

Circular 19/160 MiFIR: Enhanced Order Validation Process

Category
Regulations

Attachments
None

The purpose of this Circular is to inform Members that the Exchange intends to enhance the validation which it applies to orders as a means of ensuring that such orders meet the Exchange's data requirements and comply with the order retention and transaction reporting provisions of the Markets in Financial Instruments Regulation ("MiFIR").

MiFIR requires that every order contains seven specific pieces of information¹ and ICE has developed a dedicated database, ICE Identifier Admin ("IIA"), in which to hold this information. Members and their Clients are required to submit their orders with short codes or a profile which references data held in IIA².

Enhanced Validation Process

The Exchange's current order validation process requires short codes for three of the seven pieces of information, i.e. for: "Execution in Firm", "Investment Decision" and "Client", or a profile to be submitted with every order. Where an order does not contain this relevant information, it is rejected and does not pass into the Exchange's order matching systems. However, there have been instances of orders being submitted with associated short codes and profiles that are not currently set-up in the IIA database; such deficient orders have reached the Exchange's matching systems.

To prevent this problem occurring, the Exchange's validation process will be enhanced to check that any short code or profile provided with an order references a short code or profile that is currently set-up in IIA. **Where a short code or profile is found to be absent from IIA, the order will be rejected.** If a Member's orders are being rejected for this reason, the addition of the missing information to IIA will resolve the problem in respect of subsequent orders.

The Exchange is aware that many Members utilise IIA's intra-day automatic email notification service which informs the Member or Client that a new short code has been used. The Member or Client then acts to add that short code to IIA by the close of business. Such a procedure will no longer be effective, and Members and their Clients will need to ensure that new codes are added before any orders are submitted to the Exchange rather than after this point in time.

The Exchange expects to release the new validation to its production systems in the first quarter of 2020. A further Circular will be issued nearer the time to provide Members with the precise release date.

Required Action

The Exchange does issue additional daily error reports to Members by email detailing orders and transactions which have referenced short codes that have not been set-up in IIA. **Members are strongly advised to review these reports now and to take steps to enhance their reference data procedures without delay to avoid order rejections once the enhanced validation process is operational.**

¹ See ICE Futures Europe Circular [18/108](#)

² The IIA Guide can be found [here](#)

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16 October 2019

Please ensure that the appropriate members of staff within your organisation and your Clients are advised of the content of this Circular.

Signed:



Laurence Walton
Head of Regulation and Compliance

For more information, please contact:

Greg Stevens
Director, Reporting Operations
+44 (0)20 7050 1048
greg.stevens@theice.com
Compliance-Europe-MiFIDReporting@TheIce.com

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