

Circular 23/070 New MiFID Transaction Reporting Client Identification Requirement

Category
Regulations

Attachment
MiFID II Transaction INTC Updates - Processing Requirements

The purpose of this Circular is to advise Members that ICE Futures Europe (the “Exchange”) is extending its requirement on Members to identify their clients to the Exchange in certain circumstances, to support the Exchange’s reporting of transactions to the FCA under MiFIR.

MiFIR requires orders and trades executed on the Exchange to identify the immediate client of the Member. This is achieved by the Member providing client information in an ICE database, ICE Identifier Admin (IIA), with a unique numeric identifier known as a short code. Orders and block trades are then submitted to the Exchange with the short codes that identify the specific client. However, MiFIR allows Members to submit block trades and orders to the Exchange with two identifiers which do not actually provide the identity of the client:

- 1) Short Code 1 “AGGR” - An aggregated order for more than one client
- 2) Short Code 2 “PNAL” - An order that is pending allocation where the client will be identified later

Today Members do not supply any further information identifying the client(s) when using these two short codes. The Exchange is changing its identification requirement for such activity to require Members to subsequently provide short codes that identify these clients when there is a transaction which the Exchange is required to report to the FCA. The Exchange reports transactions in the following circumstances:

- 1) Where the transaction is a successful bid in a UK Emission Allowance Auction
- 2) Where the Member is not required to report the transaction to the FCA

To achieve this the Exchange will be supplying applicable Members with a daily file detailing the transactions for which the Exchange needs to receive short codes that identify the client. Members should note that where the executed transaction is aggregated the Exchange will expect more than one client to be identified and the quantity traded by each client which should total the quantity executed on the Exchange. The files will be available in the Exchange’s Managed File Transfer (MFT) environment early in the morning, UK time on the day following trading. The Exchange expects the Members to download the files and then return them to MFT by 16:00 UK local time on the same day with all the clients identified. This will enable the Exchange to meet its reporting deadline to the FCA.

This requirement only applies to transactions that the Exchange is required to report to the FCA. Where there is no requirement, no file will be provided to the Member.

The Exchange intends to implement this requirement in the last quarter of 2023 and is informing Members of the change now to give them sufficient time to develop their systems and procedures in time for implementation. The Exchange will announce the implementation date in due course. Members should contact marketregulation-europe-mifidreporting@ice.com if they have any questions about this change or if they want to confirm that their current trading activity is or is not likely to be subject to this requirement. A guide to the file specification and transfer process is attached to this Circular.

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Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

Signed:

A handwritten signature in black ink, appearing to read 'Laurence Walton', with a horizontal line underneath.

Laurence Walton
Head of Regulation and Compliance

For more information, please contact:

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