



# BNP Paribas is as Systematic Internaliser under MiFID II and responsible for Post-Trade Transparency reporting for its clients

## Background

MiFID II comprises a recast directive (MiFID II) and a related regulation (MiFIR) which together amend and enhance the current MiFID I rules. The primary focus is strengthening investor protection, reducing systemic risks in market structures and increasing the transparency and efficiency of financial markets. The MiFID II obligations have applied since 3 January 2018. This factsheet is primarily focusing on Systematic Internaliser.

### 1. What is a Systematic Internaliser?

A "Systematic Internaliser" or an "SI" is an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own its account by executing client orders outside of a Regulated Market (RM), Multilateral Trading Facility (MTF) or Organised Trading Facility (OTF) - as defined in Article 4(1) (20) of Directive 2014/65/EU.

The SI regime and obligation to publish firm quotes (pre-trade transparency requirements), which under MiFID I were previously only applicable to shares, is being extended under MiFID II to other equity-type instruments (e.g. depository receipts, exchange-traded funds, certificates and other similar financial instruments traded on an EEA trading venue for which there is a liquid market). In addition, MiFID II will also include a new regime for SIs in non-equity financial instruments (e.g. bonds, structured finance products, emission allowances and derivatives).

The definition of an SI is also elaborated under MiFID II to provide more objective criteria against which to measure:

- the "frequent and systematic basis" (by reference to the number of OTC trades conducted when executing client orders); and
- the "substantial basis" (either by the size of the OTC trading carried out by the investment firm in relation to the total trading of the investment firm in a specific financial instrument, or in relation to the total trading in the EEA in a specific financial instrument).

### 2. BNP Paribas has opted in as Systematic Internaliser

As part of its MiFID II implementation, BNP Paribas decided to voluntarily opt-in as a Systematic Internaliser (SI) for MiFID II instruments that are traded or admitted to trading on trading venues (TOTV), as of 3 January 2018.

BNP Paribas SA, BNP Paribas Arbitrage SNC and BNP Paribas Fortis SA/NV opted in for all TOTV non-equity instruments, including equity derivatives, and also for equity-like ETFs instruments.

Regulation | **MiFID II**  
February 2018

## Key Dates

#### 20 October 2011

The European Commission adopted a legislative proposal for the revision of MiFID in the form of a revised Directive (Recast MiFID) and a new Regulation (MiFIR), together MiFID II.

#### 15 April 2014

MiFID II was adopted by the European Parliament.

#### 12 June 2014

MiFID II was published in the EU Official Journal – level 1 publication.

#### 3 July 2017

Deadline for transposition of MiFID II into national law by member states.

#### 30 November 2017

BNP Paribas decided to voluntarily opt-in as a Systematic Internaliser (SI) for all MiFID II TOTV Non-Equity instruments and ETFs.

#### 3 January 2018

Application of MiFID II within all Member States. Voluntary SI opt-in.

#### 1 September 2018

SI determination calculation - mandatory SI status declaration.



BNP Paribas Securities Services SCA, the bank's post-trade and custody division opted in for all TOTV FX derivatives instruments.

Legal entity - SI	MiFID II TOTV instruments in scope		
	Non-Equity	Equity-like	Equity
BNP Paribas SA	ALL	ETFs	-
BNP Paribas Arbitrage SNC	ALL	ETFs	-
BNP Paribas Fortis SA/NV	ALL	ETFs	-
BNP Paribas Securities Services SCA	FX Derivatives	-	-

### 3. BNP Paribas is responsible for Post-Trade Transparency reporting for its clients

The decision to opt-in as SI has shifted the obligation of real-time post-trade transparency reporting from its clients to BNP Paribas, as of 3 January 2018 (in cases where the clients are not SI themselves).

As a result, BNP Paribas is responsible for the post trade reporting obligation in almost all cases when trading OTC through the above mentioned entities with clients who are not also registered as SIs.

The only exception is for cash equity (cash equity as delta hedge of equity derivatives or cash equity OTC trade). As BNP Paribas is not SI in cash equity, we continue to offer assisted reporting, the same way as under MiFID I.

### 4. Which Approved Publication Arrangement (APA) does BNP Paribas use to perform post-trade transparency?

To perform the post-trade transparency reporting, BNP Paribas Global Markets (BNPP GM) uses:

- LSE TRADEcho APA for equity and equity-like products
- Tradeweb APA for non-equity products

### 5. Assisted reporting for post-trade transparency

In almost all cases, there is no need to offer assisted reporting because BNP Paribas is SI for all TOTV instruments that are traded with clients.

As a result, BNP Paribas is responsible for the post trade reporting obligation in almost all cases when trading OTC through the above mentioned entities with clients who are not also registered as SIs.

The only exception is for cash equity (cash equity as delta hedge of equity derivatives or cash equity OTC trade). As BNP Paribas is not SI in cash equity, we continue to offer assisted reporting, the same way as under MiFID (understand "MiFID 1").

### 6. What are TOTV instruments?

The instruments in scope are all instruments that are "Traded on a Trading Venue" (TOTV) and are traded OTC (via voice or via single dealer platforms/portals).

TOTV instruments are catalogued in the Financial Instrument Reference Data System (FIRDS) administered by the European Securities and Markets Authority (ESMA). FIRDS is based on the daily submission of instruments by Trading Venues (i.e. RMs, MTFs and OTFs).



## 7. Mandatory SI determination (1 Sep 2018 onwards)

The first mandatory SI determination will occur on 1 September 2018. If BNP Paribas SIs do not meet SI thresholds at that time, BNP Paribas will reconsider its voluntary SI status in the relevant sub-asset classes. In any event, BNP Paribas will work with its clients to help meet their reporting obligations by providing assisted reporting solutions.

## 8. LEIs and MICs

The Legal Entity Identifiers (LEIs) and SI Market Identifier Codes (MICs) of these entities are as follows:

Legal entity	SI MIC	LEI
<b>BNP Paribas SA</b>	BNPS	ROMUWSFPU8MPRO8K5P83
<b>BNP Paribas Arbitrage SNC</b>	BNPA	6EWKU0FGVX5QQJHFGT48
<b>BNP Paribas Fortis SA/NV</b>	BNPF	KGCEPHLVVKRZY01T647
<b>BNP Paribas Securities Services SCA</b>	BPSX	549300WCGB70D06XZS54

### FURTHER QUESTIONS

If you have any other comments or questions, please contact the BNP Paribas European Regulatory Reform Team ([regreform.eu@uk.bnpparibas.com](mailto:regreform.eu@uk.bnpparibas.com)) or your usual relationship or sales contact.

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MiFID II: Systematic Internaliser