

Xetra® Circular 39/2017

Action required! High priority!

Please note: This circular is only available in English language.

Date: 15.11.2017

Group of Recipients: **MiFID II Project Managers, Compliance Staff**, Xetra® Project Coordinators
Please forward the following letter to all other responsible persons

WBAG MiFID II / MiFIR – Record keeping requirements Further Implementation Information for Members

Dear Sir or Madam,

With this circular we would like to inform you in more detail about WBAGs MiFID II requirements for RTS 24 – Record keeping requirements “Short Code Solution” and Certification of Algorithm testing.

Note that file specification is outlined in circular 30/2017, Annex III and IV.

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A) MiFID SFTP account setup for members

As communicated in circular 30/2017 Members have been asked to provide connectivity information including IP addresses and contact details. (see Annex V circular 30/2017).

The submission deadline was set to October 31, 2017. Please note that in time SFTP setup for UAT can only be guaranteed by WBAG, if the Annex V was returned by end of October.

The following sub-folders will be made available via the MIFID SFTP account:

- Folder “simu”: validation of provided data with simulation environment of the trading systems (Xetra® Classic and T7®)
- Folder “prod”: validation of provided data with production environment of the trading systems (Xetra® Classic and T7®)

B) File upload mechanism

Members can upload files with data of the current trading day (**day t**) on the current trading day **until 7:00 pm** and on the next trading day (**day t+1**) **until 4:00 pm**. Files always have to be uploaded according to the filename convention given in the format specification (see details in circular 30/2017). Consequently, new files will overwrite already uploaded files from the same trading day.

Files have to be uploaded either into the “simu” or “prod” subfolders, according to the trading systems environment. Please ensure that files provided for “simu” will be sent with a trading day, which is also a batch day according to the trading systems simulation calendar!

In addition to the file content specifications in circulars 30/2017 and 34/2017 please note:

1. Client Info Reporting File / Inhouse Info Reporting File

Files in the specified format can be sent as of December 1, 2017. The validation process will check the Short Codes used in the transaction data (orders / quotes) on the specified trading day and will consider Short Code / Long Code mapping info, which was provided by the Members up to this point in time.

Members are responsible to provide all used Short Codes in their trading activity as of January 3, 2018 onwards.

2. Client Info Reporting File / Inhouse Info Reporting File – data record format

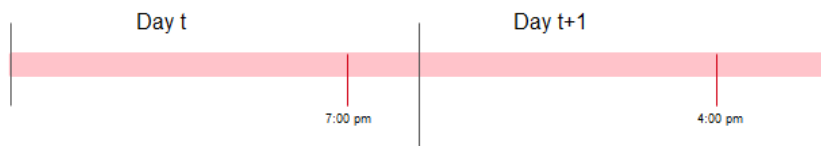
Field “NatIDCtryCode” and field “NatIDPrio” are conditionally required, i.e. if a Member submits a National ID these fields are mandatory, if a Member submits a LEI these fields are not required.

C) Record keeping requirements

Please find details regarding Client Info Reporting file specification in circular 30/2017, page 2 and Annex III and for Inhouse Info Reporting file in circular 34/2017.

Processing of the “Client Info Reporting File” and “Inhouse Info Reporting File”

a) Confirmation file mechanism – formal check of the uploaded files



- **Day t** between 10:00 am – 7:00 pm CET
Automated check every 5 minutes for new files uploaded by

If a member uploads a file **before 7:00 pm**, a Confirmation file* (formal check) will be produced on the SFTP server in the folder where the file was uploaded. Note that an eventually already existing confirmation file for the same trading day will be overwritten!

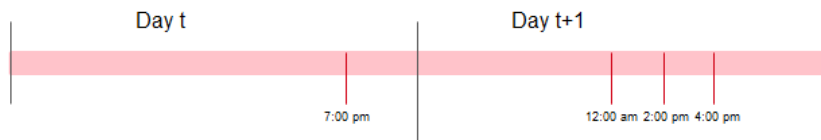
- **Day t+1** between 10:00 am – 4:00 pm CET
Automated check every 5 minutes for new files provided by members

If a member uploads a file **before 4:00 pm**, a Confirmation file* will be produced on the SFTP server in the folder where the file was uploaded. Note that an eventually already existing confirmation file for the same trading day will be overwritten!

If a member uploads a file after 7:00 pm on day t, the Confirmation file* will be produced on t+1 at 10:00 am.

*Please find specifications for confirmation files in circulars 30/2017 and 34/2017.

b) Feedback file mechanism – validation with order and quote data



- **Day t** short after 7:00 pm CET
- **Day t+1** short after 12:00 am, 2:00 pm and 4:00 pm CET
 1. Automated check for new files uploaded by members
 2. Validation with short code information found in the current days order and quotes data, taken from the trading system
 3. Feedback file* will be produced on the SFTP server in the folder where the file was uploaded

Please note that a Feedback file* will always be produced at the indicated times whether or not members have uploaded files!

*Please find specifications for Feedback files in circular 30/2017 and circular 34/2017.

Examples of Feedback files

- *Example A:* A file was uploaded by the member until the indicated time and the long code info for some short codes is missing →
The Feedback file contains the short codes where the long code is missing

- *Example B:* No file was uploaded by the Member until the indicated time →
 - o Case 1:
The long codes for the short codes found for the current trading day have already been provided by the Member on a previous trading day → nothing is missing, Feedback file = empty report (only header and footer part, no short codes)
 - o Case 2:
The long codes for the short codes found for the current trading day have not been provided by the Member
→ Feedback file contains the short codes where long code is missing

- *Example C:*
A file was uploaded by the Member until the indicated time and no long code info for some short codes is missing → Feedback file = empty report (only header and footer part, no short codes)

c) Reporting mechanism to NCA (Finanzmarktaufsicht)

- **Day t+1** at ~4:00 pm CET
Short code / long code information will be processed for submission to NCA.

Important: Note that the most recently provided file which has been successfully processed by WBAG will be relevant for WBAGs reporting to NCA

According to the times specified above, Member files for trading **Day t** will only be accepted **until Day t+1 4:00 pm**

D) Algorithms – regulatory requirements for testing certification

Member firms are required to assign AlgoIDs to their algorithms. Furthermore, Members are required to certify testing of these algorithms according to MiFID Article 48(6) of Directive 2014/65/EU (RTS 7, Article 10).

WBAG requests all Members to test their algorithms in a testing environment (either Cloud Simulation or integratedMember simulation) before the algorithms are used the first time or if there is a substantial update of an algorithm.

The “Reporting file for all AlgoIDs” (specified in circular 30/2017, Annex IV) therefore has to be provided event-driven and not on a daily basis. Members always have to upload the full file information, i.e. ensure proof of testing for all active AlgoIDs in use.

Note, that the confirmation and feedback file mechanism is the same as described for C) Record keeping requirements.

If no test certification of the algos used in production is missing an empty Feedback file will be produced on daily basis.

E) Testing of MiFID II files

As soon as MiFID SFTP account credentials have been set up by WBAG and are provided to Members, connection tests can start

- Test up- and download of files

Functional testing can start as of availability of the validation processes (Confirmation + Feedback files). WBAG plans to rollout this functionality in the “simu” and “prod” folder by end of November 2017. After rollout of the functionality the file mechanisms as described in C) a) + b) will be available on a daily basis.

Members will have the possibility to test in simulation as well as in the production environment.

a) Simulation & production environment

In the simulation environment of both trading systems (Xetra® Classic, T7®) the MiFID II software release versions (Xetra® Release 17.0, T7® 6.0) are already available and the following fields can be tested by the Members:

- Client ID
- Execution ID and Execution Qualifier
- Investment ID and Investment Qualifier

Please note: Members have to populate the field Client ID for all client transactions (order entry/modification). The Trading systems won't accept order transactions on “Agent” account without filling of the Client ID field.

As of launch of Xetra® Classic Release 17.0 on November 20, 2017 and of T7® 6.0 on December 4, 2017 these fields will be available in the production environment.

Consequently “dummy” Client IDs have to be sent by Members before MiFID II GO LIVE on January 3, 2018.

b) UAT user acceptance testing

Until MiFID II comes into force on January 3, 2018, it's not mandatory to test also on simulation environment. For new members as of January 3, 2018 testing in the simulation environment will be mandatory before rollout in production.

Members shall provide first data files based on production environment data by beginning of December 2017. As of then Members are enabled to test the validation on daily basis.

Note that correct short codes have to be provided when MiFID II comes into force on January 3, 2018. Before, Members can also test “dummy” Short codes in production.

Please note: WBAG will delete all open orders in the course of Xetra® Classic and T7® EOD processing on December 29, 2017.

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Short/long code mapping information provided by Members in the production environment and processed by WBAG as of begin of December 2017 will be deleted from WBAGs reporting database on Wednesday morning, December 27, 2017.

As of this point in time, WBAGs reporting database will consider every further Short/long code mapping information provided by Members via SFTP as “real” production data.

F) FAQ - file provision:

1. Can Short Code data be amended/added during the exchange maintenance window?
Yes, of course. The SFTP file provision is independent from the trading system. Maintenance windows for the FTP service will be set outside of processing times.
2. Does the exchange notify us if there are short codes files missing? Would an acknowledgement message be sent back? If so what is the form of communication?
Yes; you will be provided with the feedback files – I mentioned above. Feedback files include the short codes where the long code information is missed on WBAG side. Please compare with circular CI 30/2017, annex III.
3. If the Short Code Upload deadline is missed, what happens next?
Members will have the possibility to upload the information also on t+1. Members are responsible for correctness and in time provision of these data. If t+1 is missed then WBAG will not be able to provide data to our NCA. The actions to be taken if the deadline is missed are still under discussion at WBAG and NCA and will be published to the members as soon as possible.
4. How a Member has to fill in the field NatIDPrio?
NatIDPrio is related to RTS 22, table in annex II and table in CI 30/2017, annex I – columns 3 – 5 define the priority 1 – 3.
5. Does a Member have to provide complete Short Code data on January 3, 2018 or can Short Code data only be sent event-driven as used in the order and quote data on the respective trading day?
Both is possible, WBAGs system just checks the short codes used in the trading system on the respective trading days and considers the short/long codes already provided via SFTP.
6. When will population of the necessary record keeping fields become mandatory?
Correct population becomes mandatory as of January 3, 2018 when MiFID II comes into force. Please check also trading system release documentation on the filling rules. WBAG recommends populating the fields as soon as possible with production data to be able to start testing of the file transfer for short code information as described in circular 30/2017. Members are asked to provide the first files by beginning of December to start validation with the trading system.
7. Is it correct that short code of clients as well as execution ID and investment ID can be submitted via the “Client Info Reporting File”?
Yes, that’s correct. Please compare with the detailed information given in circular 30/2017, Annex III, point 1 and point 2 (page 11, 12)



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8. Is the Client Short Code unique per exchange or unique per member firm on the exchange?
The Client Short Code shall be unique per member firm on the exchange. WBAG has to map the field with the Country Code before submitting the reporting to the NCA. Members have to ensure a unique mapping from Client Short Code to Long Code. On Client Short Code can map to more than one Long Code but one Long Code has to exactly map to one Short Code.
9. Shall the member define the short codes?
Yes, Short codes have to be defined by Members
10. Shall a Member define an AlgoID?
Yes, a Member has to define the AlgoIDs and submit it via the trading system interfaces
11. Shall a Member register AlgoIDs at the exchange?
No, WBAG is not responsible for registration of AlgoIDs. WBAG has to collect the proof of Members that each algorithms used in the production system was tested before (please compare circular 30/2017, item 3, page 3, 4)
12. What happens to orders and quotes that will be submitted without the respective short code information? Will they be rejected?
The ClientID is mandatory when the Account Type (Capacity) is "A"gent. There is no further validation check in the trading system. Members are responsible to provide respective short codes for the order audit trail and transaction reporting of the Trading Venue towards the NCA/ESMA and are responsible for correctness and completeness of the delivered content.
13. Can we provide client LEI short codes and natural person short codes in the same file rather than as two separate files?
Yes, it is requested by WBAG to send it in one file (Client Info file). We only requested a separate file for "non-admitted persons that take an investment or execution decision" as described in circular 34/2017.
14. Is the file format for uploads in .DAT format rather than .CSV?
WBAG requests .DAT according to the specifications
15. Are we able to upload the full Client info file daily rather than a delta file?
WBAG implements delta logic and therefore, would prefer delta files. Anyhow, if you would need to send only full files then make use of the field StatusIndicator "M(modify)" for already submitted data.
16. What are the consequences if we do not upload a mapping file to you after the 4:00pm T+1 daily cut off time?
This is still under discussion at WBAG. You will be informed about the consequences as soon as possible by a separate circular.
17. Please can you provide a full list of your MICs for the file submission?
Please only use the WBAG MIC "XVIE"
18. Specification of Client Info Reporting File: What happens when we set field 2 (status indicator) to N (new) for a record that already exists in your system?
You'll get an error message for field 2 in the Confirmation file. Please only submit new records with status indicator "N"

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19. Specification of Client Info Reporting File: What happens when we set field 2 (status indicator) to M (modify) for a non-existing record?
You'll get an error message for field 2 in the Confirmation File. "M" shall be used for modifications only, e.g. if you provide a new CONCAT because surname was changed
20. Specification of Client Info Reporting File: Is field 5 (classification) always "N"?
No, if you use a short code for a LEI (for institutional clients, please compare with circular 30/2017 on page 2) in the trading system please provide the LEI in the ClientLongValue (field 8) and classify it with "L" in field 5
21. Specification of Inhouse Info Reporting File: What does field 8 (InhouseLongValue) represent?
InhouseLongValue has to be provided with the Inhouse Info Reporting File. This file is relevant for non-admitted persons that may take the investment and execution decision of proprietary flow.

G) Sample files

Attached to this circular please find a set of sample files, which should ease understanding of WBAGs processing logic of MiFID files provided by Members:

- CLIENT_INFO_ABCVI_20171027.DAT
- CLIENT_INFO_CONFIRMATION_ABCVI_20171027.DAT
- CLIENT_INFO_FEEDBACK_ABCVI_20171027.DAT
- INHOUSE_INFO_ABCVI_20171027.DAT
- INHOUSE_INFO_CONFIRMATION_ABCVI_20171027.DAT
- INHOUSE_INFO_FEEDBACK_ABCVI_20171027.DAT
- ALGO_INFO_ABCVI_20171027.DAT
- ALGO_INFO_CONFIRMATION_ABCVI_20171027.DAT
- ALGO_INFO_FEEDBACK_ABCVI_20171027.DAT

Should you have any further question on our MiFID II Implementation Project, please contact our MiFID II Project Office via <mailto:mifidproject@wienerborse.at> or alternatively by phone +43-1-53165-218 or 183.

Kind regards
Wiener Boerse AG
MiFID II & Xetra® - Project Teams