MiFID II / MiFIR Flagging Requirements

Execution decision, investment decision, client ID and DMA

Eurex and Frankfurter Wertpapierbörse (FWB) MiFID II / MiFIR flagging requirements and the short code solution

Since 3 January 2018, MiFID II / MiFIR requires all trading participants to identify algorithms, natural or legal persons of "execution within firm", the "investment decision within firm" and the "client identification code" (Article 48(10) Directive 2014/65 EU and Article 25(2)(3) Regulation 600/2014). These requirements were incorporated in the Eurex Exchange Rules §15 and §68 and FWB® Exchange Rules §74 and §114.

The "short code solution" was introduced in order to populate the MiFID II / MiFIR order and quote fields Execution Decision, Investment Decision and Client ID. The short code solution is an EU wide industry solution adopted by Eurex and FWB in order to harmonise trading venues' requirements. For further details, please refer to the "Information Handbook for audit trail, transaction and other regulatory reportings" on:
Eurex.com >> Rules & Regs >> MiFID II & MiFIR >> Client & Member Reference Data
Xetra.com >> Newsroom >> Current regulatory topics >> MiFID II & MiFIR

MiFID II / MiFIR fields and valid values

- Execution Decision: Algo ID (non-encrypted) in case of an algo taking the decision, or the short code for a National ID (natural person) or for "NORE" if the execution decision was not taken within the member firm.
- Execution Qualifier: "22" in T7 in case of an algo; "24" in T7 in case of a natural person.[1]
- Investment Decision: Algo ID (non-encrypted) in case of an algo taking the decision, or the short code for a National ID (natural person) or left empty if the investment decision was not taken within the member firm.
- Investment Qualifier: "22" in T7 in case of an algo; "24" in T7 in case of a natural person[1] or empty
- Client ID: Short code for a Legal Entity Identifier (LEI) in case the client is a legal person, or for a National ID in case the client is a natural person, or for "PNAL" for pending allocations or for "AGGR" for aggregated orders.

Proprietary accounts (ESMA trading capacity DEAL)

Flagging options	Execution Decision	Execution Qualifier	Investment Decision	Investment Qualifier	Client ID
Execution and investment decision taken by an algo.	Algo ID	T7: 22 (for an algo)	Algo ID	T7: 22 (for an algo)	-

[1] Values might differ depending on the interface.

Flagging options	Execution Decision	Execution Qualifier	Investment Decision	Investment Qualifier	Client ID
Execution decision taken by an algo. Investment decision taken by the trader or another person within the member firm.	Algo ID	T7: 22 (for an algo)	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	-
Execution decision taken by the trader or another person within the member firm. Investment decision taken by an algo.	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Algo ID	T7: 22 (for an algo)	-
Execution and investment decision are both taken by the trader or another person within the member firm.	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	-

Agent account (ESMA trading capacity AOTC) and riskless principal account (ESMA trading capacity MTCH); client ID mandatory

Flagging options	Execution Decision	Execution Qualifier	Investment Decision	Investment Qualifier	Client ID
Execution and investment decision taken by an algo.	Algo ID	T7: 22 (for an algo)	Algo ID	T7: 22 (for an algo)	Short code for LEI or National ID, PNAL or AGGR
Execution decision taken by an algo. Investment decision taken by the trader or another person within the member firm.	Algo ID	T7: 22 (for an algo)	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Short code for LEI or National ID, PNAL or AGGR
Execution decision not taken within the member firm. Investment decision taken by an algo.	Short code for NORE	T7: 24 (for a natural person)	Algo ID	T7: 22 (for an algo)	Short code for LEI or National ID, PNAL or AGGR
Execution decision not taken within the member firm. Investment decision taken by the trader or another person within the member firm.	Short code for NORE	T7: 24 (for a natural person)	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Short code for LEI or National ID, PNAL or AGGR
Execution decision and investment decision not taken within the investment firm.	Short code for NORE	T7: 24 (for a natural person)	Empty	Empty	Short code for LEI or National ID, PNAL or AGGR
Execution decision taken by the trader or another person within the member firm. Investment decision taken by an algo.	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Algo ID	T7: 22 (for an algo)	Short code for LEI or National ID, PNAL or AGGR
Execution and investment decision are both taken by the trader or another person within the member firm.	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Short code for LEI or National ID, PNAL or AGGR
Execution decision taken by a person of the member firm other than the trader or the trader and the investment decision not taken within the investment firm.	Short code for the National ID of the trader/person	T7: 24 (for a natural person)	Empty	Empty	Short code for LEI or National ID, PNAL or AGGR

Agent account (ESMA trading capacity AOTC) and riskless principal account (ESMA trading capacity MTCH); client ID mandatory

Flagging options	Execution Decision	Execution Qualifier	Investment Decision	Investment Qualifier	Client ID
Execution decision taken by an algo and the investment decision not taken within the investment firm.	Algo ID	T7: 22 (for an algo)	Empty	Empty	Short code for LEI or National ID, PNAL or AGGR

Eurex and Frankfurter Wertpapierbörse (FWB) Direct Market Access (DMA)

Trading participants can provide Direct Market Access (DMA) to their clients according to the Directive 2014/65/EU, Article 4 (1)(41). This requires a registration as per Eurex exchange rules §57 "Direct Market Access" or FWB Exchange Rules §38 "Direct Market Access", as well as a registration with both BaFin and the Exchange Supervisory Authority State of Hesse.

DMA registrations

1. Eurex and FWB
Trading participants are required to apply for the DMA provider authorization via form.
Please contact your Key Account Manager (KAM) for further information.

2. BaFin
Please also register with the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). The registration is done using the standard form DEA „Notification pursuant to section 77(2) sentence 1 of the Securities Trading Act regarding offering DEA pursuant to section 2(30) of the WpHG", available at:
www.bafin.de/SharedDocs/Downloads/EN/Formular/WA/fo_20180102_Formular_DEA.html
Please submit the form to BaFin, email address:
deaanzeige@bafin.de

3. Exchange Supervisory Authority State of Hesse
Please register with the Exchange Supervisory Authority State of Hesse through "Obligation to notify provision of direct electronic access", available at
https://verwaltungsportal.hessen.de/sites/default/files/media_documents/0458_Meldung_Anbieten_eines_direkten_elektronischen_Zugangs_englisch_112017.pdf
Please submit the form to the Exchange Supervisory Authority Hesse, email address:
reporting@wirtschaft.hessen.de

Technical set up

To identify DMA flow, trading participants must use the DMA flag (technical name: OrderOrigination), which is available in the order request. Please check the DMA documentation for further information. Available at:
Eurex.com >> Rules & Regs >> MiFID II/MiFIR >> DEA/DMA/ORS
Xetra.com >> Newsroom >> Current regulatory topics >> MiFID II and MiFIR >> DMA

MiFID II / MiFIR regulatory flagging

All trading participants should flag their DMA flow accordingly (ESMA 70-872942901-38). See below the agent and riskless account DMA flagging.

Agent account (ESMA trading capacity AOTC) and riskless principal account (ESMA trading capacity MTCH), client ID mandatory

DMA flagging	Execution Decision	Execution Qualifier	Investment Decision	Investment Qualifier	Client ID
Investment and execution decisions not taken within the participant firm.	Short code for NORE	T7: 24 (for a natural person)	Empty	Empty	Short code for LEI or National ID

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