

Bemærk at der stadig udestår et enkelt uafklaret punkt på planche 4 vedrørende indberetningen af Trade ID for OTC transaktioner.

Når dette forhold er endelig afklaret, vil svaret blive lagt ud på hjemmesiden.

# N-TRS

Information meeting  
Copenhagen 26 April  
Stockholm 27 April



1. Data quality issues
2. Changes – an overview
  - Background
  - Changes taking effect December 1<sup>st</sup> 2010
3. Changes overview
  - Technical information
4. OTC derivatives
  - Background
  - New schema
  - Time plan
5. AOB

## Agenda

# Data quality issues

- Trade ID
- Still missing or wrongly reported (formats) for a lot of transactions.
- Trade ID and OTC-transactions – To be announced soon!

## Data quality (locally)

- Many errors highlighted in newsletters are still found in the transaction reports:
  - Use of internal code for professional counterparties or clients who have a BIC-code
  - Timestamps are inaccurate or being reporting in wrong time zones
  - Error in venueidentification regarding client transactions (XOFF)
  - Counterparty (the real) inserted in ClientCode/Client Name

## Data quality (locally)

- Warehousing:
- Transactions must be reported on a daily basis!
- Aggregates of days and weeks are not allowed.
- Makes market surveillance very difficult or impossible.

## Data quality (locally)

- Error codes
  - CIM-error (Client information missing) cause of many rejections – up to 3000 pr. month pr. reporting party
  - MTI-error ( up to 2000 pr. month pr. reporting party
  - Other error-codes such as IISIN (bad ISIN-code, failed checksum) constitutes many rejections as well.
- Feedback files – if no action is taken, there will be missing transactions in our database

## Data quality (locally)

- CIM = Client Information Missing

```
<CounterPartyCodeType="C">999888777</CounterParty>  
<VenueCodeType="O">XOFF</Venue>  
<ClientName>JOHN DOE</ClientName>  
</Transaction>
```

**wrong (CIM)**

VS

```
<CounterPartyCodeType="C">999888777</CounterParty>  
<VenueCodeType="O">XOFF</Venue>  
<Client CodeType="I">999888777</Client>  
<ClientName>JOHN DOE</ClientName>  
</Transaction>
```

**correct**

See TRS Report Format for Reporting Party vers 2.49, and newsletter 18. January.

**Data quality (locally)**

- General remarks: We use the TRS-data extensively on a daily basis!
  - Very important that data is correct and accurate, as we rely on it for market surveillance (Trace2)
- Sanctions: Always based on case by case, however missing reports (no matter if technical or other wise) are likely to be sanctioned.
- Validate your reports and feedback files!  
The responsibility lies on the reporting party – not the technical reporting party.

## Data quality (locally)

- Please be aware that any failure will be sanctioned
- Sanctions for failing to report correctly
  - Reprimand
  - Injunction
  - Report to the police

## Data quality (locally)

# Changes – an overview

- TREM 3.0 changes
  - New features of the initial TREM core system
  - Reception and usage of new reference data
  - OTC derivatives transaction reports – reception

## Background

- Client names on all transaction reports  
(Only Denmark)

Changes taking effect Dec 2010



# Technical changes

- Feedback schema will change. Errorcodes will be removed. Errorcodes will be announced on web-site (for the relevant Competent Authority).
- Transaction schema: minor change for AII product codes: will now allow '+' in the code.
- More strict validation (eg. CIM error for client information)

## Technical information

Validations for Client, Counter party, Trading Venue and Reporting Party is done per transactions trading date

Existing Error Codes	Abbreviated from
IVI	InvalidVenueIdentification
IPN	InvalidPriceNotation
ICC	InvalidCustomer/Client
ICPC	InvalidCounterPartyCode

Error codes changes

Error Code	Text
IRFTD	InvalidReportingFirmTradingDate <i>Reporting firm is invalid for trading date of transaction.</i>
VII	VenueInconsistantInstrument <i>The trading venue is not consistent with the instrument codifications. Trading Venue (All market or not) match transactions instrument id type</i>
IPNIT	InvalidPriceNotationInstrumentType <i>The currency code is invalid for instrument type. Only debt instruments can use pre-euro currencies</i>

## New error codes

## Test environments (Denmark only):

Two test environments: TEST1 and TEST2

TEST1: always the same version as in production

TEST2: will have the new version (or the same as production).

All reporting parties should have received credentials for both environments. If in doubt contact me at [trsdrift@bec.dk](mailto:trsdrift@bec.dk)

We expect TEST2 to be available medio September 2010 with new version of TRS for testing.

## Test environments



# OTC derivatives

- Purpose is to detect market abuse and maintain the integrity of the market
- CESR chairs approval May 2009
- CESR consultations on identification, classification and guidance to report transactions on OTC derivative instruments (ended 1 April 2010)
- Other initiatives are running in parallel in this area

## Background

- OTC derivatives:
  - Options
  - Warrants
  - Futures
  - CfDs & TRS
  - Spreadbets
  - Swaps (except CfDs, TRS and CDS)
  - CDS
  - Complex derivatives

## Background

- Transactions in OTC derivatives that must be reported:
  - CDS on single issuer
  - Swap between performance of index and a single stock on a given date
  - Swap between performance of two different stocks

## Background

- Schema from CESR in a near future so more to come later
- OTC derivative specific requirement:
  - Instrument id: ISIN of the ultimate equity or bond (eg. option on a future on a share, this is the ISIN of the share)
  - Expiration date: if multiple expiration dates, the latest expiration date should be populated

## New schema

- Unit price: market practice is the premium
- CDS Markit red code (at least at start)

**New schema**

- Expected go live date 1. March 2011
- 6 months for the industry to implement
- Information meeting at the latest in September 2010

## Time plan

AOB

