



TP ICAP MiFID II Webinar

For clients of TP ICAP, only.

Presenters

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Agenda

1. Introduction to TP ICAP
2. TP ICAP MiFID II Solutions
3. TP ICAP trading venues
4. What is the on-boarding process?
5. How are TP & ICAP meeting MiFID II responsibilities?
6. How do our technology changes impact our clients?
7. 3rd countries
8. Recap.
9. Q&A

1. Introduction to TP ICAP

Frits Vogels

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.
- All 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

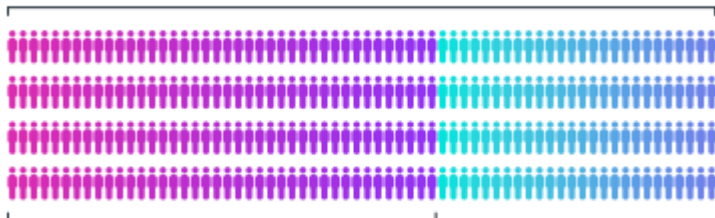
Together, we are the world's largest interdealer broker.

31 countries

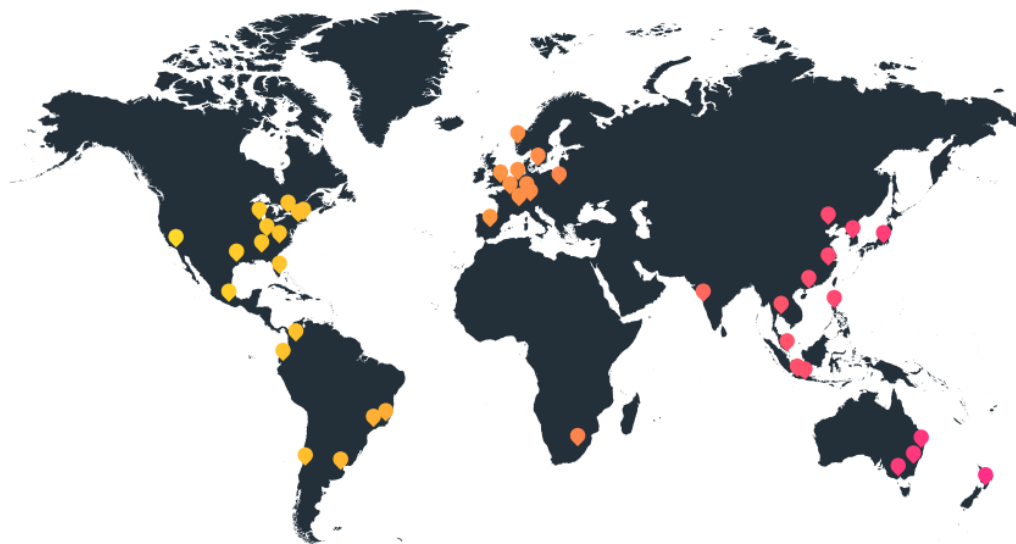
53 cities

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. TP ICAP MiFID II Solutions

Don McClumpha

TP ICAP MiFID II Solutions

Keeping it simple

Clients will continue to interact with our brokers and trading platforms in a similar manner to today. We will support all asset classes currently traded and any new products on our trading venues

Reporting

Tullett Prebon & ICAP will provide End Of Day reports of orders and trades for you in line with MiFID II requirements

Technology

TP ICAP has implemented the required technology changes to ensure MiFID II compliance. There are only a limited number of changes being made to client-facing screens and APIs

Transparency requirements

All trading venues operated by Tullett Prebon & ICAP will make orders/trades on the trading venues transparent via TP Information, a TP ICAP group company

Know your client

We have already started to Onboard Clients and are providing a free secure, web-based electronic platform (Bloomberg Entity Exchange) to simplify the process.



3. TP ICAP Trading Venues

David Poole

TP ICAP Trading Venues

Tullett Prebon and ICAP will operate several OTFs and MTFs

We will support all MiFID II asset classes currently traded and any new products on our MiFID II trading venues.

Clients will interact with our brokers and trading platforms in a similar manner to today.

Brokers

- Our brokers in OTFs are able to provide discretion in the management of client interest. In doing so they will be permitted to interact with, and place orders on, other MTFs and Regulated Markets.

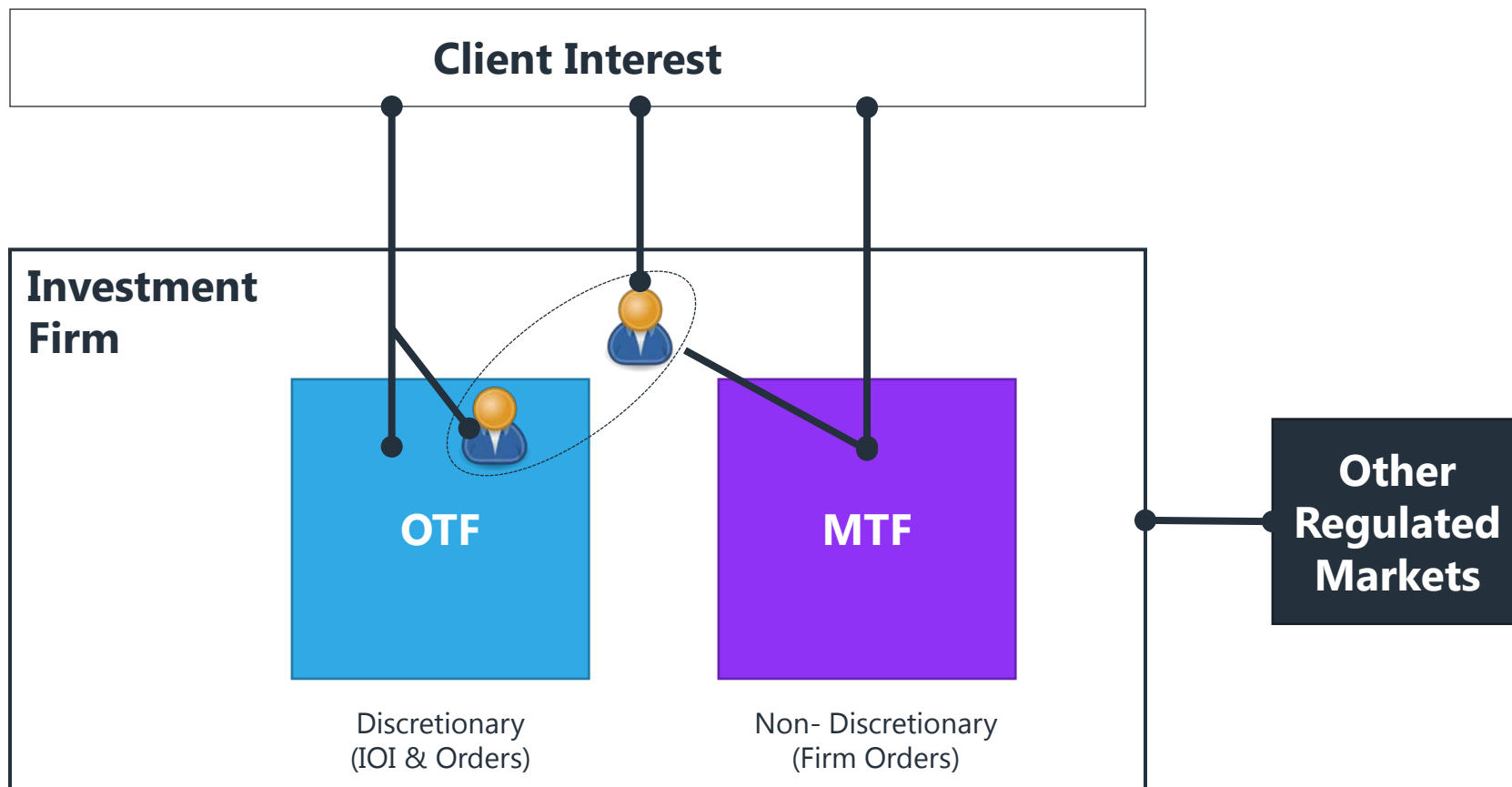
Keeping liquidity together

- Our venues permit non-EEA investment firms to price, provide liquidity and market make on our trading venues, where local rules permit.

Rate Cards




- Rate cards for Tullett Prebon and ICAP venues will be communicated to our clients from October onwards.


Trading Venues Interaction



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>



OTFs: Overview

- All non- cash equity financial instruments
- Trading venue must show discretion
- Transparency reporting requirements will be taken care of by the venue
- A branch of an entity operating an OTF in Europe is considered to be part of the OTF. Brokers are therefore 'inside' the OTF

Hybrid

- Our OTFs will provide hybrid functionality allowing clients to interact via Brokers within the OTF or directly with our platforms
- 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
- Clients can interact directly with the venue trading platforms or through the Broker

Discretion

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

MTFs: Overview

- All financial instruments
- Electronic non-discretionary execution, CLOB's, Matching Solutions, etc

Client Interaction

- Client interests & orders can be placed onto the MTF directly, or, on your behalf by the broker
- Large In Scale (LIS) orders can be arranged under the rules of the MTF and then blocked/registered on the MTF

4. What is the On-Boarding Process?

Jack Scard Morgan

On-boarding process

For each of our clients we are going to pre-populate trading segments with each venue, based on the last 18 months of trading history. This will rapidly enable clients to select and verify which of our venues they would like to be on boarded.

Prior to Jan 3rd 2018, each client using one of our trading venues must positively confirm:

1. Venue rulebook
2. Terms of business
3. Conflicts of interest policy
4. Best execution policy
5. Error trade handling policy
6. Client consent documentation
7. Transaction reporting information checklist
8. Client and reference data exchange requirements

Scale & Complexity

- Impacts nearly all products brokered by Tullett Prebon & ICAP trading venues, (FX Spot and Physical Traded excluded)
- Customers who have not completed their repapering activities will not be able to trade with Tullett Prebon & ICAP trading venues.

Bloomberg Entity Exchange (BBEE)

MiFID II will impose significant requirements on firms to share and collect data from their clients.

How will we support our Clients?

TP ICAP has partnered with Bloomberg to use their Entity Exchange portal (BBEE) to help our clients register onto our trading venues, in an efficient and straight - forward manner, at no charge to our clients.

BBEE is a secure, Web-based, electronic platform, which provides an environment to centralize the exchange of information required by the new regulations.

It also facilitates the distribution and management of venue-related documentation, such as rulebooks and policies, as well as contractual documentation.

Bloomberg staff will assist you with the portal's registration and administration process. To date we have c 753 client legal entities registered to use BBEE.

Whilst we would strongly encourage our clients to use the Bloomberg portal, we will also offer a manual registration process.

Our MiFID II client onboarding and repapering exercise has commenced and will continue until the end of the year.

Please contact us via BBEE or directly at **TPICAPMiFiDIIOnboarding@icap.com** if you have any client onboarding questions.

Additional data we need

In order to trade with TP ICAP we will require data about your firm and its personnel.

The data that we require and will supply can be broadly split into two categories:

- Your firm and its personnel
- Your trading interests and transactions

Standing data

- Your firm's LEI
- Are you a MiFID II Investment Firm
- Are you an EMIR Financial Counterparty
- Is your firm a full member of a clearing house

Maintained data

Short codes for each person acting in the capacity of:

- Investment Decision Maker
- Execution within the firm
- Buyer/Seller

For further detail TP ICAP will be issuing a MiFID II Data directory.

This will cover:

- The data we require for processing and reporting trades and orders under MiFID II.
- Information which Tullett Prebon & ICAP will supply you to enable you to fulfil your reporting and record keeping requirements.

The document will be made available post the webinar.

5. How are TP & ICAP meeting MiFID II responsibilities?

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

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

Transaction Reporting

TP & ICAP trading venues have a responsibility to report transactions executed on their venues where the participant is a Non-MiFID II Firm under RTS 22.

As part of the MiFID II on-boarding process, each trading venue participant will be required to confirm whether their Head Office and Branch (if applicable) is classified as a MiFID II Investment Firm, this will then be verified by the on-boarding team.

TP & ICAP have no transaction reporting responsibility:

1. Where the transaction was executed by the Head Office which is a MiFID II investment firm
2. Where the transaction was executed by the Branch who is a MiFID II investment firm
3. Where the transaction was executed by the Branch which is not a MiFID II investment firm but the Head Office is a MiFID II investment firm

We need data from you

TP & ICAP have a transaction reporting responsibility:

1. Where the transaction is executed by the Head Office which is not a MiFID II investment firm
2. Where the transaction is executed by the Branch which is not a MiFID II investment firm and the Head Office is also not a MiFID II investment firm

We will do this for you

Transparency

MiFID II requires transparency for Orders/Trades that are placed on trading venues:

- TP ICAP's businesses will fulfil the regulatory obligation by publishing those Orders/Trades that fall in scope. What will be in scope?
 - Orders where the asset class is deemed liquid
 - 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 & ICAP will make orders/trades on the trading venues transparent 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

Record keeping

MiFID II introduces a requirement for Investment Firms and Trading Venues to keep records of trading activity to comply with requirements:

- Transaction Reporting
- Order Capture & Record Keeping

How will we support our clients?

- Tullett Prebon & ICAP will provide End of Day (EoD) reports of orders and trades and enhanced STP feeds to assist our customers with their obligations to keep records.
- Existing STP feeds will also be extended to provide additional MiFID II data
- EoD reports will capture orders and trades only & will not capture IoIs placed with our trading venues.
- EoD reports will contain the data items from RTS 24 and the additional fields required for Transaction Reporting e.g:
 - Trading date time
 - ISIN
 - Waiver indicators
 - Transaction reference number
 - Trading venue identification code
 - Venue
 - Complex trade component ID

6. How do our technology changes impact our clients?

Julian Lee

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 to be updated for specific MiFID II fields such as: Algo ID; Short Selling Flag; Investment/Execution With the Firm etc.;• We expect you to prove conformance with MiFID Algo requirements. We will provide test environments with 'production symbols' to allow you to verify against us if required.
Little or no client impact	Awareness that we are implementing a MiFID II compliant solution	Testing to be done against new interfaces

Testing Timelines

Dates for API and STP feed specification and testing

System	Specifications available	Client testing from
TP ICAP Venue API Changes		
iSWAP	Today	Today
tpFORWARDDEAL	Today	16th October 17
tpREPO	Today	Today
Fusion Equities FIX	Today	Today
TP ICAP STP Feeds		
Post Marker	Today	Today
Prometheus WCLK	Today	30th October 17
iCONNECT	Today	Today

For a number of our external STP suppliers, we are still awaiting dates and specifications on when MiFID II changes will be made: Bloomberg (vCON), Reuters, markitwire and Trayport are examples.

Natural persons data

National Identifiers, which contain confidential and Personally Identifiable Information (PII), are required to populate the following fields for Transaction Reporting and Order Capture & Record Keeping:

- Investment Decision Within the Firm
- Execution Within the Firm

Short Codes

Rather than provide this PII data on a trade by trade basis we will pre-populate our systems with short codes for your traders and any decision makers in your firm.

We will be asking you for your short-codes from **today**.

PII Data

We will then map these short codes against PII Data stored in a secure database for clients to maintain through a portal.

This facility will be available by the end of October – but short-term; we are providing a secure transmission facility for you to transmit this sensitive data in pre-defined format.

This facility will be available from **Next week**.

7. How will Tullett Prebon & ICAP facilitate 3rd country access?

Arjun Singh-Muchelle

Non-EU clients accessing a TP & ICAP trading venue

Directly accessing a TP & ICAP venue.

Overview. A non-MiFID II Investment Firm:

- May be on-boarded and continue to access TP & ICAP's EU trading venues
- They will be subject to the TP & ICAP trading venue's rulebook and rate card
- MiFID II obligations will not apply to the non-MiFID II Investment Firm; however the TP & ICAP EU trading venue will always require their Legal Entity Identifier

Implications for client

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

Non-EU clients accessing a TP & ICAP trading venue

Accessing via a local TP & ICAP broker.

Overview. A non-MiFID II Investment Firm:

- May continue to access TP & ICAP's EU trading venues via their local TP & ICAP broker
- They will not be on-boarded to the venue and, as such, will not be considered to be a participant of the TP & ICAP EU trading venue
- They will be subject to the brokerage fees of the local TP & ICAP broker, not the venue rate card
- MiFID II obligations will not apply to the non-MiFID II Investment Firm; however the TP & ICAP EU trading venue will always require their Legal Entity Identifier

Implications for client

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

8. To Recap.

Don McClumpha

To Recap.

1. Clients will continue to interact with our brokers and trading platforms in a similar manner as today.
2. We will support all MiFID II asset classes currently traded and any new products on our MiFID II trading venues.
3. To facilitate client's order keeping requirements, TP ICAP will be providing end of day reports listing all the orders and transactions clients have placed on a TP ICAP trading venue.
4. TP ICAP has implemented the required technology changes to ensure MiFID II compliance; though, there are only a limited number of changes being made to client-facing screens and APIs.
5. TP ICAP is using the Bloomberg Entity Exchange portal for on-boarding purposes.

9. 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





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