

Compliance: Helping you to tick the boxes Markets in Financial Instruments Directive (MiFID)

The financial industry is facing many challenges; one of them is the compliance of complex, international directives and regulations. With its comprehensive, high-quality, global data offering, SIX Telekurs supports financial market players to be compliant.

What do I need to know about MiFID?

On 30th April 2004 the European Parliament and Council of the European Union adopted the Markets in Financial Instruments Directive (MiFID). This directive established a framework that was enacted into national law in the 30 member states of the European Economic Area (EEA [27 EU Member States plus Island, Liechtenstein and Norway]) on 1st November 2007.

Although MiFID does not directly affect countries like Switzerland and the United States, as they are not members of the EEA, they had to analyse the possible implications for their financial institutions very carefully. The ultimate objective of MiFID is to provide a legal framework supporting the emergence of a single, transparent financial market within the EU. To this end, it focuses on four main areas:

- Market efficiency (in terms of competition and transparency in trading),
- Investor protection,
- Harmonization of business rules,
- Cooperation among regulators

Who is affected?

MiFID has a substantial impact on the financial landscape throughout Europe. It enforces changes in many organisational and operational aspects of the financial services industry. It directly affects many members of the financial community, i.e. financial advisers who handle client money, or trade with customers in other EU countries.

How do we help you to be compliant?

SIX Telekurs offers comprehensive data helping you to meet the MiFID requirements. If the CESR (Committee of European Security Regulators) or other official bodies announce new requirements relevant in terms of MiFID, we incorporate and implement them into our product releases. We offer our expertise gained from our active participation in industry bodies including, the ANNA of which we are a founding member, FISD, of which we are an executive committee member, and

various ISO working groups. We have also been involved in MiFID expert groups. You can rest assured that the data we offer always mirrors the current regulatory provisions. The structured and encoded SIX Telekurs data supports automated processing. The infrastructure and interfaces we use can be customised to your needs to facilitate your working processes.

SIX Telekurs Data Offering

What data do we offer for MiFID?

MiFID requirements in terms of reference data are fully met by SIX Telekurs and the relevant data is readily accessible through the company's display applications and in its VDF product. Market data (pre- and post-trade data) is also available in MDF and in the Telekurs iD display product.

SIX Telekurs' information products include the following data relevant in terms of MiFID:

– MiFID complex / MiFID non-complex instruments

Knowledge of whether a financial instrument is classified under MiFID as a complex instrument or a non-complex instrument has a direct influence on the consultancy task which the bank performs for its client. Based on a complex system of rules, SIX Telekurs thus classifies financial instruments as MiFID complex instruments and MiFID non-complex instruments.

– MiFID reportable instruments

Transactions in financial instruments that are listed on regulated markets must be reported to the supervisory authorities. SIX Telekurs flags the instruments concerned as MiFID reportable instruments.

– Best Trading Venue

Best Execution Policy requires traders to be familiar with (among other things) the Best Trading Venues for the individual financial instruments. The Best Trading Venues are described in Valordata Feed by means of 12 different criteria and delivered in the corresponding data structures. Also available are the structures needed for reporting the "most relevant market in terms of liquidity" according to MiFID.

– **Shares admitted to trading on regulated markets**

This attribute shows whether a share is admitted to trading on a regulated market. Where available, additional data for listing will be provided.

– **MiFID liquid share**

The regulators will determine which shares are defined as “liquid” within the meaning of MiFID. This will be based on the average number of transactions (> 500) and average daily turnover (> EUR 2 million). It is expected that around 500 shares will be classified EEA-wide as “liquid shares”. The regulators will have to update this list at least once a year. Where available, additional data on the scope covered by the flags will be provided.

– **Classification of trading venues**

According to MiFID, trading venues will be classified as follows:

- **Regulated markets:** SIX Telekurs will continue to list these as operators and trading venues in VDF with their own “G-Key” (Telekurs company code) and exchange code (EC).
- **MTFs/Systematic Internalisers:** These platforms will be listed in the VDF as operators and trading venues and will be allocated their own “G-Key” (Telekurs company code) and exchange code (EC).

– **Product groups and market segments / trading times**

Under Best Execution Policy, investors must be assured of the best possible execution of their trading orders. For this, traders need to be familiar with the product groups and market segments and with the trading times for each market segment on the relevant exchanges. SIX Telekurs has created the appropriate data structures for communicating this information to clients. Moreover, it is possible to specify the exchanges and their market segments on which each instrument can be traded.

– **Competent Authority**

Each MiFID-relevant financial instrument is assigned to a Competent Authority. This is the national supervisory authority responsible for the instrument in question. Securities houses are required to report transactions to the Competent Authority responsible for the instrument in question. SIX Telekurs has created the appropriate structures for providing the Competent Authority.

– **Specific MiFID data per country**

For example, in Denmark, asset backed securities are classified as non-complex, which is not in line with MiFID. SIX Telekurs marks these instruments accordingly and provides the relevant data.

SIX Telekurs supports you to achieve compliance with its high-quality, global data offering:

- Know which data is relevant in terms of regulatory compliance (MiFID instrument classifications, Best Trading Venue, etc.)
- Base your analyses on consistent, reliable data from our high-quality data pool
- Stay up-to-date on all MiFID regulations relevant for the financial industry
- SIX Telekurs takes off you all clarification work with regulators, authorities and exchanges and provides you with refined, ready-to-use data

For further information about the data we offer in terms of regulatory compliance, please do not hesitate to contact your local SIX Telekurs sales team.

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