

MiFID

A Data Vendor's Perspective

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Telekurs Financial UK



Essential Information

- As you exit the Telekurs Financial reception area, bathrooms are located beyond the grey door on the right-hand side
- Fire alarm: Please follow the instructions of Telekurs Financial staff. You will be guided to the assembly point on Crown Place
- First Aid: please contact a member of Telekurs Financial staff
- Please switch your mobiles to silent and take any calls in the reception area





Agenda

- Impacts on the Back Office
 - Cross-Border Transaction Reporting
 - Fund Valuations
 - Reference Data needs
- Impacts on the Front Office
 - Best Execution Policies
 - Making sure we have the data available

Impacts on the back office

- Who do I report transactions to? Who will receive them?
- What is the impact on fund valuations?
- How much more reference data will I need to comply?

Who do I report transactions to? Who will receive them?

- Local regulators will still receive your transaction reports
 - Look out for potential changes to conduct of business rules from your local regulator

- “International Standards” should be used for identification – in practice the ISIN.
 - ISIN coverage to be extended to derivatives? Equity derivatives **AND** commodity derivatives?!

- Reports will be passed to the Relevant Competent Authority by your local regulator
 - CESR to compile, but not publish, a list of RCAs for each instrument

What is the impact on fund valuation?

- No MiFID requirement on Fund Managers, but wider opportunities for better pricing, settlement etc.

- Many more venues to trade fungible instruments
 - Will administrators have to take potential venues into account when valuing funds?
 - Differential in prices when buying and selling underlying assets

- Outsourcer administrators may need to capture and use a range of different prices
 - Venues may become illiquid. How to deal with this?

How much more reference data will I need to comply?

- Reporting, instrument identification, venue identification, appropriateness tests, being on the ball – all will require more reference data.
 - Some already exists – ISINs.
 - Some does not – ISINs on commodity derivatives!
- Data Vendors are adding reference data to help
 - Telekurs Financial will add data in two steps:
 - June 2007
 - October 2007
- A lot of the requirements are covered already in Valordata Feed

How much more reference data will I need to comply?

Initial items are as follow. This is NOT an exhaustive list

Issuer Level

Identification of the instrument issuer (either IBEI – ISO 16932 or, if required, BIC – ISO 9362)

Country code of the issuer (ISO 3166)

Trading Venue Level

Trading venue identification (MIC – ISO 10383)

Trading venue classification (RM, MTF or SI)

Indicator of most relevant market in terms of liquidity (according to MiFID definition)

Indicator of most liquid market

Time difference to UTC

Trading venue calendar and opening times

Instrument Level

Instrument identification (ISIN – ISO 6166)

Instrument name (FSIN – ISO 18774)

Instrument classification (CFI – ISO 10962)

Indicator of liquid share / & competent authority

Indicator of share admitted to trading on RMs

Non-complex instrument indicator

Publication waivers (and related attributes)

Orange text:

New data in 2007



Impacts on the front office

- Best Execution Policies
- Making sure that data is available

Formulating Best Execution policies

- Data Vendors cannot help with:
 - You need to know your customer. What is their history? Are they retail, professional, eligible counterparty?

- Where we can help is:
 - MiFID relevant instruments flagged
 - Appropriateness test
 - Number of venues
 - Market hours and holidays
 - Liquidity markers
 - Historical trading data
 - Clearing and settlement venues

Making Sure the Data is Available

- Data Vendors are connecting to new trading venues - SIs and MTFs and making sure that their connections with RMs are the most modern, to take advantage of Exchanges' MiFID upgrades.
- Improving infrastructure to make every tick available
- Looking at tick history availability
- Making sure services can process the available data
- Helping clients to filter to only relevant venues
- Keeping “exchange” fees as low as possible for clients

How is Telekurs Financial Connecting to New Sources?

Projects BOAT/Turquoise	Cinnober (Technology platform) Markit (Commercial partner)	Connection in process
Equiduct	New Regulated Market (RM)	Awaiting APIs
Project ZEUS	Virt-X's trade reporting platform	Connected
Project YES !	Pan Euro Contribution Pricing Engine	Slow to progress
Reuters (TDM)	Pre-trade quotes & Post-trade reporting (Data Aggregator)	Awaiting APIs
Other MTFs	Chi-X	In Test
Systematic Internalisers ?	UBS, Merrill Lynch, Goldman Sachs, Lehman Brothers, etc.	On-going DA activities

Thank you for your attention.

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