

XONTRO[®]

XONTRO Newsletter

Financial Institutes

No. 29

(English version)

Within XONTRO, the following modifications will be introduced:

As of October 22nd, 2007 New message type for the system connection for financial institutes, in order to fulfill the MiFID Post Trade Transparency requirements – OTC Trade Report (MT513)

Introduction

The MiFID Directive 2006/73/EC of the European Union re-formulates the rights and obligations for financial instruments' trading and service firms for the entire European Union anew.

One partial area to be re-formulated by this directive covers the so-called "Post Trade Transparency". Within this topic, it is demanded that "OTC trades" executed anywhere off-exchange be published within a pre-defined period of time after the contraction of the trade, including a given set of publishable attributes.

This will be valid for:

- Trades generated from within so called „Multilateral Trading Facilities“, abbreviated MTFs, or
- Trades arising from so called „Systematic Internalization Platforms“, by means of which, at certain securities' services companies, a so called „inhouse-matching“ of agent/commission or proprietary orders can be conducted, or
- Trades generally having been contracted anywhere off-exchange between two counterparties (e.g. by means of the so called „telephone trading“ practice).

In order to give some support to the banks for the fulfillment of this publishing obligation, XONTRO will offer a new Message Type (MT513) within the technical framework of the system connection for financial institutes. Using this "publishing message", or "OTC Trade Report" Message Type, financial institutes will be enabled to transfer their trades to be published onto XONTRO. Subsequently, BrainTrade will take care that these trades will be made publicly accessible by the market, according to the MiFID regulations.

The introduction of this new message type will take place along with the XONTRO Release 26, on October 22nd, 2007. Thus, the technical infrastructure needed for the fulfillment of the post trade transparency obligations will be available in due time as of November 1st, 2007.

This newsletter, in a preliminary version, describes the new MT513 and the pricing concept used. Further information will be distributed within the near future.

Opening hours

As a general rule, banks may enter OTC Trade Reports for the current business day between 03:00 a.m. and 08:30 p.m.; the forwarding onto the publishing system commences at approx. 06:00 a.m. During business days for which the trading sessions are abridged (e.g. on December 24th, or December 31st), OTC Trade Reports may only be entered until the start of the end-of-day batch.

OTC Trade Report (MT513) – System connection for financial institutes (“SAKI”)

All XONTRO SAKI participants may, without any further technical pre-requirements, enter a trade report message meant for publication. For this purpose, within the system connection for banks, a new message type “OTC Trade Report (MT513)” will be introduced. After the reception and successful processing of such a MT513 by XONTRO, a confirmation using the MT596 format and containing a unique trade report identification number will be sent back to the originator of the message. In case any of the plausibility checks returns a violation of rules, then an error feedback message is returned to the sender of the message, likewise using the MT596 format (in analogy to the OTC trade transmission and with an appropriate error message), and the respective trade report will not be forwarded for publication.

Beyond that, a price validation according to the presently valid rules for OTC trade entries will be performed. In case this validation procedure detects a significant price deviation, the trade report will still be forwarded for publication; the originator will, however, receive a response message containing a hint using the appropriate “GV Code” indicating that the price was conspicuous. Thereafter, the originator may decide whether he wants to cancel (using the unique trade report number) and re-enter the trade report.

There will be an option to enter trade reports “on behalf” for “external” CBF account numbers that have been entitled to this purpose.

In the first step, there will be no so called “block trade delay” mechanism yet contained in the XONTRO interface; as viewed from today’s perspective, however, this additional option is scheduled for release within the first quarter of 2008.

MT513 Message type structure

MT 513 OTC Trade Report			
O / M	Label	Field description	Format
O	20:	Bank internal OTC number	13x
M	31P:	Exchange location Trade date (YYMMDD) Trade time (HHMM)	3x6n4n
M	40:	BIC of originator Execution venue ID Deviant price indicator Negotiated price indicator Delay indicator Amendment indicator Quotation unit Deviation from UTC – signed – (+/-HHMM)	11x/12x/[1a]/[1a]/ [1a]/[1a]/[1n]/ [1x4n]
M	35A:	Nominal amount traded	10n,3n
M	35B:	ISIN	ISINb12c
M	33T:	Price currency Price	3a6n,4n
M	82D:	Issuer of the trade	4n

With the exception of the label M40:, all labels are identical to those of the MT511.

Label 20 (Bank internal OTC number)

If desired, the bank may assign a bank internal OTC number to the trade. This number will then be re-sent in the confirmation message.

Label 31P (Exchange location)

This field must comply to the issuer's exchange location (Label 82D).
Possible value range:

100 - Berlin	150 - Hannover
120 - Duesseldorf	160 - Munich
130 - Frankfurt	170 - Stuttgart
140 - Hamburg	

Label 31P (Trade date)

Every calendar day is allowed, i.e. including Saturday, Sunday, or a holiday.

Label 31P (Trade time)

The local time at the location where the trade was contracted must be given here.

Label 40 (BIC of originator)

11-digit alphanumeric code for the identification of the reporting agent. Here, the institute that has contracted the trade to be published has to be inserted. In case of „on behalf“ trade reports, the originator’s BIC thus deviates from the issuer (Label 82D).

Label 40 (Execution venue ID)

Here it is to be stated whether the trade to be reported was an OTC trade, or if it was an internalized trade, or if it was contracted on a trading platform, and if so, on which trading platform.

The following values are allowed:

'OTC'	for OTC trades	constant value
'SI'	for systematic internalizers	constant value

For the identification of a platform:

'B' plus BIC (ISO 9362, 11-digit alphanumeric)	e.g. BDEUTDEFFXXX
'M' plus MIC (ISO10383, 4-digit alphanumeric)	e.g. MXFRA
'I' plus IBEL (ISO 16327, 10-digit alphanumeric)	e.g. IDE12345670

Label 40 (Indicator: Price is deviant from market price)

This field is to be filled with 'J' (yes), if the price deviates from the current market price. In this case, the price validation routine will be suppressed.

Label 40 (Indicator: Negotiated price)

This field is to be filled with 'J' (yes), if the price was a negotiated one. In this case, the price validation routine will be suppressed.

Label 40 (Delay indicator)

By means of this flag, the so called block trade delay will be addressed in the future. Within step 1, however, this field has no significance yet.

Label 40 (Amendment)

This field is to be filled with 'J' (yes), if, after a cancellation, a trade report was entered anew. No verification will be performed on this flag.

Label 40 (Quotation unit)

The following values are allowed:

- '1' - unit quotation
- '2' - percentage quotation
- '3' - per thousand quotation

Label 40 (Deviation from UTC (signed) +/-HHMM)

Here it is to be stated how far the reported trade time for the trading location reported deviates from the Universal Time Coordinated (UTC). CET (winter) = +0100, CET (summer) = +0200.

Label 35A (Nominal amount)

This field contains the nominal amount traded.

Label 35B (ISIN)

This field contains the 12-digit International Securities Identification Number (ISIN) of the instrument traded.

Label 33T (Price currency)

Along with unit quoted securities, this field contains the price currency using the ISO format; along with percentage quoted securities, the underlying instrument currency is given.

Label 82D (Issuer of the trade)

This field contains the 4-digit CBF account number of the issuer. This number must comply with the exchange location given in field 31P.

As an option, there exists the possibility to enter trade reports "on behalf" for "other" CBF account numbers having been entitled for this purpose.

Pricing

For the utilization of the XONTRO interface aimed to publish the information required by the MiFID Post Trade Transparency regulations, the following fees will be charged:

Monthly base fee for the set up:	100.00 €/ month
Transaction-dependent fee:	0.05 €/ trade report published

The following contact persons are ready to respond to any of your further queries or comments at any time:

Dr. Michael Hamke
fon: +49 – (0)69 - 58 99 78 - 150
mail: michael.hamke@xontro.de

Christine Nachbar
fon: +49 – (0)69 - 58 99 78 - 102
mail: christine.nachbar@xontro.de