TRANSACTION REPORTING POLICY

MiFIR and EMIR Reporting Obligations

NIHAO CARBON CERTIFICATES

Version 1.0
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Classification: CONFIDENTIAL

1. Purpose

This policy establishes the framework for complying with transaction reporting obligations under MiFIR Article 26, EMIR, and other applicable regulations for Carbon Certificate transactions.

2. Regulatory Scope

2.1 MiFIR Transaction Reporting (Article 26)

All transactions in emission allowances (classified as financial instruments under MiFID II) must be reported to the National Competent Authority by T+1.

2.2 EMIR Reporting

All derivative transactions (EUA futures, forwards, options, swaps) must be reported to a Trade Repository by T+1.

2.3 Position Reporting

Position limits and position reporting requirements under MiFID II Article 57 and Article 58 apply to emission allowance derivatives.

3. Reportable Data Fields

MiFIR transaction reports include 65 data fields, including:

- Transaction identification (unique ID, venue ID)
- Instrument identification (ISIN, classification)
- Price, quantity, currency
- Buyer and seller identification (LEI)
- Decision maker and execution details
- Trading date and time (UTC)
- Short selling indicator (where applicable)

4. Reporting Process

1. Trade capture systems record all required data fields at execution
2. Automated validation checks ensure data quality and completeness
3. Reports submitted via ARM (Approved Reporting Mechanism) to NCA
4. Derivative reports submitted to Trade Repository (DTCC, Regis-TR)
5. Acknowledgements and rejections monitored and resolved

5. Data Quality

5.1 Pre-submission validation ensures accuracy and completeness.

5.2 Rejected reports are investigated and corrected within regulatory timeframes.

5.3 Regular reconciliation between internal records and reported data.

6. LEI Requirements

All clients must have a valid Legal Entity Identifier (LEI) to transact. Nihao Carbon Certificates will not execute trades for clients without a valid, unexpired LEI.

7. Record Retention

All transaction reports and supporting documentation are retained for 5 years and made available to regulators upon request.