

MiFID II Data Solution

For ESMA & FCA Compliance

MiFID II overhauls financial market operations

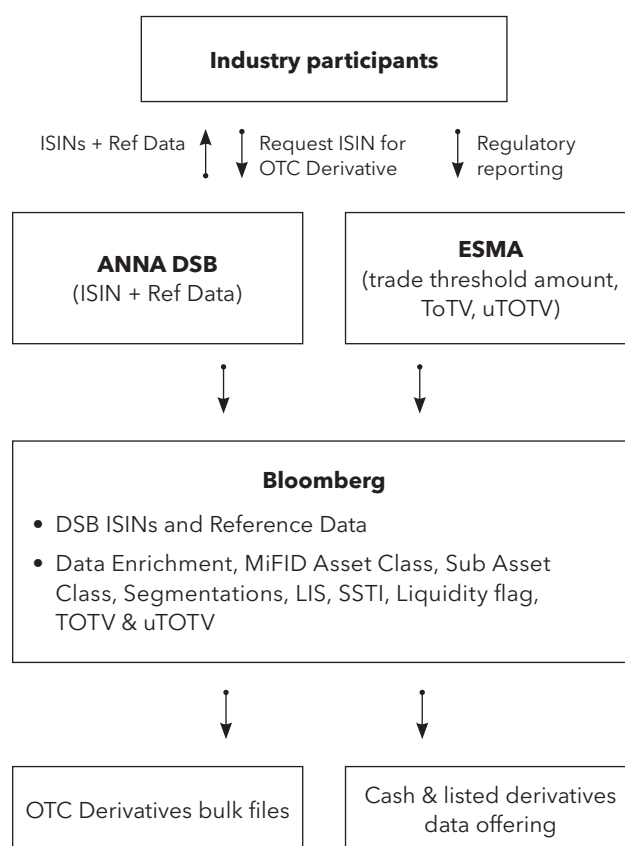
The recast ESMA Markets in Financial Instruments Directive (MiFID II) and the new Markets in Financial Investment Regulation (MiFIR) have fundamentally changed the European financial market landscape. MiFID II impacts all firms that distribute, trade or process financial instruments in the European Union (EU), including firms domiciled outside the EU, with a key aim of increasing transparency in the fixed income and OTC markets.

The implementation of MiFID II has dramatically expanded the amount of data that is necessary to capture within the trade workflow. The Bloomberg MiFIR Transparency data package provides automated data feeds to complement clients' Reference Data. Covering numerous asset classes including OTC derivatives, Bloomberg data supports firms' MiFIR pre- and post-transparency reporting obligations (RTS 1, 2), and transaction reporting (RTS 22) and reference data reporting (RTS 23).

New identifiers required for OTC derivatives

The Markets in Financial Instruments Directive (MiFID II) significantly increases a firm's data needs within their OTC derivative trading workflow. On a trade-by-trade basis, firms now need to know how, when and what to report.

Bloomberg offers a comprehensive solution that provides all active ISINs from ANNA DSB, as well as relevant reference and transparency data (ToTV, uToTV, and liquidity thresholds) via a bulk file. This enables firms to create and maintain a data warehouse to inform their trade reporting processes – all in one place.



Onshored FCA UK MiFID Regime

A post BREXIT UK will see the carve out of a number of EU regulations, with a particular focus on MiFID II. We have therefore seen a flurry of preparations by the Financial Conduct Authority (FCA) for MiFIR reporting. The FCA has made clear that they expect firms, trading venues and Approved Reporting Mechanisms (ARMs) to ensure continued compliance with the transaction reporting regime by exit day. The FCA has built a UK Financial Instruments Reference Database System (FIRDS) to replace the existing ESMA system. There will also be an equivalent UK transparency reporting regime with which firms will be expected to comply.

Bloomberg is catering for new fields and datasets to support firms in their ability to comply with the UK FCA equivalent to the EU's MiFID II requirements. Key UK carve out data includes TOTV designations, liquidity assessments, trade size thresholds.

MiFID II Data Building Blocks

	Identifiers	MiFID Product Classifications	MiFID Liquidity Solutions	MiFID Trade Sizes	MiFID Transparency Waivers
MiFIR Requirements	MiFIR requires use of numerous distinct industry accepted security and entity identifiers.	MiFIR applies to its own product categorisations to determine transparency obligations and support transaction reporting.	MiFIR applies its own assessment based on trade data to determine transparency requirements .	MiFID has introduced new calibration levels in relation to trade size which determine transparency obligations.	Based on liquidity and trade data, MiFIR permits transparency waivers but simultaneously imposes a double volume cap mechanism.
Bloomberg Data Solutions	Data examples: ISIN, CFI Code, FIGI, FISN, LEI, MIC.	Data examples: MiFIR Identifier, Instrument Indicator, Asset Classes, Contract Types, Product Segments.	Data examples: Liquidity flags as well as underlying transparency data used to determine liquidity such as daily number of trades and notional amounts.	Data examples: Pre- and post-trade Size Specific to the Instrument (SSTI) and Large in Scale (LIS) fields.	Data examples: Transparency waiver indicators with associated dates and well as % of trading under negotiated trade and reference price waivers.

MiFID II Systematic Internaliser Data

With the extension of the Systematic Internaliser (SI) regime to non-equities markets under MiFID II, trade reporting obligations are an increased focus for investment firms with required compliance having begun on Sept. 1, 2018 for some asset classes.

How Bloomberg can help with compliance needs and investment decisions

Regardless of whether a firm opts-in as an SI or is an SI resulting from quantitative thresholds, or whether a firm is an SI at ISIN, Issuer or COFIA level, Bloomberg is able to identify and provide all SI's per ISIN. This information is available across a large range of asset classes including equity, fixed income, mortgages, funds and derivatives. With this data, firms can ensure or circumvent compliance with the broad spectrum of MiFID II reporting requirements. This information will be coupled with the market volumes published by ESMA on a quarterly basis to determine your own SI status.

This SI data will supplement the existing wealth of instrument level data (Identifiers, MiFID classifications, Liquidity values, Thresholds) that Bloomberg has on offer.

MiFID II Short Sale Transaction Reporting

MiFID II Transaction Reporting requires that investment firms indicate short sales in line with the European Union (EU) Short Selling Regulation (SSR). With the transition from MiFID I to MiFID II, the landscape of market data has significantly transformed. Bloomberg can support firms in navigating this new plethora of data to ensure continued compliance with Short Selling regulatory requirements as well as MiFID II Transaction Reporting. Bloomberg will offer the following data across equities, sovereign debt and associated derivatives:

- Data to support the identification of in scope instruments
- Thresholds to determine when and to whom reporting is required

Bloomberg for enterprise

To succeed today, financial institutions must respond to challenges that are not addressed by traditional approaches. They require world-class solutions that integrate people, processes, information and technology across the front, middle and back office. Bloomberg partners with these institutions to protect and capitalize on data, manage risk, deliver transparency and control costs. Through enterprise-level expertise and three decades of deep industry experience, Bloomberg creates real value through the use of innovative technology that turns data into a strategic asset and optimizes workflows and operations.

Take the next step.

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