# Bloomberg & MIFID II

FXCG Meeting Oct 5th 2017

Agenda

- **Breadth of the challenge**

    – Broad functional response to Mifid II

    - Many competitors but few if any at the same scale

- **Organisational challenges**

    – Global business with regional requirements

    - Liquidity Fragmentation

- **External Dependencies**

    – ESMA Data / ISIN Generation

    – Affect on off-platform flows.

- **Customer Preparedness**

    – Execution

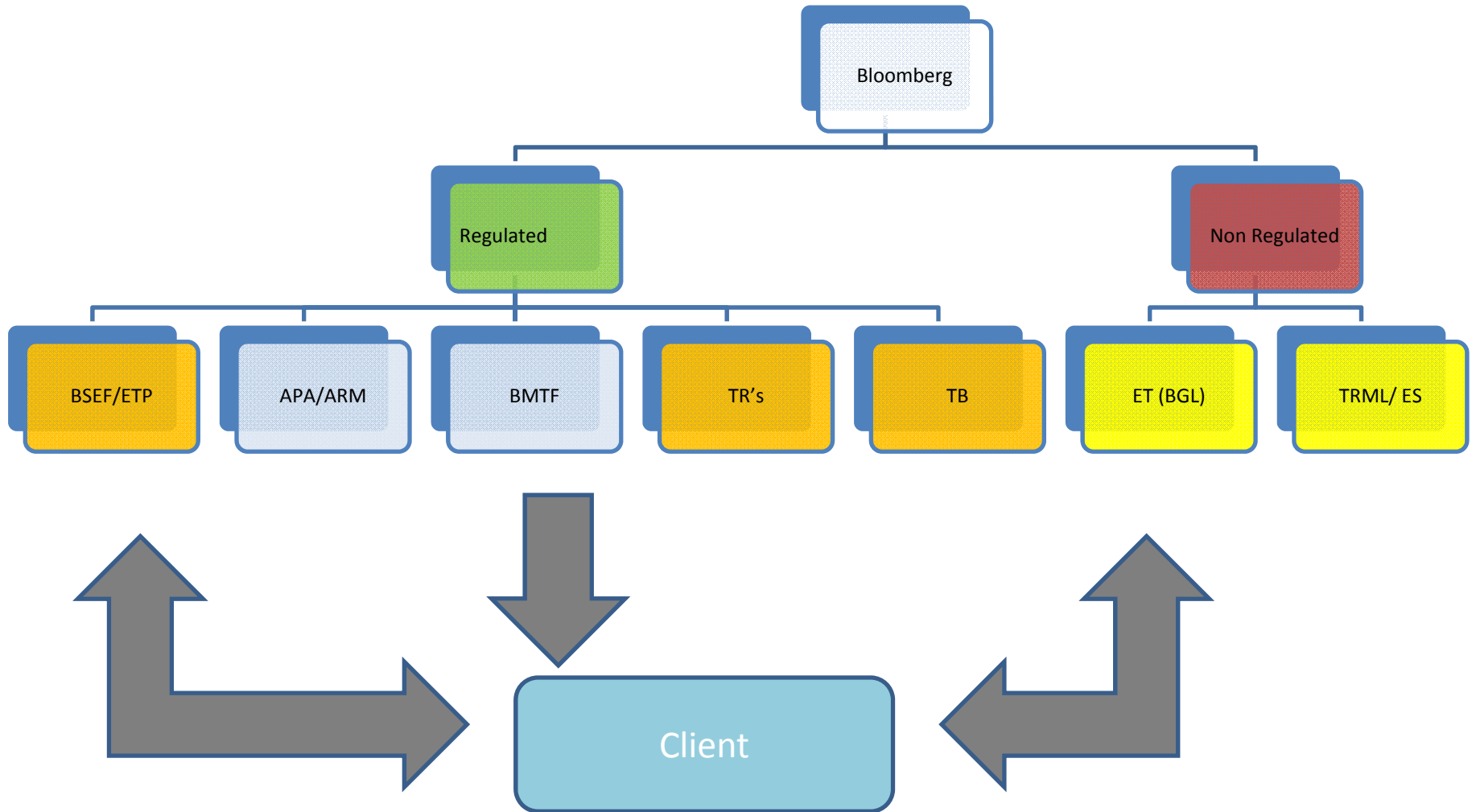   – Other requirements

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Breadth of Mifid II provision
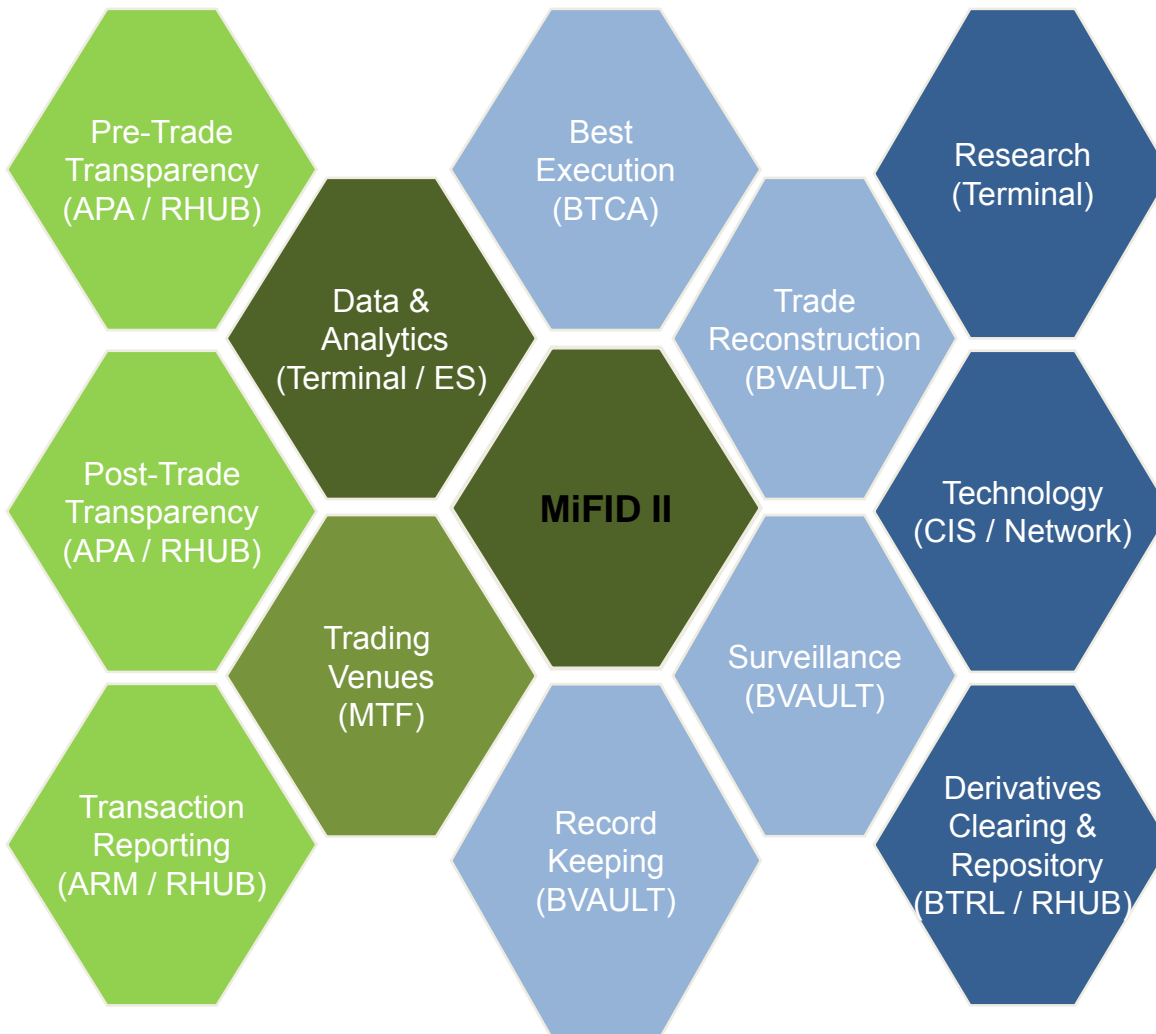
- **New Businesses**
  - RHUB APA ARM
- **E-Trading**
  - EMSX / Trade-book
  - FIT
  - FXGO
- **Execution & Order Management**
  - TSOX
  - AIM
  - TOMS
  - SSEOMS
- **Enterprise**
  - Data feeds (RT & EOD)
  - TCA
  - VAULT
- **Terminal**
  - Reference Data
  - Research
  - DAPI
  - IB – STW
- **Connectivity**
- **~30 work-streams**

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Organisational Challenges

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Platform & Liquidity Fragmentation

- **Pre Mifid II**
  - Liquidity fragmentation less of an issue
    - EEA liquidity providers could :-
      - provide liquidity to US customers on SEF (SWAPS only)
      - everyone else including Asia off SEF

- **Post Mifid II**
  - Now Fragmentation is real
    - European Dealers only able to provide liquidity on MTF
      - no recognised platform equivalence.
      - Asian Clients have to source local and EEA liquidity separately
    - Risk of losing further liquidity for European clients – e.g Latam
  - 3rd country participants <u>can</u> execute on MTF
    - There are considerable implications
      - MTF reporting Obligations / Provision of PII data
    - Debate exits around rest of world vs EEA trading
      - Corporate platform for Forwards & Swaps
      - Orders including Algos (EMSX analogy) / Affirmations
      - FI Single dealer pages / IB
      - Legal debate
    - What constitutes EEA Participant
      - Sales Person / Auto-Pricer - Asia priced from EEA Auto- pricer eg
   - Overseas person exemptions

- **Need for seamless customer experience**

5


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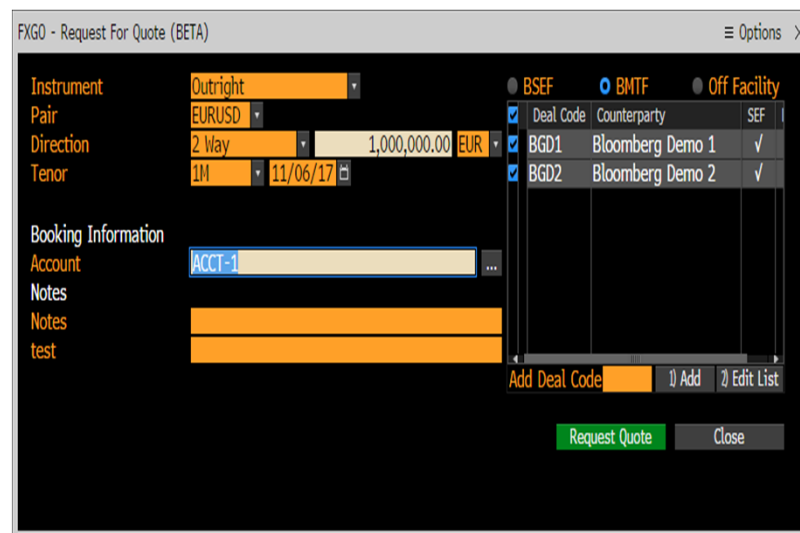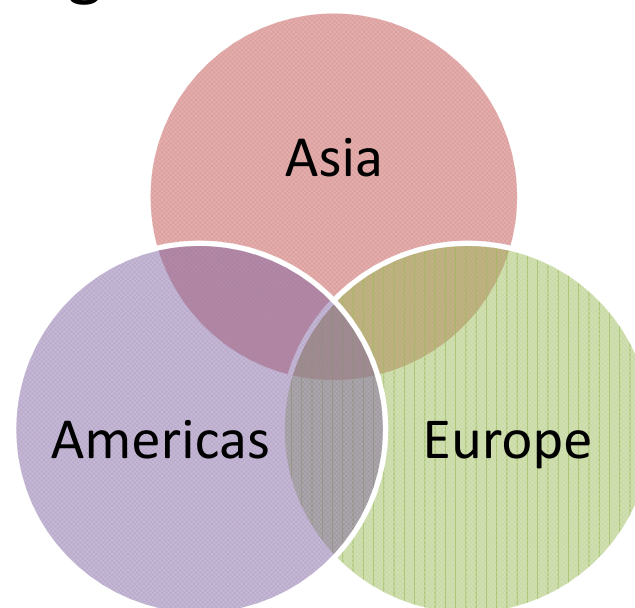
3rd Party Dependencies

- **ANNA DSB**

  - MTF must provide ISIN for TXN reporting

    - We will preload as much as possible

    - When RFQ trade request comes in we can attach an ISIN to it

    - Bulk create ISIN's where for e.g they don't exists for that trading day

    - What if ISIN doesn't exist ?

      - Trade request field will be empty

      - ISIN attached as part of post trade message
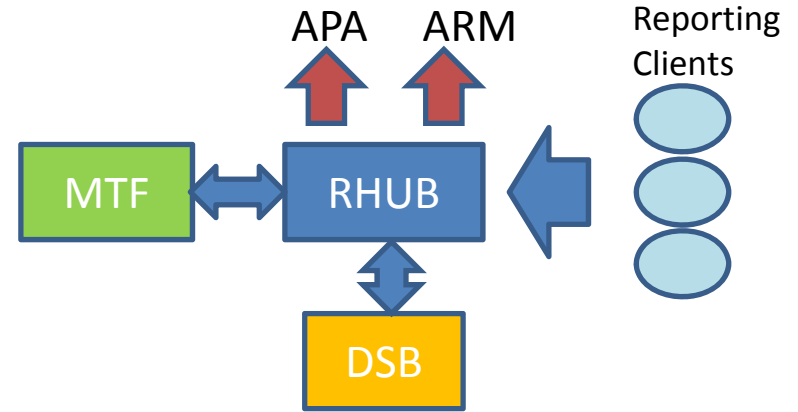
  - SWAPS

    - Significant issue is requirement for single ISIN for swaps

    - Originally to be composed of 2 forwards

      - ESMA dictated Anna DSB will replace leg identifiers with a single ISIN

      - This makes pre-loading challenging

    - Banks book as 2 forwards – technology implications

      - Transaction reporting challenges
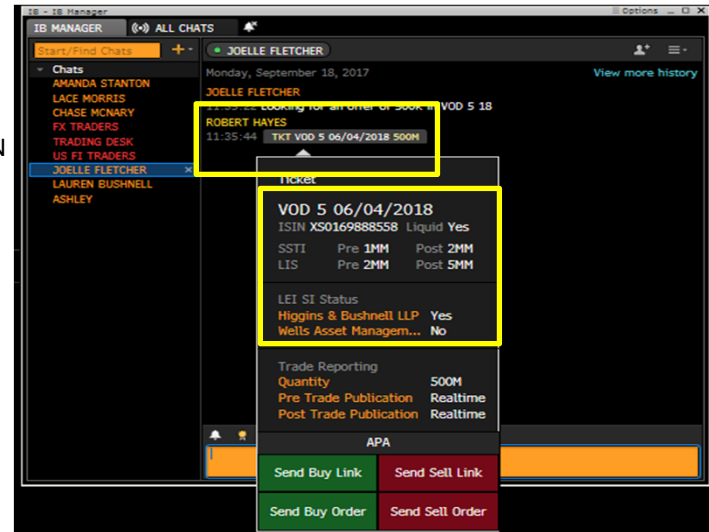
- **ESMA**

  - SI status is Opt in pre 2018

    - Mechanism for aggregation of data

      - Opt in at Sub Asset Class Level – Issuer level fro bonds

      - Transparency has huge affect on reporting efficiency

  - Important for trade flow off platform through IB

  - Timestamps

    - Buy-side

    - Sell-side

Table 9 – information to be published as referred to in Article 8

Mean time elapsed between acceptance and execution	
Median time elapsed between acceptance and execution	
Mean time elapsed between request and provision of any corresponding quotes	
Median time elapsed between request and provision of any corresponding quotes	

Customer Preparedness

% Respondents

- **Bloomberg MTF is Live**

  – FX Sep 18th

  – Equity Aug 24th

  – FIT July 20th

- **General Observations**

  – Bloomberg Enterprise Survey results

    • Mix of Buy-side and sell-side participants

  – Not possible to be 100% ready ? What does 100% compliant look like ?

  – **'90% of Buy-Side at Risk of Non-Compliance By MiFID II Deadline'; JWG July 2017**

  – **'6% of Asset Managers ready for Mifid II Best Ex Standards'; Traders Magazine Sep 17**

- **On-boarding**

  – At some point as a vendor it becomes impossible to guarantee Jan 3rd Compliance

Legend:
- 100% (yellow)
- 80-100% (blue)
- 60-80% (green)
- < 60% (red)

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