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GLOBAL FOREIGN EXCHANGE DIVISION

MEETING WITH ECB OMG June 22 2017

Agenda

- MiFID II/R update
- Transparency
- GFXD publications



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MiFID II/R: FX reminder

- Go live is 3rd January 2018
- Scope of MiFID II/R in relation to FX
 - All FX products except FX spot are in scope
 - FX spot includes FX security conversions and broadly those FX trades entered into for goods/payments
- FX is currently deemed illiquid as an asset class
 - ESMA determined that the whole FX asset class would be deemed illiquid at go-live
- What does the illiquid classification this mean for FX?
 - Non-equity transparency (RTS 2): NCAs can apply waivers for pre-trade and deferrals for post-trade obligations.
 Expected that pre-trade will be waived and that a deferral will be in place for post-trade but the deferral may be different in each jurisdiction in Europe
 - No mandatory trading obligation for FX
 - Transaction Reporting (RTS 27/28) will still be required from go-live. Data collation from 1 January 2018 to 31
 March 2018 for the first Best Ex reporting obligation due by 30 June 2018
 - Mandatory clearing (RTS 26) is determined via EMIR. Voluntary clearing flows will not be impacted by the illiquid classification but will need to be updated to reflect RTS 26 requirements



MiFID II/R: GFXD Focus Items

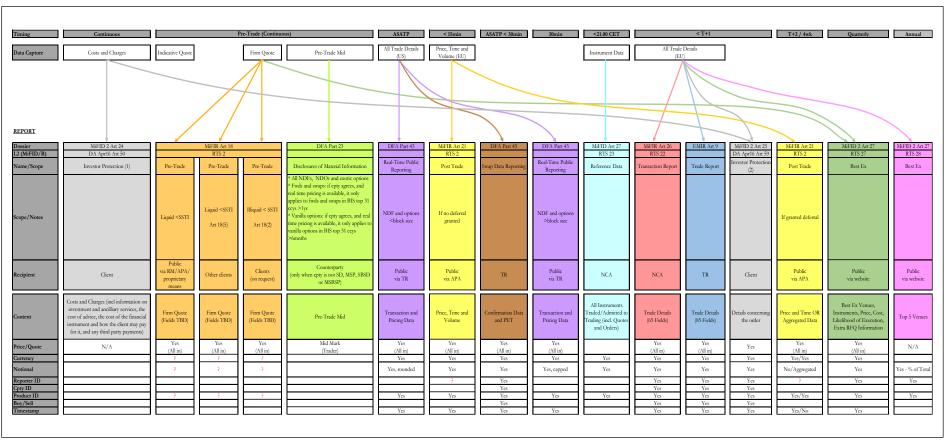
The GFXD has historically focused on the themes of liquidity, trading obligations and transparency. Whilst this is still the case we are now looking at other items when the needs arise, especially implementation. We actively engage with other sell and buy-side trade associations

- Current implementation deep-dive areas are
 - Transparency and Reporting
 - Best Execution
 - Trading and venue preparedness/flows (including taxonomies)
 - ISIN including FX swaps
 - LEI
 - Costs and charges
 - Trading venue preparedness
 - Extraterritoriality



Transparency – EU and US obligations

Scope: what, when and to whom





GFXD Publications

- GFXD have now published as series of documents to provide interpretative guidance to FX market participants and certain MiFIR obligations
- These documents can be found at http://gfma.org/Initiatives/Foreign-Exchange-(FX)/FX-MiFID-Working-Group
- Transparency
 - We have published interpretative guidance for MiFIR Post Trade Reporting (RTS2) and Transaction Reporting (RTS22) for FX Forwards, FX NDF and FX Options, specifically on how to harmonise the reporting of Price, Quantity and Notional
 - We have published interpretive guidance for MiFIR Transaction Reporting and EMIR trade reporting, specifically on how to harmonise the reporting of FX Option Type
- Engagement with Trading Venues
 - We have published a questionnaire which firms can use in any dialogues with Trading Venues. The questionnaire is designed to cover the main areas where additional information is required

