

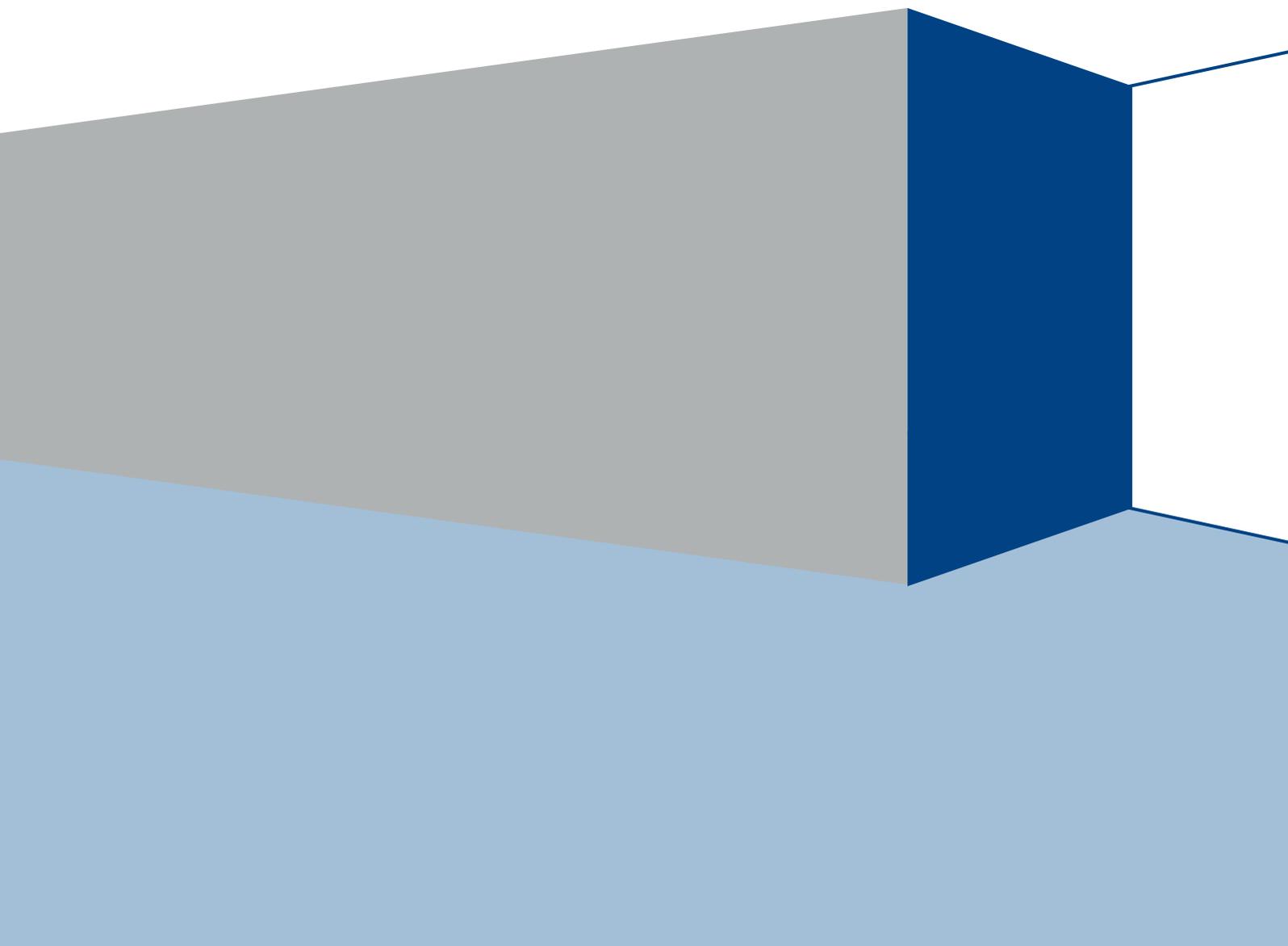


**London**  
Stock Exchange Group

MIT401 – BIT – MILLENNIUM EXCHANGE

# Guide to Post Trade Transparency Service

Issue 1.1 May 2016



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## Disclaimer

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# 1 Introduction

## 1.1 Purpose

The purpose of this document is to provide a functional and technical description of the Post Trade Transparency service available on the Millennium Exchange platform.

## 1.2 Readership

This document outlines the Post Trade Transparency Service, available on Millennium Exchange, designed with the aim of helping clients to fulfil the new post-trade transparency obligations deriving from MiFID, which must be complied with as of 1 November 2007.

MiFID requires regulated markets, MTFs and investment firms that carry out transactions off-market (OTC) to publish the information in real time concerning transactions on shares only admitted to trading on European regulated markets.

However, in accordance with Recital 46 of the MiFID, Member States had the option to extend transparency requirements to financial instrument other than share.

CONSOB exercised this option, which took effect in April 2008.

This document is particularly relevant to clients who are subject to post-trade transparency obligations.

## 1.3 Document series

This document is part of series of documents providing a holistic view of full trading and information services available from Borsa Italiana post the migration to Millennium Exchange.

The current series of documents are set out below:

### ***Trading***

- MIT201 BIT – Guide to New Trading System
- MIT202 BIT – FIX Trading Gateway (FIX 5.0)
- MIT203 BIT – Native Trading Gateway Specification
- MIT204 BIT – Post Trade Gateway (FIX 5.0) Specification
- MIT205 BIT – Drop Copy Gateway (FIX 5.0) Specification

### ***Market Data***

- MIT301 BIT – Guide to Market Data Services
- MIT303 BIT – MITCH Specification
- MIT305 BIT – Markets Reference Data
- MIT306 BIT – MOT / EuroMOT Instrument Currency
- MIT308 BIT – Trading Calendars

### **Post Trade Transparency Service**

- **MIT401 BIT – Guide to Post Trade Transparency Service (this document)**

This series principally covers non-regulatory information and does not override or supersede the Rules of Borsa Italiana.

The latest version of this document series can be found at the following links:

Italian Version:

<http://www.borsaitaliana.it/borsaitaliana/intermediari/gestione-mercati/migrazionemillenniumit-mit/millenniumitmigration.htm>

English Version:

<http://www.borsaitaliana.it/borsaitaliana/intermediari/gestione-mercati/migrazionemillenniumit-mit/millenniumitmigration.en.htm>

#### **References:**

- COMMISSION REGULATION (EC) No 1287/2006 of 10 August 2006
- Directive 2004/39/CE (MiFID, Markets in Financial Instruments Directive)

## **1.4 Document history**

This document has been through the follow iterations:

<b>Issue</b>	<b>Date</b>	<b>Description</b>
1.0	December 2014	First issue of this document published via the Borsa Italiana's website and distributed to customers.
1.1	May 2016	Updated section 3.2

In subsequent issues, where amendments have been made to the previous version, these changes will be identified using a series of side bars as illustrated opposite.

## **1.5 Enquiries**

Please contact either Client Technology Services or your Technical Account Manager if you have any functional questions about the Millennium Exchange services outlined in this document. Client Technology Services (ITA) can be contacted at:

- Telephone: +39 0272426409 - 348 – 606 – 647
- Service Desk Free Toll Number: 00800 26772000
- Email: [service-desk@borsaitaliana.it](mailto:service-desk@borsaitaliana.it); [clients-services@borsaitaliana.it](mailto:clients-services@borsaitaliana.it)

## 2 Post Trade Transparency in MiFID directive

MiFID requires regulated markets, MTFs and investment firms that carry out transactions off-market (OTC) to publish the information concerning transactions on shares admitted to trading on a regulated market and make it accessible on a general basis to investors. Borsa Italiana will continue to provide the off-market disclosure service already available for shares traded on Borsa Italiana markets and will also make it possible to fulfil post-trade transparency obligations for all shares traded on European regulated markets. This information will be circulated to information providers and investors in real time through Borsa Italiana's information services.

It should be noted that post-trade transparency obligations have been extended by CONSOB to transaction concluded outside a regulated market (OTC) or MTFs on financial instruments other than shares admitted to trading on Italian regulated markets.

In accordance with CONSOB Regulation, Borsa Italiana will provide the off-market disclosure on financial instruments other than shares traded on Italian regulated markets.

As describe in MiFID legislation Investment firms, regulated markets, and investment firms and market operators operating an MTF shall, with regard to transactions in respect of shares admitted to trading on regulated markets concluded by them or, in the case of regulated markets or MTFs, within their systems, make public the following details<sup>1</sup>:

- ◆ *Trading Day*: the trading day on which the transaction was executed.
- ◆ *Trading Time*: the time at which the transaction was executed, reported in the local time of the competent authority to which the transaction will be reported, and the basis in which the transaction is reported expressed as Coordinated Universal Time (UTC) +/- hours.
- ◆ *Instrument identification*: This shall consist of: i) a unique code, to be decided by the competent authority (if any) to which the report is made identifying the

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<sup>1</sup> Article 27 "Post-trade transparency obligation" of COMMISSION REGULATION (EC) No 1287/2006 of 10 August 2006

financial instrument which is the subject of the transaction; ii) if the financial instrument in question does not have a unique identification code, the report must include the name of the instrument or, in the case of a derivative contract, the characteristics of the contract.

- ◆ *Unit Price*: The price per security or derivative contract excluding commission and (where relevant) accrued interest. In the case of a debt instrument, the price may be expressed either in terms of currency or as a percentage.
- ◆ *Price Notation*: form of securitized debt, the price is expressed as a percentage, that percentage shall be included.
- ◆ *Quantity*: The number of units of the financial instruments, the nominal value of bonds, or the number of derivative contracts included in the transaction.
- ◆ *Venue Identification Code*: Identification of the venue where the transaction was executed. That identification shall consist in: i) where the venue is a trading venue: its unique harmonized identification code; ii) otherwise: the code 'OTC'.
- ◆ *An indication that the exchange of shares is determined by factors other than the current market valuation of the share, where applicable.*
- ◆ *An indication that the trade was a negotiated trade, where applicable.*
- ◆ *Any amendments to previously disclosed information, where applicable.*

Post-trade information relating to transactions taking place on a trading venue but outside its normal trading hours shall be made public before the opening of the next trading day of the trading venue on which the transaction took place<sup>2</sup>.

For transactions that take place outside a trading venue ( OTC) post-trade information shall be made public:

- a) if the transaction takes place during a trading day of the most relevant market for the share concerned, or during the investment firm's normal trading hours, as close to real time as possible. Post-trade information relating to such

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<sup>2</sup> Article 29 "Publication and availability of pre- and post-trade transparency data" of COMMISSION REGULATION (EC) No 1287/2006 of 10 August 2006

transactions shall be made available in any case within 3 minutes of the relevant transaction

- b) in a case not covered by point (a), immediately upon the commencement of the investment firm's normal trading hours or at the latest before the opening of the next trading day in the most relevant market for that share.

Post-trade information shall be considered to be made public or available to the market if it is made available generally through one of the following to investors located in the Community<sup>3</sup>:

- ◆ *the facilities of a regulated market or an MTF;*
- ◆ *the facilities of a third party;*
- ◆ *proprietary arrangements.*

A member firm may elect to use the deferred publication<sup>4</sup> where:

- a) *the member firm is dealing on its own account (as principal) and the transaction is between the member firm and its customer*
- b) *the size of the transaction is equal to or exceeds the relevant minimum qualifying size*

In order to determine the relevant minimum qualifying size for the purposes of point (b), all shares admitted to trading on a regulated market shall be classified in accordance with their average daily turnover (ADT)<sup>5</sup>.

The table below shows, for each permitted delay for publication and each class of shares in terms of average daily turnover (ADT), the minimum qualifying size of transaction that will qualify for that delay in respect of a share of that type.

<b>Class of shares to determined by ADT for a security</b>			
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	100.000	1.000.000	
ADT < 100.000	<= ADT < 1.000.000	<= ADT < 50.000.000	ADT >= 50.000.000

<sup>3</sup> Article 30 "Public availability of pre- and post-trade information" of COMMISSION REGULATION (EC) No 1287/2006 of 10 August 2006

<sup>4</sup> Article 28 "Deferred publication of large transactions" of COMMISSION REGULATION (EC) No 1287/2006 of 10 August 2006.

<sup>5</sup> ADT should be calculated in accordance with Article 33 "Calculations and estimates for shares admitted to trading on a regulated market" of COMMISSION REGULATION (EC) No 1287/2006 of 10 August 2006.

		Minimum qualifying size of transaction			
Delay Duration	60 Minutes	10.000	Greater of 5% of ADT and 25.000	Lower of 10% of ADT and 3.500.000	Lower of 10% of ADT and 7.500.000
	180 Minutes	25.000	Greater of 15% of ADT and 75.000	Lower of 15% of ADT and 5.000.000	Lower of 20% of ADT and 15.000.000
	Until end of trading day (or roll-over to noon of next trading day if trade undertaken in final 2 hours of trading day)	45.000	Greater of 25% of ADT and 100.000	Lower of 25% of ADT and 10.000.000	Lower of 30% of ADT and 30.000.000
	Until end of trading day next after trade	60.000	Greater of 50% of ADT and 100.000	Greater of 50% of ADT and 1.000.000	100% of ADT
	Until end of second trading day next after trade	80.000	100% of ADT	100% of ADT	250% of ADT
	Until end of third trading day next after trade		250% of ADT	250% of ADT	

**Table 1: Deferred publication thresholds and delays**

A Trade reported in the last three hours of PTTS service, having a delay duration of 180 minutes, will be published at the end of PTTS service (8.30 p.m.).

Delay duration is calculated with reference to the time at which the transaction was executed and not to the time at which the transaction was reported.

Financial instruments other than shares cannot be immediately published on the market data feed, hence delayed publication should be requested in reporting a transaction, which will be published at the end of PTTS service ( at 8.30 p.m.).

Following the introduction of MiFID, any arrangement to make information public shall satisfy the following conditions<sup>6</sup>:

- ◆ *it must include all reasonable steps necessary to ensure that the information to be published is reliable, monitored continuously for errors, and corrected as soon as errors are detected;*

<sup>6</sup> Article 32 "Arrangements for making information public" of COMMISSION REGULATION (EC) No 1287/2006 of 10 August 2006

- ◆ *it must facilitate the consolidation of the data with similar data from other sources;*
- ◆ *it must make the information available to the public on a non-discriminatory commercial basis at a reasonable cost.*

The Post-trade Transparency service allows clients to public above information in respect of transaction on shares admitted to trading on a regulated market, under MiFID timetable or opting for a deferred publication.

# 3 PTTTS Service

## 3.1 Hours of Operation

The PTTTS service is available on Borsa Italiana's trading days with times as follows:

- 8:00 a.m. – 7:30 p.m. => trade reporting
- 8:30 p.m. => trade publication and end of the service

Above times may be updated in due course.

## 3.2 Service Description

The PTTTS service provides the off-market disclosure to fulfil the post-trade transparency obligations and publish information concerning transactions in real time.

Closing Price publications is not available via this service.

PTTTS service will enable clients to report transaction on MIT trading platform, where transaction reporting information are collected and then disseminated, after a delay or immediately, on the market data feed via MITCH.

Clients should note that the access to the PTTTS service is enabled via connection (market participants), when a company has been properly defined.

Moreover, the service will allow clients to meet the disclosure obligations through two alternative entry modes:

1. interconnected active channels via MIT Post Trade Gateway
2. manual transaction entry via Bit Trading Station (BTS) GUI or MiFID PTTTS web interface, including Bulk Transactions upload from file.

The service supports the following functionalities:

1. **Trade registration:** a trade could be submitted for registration on the next day (T+1) of execution. Whether the consideration of a trade on non share instrument is greater than 500.000 Euros, clients could communicate if they want to publish the quantity via market data feed or not (in accordance with CONSOB regulations).

2. **Trade cancellation for published trade:** cancellation for a trade already published on the market data feed could be requested only if the trade publication occurred on the same day.
3. **Trade amendment for unpublished trade:** trade amendment for unpublished trade should be done by cancelling the original trade report and submitting a new trade report.

All Trades must be reported in Euro (EUR), and consequently, the LastPx (31) should be filled with trade price in Euro value.

A client may use the Trade capture Report Request message to request the details of trades.

Further details are included in MIT204 BIT – Post Trade Gateway (FIX 5.0) Specification.

Note: reported trade is subject to maximum quantity validation and therefore if the submitted quantity is greater than 2.147.483.647 it is rejected.



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