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**TO** : **Reporting Entities:**

- i. **Market Operators operating a Regulated Market ('RM') or a Multilateral Trading Facility ('MTF') or an Organised Trading Facility ('OTF')**
- ii. **Cyprus Investment Firms operating an MTF or OTF ('CIFs')**
- iii. **CIFs acting as Systematic Internalisers ('SIs')**

**CC** : **Data Reporting Service Providers (for information purposes only)**

- i. **Approved Publication Arrangements**
- ii. **Approved Reporting Mechanisms**
- iii. **Consolidated Tape Providers**

**FROM** : **Cyprus Securities and Exchange Commission**

**DATE** : **September 15, 2017**

**CIRCULAR NO** : **C235**

**SUBJECT** : **Identifying reference data relating to financial instruments**

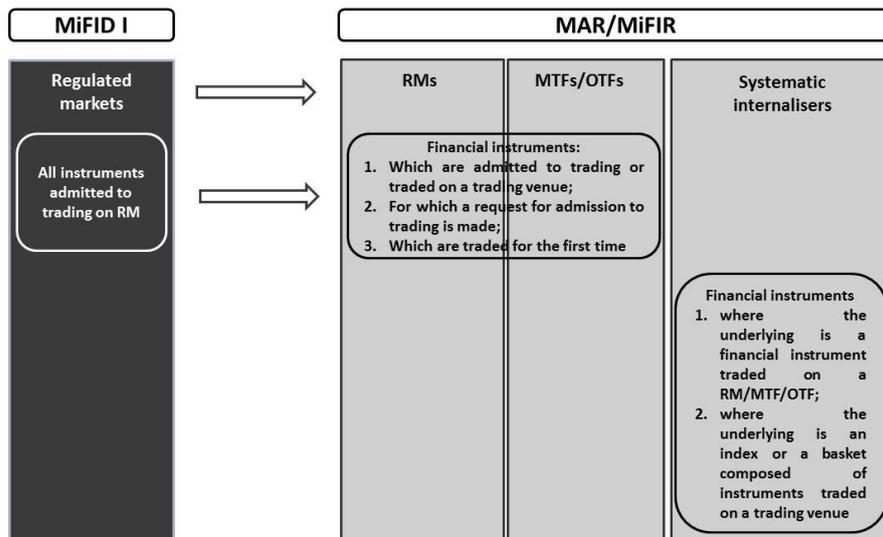
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#### **A. Introduction**

1. The Cyprus Securities and Exchange Commission ('CySEC') wishes with this circular to inform the Reporting Entities on the **new** requirements regarding identifying reference data relating to financial instruments, which are provided in article 27 of Regulation (EU) No 600/2014 on markets in financial instruments ('**MiFIR**') and in article 4 of Regulation (EU) No 596/2014 on market abuse ('**MAR**') that both will enter into force on 3 January 2018.
2. According to MiFIR and MAR, trading venues<sup>1</sup> ('TVs') and SIs are obliged to submit identifying reference data on each financial instrument admitted to trading or traded on their systems, to their competent authorities which are required to transmit it to ESMA for subsequent publication on its website. The aforementioned obligation already existed under the Directive (EU) 2004/39/EC on markets in financial instruments ('**MiFID I**'), only though for financial instruments admitted on a Regulated Market. Under MiFIR/MAR, the scope of financial instruments is expanded as illustrated in the following diagram:

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<sup>1</sup> Trading venue means a regulated market, an MTF or an OTF



3. The identifying reference data supports the scope of transaction reporting under MiFIR and the market abuse surveillance activities under MAR. It also supports the transparency obligations emanated by MiFIR that requires the publication of transparency thresholds applicable to each financial instrument and the suspension regime (currently supported by SARIS - Suspension and Restoration Information System).
4. For ease of reference and better understanding, the interpretation of terms used in this circular is included in the Annex.

## B. Regulatory Framework

5. Article 27(1) of MiFIR states that, for the purpose of transaction reporting,:
  - i. TVs must provide their competent authorities with identifying reference data relating to financial instruments admitted to trading or traded on their systems.
  - ii. SIs must provide their competent authorities with reference data of the following instruments that are traded on their systems:
    - Financial instruments where the underlying is financial instrument traded on a TV.
    - Financial instruments where the underlying is an index or a basket composed of financial instruments traded on a TV.

Identifying reference data shall be made ready for submission to the competent authority in an electronic and standardised format before trading commences in the financial instrument that it refers to. The financial instrument reference data shall be updated whenever there are changes to the data with respect to a financial instrument. Those notifications are to be transmitted by competent authorities without delay to ESMA, which shall publish them immediately on its website. ESMA shall give competent authorities access to those reference data.

6. Article 4(1) of MAR states that market operators of RM and market operators operating an MTF or an OTF shall, without delay, notify the competent authority of the trading venue of any financial instrument for which a request for admission to trading on their trading venue is made, which is admitted to trading, or which is traded for the first time.

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Notifications referred to in this paragraph shall include, as appropriate, the names and identifiers of the financial instruments concerned, and the date and time of the request for admission to trading, admission to trading, and the date and time of the first trade.

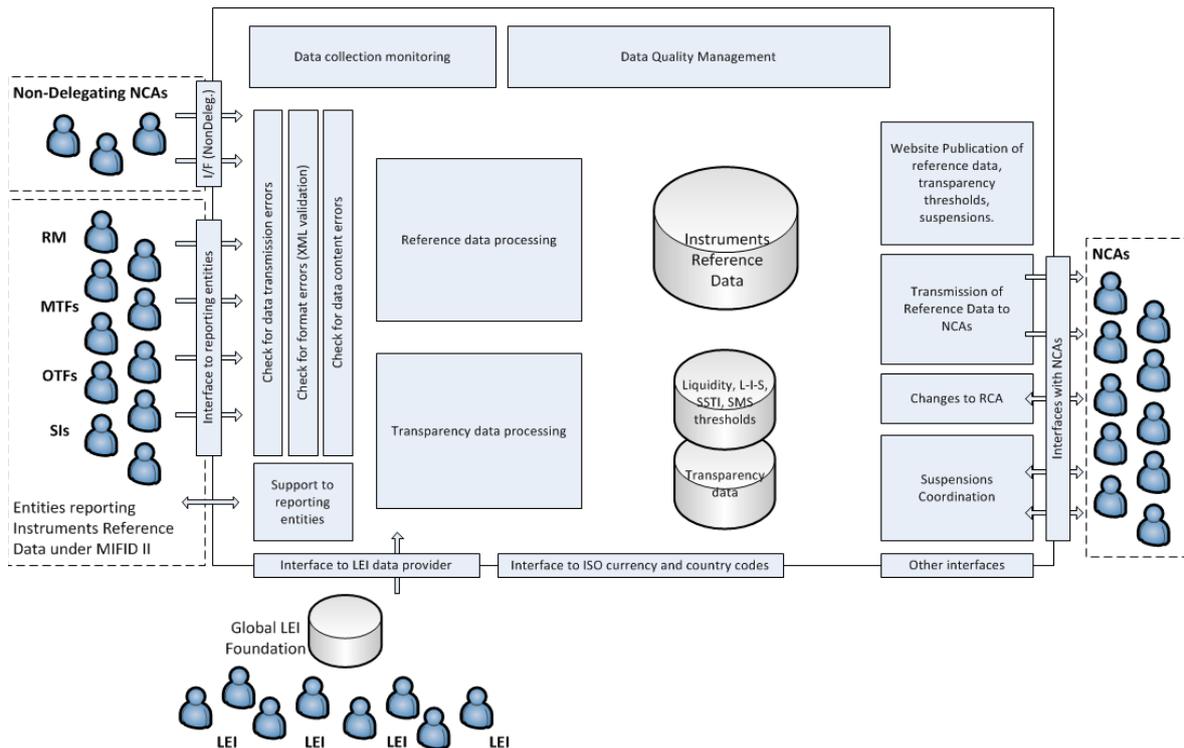
7. In addition to the abovementioned regulatory requirements, the following documents provide further requirements/guidance regarding reference data relating to financial instruments:
  - i. Commission Delegated Regulation (EU) 2017/585 with regards to regulatory technical standards for the data standards and formats for financial instrument reference data and technical measures in relation to arrangements to be made by the European Securities and Markets Authorities and competent authorities.
  - ii. Commission Delegated Regulation (EU) 2016/909 with regards to regulatory technical standards for the content of notifications to be submitted to competent authorities and the compilation, publication and maintenance of the list of notifications.
  - iii. Technical Reporting Instructions – MiFIR Transaction Reporting -ESMA/2016/1521
  - iv. Reporting Instructions – FIRDS Reference Data System (ESMA/2016/1522)
  - v. Reporting Instructions- FIRDS Transparency System (ESMA/2016/1523)
  - vi. Questions and Answers on MiFIR Data Reporting (ESMA 70-1861941480-56)
8. Regarding the concept 'Traded on a Trading Venue' ('ToTV') mentioned in articles 27(1) of MiFIR and 4(1) of MAR (points 5 and 6 above) the following clarifications are provided:
  - i. The concept of ToTV refers to and is relevant to the scope of application for a number of provisions in MiFIR. However, this is not defined in MiFID/MiFIR. Therefore, ESMA published on 22 of May 2017, an opinion in order to clarify the concept of ToTV for OTC derivatives, and in particular, which transactions in derivatives concluded outside of TVs are subject to the transaction reporting and transparency requirements.
  - ii. Based on the aforementioned opinion, only OTC-derivatives sharing the same reference data details as the derivatives for which TVs submitted reference data should be subject to MiFIR transparency and transaction reporting requirements.
  - iii. In this context, sharing the same reference data details should mean that the OTC derivatives should share the same values as the ones reported in accordance with the fields of Regulation (EU) 2017/5856 for derivatives admitted to trading or traded on a trading venue, except fields 5 to 12 (the trading venue and issuer-related fields).

**C. Financial Instruments Reference Data System developed by ESMA**

9. Article 27(2) of MiFIR states that in order to allow competent authorities to monitor the activities of investment firms to ensure that they act honestly, fairly and professionally and in a manner which promotes the integrity of the market, ESMA and competent authorities shall establish the necessary arrangements in order to ensure that the financial instrument

reference data is effectively received, the quality of the data so received is appropriate for the purpose of transaction reporting and the financial instruments reference data received is efficiently exchanged between the relevant competent authorities.

Therefore, ESMA has developed and is currently operating a Financial Instruments Reference Data System ('FIRDS'), which covers requirements for financial instrument reference data collection and publication as well as the collection and processing of additional data to support the MiFIR transparency regime and suspension coordination, as shown in the following diagram:



10. As per regulatory requirements:

- i. Reporting Entities should provide reference data regarding financial instruments to their competent authorities.
- ii. Competent authorities should provide that information to ESMA.
- iii. ESMA publishes that information on its website for public access and to competent authorities as downloadable files.

11. FIRDS system requires reference data to be sent by TVs, SIs and NCAs using a standardised ISO 20022 XML format, which it processes, applies quality checks and updates the central database.

12. A number of competent authorities have delegated to ESMA the tasks of collecting the financial instrument reference data directly from TVs and SIs on their behalf.

CySEC is among the authorities that have delegated the aforementioned tasks. Therefore, the Reporting Entities that fall under CySEC's supervision must provide ESMA directly with the reference data of all financial instruments admitted to trading or traded, through their systems, instead of doing this through CySEC.

13. FIRDS system went live in July 2017.

**D. Reporting instructions**

14. The submission of financial instrument reference data should be on a daily basis, in an electronic and machine-readable form.

15. Regarding the business instructions of the reporting to competent authorities and ESMA, the Reporting Entities should consult the documents mentioned in point 7 above. For more clarity, it is mentioned that:

i. The data standards and formats of the financial instrument reference data, including the methods and arrangements for supplying the data to competent authorities and transmitting it to ESMA, and the technical measures that are necessary in relation to the arrangements to be made by ESMA and the Competent Authorities are specified in the Commission Delegated Regulation 2017/585.

ii. The details of financial instruments reference data that need to be submitted are stated in Table 3 of Annex of the Commission Delegated Regulation 2017/585.

16. Regarding the technical institutions of the reporting, the Reporting Entities should consult the documents mentioned in point 7(iii), (iv) and (v) above. Generally:

i. The first part of the application is the upload interface. The Reporting Entities have in their possession a set of raw reference data. The Reporting Entities send the data to FIRDS through the ESMA Managed File Transfer System interface that Data Reporting Entities can use to submit files system by uploading files on ESMA Hub (HUBDE).

ii. The FIRDS System will receive a reference data from the TVs and SIs. FIRDS system requires reference data to be sent by TVs, SIs and NCAs using a standardised ISO 20022 XML format, which it processes, applies quality checks and updates the central database.

iii. The FIRDS System will also receive a list of non-working days from Reporting Entities.

iv. The FIRDS will generate four types of files:

- **Full reference data file**, the full reference data received from RMs, MTFs, OTFs and SIs before the applicable previous cut-off time, for all instruments that are still valid and that have been admitted to trading on RMs, including where a request for admission to trading has been made, or that are traded on a MTF, OTF, or SI. Given the expected high volume of data, the full file may be split in several files for technical reasons.
- **Delta reference data file**, containing all differences between the current day full file and the previous day full file, listing instruments additions, terminations, modifications and instruments terminated but reported late.

- **Invalid records reference data file**, which contains all records that are not part of the full file anymore. This includes instruments that are no longer valid, as well as out-of-date versions of records that have been modified over time. Given the expected high volume of data, the invalid records file may be split in several files for technical reasons.
  - **Feedback files**, which provide the Reporting Entities with feedback on the reference data they sent to ESMA as well as reminders.
17. Prior to the commencement of trading of a financial instrument in a TV or SI, the latter shall obtain the ISO 6166 International Securities Identifying Number ('ISIN') for that specified financial instrument.
18. Reporting Entities shall ensure that all issuers of the financial instruments admitted to trading or traded on their systems have a legal entity identifier ('LEI').

*According to Article 3(2) of the Commission Delegated Regulation 2017/585 'Trading venues and systematic internalisers shall ensure that legal entity identifier codes included in the reference data provided comply with the ISO 17442:2012 standard, pertain to the issuer concerned, and are listed in the Global Legal Entity Identifier database maintained by the Central Operating Unit appointed by the Legal Entity Identifier Regulatory Oversight Committee.'*

Table 3 of the Annex of the Commission Delegated Regulation 2017/585 requires the LEI of the issuer of the Reportable Financial Instrument to be populated in Field 5 (Issuer or operator of the TV identifier). In the case that the Operator of trading venue create or issue himself the financial instrument to be reported under MiFIR and MAR obligations, then the LEI of the TV operator should be populated in Field 5.

In case the reportable instrument is a Derivative or a Securitised Derivative, then Field 27 of Table 3 needs to be populated with the LEI code of the issuer of the underlying instrument.

A relevant Q&A was issued by ESMA on the 3<sup>rd</sup> of April 2017 (Questions and Answers on MiFIR data Reporting (ESMA70-1861941480-56)) clarifying among other things about the obligations of the issuers to obtain a LEI.

#### **E. Actions required by Reporting Entities**

19. Reporting Entities should ensure that:
- i. They are familiarised with the abovementioned provisions regarding identifying reference data relating to financial instruments and its submission to ESMA.
  - ii. All issuers of financial instruments admitted to trading or traded on their systems have a LEI.
  - iii. All financial instruments admitted to trading or traded on their systems have an ISIN.
  - iv. They have implemented system interfaces for the uploading of data to the FIRDS system and started doing this (as it is mentioned above, the FIRDS system went live in July 2017).

For any technical enquiries, please send an email to [information.technology@cysec.gov.cy](mailto:information.technology@cysec.gov.cy) for attention of Mr Yiannis Kallis or Mr. Theodoros Ioannou.

Yours sincerely,

Demetra Kalogerou  
Chairman  
Cyprus Securities and Exchange Commission

## Definitions

1. **Approved publication Arrangement or 'APA'** means a person authorised under MiFID to provide the service of publishing trade reports on behalf of investment firms pursuant to Article 20 and 21 of MiFIR [Article 4(1)(52) of Directive 2014/65/EC on markets in financial instruments ('[MiFID II](#)')].
2. **Approved reporting mechanism or 'ARM'** means a person authorised under MiFID to provide the services of reporting details of transactions to competent authorities or to ESMA on behalf of investment firms [Article 4(1)(54) of MiFID II].
3. **Consolidated tape provider or 'CTP'** means a person authorised under MiFID to provide the service of collecting trade reports for financial instruments listed in Articles 6, 7, 10 12 and 13, 20 and 21 of MiFIR from regulated markets, MTFs, OTFs and APAs and consolidated them into a continuous electronic live data stream providing price and volume data per financial instrument [Article 4(1)(53) of MiFID II].
4. **Financial Instrument** means those instruments specified in Section C of Annex I of MiFID [article 4(1)(15) of MiFID II].
5. **Market operator** means a person or persons who manages and/or operates a business of a regulated market and may be the regulated market itself [Article 4(1)(18) of MiFID II].
6. **Multilateral trading facility or 'MTF'** means a multilateral system operated by an investment firm or a market operator which brings together multiple third party buying and selling interests in financial instruments in a system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with Title II of MiFID II. [Article 4(1)(22) of MiFID II].
7. **Organised Trading facility or 'OTF'** means a multilateral system which is not a regulated market or an MTF and in which multiple third party buying and selling interests in bonds, structured finance products, emission allowances or derivative are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID [Article 4(1)(23) of MiFID II].
8. **Regulated Market** means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of MiFID II [Article 4(1)(21) of MiFID II].
9. **Trading Venue** means a regulated market, an MTF or an OTF [Article 4(1)(24) of MiFID II].
10. **Systematic Internaliser** means an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside

a regulated market, an MTF or an OTF without operating a multilateral system [Article 4(1)(20) of MiFID II].