements. This was until we completed our review of the transaction reporting regime. We decided to take this approach for several reasons:

- Waiver indicator and OTC post-trade indicator – these fields provide information which is contained within the UK MiFIR transparency regime under commission delegated regulation 2017/587 (RTS 1) and commission delegated regulation 2017/583 (RTS 2). Their inclusion in the transaction reporting regime amounts to a duplicative requirement. The transparency regime and transaction reporting regime serve different purposes and we have observed limited benefit from having the information provided in transaction reports.
- Short selling indicator – this field has not resulted in its intended outcomes due to the nature of its reporting and limitations. We get little benefit from the information provided. The short selling indicator calculates positions on a transaction basis, meaning it cannot be used to assess short positions on a net basis. The Short Selling Regulation requires separate disclosure of short positions to us.
- Commodity derivative indicator – investment firms and market operators operating a trading venue which trades commodity derivatives are required to submit separate reports on net commodity positions to us, which are more appropriate for assessing risk.
- Securities financing transaction indicator – this field has become redundant as securities financing transactions are no longer reportable under UK MiFIR.

**5.36** Due to these limitations, we are considering the future of these fields, which includes their removal.

**5.37** There are also certain instrument details fields in RTS 22 which require firms to reproduce information which is contained in the CFI code reported in RTS 22 Field 43. We will consider whether to streamline reporting in this area to reduce reporting burdens.

**Question 32: Would you support removal of the indicator fields from the transaction reporting regime? Please explain why.**

## New fields

### *Aggregate client linking code*

**5.38** The aggregate client account ('INTC') is a reporting convention used to link reports for the market side(s) and client side(s) of a transaction that has been aggregated. It can only be used where a firm is not trading on own account.

**5.39** The INTC reporting convention is widely used. In H1 2024, we received 169 million transaction reports identifying INTC as a buyer or seller. These transaction reports were received from 557 executing entities.

**5.40** When reporting using this convention, firms must take care to avoid an INTC imbalance and ensure that the total quantity transferred 'in' to INTC matches the total quantity transferred 'out' of INTC on a given day in a financial instrument. Table 7 below shows how transaction reports should be submitted by Firm X that has aggregated separate orders from Client A and Client B and executed the combined order in the market in one fill.

**Table 7: Example of current reporting using INTC**

Executing Entity	Buyer	Seller	Quantity
Firm X	INTC	Market	200
Firm X	Client A	INTC	125
Firm X	Client B	INTC	75

**5.41** We highlighted data quality issues associated with the INTC reporting convention in [Market Watch 62](#) and [Market Watch 70](#). Some of these data quality issues persist. From sample analysis conducted in Q2 2024, we discovered:

- INTC imbalances in the transaction reports submitted by 1 in 5 firms.
- 7% of all INTC reports contributed to an INTC imbalance.

**5.42** In addition to the data quality issues we identified, the INTC code does not allow us to identify which specific market execution is linked to which specific client allocation. This is not an issue when a firm executes one aggregated market side transaction in a financial instrument on a given day, such as in the table above.

**5.43** But when a firm executes multiple aggregated market side transactions in a financial instrument on a given day, it can be difficult to identify which client side INTC reports link

to which market side INTC reports. To illustrate, the transaction reports shown in Table 8 result from a scenario where Firm X has aggregated separate orders from 4 clients and executed in the market in 2 fills.

**Table 8: Example of multiple aggregated market side transactions using INTC**

Executing Entity	Buyer	Seller	Quantity
Firm X	INTC	Market	100
Firm X	INTC	Market	100
Firm X	Client A	INTC	70
Firm X	Client B	INTC	30
Firm X	Client C	INTC	60
Firm X	Client D	INTC	40

**5.44** This is a simple example. We often see large numbers of INTC reports for client allocations and market fills on a given day in one instrument. This limits the effectiveness of our monitoring and is a challenge for us when matching reports.

**5.45** So we are considering changes to create a more unique code to link reports for the market side(s) and client side(s) of a transaction that has been aggregated. We have identified 2 options for consideration.

### Option 1: new field

**5.46** A new field could be added to RTS 22 to contain a unique identifier for each set of market executions and client allocations. The new identifier would be an internal code generated by the executing entity (or the trading venue reporting the transaction under Article 26(5) on behalf of the executing entity). We would not expect it to be subject to any specific content requirements. INTC would still be used in the buyer and seller fields to indicate an aggregated transaction.

**5.47** Table 9 shows how transaction reports would be submitted for the same scenario as pictured in Table 8 with the addition of a new linking code field. The name of the new field and codes used are for illustration only.

**Table 9: Example of reporting using INTC under option 1**

Executing Entity	Buyer	Seller	Quantity	Linking Code
Firm X	INTC	Market	100	ABC
Firm X	INTC	Market	100	XYZ
Firm X	Client A	INTC	70	ABC
Firm X	Client B	INTC	30	ABC
Firm X	Client C	INTC	60	XYZ
Firm X	Client D	INTC	40	XYZ

## Option 2: replace INTC

- 5.48** An alternate approach could be to facilitate the reporting of a unique linking code in the buyer and seller field. This new code would replace the existing value of INTC. There would have to be an additional tag added to the schema to allow this new type of code to be reported.
- 5.49** Table 10 shows how transaction reports would be submitted for the same scenario described in Table 8 and 9 with INTC replaced by linking codes 'ABC' and 'XYZ'.

**Table 10: Example of reporting using INTC under option 2**

Executing Entity	Buyer	Seller	Quantity
Firm X	ABC	Market	100
Firm X	XYZ	Market	100
Firm X	Client A	ABC	70
Firm X	Client B	ABC	30
Firm X	Client C	XYZ	60
Firm X	Client D	XYZ	40

- 5.50** This approach would require firms to make changes to their existing processes for reporting INTC but would not need a new reporting field.
- 5.51** We believe both approaches are adequate to deal with the market monitoring deficiency.

**Question 33: What difficulties, if any, would you anticipate in being able to provide a linking code for aggregated transactions? Which of the options outlined would you prefer and why? Do you have alternate suggestions to improve data quality for transactions which use INTC?**

## Digital Token Identifier (DTI)

- 5.52** A tokenised security is a digital representation of traditional physical assets (such as shares or bonds) which are tradable on distributed ledgers. These are usually digital tokens which are recorded on a smart contract-enabled blockchain.
- 5.53** Where a UK MiFID investment firm or a UK branch of a third country firm with transaction reporting obligations executes a transaction in a tokenised security that is a digital representation of a financial instrument which is tradable on a UK, EU or Gibraltar trading venue, a transaction report should be submitted as the tokenised security is in scope under Article 26(2)(a) of UK MiFIR. This is irrespective of where the transaction took place.
- 5.54** Derivatives based on tokenised securities or an index or basket of tokenised securities which are digital representations of financial instruments that are in scope under Article



26(2)(a) are reportable under Article 26(2)(b) or (c) of UK MiFIR. The tokenised security will share the same ISIN with the non-tokenised financial instrument that it represents. The derivative itself may not be traded on a trading venue so may have not have an ISIN.

**5.55** Where a transaction report is submitted for a transaction executed in a digital representation of a financial instrument which is in scope under Article 26(2)(a), there are no RTS 22 fields to differentiate between the traditional asset and the digital representation. This is because they share the same ISIN and instrument reference data.

**5.56** The DTI is a global standard for identifying digital tokens. The DTI was established under ISO 24165. The DTI enables the unique identification of digital tokens, including tokenised securities, and the blockchain it was issued on. The DTI acts as a link between the blockchain which the digital token is stored on and the ISIN of the financial instrument it represents. As of November 2024, there were over 2,600 unique DTIs currently assigned by the DTI Foundation.

**5.57** We are considering adding new fields for the DTI for the instrument and for the underlying in RTS 22. The relevant field would be populated when a tokenised security is traded or an instrument with a tokenised instrument as the underlying is traded. This would enhance our market monitoring and allow us to monitor trading in tokenised securities more effectively. It will also give us clearer oversight of potential price discrepancies of tokenised securities that are available on multiple blockchains.

**5.58** Table 11 shows how specific fields in transaction reports could be submitted where digital representations of the same financial instrument are traded on separate blockchains. The ISIN is the same as it is the same financial instrument, but the DTI is different. An additional field where a derivative is based on a tokenised security would be required to identify the underlying or basket of underlying DTI(s). This would be in addition to the underlying ISIN.

**Table 11: Example of reporting using a DTI**

Executing Entity	Buyer	Seller	Instrument identification code	Digital Token Identifier
Firm X	Firm X	Firm Y	GB1234567891	1A2B3C4D5
Firm X	Firm X	Firm Y	GB1234567891	6D7C8B9A1

**5.59** This market is nascent and these fields may only apply to a small subset of firms and transactions. And as we stated in [PS24/12](#), we do not consider the introduction of DTIs to be appropriate solely for the DSS. However, through initiatives such as the DSS and market developments, the need to uniquely identify tokenised securities may become necessary to support our supervisory functions.

**Question 34:** Do you anticipate any difficulties in reporting DTIs for an instrument or underlying? Are there other solutions that could allow us to identify when trading is in a tokenised security or has a tokenised security as an underlying?

### *Client category field*

- 5.60** Under the UK MiFID framework, a 'client' means any natural or legal person to whom an investment firm provides, has provided, or intends to provide investment or ancillary services. Clients are categorised based on their knowledge, experience and expertise in financial markets. This is to make sure clients get an appropriate level of protection and information when interacting with financial markets.
- 5.61** A 'professional client' means a client that meets the criteria in Annex II of MiFID II. A client may be treated as a professional upon request, where they meet criteria in Annex II and elect to waive the benefit of detailed rules of conduct. A 'retail client' means a client who is not a professional client.
- 5.62** We are considering adding an additional field in RTS 22 to identify the MiFID categorisation of a client. This information would allow us to increase use of transaction reporting data to monitor for potential consumer harm. This could include selling a product to a retail client where not permitted or miscategorising or opting up clients to potentially avoid such restrictions.
- 5.63** We show how this field could be applied in certain scenarios in the tables below.
- Firm X executes a transaction in DEAL capacity with Client A. Client A is categorised by Firm X as a retail client. The seller category is left blank as Firm X is not a client.

**Table 12: Example of a transaction executed in DEAL capacity where their client is a retail client**

Executing Entity	Buyer	Buyer Category	Seller	Seller Category
Firm X	Client A	Retail	Firm X	

- Firm X executes a transaction in AOTC capacity between Client B and a market side counterparty. Client B is categorised by Firm X as a professional client. The seller category is blank as the market side is not a client of Firm X.

**Table 13: Example of a transaction in AOTC capacity where the client is professional**

Executing Entity	Buyer	Buyer Category	Seller	Seller Category
Firm X	Client B	Professional	Market	

- 5.64** We recognise there are scenarios where a client categorisation may not apply. For example, for transactions reported under Article 26(5) of UK MiFIR, non-UK MiFID firms may not categorise their clients using the same classifications. We are also aware that client classifications may not be persistent.
- 5.65** At this stage we are not considering extending this proposal to cover legal persons or eligible counterparties.

**Question 35: Do you support the inclusion of a new client category field? Please explain why.**

***Direct electronic access (DEA) indicator***

- 5.66** DEA is where a member, participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue.
- 5.67** Under RTS 24, where an order is submitted to a trading venue using DEA, RTS 24 Annex Table 2 Field 2 (Direct Electronic Access) should be populated as 'TRUE' and RTS 24 Annex Table 2 Field 3 (client identification code) should be populated with the DEA user's identification code.
- 5.68** Table 14 shows how transaction reports should be submitted by DEA user Firm X and DEA provider Firm Y for a transaction executed on a trading venue with a venue MIC code of 'XMIC'.

**Table 14: Example of transaction reports where the executing entities are either a DEA user or a DEA provider**

Executing Entity	Buyer	Seller	Trading Capacity	Venue
Firm X	Firm X	Firm Y	DEAL	XOFF
Firm Y	Firm X	Market	AOTC	XMIC

- 5.69** RTS 22 does not contain a unique field to indicate a transaction executed through DEA. This makes it difficult to identify when a transaction is executed using DEA. Currently we are required to link transaction reporting data with order book data to determine when a transaction has been executed in this way.
- 5.70** We are considering 2 options to make sure we have adequate oversight of DEA activity in transaction reports.
- Option 1: The addition of a new DEA indicator field to be populated in the transaction report submitted by a DEA user or DEA provider. This would be a 'TRUE' or 'FALSE' field, similar in nature to RTS 24 Annex Table 2 Field 2. This is shown below in Table 15.

**Table 15: Example of transaction reports for DEA activity reported under Option 1**

Executing Entity	Buyer	Seller	Trading Capacity	Venue	DEA Indicator
Firm X	Firm X	Firm Y	DEAL	XOFF	TRUE
Firm Y	Firm X	Market	AOTC	XMIC	TRUE

- Option 2: The addition of a new reporting value in RTS 22 Field 59 (execution within firm). Following existing guidelines, where a DEA provider submits a transaction report, the execution within firm field is populated with 'NORE' (no one responsible for execution (within the firm)). This is because the DEA user decides how to execute. Under this option, and as shown in Table 16, a new reporting value would indicate that the execution decision maker was not within the firm and the transaction is a DEA transaction. This would only apply to the DEA provider's transaction report.

**Table 16: Example of transaction reports for DEA activity reported under Option 2**

Executing Entity	Buyer	Seller	Trading capacity	Venue	Execution within the firm
Firm Y	Firm X	Market	AOTC	XMIC	DEAU

**Question 36:** Would you support either of the above options to enhance our oversight of DEA activity? If so, do you have a preference?

### **Price field(s) for complex trades**

- 5.71** In the transaction reporting regime, a 'complex trade' refers to the simultaneous execution of transactions in 2 or more financial instruments for a single price. Article 12 of RTS 22 requires this single price to be reported in each transaction report submitted for the legs of the complex trade. These reports should be linked by the same complex trade component ID in RTS 22 Field 40.
- 5.72** In H1 2024, we received over 197 million transaction reports with over 63 million unique complex trade IDs populated. These transaction reports were received from 536 executing entities.
- 5.73** We view the complex trade price as the most important data point in understanding the nature of some complex trades. But we believe our monitoring capabilities could be enhanced by providing the price for each component leg of the transaction. It is not currently possible to capture this information in a transaction report in addition to the single complex trade price.
- 5.74** So we are considering adding a new complex trade price field. As shown in Table 17, to provide a consistent application of requirements for the price field (RTS 22 Field 33), we

envisage that individual component leg prices would be reported in RTS 22 Field 33, and the complex trade price would be reported in a new complex trade price field.

- 5.75** We are aware that there may be certain scenarios where a single price is agreed, and therefore a complex trade price is available, but the individual leg prices are not available. We welcome views on this scenario.

**Table 17: Example of a transaction report with a complex trade price**

Executing Entity	Price	Instrument	Complex trade component ID	Complex trade price
Firm X	80.6	ISIN 1	ABC123	-3.3
Firm X	84.1	ISIN 2	ABC123	-3.3

**Question 37:** Would you support the inclusion of two price fields? Please explain why.

***Personal information for individuals responsible for making investment and execution decisions within a firm***

- 5.76** Where a natural person is identified as a buyer or seller in a transaction report (including as a buyer or seller decision maker), the transaction report must include the full name and date of birth of the individual as well as a national identifier. This contrasts with the information that must be reported when a natural person is identified as the 'investment decision within firm' (RTS 22 Field 57) or the 'execution within firm' (RTS 22 Field 59).
- 5.77** We are considering extending the obligation to report the full name and date of birth of individuals to the investment and execution decision maker fields. We believe this information would be useful because:
- Where the national identifier reported is a CONCAT, it allows the individual to be identified with more uniqueness. Currently we are not able to distinguish between individuals reported in RTS 22 Field 57 and 59 that have the same CONCAT but different full names.
  - It will allow us to identify where the same individual is being identified with a different (non-unique) identifier.
  - It will improve our market monitoring capabilities by allowing us to link transaction reporting data with other information sources that do not collect national identifiers.
- 5.78** We believe it should be simple for firms to get this information from employees. We recognise, however, that there was pushback from firms when proposals of a similar nature were discussed before the implementation of MiFIR. We would like to understand the specific nature of any concerns to inform our final consultation.

**Question 38: Would you have concerns with providing full names and dates of birth for the individuals within the firm responsible for investment decision or execution decision? Please explain why.**

## Trading scenarios

### *FX derivatives*

- 5.79** For RTS 23 reporting, the currency codes for FX swaps and forwards are reported alphabetically by the ISO 4217 standard for currency codes. For example, where a firm exchanges EUR with GBP, EUR will be reported in notional currency 1 (RTS 23 Annex Table 3 Field 13) and GBP will be populated in notional currency 2 (RTS 23 Annex Table 3 Field 47). For RTS 22 reporting, the notional currency 1 (RTS 22 Field 44) would always be EUR and the notional currency 2 (RTS 22 Field 45) would always be GBP. This is regardless of which currency the executing entity is receiving or delivering.
- 5.80** FX swaps and forwards can be traded on a different price quote basis. The example above may in practice be traded on a EUR/GBP basis or a GBP/EUR basis. The currency mentioned first is the 'base' currency. The other currency is the 'terms' or 'quote' currency. The ESMA Q&As specify that the base currency should be reported in the quantity currency (RTS 22 Field 31) and the terms currency in the price currency field (RTS 22 Field 34).
- 5.81** The Q&As also specify the actual basis on which the price should be reported: swap points expressed in units of terms currency per unit of base currency, according to the market convention for the currency pair. In the example given, the market convention is that the pricing is on a EUR/GBP basis with EUR being the base currency, and GBP the terms currency. This is even if the contract was priced on a GBP/EUR. The objective was to ensure that firms reported on a consistent basis, allowing regulators to compare prices reported without having to undertake a conversion. The approach was based on market convention, meaning it was anticipated that firms would only be required to convert the price and associated fields for reporting in limited scenarios.
- 5.82** We know that this approach does not always align with market practice and can require firms to implement reporting logic which does not align with internal booking practices or order management systems. We believe this, and other challenges unique to FX derivatives, have contributed to poor data quality.

**Question 39: What difficulties, if any, do you encounter when submitting transaction reports for transactions in FX derivatives? Please provide details on how data quality could be improved in this area.**

### *The role of intermediary brokers in transaction reporting chains*

- 5.83** Our market abuse enquiries rely on understanding the role played by each entity in a transaction chain. A key principle of transaction reporting is that except in limited

circumstances each investment firm reports their role in a chain and does not 'look through' its immediate counterparty.

- 5.84** Where an investment firm is interposing, in the absence of transmission meeting the conditions under Article 4 of RTS 22, the investment firm is executing and should transaction report.
- 5.85** Section 5.21 of the ESMA Guidelines sets out examples where an investment firm 'introduces without interposing'.
- In Example 53, Investment Firm Z brings together Investment Firm X and Investment Firm Y. Investment Firm Z does not have a reporting obligation as Investment Firm X and Investment Firm Y agree the trade details between themselves and Firm Z is not party to the transaction. Investment Firm X and Y are known to each other at the point of execution.
  - Example 54 gives guidance for an investment firm introducing its client to another investment firm without interposing itself. In this example the client and firm agree the trade details between themselves. The introducing investment firm does not need to report or be identified in the report submitted by the investment firm that deals with the client.
- 5.86** A common trading scenario – which is particularly prevalent for block trading – is where 2 clients agree trade details through an intermediary broker. This scenario is not explicitly covered in Section 5.21 of the ESMA Guidelines, as the clients do not know each other at the point of execution.
- 5.87** The transaction reports we see suggest firms may be taking a variety of approaches to reporting when an intermediary broker is involved in a transaction. Some intermediary brokers submit transaction reports. Other firms, which seemingly play a similar role, do not. We are also seeing a range of reporting inconsistencies from parties in the chain. This includes intermediary brokers, clients of intermediary brokers that are investment firms, general clearing members and trading venues reporting under Article 26(5) of UK MiFIR.
- 5.88** We would like to better understand the role these intermediaries play in such transactions and any challenges within the reporting process. We welcome the perspective from the intermediary brokers, the member firms, clients of intermediary brokers and trading venues.

**Question 40:** For all parties involved in chains with intermediary brokers, please can you provide further information on the trade flows and your understanding of reporting obligations.

**Question 41:** What guidance on reporting of chains with intermediary brokers can we provide to improve data quality?

## Annex 1

# List of questions

- Question 1:** How should we balance alignment between international transaction reporting regimes with the benefits from a more streamlined UK regime? Are there particular areas where divergence would result in more significant operational challenges or costs? These could be specific to field content, trading scenarios, reporting arrangements, or any other area.
- Question 2:** What changes could we make to the UK's transaction reporting regime now to remove duplication or provide synergies with requirements in other UK wholesale market reporting regimes?
- Question 3:** Which areas of the transaction reporting regime do you find most challenging? Please explain why.
- Question 4:** Could data quality be improved through new technologies or messaging standards? If so, how, and what can the FCA do to support this?
- Question 5:** Do you use FCA FIRDS? If so, do you access via the GUI or through file download and what is your predominant reason for using FCA FIRDS?
- Question 6:** Should CPMI firms be subject to UK MiFIR transaction reporting requirements for MiFID activity they conduct? Please explain why.
- Question 7:** What difficulties do you have in determining whether a financial instrument is TOTV, if any? Please make your response asset class specific, if applicable.
- Question 8:** Does the daily rolling ISIN issue impact your firm? If so, please explain for which asset classes and sub-asset classes. We would welcome any data you can provide on associated costs.



- Question 9:** Would reporting the UPI for instruments in scope under UK MiFIR Article 26(2)(b) and (c) require firms who would not otherwise have to obtain UPIs to do so?
- Question 10:** What would be your preferred identifier for OTC derivatives in the transaction reporting regime? Please indicate why and explain which types of OTC derivative it should be applied to.
- Question 11:** Would you support a change to the scope of reportable instruments to align with UK EMIR?
- Question 12:** Trading venues: is further guidance required on when instrument reference data should be submitted?
- Question 13:** Trading venues: Would you support making all instrument reference data reportable only the first time there is a reportable event and for any subsequent changes? Please explain why.
- Question 14:** Trading venues: Do you anticipate any issues with applying the concept of admission to trading across all trading venue types? Please explain why.
- Question 15:** Trading venues: Do you agree that the obligation to submit instrument reference data should apply from the date on which a request for admission is made? Please explain why.
- Question 16:** Trading venues: How do you currently determine and source the request for admission date?
- Question 17:** Trading venues: Would defining “request for admission to trading” help determine what date should be applied for this field? If so, please suggest how this could be defined?
- Question 18:** Do you support removing the obligation for SIs to report instrument reference data? Please explain why.
- Question 19:** Would you support the introduction of an opt-in register of UK investment firms willing to act as a receiving firm? Are there any other challenges associated with the transmission mechanism that limit the potential effectiveness of this solution?

- Question 20:** Do you have any other suggestions that could help reduce the reporting cost for smaller firms?
- Question 21:** Would you support UK MiFID investment firms (including a UK branch of a third country investment firm) being able to act as a receiving firm for non-MiFID investment firms (which are not subject to transaction reporting obligations)?
- Question 22:** Trading venues: are there fields or trading scenarios that are particularly challenging to report accurately under Article 26(5)? If so, please provide details.
- Question 23:** Trading venues: do you currently report negotiated transactions under Article 26(5)? If so, do you face any difficulties reporting these transactions? If not, would you anticipate any difficulties reporting these transactions?
- Question 24:** Would you support reporting under Article 26(5) for all UK branches of third country firms? Please explain why.
- Question 25:** Do you have a preferred option for improving the usefulness of the TVTIC? Are there other options we should consider?
- Question 26:** Do you think changing the name and content of RTS 22 Field 5 would improve data quality?
- Question 27:** Do you agree that an investment firm should be able to report the underlying client instead of a trust LEI in all instances where the identity of the client(s) is known? Should we allow the use of the appropriate national identifier for the client(s) in this scenario?
- Question 28:** Would you support simplification of the requirements for the buyer and seller field when trading on a trading venue where the counterparties are not known at the point of execution?
- Question 29:** Do you have any suggestions for how data quality could be improved for transactions involving transmission?
- Question 30:** What challenges do you have reporting the quantity type and price type tags for particular asset classes, if any? What further guidance could we issue to help firms?

- Question 31:** Do you anticipate any challenges with aligning the reporting of the price for single name equity swaps with the reporting of forwards with a CFD payout trigger? Could this be applied to swaps with multiple underlying instruments?
- Question 32:** Would you support removal of the indicator fields from the transaction reporting regime? Please explain why.
- Question 33:** What difficulties, if any, would you anticipate in being able to provide a linking code for aggregated transactions? Which of the options outlined would you prefer and why? Do you have alternate suggestions to improve data quality for transactions which use INTC?
- Question 34:** Do you anticipate any difficulties in reporting DTIs for an instrument or underlying? Are there other solutions that could allow us to identify when trading is in a tokenised security or has a tokenised security as an underlying?
- Question 35:** Do you support the inclusion of a new client category field? Please explain why.
- Question 36:** Would you support either of the above options to enhance our oversight of DEA activity? If so, do you have a preference?
- Question 37:** Would you support the inclusion of two price fields? Please explain why.
- Question 38:** Would you have concerns with providing full names and dates of birth for the individuals within the firm responsible for investment decision or execution decision? Please explain why.
- Question 39:** What difficulties, if any, do you encounter when submitting transaction reports for transactions in FX derivatives? Please provide details on how data quality could be improved in this area.
- Question 40:** For all parties involved in chains with intermediary brokers, please can you provide further information on the trade flows and your understanding of reporting obligations.
- Question 41:** What guidance on reporting of chains with intermediary brokers can we provide to improve data quality?

## Annex 2

# Abbreviations used in this paper

<b>Abbreviation</b>	<b>Description</b>
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFMD</b>	Alternative Investment Fund Manager Directive
<b>AOTC</b>	any other trading capacity ie not DEAL or MTCH
<b>APA</b>	approved publication arrangement
<b>ARM</b>	approved reporting mechanism
<b>CCP</b>	central counterparty
<b>CDM</b>	Common Domain Models
<b>CDS</b>	credit default swaps
<b>CFD</b>	contract for difference
<b>CFI</b>	classification of financial instrument
<b>CON-[3 digits]</b>	content error
<b>CONCAT</b>	concatenated code used to identify individuals when a more specific identifier is not prescribed
<b>CPMI</b>	collective portfolio management investment
<b>DEA</b>	direct electronic access
<b>DEAL</b>	dealing on own account
<b>DRR</b>	Digital Regulatory Reporting
<b>DSB</b>	Derivatives Service Bureau
<b>DSS</b>	Digital Securities Sandbox
<b>DTI</b>	Digital Token Identifier
<b>EEA</b>	European Economic Area

<b>Abbreviation</b>	<b>Description</b>
<b>EMIR</b>	European Market Infrastructure Regulation
<b>ESMA</b>	European Securities and Markets Authority
<b>EUR</b>	euro
<b>EUWA</b>	European Union Withdrawal Agreement
<b>FCA</b>	Financial Conduct Authority
<b>FIRDS</b>	Financial Instrument Reference Data System
<b>FX</b>	foreign exchange
<b>G20</b>	Group of 20
<b>GBP</b>	pound sterling
<b>GDPR</b>	General Data Protection Regulation
<b>GUI</b>	graphical user interface
<b>ID</b>	identification / identifier
<b>INTC</b>	internal client account – aggregated client account
<b>ISIN</b>	International Securities Identification Number
<b>ISO</b>	International Organisation for Standardisation
<b>LEI</b>	Legal Entity Identifier
<b>MAR</b>	Market Abuse Regulation
<b>MDP</b>	Market Data Processor
<b>MIC</b>	Market Identifier Code
<b>MiFID</b>	Markets in Financial Instruments Directive
<b>MiFID II</b>	Markets in Financial Instruments Directive II
<b>MiFIR</b>	Markets in Financial Instruments Regulation

<b>Abbreviation</b>	<b>Description</b>
<b>MRT</b>	Markets Reporting Team
<b>MTCH</b>	matched principal trading
<b>MTF</b>	multilateral trading facility
<b>NORE</b>	no one responsible for execution (within the firm)
<b>OTC</b>	over the counter
<b>OTF</b>	organised trading facility
<b>RIE</b>	recognised investment exchange
<b>RTS</b>	Regulatory Technical Standard
<b>SFTR</b>	Securities Financing Transactions Regulation
<b>SI</b>	systematic internaliser
<b>TOTV</b>	traded on a trading venue
<b>TREM</b>	transaction reporting exchange mechanism
<b>TVTIC</b>	trading venue transaction identification code
<b>UCITS</b>	Undertakings for Collective Investment in Transferable Securities
<b>UK EMIR</b>	UK European Market Infrastructure Regulation
<b>UK MAR</b>	UK Market Abuse Regulation
<b>UK SFTR</b>	UK Securities Financing Transactions Regulation
<b>UPI</b>	Unique Product Identifier
<b>XML</b>	extensible markup language
<b>XOFF</b>	MIC code for off exchange transactions in financial instruments admitted to trading, or traded on a trading venue or for which a request for admission was made.

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