



TP ICAP Americas MiFID II Webinar

For clients of TP ICAP, only.

Presenters

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Agenda

1. Introduction to TP ICAP
2. Interaction with TP ICAP EU venues
3. TP ICAP trading venues
4. Equivalence in MiFID II
5. Non-EEA country access to our trading venues
6. Data requirements
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8. How are TP and ICAP meeting MiFID II responsibilities?
9. Concluding remarks
10. Q&A

1. Introduction to TP ICAP

John Abularrage

TP ICAP – what we do

- TP ICAP is a global firm of professional intermediaries that plays a pivotal role in the world's financial, energy and commodities markets. We provide market intelligence, trade execution solutions and advanced analytics.
- TP ICAP plc is the parent company of our group. Following the acquisition of ICAP, we have two core brokerage brands – Tullett Prebon and ICAP – that continue to operate separately.
- Business lines will be ready for MiFID II.



MIREXA CAPITAL



Global Broking
the largest hybrid voice broker covering rates, FX, treasury, credit and equities

Energy & Commodities
operates markets in oil, gas, power, renewables, ferrous metals, base metals, precious metals, soft commodities and coal

Institutional Services
provides a range of high-value services including pre-trade information and intelligence, intermediation and post-trade solutions

Data & Analytics
provides pricing, reference data and analytical tools for major asset classes and markets

Our global footprint

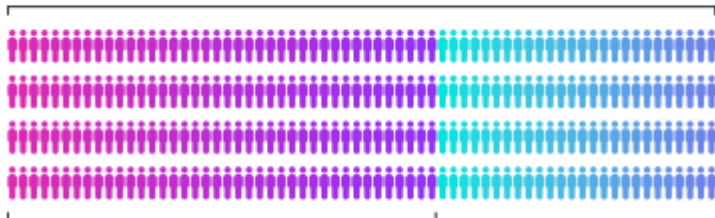
Together, we are the world's largest interdealer broker.

31 countries

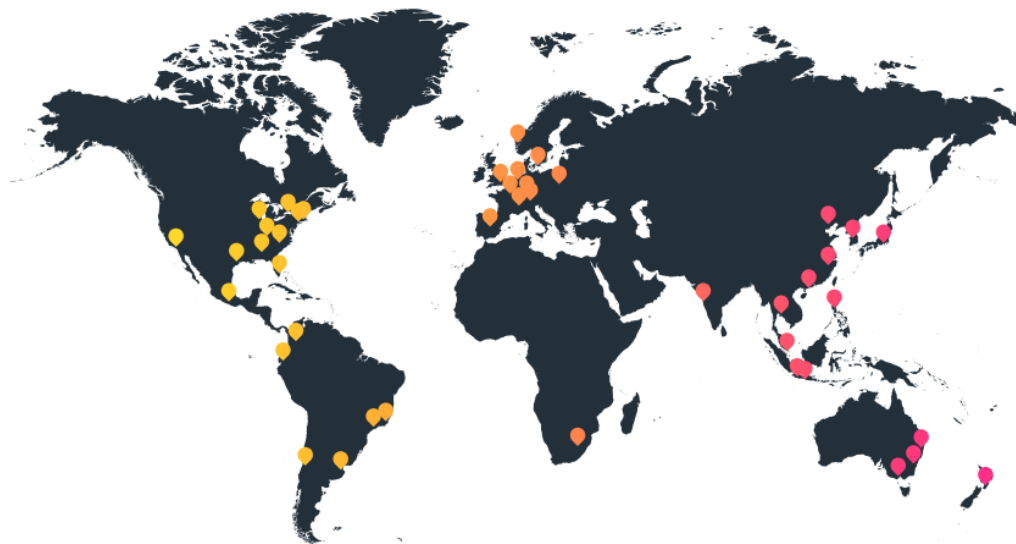
53 cities

70 offices

5,500 Staff



3,425 Brokers



Blueprint for success

- 1** We provide comprehensive analysis and insight into market conditions and long-term trends.
- 2** We combine data, knowledge and intelligence into contextual insight and commercial guidance.
- 3** We enable our clients to transact with confidence, facilitating the flow of capital and commodities, enhancing investment and contributing to economic growth.
- 4** Our values of honesty, integrity, respect and excellence underpin everything we do.

An award winning company



Between Tullett Prebon and ICAP, we won a total of 23 categories.



2. Interaction with Tullett Prebon and ICAP

EU venues

David Poole

Interaction with Tullett Prebon and ICAP EU venues

Scope of instruments

The information in this webinar applies to securities and certain swaps, as defined under US regulations.

How does MiFID II impact me when I interact with Tullett Prebon and ICAP European venues?

Access to European trading venues is subject to local regulations.

Does pre trade-transparency apply to my orders on European venues?

All transactions conducted on European trading venues will be subject to pre- and post-trade transparency however, there are exceptions provided within MiFID II for pre-trade transparency.

What reporting obligations do I have?

MiFID II reporting obligations will not apply directly to non-MiFID II Investment Firms using our venues, but we will require some additional information from you.

What additional information am I required to provide in order to continue trading?

Tullett Prebon and ICAP will require your firm's Legal Entity Identifier (LEI) for all trades that have any interaction with our EU entities and in some instances we will require additional data.

How does linking activity work post MiFID II go-live?

Linking activity between your local broker and any of our entities in the EU, subject to local regulations, may continue.

3. TP ICAP Trading Venues

Jeremy Venables

TP ICAP European Trading Venues

Client interaction with our brokers and trading platforms.

- Tullett Prebon and ICAP will operate several Organised Trading Facilities (OTFs) and Multilateral Trading Facilities (MTFs) in Europe.
- We will support all MiFID II asset classes currently traded and any new products on our MiFID II trading venues.
- Transparency reporting requirements will be taken care of by the venue.
- Our venues permit non-EEA firms to price, provide liquidity and market-make on our trading venues, where local rules permit.
- Rate cards for Tullett Prebon and ICAP venues will be communicated to our clients from October onwards.

Trading Venues (OTFs & MTFs)

Organised Trading Venues (OTFs)

Hybrid

- Our OTFs will provide hybrid functionality, allowing clients to interact via brokers within the OTF or directly with our platforms, subject to local requirements
- Brokers will interact with client interest in a similar manner to today:
 - Through voice
 - Or through placing interest onto trading platforms on behalf of clients

Discretion

- Brokers within the OTF will have oversight of interest placed in the venue

Multilateral Trading Facilities (MTFs)

Non-discretionary




- Non-discretionary execution, CLOBs, matching solutions, etc.
- Client interests and orders can be placed onto the MTF subject to local requirements


Trade Registration

- Orders above size defined by the venue (e.g. Large in Scale (LIS)) can be arranged under the rules of the MTF and then blocked/registered on the MTF, subject to local requirements

Trading Venues & Asset Classes

TP ICAP expects to operate the following trading venues (MTFs and OTFs) from 3 January 2018:

								
Legal Entity	i-Swap Euro Ltd.	ICAP WCLK Ltd.	ICAP Securities Ltd.	ICAP Energy Ltd.	ICAP Global Derivatives Ltd.	Tullett Prebon Europe	Tullett Prebon Securities	PVM Futures
MTFs	<div>iSwap MTF</div> <div>Rates</div>	<div>ICAP WCLK MTF</div> <div>Rates, Equity, Credit / Bonds, FX, Money Markets</div>			<div>ICAP Global Derivatives MTF</div> <div>Rates</div>	<div>Tullett Prebon (Europe) MTF</div> <div>Rates, Credit / Bonds, Treasury, Commodities</div>	<div>Tullett Prebon (Securities) MTF</div> <div>Credit / Bonds, Repo, Money Markets</div>	
OTFs			<div>ICAP Securities OTF</div> <div>Rates, FX, Money Markets, Credit / Bonds, Equity Derivs.</div>	<div>ICAP Energy OTF</div> <div>Commodities</div>		<div>Tullett Prebon (Europe) OTF</div> <div>Rates, Treasuries, Credit / Bonds, Commodities</div>	<div>Tullett Prebon (Securities) OTF</div> <div>Rates, FX, Repo, Money Markets, Credit / Bonds, Equity Derivs.</div> <div>Tullett Prebon (Institutional Services) OTF</div> <div>Bonds</div>	<div>PVM Oil Futures OTF</div> <div>Commodities</div>



4. Equivalence in MiFID II

Arjun Singh-Muchelle

Equivalence in MiFID II

Prior to any equivalence decision being taken, national rules regarding the provision of certain investment services by third-country firms in the EU will continue to apply.

Equivalence for post-trade transparency

ESMA will shortly publish a list of third-country trading venues. Should an EU firm execute on any of the venues on this list, the EU firm will be able to adhere to the third country venue rules.

Equivalent regulatory regime

Where a regulatory regime of a third-country has been found equivalent, a firm from that third-country may:

- Provide investment services to eligible counterparties and professional clients throughout the EU, without the establishment of a branch.
- Market/advertise their services within the EU for instruments subject to the trading obligation.
- The third-country firm must register with ESMA.

An EU investment firm trading an instrument subject to either of the MiFID II trading obligations for shares or derivatives may trade on a venue within the third-country and fulfil the trading obligations under MiFID II (subject to any limitation provided by rules in non-EEA country).

5. How will Tullett Prebon and ICAP facilitate 3rd country access? Arjun Singh-Muchelle

Accessing via a local (non-EEA) Tullett Prebon & ICAP broker

A non-MiFID II Investment Firm:

- This is subject to local rules permitting.
- Will not be required to be on-boarded to the venue, but will need to comply with the requirements of the venue.
- Will be subject to the brokerage fees of the local Tullett Prebon & ICAP broker
- MiFID II reporting obligations will not apply directly to the non-MiFID II Investment Firm; however, the Tullett Prebon or ICAP EU trading venue will always require their Legal Entity Identifier.
- Whilst unclear at this point in time, this is likely to be the methodology for securities transactions, which include an US person.

Implications for client

LEI required	✓
MiFID reporting obligations	×
Subject to Venue's Rate Card	×
Required to be on – boarded to the venue	×

Directly accessing TP ICAP EU venues

A non-MiFID II Investment Firm:

- *This is subject to local rules permitting*
- Must be on-boarded to continue to access Tullett Prebon and ICAP's EU trading venues.
- They will be subject to Tullett Prebon and ICAP's trading venue rulebooks and rate cards
- MiFID II reporting obligations will not apply directly to the non-MiFID II Investment Firm (the venue provides transaction reporting); however, the Tullett Prebon or ICAP EU trading venue will always require their Legal Entity Identifier and additional data.
- Whilst unclear at this stage, this is likely to be the case for certain swaps. This follows from the recent joint-statement of the CFTC and the European Commission.

Implications for client

LEI required	✓
MiFID reporting obligations	×
Subject to Venue's Rate Card	✓
Required to be on – boarded to the venue	✓

6. Data requirements

Jack Scard Morgan

Information required

This is subject to local rules on access

The following information will be required from non-EEA Counterparties (CP) when interacting with a TP ICAP European Trading Venue.

Accessing via a local TP ICAP broker.	Directly accessing a TP & ICAP venue when dealing on own account.	Directly accessing a TP & ICAP venue when matched principal or name give up.
<ul style="list-style-type: none">LEI of the non-EEA CP	<ul style="list-style-type: none">LEI of the non-EEA CPNational Identifier of the non-EEA CP traderNational Identifier of the investment decision maker at non-EEA CP firmShort sell indicator if trading a cash equity (that has been admitted to trading on an EU venue) or an EEA sovereign bond	<ul style="list-style-type: none">LEI of your clientNational Identifier of the non-EEA CP traderShort sell indicator if trading a cash equity (that has been admitted to trading on an EU venue) or an EEA sovereign bond
Via your Regional Rep.	Via MiFID II Onboarding Team	Via MiFID II Onboarding Team



7. Differences between SEF and MiFID II

Arjun Singh-Muchelle

SEF v. MiFID II Trading Venues

Categories	SEF requirements	MiFID II Trading Venues
Execution Methodology	Prescriptive execution methodology for 'on-SEF' products; limited to CLOB and RFQ3	Flexible execution methodology for trading venues, incl. CLOB, RFQ, voice, hybrid etc.
Transparency Requirements	Flexible transparency requirements	Prescriptive transparency requirements; including pre-trade transparency
Trading obligation instruments	MAT instruments determined by SEFs	Trading obligation instruments determined by the regulator
Block Trades	Requires block trades to "occur away" from the SEF	Requires all multi-lateral arranging activity, including blocks, to occur on trading venues
Accessing Trading Venues (TVs)	Impartial access	Trading venues must have non-discriminatory and objective access criteria
Transparency	Embargo rule on publication of transactions to SEF participants until details have been transmitted to a SDR	Post-trade transparency applies to all in-scope financial instruments and must occur within 15-mins; unless the transaction is subject to a waiver.
Financial Instruments In Scope	Swaps, as defined under Sec. 711 of the Dodd Frank Act	All financial instruments, except spot instruments, certain commodity derivatives and cash deposits.

8. How are TP & ICAP meeting MiFID II reporting and publishing requirements?

Julian Lee

Chris Dearie

Technical approach

We chose a very specific approach and technology that provides us with an agile solution to support the evolving:

- **Regulatory requirement** – operational areas of MiFID II are still evolving.
- **TP ICAP operational integration** – adoption of a technology set to support both TP and ICAP operations on the same stack.
- **Business model** - Adoption of venues over our more familiar Desk/Product/System approach

Our technology changes ensure that we are compliant with the MiFID II requirements when clients use a Tullett Prebon or ICAP venue.

- Whilst there are significant changes being made to the middle and back-office technology suites, there are only a limited number of changes being made to client-facing screens and APIs.
- TP ICAP firms are creating a consolidated reporting facility built around a single repository for gathering, storing and archiving time-stamped MiFID II required data to support all these reporting requirements.

1. Publish both pre-trade and post-trade **Transparency Reports**.
2. Submit **Transaction Reports** for transactions on Tullett Prebon & ICAP venues involving non-MiFID II and non-EEA clients.
3. Ensure we meet our **Record Keeping** obligations

Transaction Reporting

Tullett Prebon and ICAP trading venues have a responsibility to report transactions executed on their venues where the participant is a non-MiFID II Investment Firm under RTS 22.

As part of the MiFID II on-boarding process, each trading venue participant will be required to confirm when classified as a MiFID II Investment Firm. This will then be verified by the on-boarding team.

Tullett Prebon and ICAP have a transaction reporting responsibility for non MiFID II investment firms.

However, we still need data from you where you are responsible for transaction reporting.

Transparency

MiFID II requires transparency for certain orders/trades that are placed, executed or registered on trading venues:

- Tullett Prebon's and ICAP's businesses will fulfil the regulatory obligation by publishing those orders/trades that are required by the regulation and subject to waivers and deferrals that are available to the venues.
- In scope are:
 - Orders where the asset class is deemed liquid (detail will vary by trading system)
 - All trades, applying appropriate deferrals, e.g. for those deemed LIS, Illiquid, etc
 - TP ICAP will monitor the SSTI/LIS levels and make changes when applicable

How will we support our clients?

- All trading venues operated by Tullett Prebon and ICAP will make orders/trades on the trading venues transparent, when and as required, via TP Information Services, a TP ICAP group company.
- Access to transparency data will be via existing methods of delivery; i.e., via our own direct feeds, vendors, or via a password- and username- protected website
- Data will be disaggregated by venue and on a pre- and post-trade basis

Summary of the technical changes

Orders and trading:	Data processing & reporting:	Connectivity (APIs):
<ul style="list-style-type: none">• Incidental changes to any order capture functionality and any trader-facing white-boards• In-house broker-facing OMS and deal capture systems will expect more data (e.g. Investment decision-maker)• We will also be enriching orders/trades with enough data to apply for an ISIN	<ul style="list-style-type: none">• We are running all transactions through a rule engine to determine reporting obligations• We will publish and submit through external services accordingly within the stated MiFID II timeframes• Symmetrical time-stamping has been built into our integrated architecture	<ul style="list-style-type: none">• APIs will be updated for specific MiFID II fields such as: Algo ID; Short Selling Flag; EDM and IDM etc.• If you use any of our APIs then you will need to test against our new services
Little or no client impact	Awareness that we are implementing a MiFID II compliant solution	Testing to be done against new interfaces

9. To Recap. David Poole

To Recap.

1. Clients will interact with their local brokers and trading platforms subject to local regulations.
2. We will support all MiFID II asset classes currently traded and any new products on our MiFID II trading venues.
3. The Tullett Prebon and ICAP EU trading venues will be responsible for transparency and selectively for transaction reporting . We will need your Legal Entity Identifier.
4. TP ICAP has implemented the required technology changes to be ready for MiFID II compliance. There are only a limited number of changes being made to client-facing screens and APIs.
5. All trading venues operated by Tullett Prebon and ICAP will make orders/trades on the trading venues transparent when required via TP Information Services, a TP ICAP group company.

10. Q&A session

Contact details

For more information, please e-mail:

MiFIDII@tpicap.com

For on-boarding related enquiries, please e-mail:

TPICAPMiFiDIIONboarding@icap.com



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**MiFID II is complex.
Trading with us is not.**