# Nasdaq

# Commodities Position Reporting MiFID II

## Nasdaq Oslo ASA

Version as of June 15, 2022

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## Document History

| Revision | Published | Summary of Changes |
| --- | --- | --- |
| 1.0 | September 2017 | Version for publication. |
| 1.1 | February 2019 | Updated version for publication. |
| 1.2 | December 2021 | Updated version for publication.<br>• Added guidelines how to report positions during delivery period<br>• Added clarification how to send in entity classification in relation to end client. |
| 1.3 | June 2022 | Updated version for publication.<br>• Reviewed and updated section 3.1 ITS 4<br>• Reviewed and updated section 3.3 Hybrid solution |

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# 1.  Scope of position reporting

Position reporting will cover all Commodities derivatives traded on Nasdaq Oslo ASA. The requirement is applicable to all exchange and/or clearing members (and the clients thereof) that hold positions at the end of a trading day. Note that position reporting shall be conducted on both a daily basis as well as a weekly basis .

# 2.  Legal basis

## Daily reports

Directive 2014/65/EU of the European parliament and of the council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II"), Article 58 (1) b states the following:

*"Member States shall ensure that an investment firm or a market operator operating a trading venue which trades commodity derivatives or emission allowances or derivatives thereof:*

> *....*

> *(b) provide the competent authority with a complete breakdown of the positions held by all persons, including the members or participants and the clients thereof, on that trading venue, at least on a daily basis".*

MiFID II, Article 58 (3) states the following:

> *In order to enable monitoring of compliance with Article 57(1), Member States shall require members or participants of regulated markets, MTFs and clients of OTFs to report to the investment firm or market operator operating that trading venue the details of their own positions held through contracts traded on that trading venue at least on a daily basis, as well as those of their clients and the clients of those clients until the end client is reached.*

## Weekly reports

MiFID II, Article 58 (1) states the following:

*"Member States shall ensure that an investment firm or a market operator operating a trading venue which trades commodity derivatives or emission allowances or derivatives thereof:*

> *make public a weekly report with the aggregate positions held by the different categories of persons for the different commodity derivatives or emission allowances or derivatives thereof traded on their trading venue, specifying the number of long and short positions by such categories, changes thereto since the previous report, the percentage of the total open interest represented by each category and the number of persons holding a position in each category in accordance with paragraph 4 and communicate that report to the competent authority and to ESMA; ESMA shall proceed to a centralised publication of the information included in those reports."*

MiFID II, Article 58 (4) states the following:

> *"Persons holding positions in a commodity derivative or emission allowance or derivative thereof shall be classified by the investment firm or market operator operating that trading venue according to the nature of their main business, taking account of any applicable authorisation, as either:*

> *(a)   investment firms or credit institutions;*

> *(b)   investment funds, either an undertaking for collective investments in transferable securities (UCITS) as defined in Directive 2009/65/EC, or an alternative investment fund manager as defined in Directive 2011/61/EC;*

> *(c)   other financial institutions, including insurance undertakings and reinsurance undertakings as defined in Directive 2009/138/EC, and institutions for occupational retirement provision as defined in Directive 2003/41/EC;*

> *(d)   commercial undertakings;*

*(e)* *in the case of emission allowances or derivatives thereof, operators with compliance obligations under Directive 2003/87/EC."*

In accordance with ITS 5 on formatting and timing of weekly position reports, market operators and investment firms referred to in MiFID II Article 58(1) shall send ESMA the weekly report referred to in point (a) of that Article regarding the aggregate positions held at the close of business of each week no later than Wednesday 17.30 CET of the following week.

Where either Monday, Tuesday or Wednesday of the week in which that report is to be submitted is not a working day for the market operator or investment firm referred to in the first paragraph, that market operator or investment firm shall submit the report as soon as possible and no later than Thursday 17.30 CET of that week.

This guideline presents the approach Nasdaq has taken to facilitate the reporting requirements under the Directive, and the data collected will also be part of the basis for Nasdaq's position management control as required by the Directive.

## 2.1. Competent Authorities

Nasdaq Commodities offers trading on Oslo ASA (Norway) Trading Venue which is supervised by Finanstilsynet ("Norwegian FSA").

### 2.1.1. References

Norwegian FSA webpage on position reporting.

# 3. Nasdaq solution

Nasdaq offers three alternative models for position reporting.

The primary method used by Reporting Entities ("RE") is the provision of an ITS 4 style file on a daily basis to Nasdaq. The file format, "commonly known as the amended FCA schema", has been developed together with the FIA, EFET and Europex during 2017 and is based on the FCA (Competent Authority for the UK) schema.

The alternative method for Members to fulfil their obligations under the Directive is to subscribe to the automated service offered by Nasdaq. For further information about the service please contact tradingoperations@nasdaq.com

The third method is a combination of the automated solution with an option to amend output prior to sending data in. For further information about the service please contact tradingoperations@nasdaq.com

## 3.1. ITS 4 FCA schema

The following table represents the FCA's template for position reports which is based on the draft implementing technical standards on position reporting ((EC) 2017/1093).

| Field # | Field name | Field format |
|---|---|---|
| 1 | /CPRBody/RptDt<br>Date and time of report submission | {DATE_TIME_FORMAT} |
| 2 | /ReportRefNo<br>Report reference number | {ALPHANUM-52} |
| 3 | /CPRBody/BusDt<br>Date of the trading day of the reported position | {DATEFORMAT} |
| 4 | /FinInstrmRptgTradgComPosRpt/CPR/NEWT/ or<br>/FinInstrmRptgTradgComPosRpt/CPR/CANC/ or<br>/FinInstrmRptgTradgComPosRpt/CPR/AMND/<br>Report Status | 'NEWT' – New<br>'CANC' – Cancellation<br>'AMND' - Amendment |

| Field # | Field name | Field format |
|---------|-----------|--------------|
| 5 | /CPRBody/RptEnty/LEI<br><br>(value per the definition of an LEI)<br><br>Reporting entity ID | {LEI} Or {NATIONAL_ID} |
| 6 | /CPRBody/PstnHldr/NationalID/Othr/SchmeNm/Prtry<br>(values can be CONCAT or NIDN or CCPT)<br><br>/CPRBody/PstnHldr/NationalID/Othr/Id<br><br>(values per the definition of CONCAT or NIDN or CCPT) or<br><br>/CPRBody/PstnHldr/LEI<br><br>(value per the definition of an LEI)<br><br>Position holder ID | {LEI} Or {NATIONAL_ID} |
| 7 | /CPRBody/PstinHldrCntctEml<br><br>Email address of position holder | {ALPHANUM-256} |
| 8 | /CPRBody/PrntEnt/NationalID/Othr/SchmeNm/Prtry<br>(values can be CONCAT or NIDN or CCPT)<br><br>/CPRBody/PrntEnt/NationalID/Othr/Id<br><br>(values per the definition of CONCAT or NIDN or CCPT) or<br><br>/CPRBody/PrntEnt/LEI<br><br>(value per the definition of an LEI)<br><br>Ultimate parent entity ID | {LEI} Or {NATIONAL_ID} |
| 9 | /CPRBody/ParentPstinHldrCntctEml<br><br>E-mail address of ultimate parent entity | {ALPHANUM-256} |
| 10 | /CPRBody/PstinHldrIsIdpdtInd<br><br>Parent of collective investment scheme status | TRUE' - the position holder is a collective investment undertaking that makes independent investment decisions 'FALSE' - the position holder is not a collective investment undertaking that makes independent investment decisions |
| 11 | /CPRBody/ISIN<br><br>Identification code of contract traded on trading venue | {ISIN} |
| 12 | /CPRBody/VenProdCde<br><br>Venue product code | {ALPHANUM-12} |
| 13 | /CPRBody/TrdngVenID<br><br>Trading venue identifier | {MIC} |
| 14 | /CPRBody/PstnTyp<br><br>Position type | 'OPTN' – Options, including separately tradable options on FUTR, SDRV or OTHR types, excluding products where the optionality is only an embedded element. 'FUTR' – Futures 'EMIS – Emission allowances and derivatives thereof 'SDRV' – Commodity derivative defined under point (c) of Article 4(1)(44) of Directive 2014/65/EU 'OTHR' – any other contract type |
| 15 | /CPRBody/PstnMtrty<br><br>Position maturity | SPOT: Spot month, including all positions in position types EMIS and SDRV |
| 16 | /CPRBody/PstnQty<br><br>Position quantity | {DECIMAL – 15/2} |
| 17 | /CPRBody/PstnQtyUoM<br><br>/CPRBody/PstnQtyUoMDesc<br><br>Notation of the position quantity | LOTS - if the position quantity is expressed in lots {ALPHANUM-25} - a description of the units used if the position quantity is expressed in units of the underlying UNIT - if the position quantity is expressed in units.<br><br>OTHER – Indicates that the field <PstnQtyUoMDesc> is populated with the correct notation |

| Field # | Field name | Field format |
|---|---|---|
| 18 | /CPRBody/DeltaPstnQty <br> Delta equivalent position quantity | {DECIMAL – 15/2} |
| 19 | /CPRBody/RiskRdcInd <br> Indicator of whether the position is risk reducing in relation to commercial activity | 'TRUE' – the position is risk reducing 'FALSE' – the position is not risk reducing |

## Mandatory and optional fields

Please be aware of the following differences between the standard amended FCA schema and what Nasdaq requires:

The following fields are mandatory:

2, 15, 21, 22, 23, 24, 26, 30

The following fields are not mandatory (i.e. as per amended FCA schema): 3, 5, 6, 7, 12, 13, 20

### 3.1.1. Questions on file name, validations etc.

The naming of the xml file that members submit follow the following standard: PB_*.xml

In other words, only the prefix and the file name are fixed. The file should be placed on the root of the sFTP folder assigned to the member.

For members submitting schemas for multiple members using one sFTP connection, an additional identification is needed in the file name:
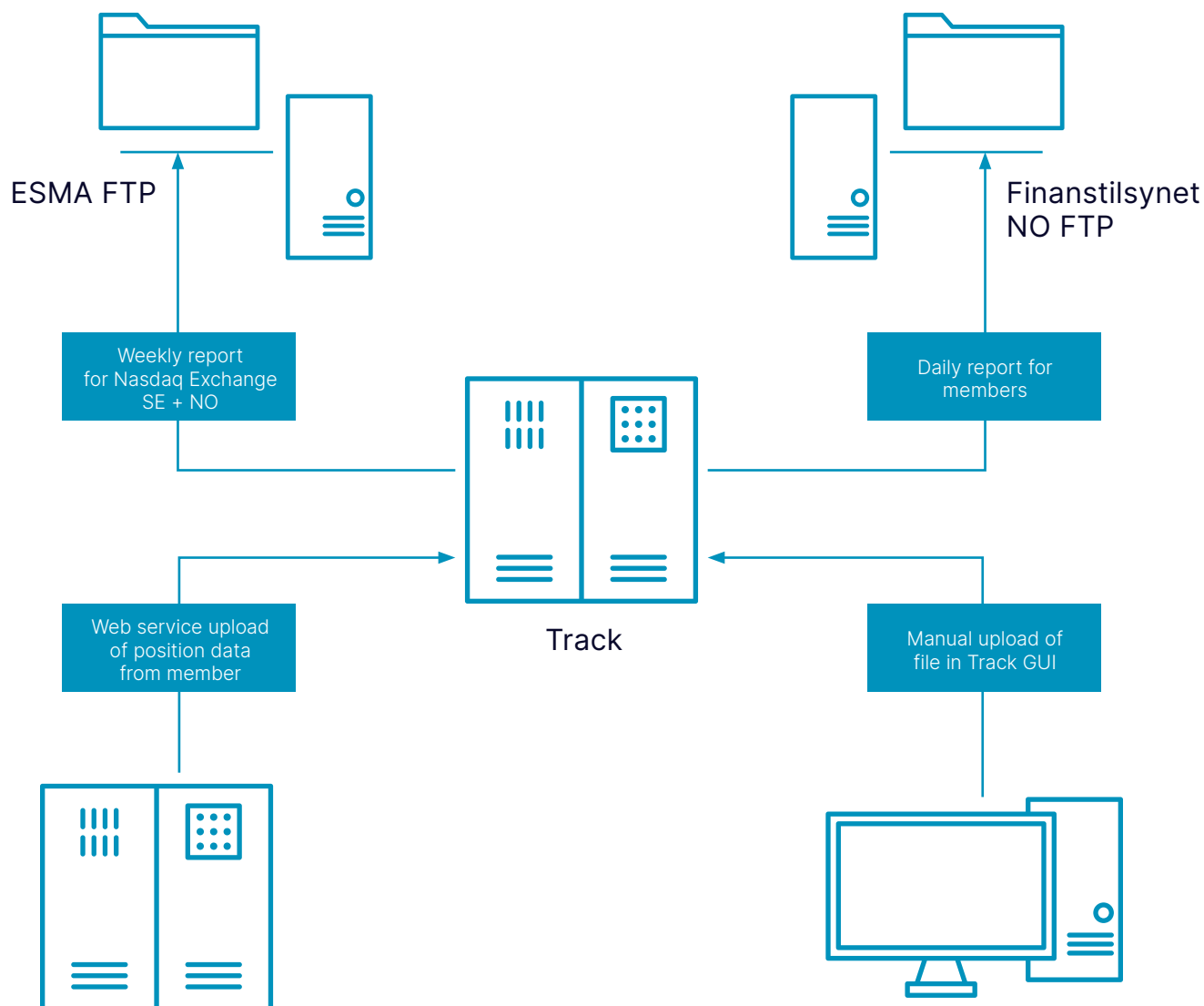
PB_[short codes as in Genium INET]*.xml

For members submitting positions on Nasdaq Oslo using one sFTP connection, an additional identification is needed in the file name: PB_[operating MIC (NORX)]*.xml

For other queries please contact tradingoperations@nasdaq.com

### 3.1.2. Sample files

The sample files can be downloaded from the Nasdaq Position Reporting web

### 3.1.3. Position reporting flows ITS 4 file



The figure illustrates alternative flows into the Nasdaq regulatory hub TRACK, Members may choose to (1) submit the .xml report via ftp service or optionally (2) manually submit the file into TRACK.

From TRACK two flows exist, one flow for daily reports to the Competent Authority (the daily report will be routed to Finanstilsynet) and one flow for providing the general Trading Venue weekly report to ESMA.

### 3.1.4. Submission of ITS 4 file

- The ITS 4 file has to be submitted daily T+1 2PM (CET)
- Location of the FTP and how to get access, please contact Member&Account configuration team: MAC@nasdaq.com
- Information on the FTP service can be found here:
  - http://www.nasdaqomx.com/digitalAssets/106/106816_member- portal-sftp-access-guide_171110.pdf
  - https://memberportal.nasdaq.com/client/#/requests/new/Additional-Track- SFTP-Authorization

### 3.1.5. Sources for reference data ITS 4 xml file

Members will be expected to send Nasdaq with a file according the ITS4 format on a daily basis.

The following reference data have been asked for frequently:

- ISIN Code
  - ISIN code is available in the Series Information report and over the API
- Venue Product Code
  - For members that wish to provide this information in their XML file, this information can be derived from the Product Series Names of the listed Commodity Derivatives. Please see separate overview on the technical relations web for further details.
- Spot Month
  - The relevant regulators have confirmed that the general rule to be applied is that Spot Month is "all instrument series to expire in the current calendar month according to the rules of the trading venue".
  - For members that wish provide this information in their xml file, and be derived from the Instrument Names of the listed Commodity Derivatives. Please see separate overview on the technical relations webpage for further details.
- Option delta
  - Nasdaq publishes delta for options, members using the OMnet API can use query RQ36 to retrieve Delta-values (along other standard Black- Scholes values Gamma, Vega, Theta)

**The RA36 ANSWER has the following structure:**

```
struct answer_greeks {
    struct transaction_type
    UINT16_T segment_number_n   // Segment Number
    UINT16_T items_n   // Items
    UINT16_T marg_run_nbr_n   // Margin run number
    UINT16_T marg_call_nbr_n   // Margin call number
    char[8] created_date_s   // Date, Created
    char[6] created_time_s   // Time, Created
    char[6] filler_6_s   // Filler
    Array ITEM [max no: 1500] {
        struct series   // Named struct no: 50000
        INT32_T delta_i   // Delta
        INT32_T gamma_i   // Gamma
        INT32_T vega_i   // Vega
        INT32_T theta_i   // Theta
        INT32_T rho_i   // Rate Of Change, Option Value
    }
}
```

See page 674 in the OMNet reference guide

See page 6 in the SPAN®[1] guide

Additional information on SPAN®

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[1] SPAN is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN by any person or entity.

### 3.1.6. Submission of ITS 4 file on a daily basis for client/indirect clients

Nasdaq is aware of the need to allow for anonymous reporting of positions for indirect clients of Investment firms.

Nasdaq will allow for non-members to report positions, **subject to there being agreements in place between the Clearing Member and the Indirect Client.** User rights will be granted based on requests from the Clearing Member. The Clearing Members is ultimately responsible for accurate position reporting, in particular there it is emphasized that arrangements need to be in place that ensure no double reporting can occur.

Additional FTP folders; with separate logins, can be ordered in the Member Portal.

**Frequently asked questions on reporting for Indirect Clients:**

1.  Will Nasdaq allow clients/indirect clients to submit their own position reports?

    *Yes, please note that the member will be responsible for the additional sftp account and the accuracy of the reports submitted*

2.  How does the member report to the venue when a report will be submitted by the client/indirect client?

    *You would not be reporting anything else than the whole position (house + client) of your client. Reversing the positons and allocating them to the correct end client will be done by your direct client.*

3.  Are there additional fields which are needed in this process?

    *No*

4.  What validation checks are performed by Nasdaq to affirm the data given by the client is accurate and received timely?

    *None*

5.  If there is incorrect or missing information who will Nasdaq contact to remediate?

    *Our contacts with the exchange member*

6.  Do Nasdaq verify to the member that the end Client reporting has been satisfied when there is an onward party involved?

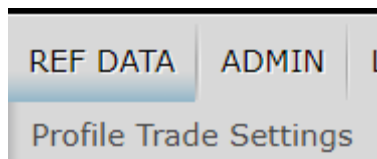    *No. Only if we discover any errors will we reach out to you as a member*
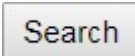
## 3.2. Automated Solution

Nasdaq uses positions available with the CCP to pre-populate the position report for the clients.

Users of the automated solution may change the pre-populated values (e.g. proportion of the position being hedge) either using the TRACK GUI (manually) or download the .xml file for electronical amendments and resubmit before Nasdaq send the report to the Competent Authority. The pre-populated values will be available by T+1 9.00 a.m CET. Corrections may be done until 2.00 p.m. CET

For the automated solution some fields are needed prior to start of reporting. In the TRACK GUI please follow the below steps:

- Go to REF DATA > Profile Trade Settings menu:



- Set the filter to find commodities position reporting (M2P) profile and click 

- If static data has been added to the profile before, click on  to modify settings

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- Click [New] if adding settings for the first time
- Fill-in data and click The following fields need to be filled in: [Save]

**Account.**
Field for Nasdaq (Genium INET) clearing account to be used for position reporting.

**Ultimate parent entity LEI.** Identifier of the ultimate parent of the position holder when positions of group entities are aggregated. Legal Entity Identifier code. In the event that the entity does not have a parent entity, this field should be populated with the same LEI as "Position Holder LEI".

**Ultimate parent entity email.** Email address for correspondence in relation to aggregated positions. Please provide a business email address. In the event that the entity does not have a parent entity, this field should be populated with the same address as "Position Holder email".

**Position holder LEI.** Identifier of the position holder. Legal Entity Identifier code for legal entities or National ID for natural persons not having an LEI.

**Position holder email.** Email address for notifications of position related matters. Please provide a business email address.

**Position holder category.** Field for Identification of the category of the Position holder. The Position holder category shall be one of the following categories:

(C) Commercial Undertakings

(R) Investment Firms/Credit Institutions

(I) Investment Funds

(E) Operators with compliance obligations under Directive 2003/87/EC

(O) Other Financial Institutions

**Independent investment decision.** Field to report on whether the position holder is a collective investment undertaking that makes investment decisions independently from its parent as set out by Article 4(2) of (EC) 2017/591. Tick "Yes" if the position holder is a collective investment undertaking that makes independent investment decisions.

**Risk reducing indicator.** Field to report whether the position is risk reducing in accordance with Article 7 of RTS 21. Tick "Yes" if the indicator will be used. If Position

Holder has both risk reducing and non-risk reducing positions this should be split into two or more Accounts.

**Obligation to provide liquidity.** Field to report whether the position is entered into to fulfil obligations to provide liquidity on a trading venue as referred to in point (c) of the fourth subparagraph of Article 2(4) of Directive 2014/65/EU. Field is optional and should be populated by Market Makers whenever position is entered to provide liquidity.

**Non-investment firm.** Tick "Yes" if you are not an investment firm under Directive 2014/65/EU.

**Hedging exemption.** Tick "Y" or "N". This field was removed from 11 June 2018, therefore no longer relevant for the position reporting.

## 3.3.    Hybrid solution

Nasdaq offers a hybrid solution where the positions available with the CCP are pre-populated to a report similar to the automated solution. The member then uses the automated report as a basis and publishes it like the full file solution.

## 3.4.    Nasdaq reporting tool TRACK - Graphical User Interface

The Nasdaq solution for position reporting leverages current systems used for regulatory reporting, most importantly, the Nasdaq regulatory hub "TRACK" that is used for EMIR and REMIT reporting today. Please note that is it not possible to connect MiFID II position profile to an existing structure of EMIR or REMIT reporting in TRACK. Therefore, a separate TRACK user is required, but all TRACK users could be linked to a single 2FA account.

The TRACK system will be updated to allow for the review and updates of data provided by the members.

Further details will be published in the TRACK reference guide in due course.



Screenshot, TRACK GUI

## 4.  Third party service providers

Nasdaq does not limit the use of third party vendors for submission of the daily report under MiFID II Article 58. The member is expected to have the dialogue with the third party vendor and provide Vendor with the necessary credentials etc.

## 5.  Uploading of XML reports

ITS4 .XML files can be uploaded to Nasdaq using either of two options

- Upload via sFTP web service
- Manual upload via the Nasdaq Regulatory Hub "TRACK" – ability to view, add, edit, delete using the graphical user interface

## 5.1. Process to fix errors with erroneous ITS 4 XML reports

The Nasdaq Trading Operations team is available to support members who have issues with report submission. Contact details: +46 405 7360, tradingoperations@nasdaq.com

## 5.2. Upload of client reference data to TRACK

Before implementation of Commodities Position Reporting, members have to update their client reference data in TRACK. Nasdaq will instruct members in detail on the procedures in due course.

# 6. Other considerations

## 6.1. Testing and implementation

Nasdaq expects all members to have tested position report uploading prior to go-live.

For further information regarding the Norwegian reporting, please see the Finanstilsynet webpage

# 7. Communication

To be able to reach out to as many as possible involved in the MiFID II implementation Nasdaq uses several different sources of communication towards its members and participants.

**Technical information** http://Technical Information MiFID II Valuable up-to-date information about our marketplace, products and services. Members and participants can also sign up for IT Notices here.

**Webpages** Nasdaq MiFID II

Find information on the impact of the new regulations on Nasdaq's current products and market models, and also information on upcoming events related to Nasdaq MiFID II implementation.

# 8. FAQ

## 8.1. General

1. **What solutions do you offer?**

   The standard ITS 4 files solution and the automated solution that is using CCP data.

2. **What months will be viewed as spot month and what months will be viewed as other months among Nasdaq contracts?**

   Contracts that expire and are fully delivered within the current month are viewed as Spot Month contracts (and expiries beyond this are Other Month contracts).

   There is an important special case, when there is a week contract being delivered over two months, the whole week will be classified as Other Months.

3. **Could you please confirm your deadline for Position Reporting Submissions?**

   T+1 2.00 p.m. CET.

4. **Will you require reference data from us a) for pre go-live set up or b) on an ongoing basis?**

   No data is needed for the standard solution for Investment Firms, for the automated solution certain details will be required. Please contact tradingoperations@nasdaq.com

5.  **We are operating under the assumption that we do not need to report zero positions, whether they are net zero or fully exited. Could you confirm that this is the case?**

    When a position is either closed out or reduced to zero firms will report zero for one day and then cease reporting until further trading on that position takes place

6.  **Is there anything else you will require from clearing members prior to go live, such as updating of client profiles?**

    No. But testing is recommended

7.  **How to report when a contract is in delivery month?**

    When contracts are in the delivery, field 'Position quantity' reporting shall be based on the           remaining contract sizes and not the initial contract size.

    Illustrative example using remaining contract size:

    Nordic Electricity Base Month DS Future: ENOMNOV-21

    Initial contract size: 720 hours

    Delivery period: 2021-11-01 – 2021-11-30

    Client bought 20 Lot Buy and 10 Lot Sell on 2021-10-28.

    - Reporting of 'Position quantity' during trading period (before 2021-11-01) is calculated (Buy quantity – Sell quantity) x Initial contract size

    Business date 2021-10-28 reporting Position quantity: (20-10)x720=7200

    Business date 2021-10-29 reporting Position quantity (20-10)x720=7200

    - Reporting of 'Position quantity' during delivery period (from 2021-11-01) is calculated (Buy quantity – Sell quantity) x Remaining contract size

    Business date 2021-11-01 reporting Position quantity (20-10)x696=6960

    Business date 2021-11-02 reporting Position quantity (20-10)x672=6720

8.  **What information shall be reported in relation to weekly positions?**

    In relation to the weekly position reporting, Nasdaq will aggregate the daily received position data if the open positions exceed the minimum thresholds as set out in ESMA´s Technical Advice to the European Commission on weekly from 1 April 2020. Note that Nasdaq requires no further information than is already reported in the daily reporting, other than the classification of the end client holding the position. Note that the classification of the end client shall be based on the categories listed in p. 2 Weekly reports above.

9.  **How to report on local Bank holidays?**

    The reporting has to be delivered on T+1 on all days the products market is open.

## 8.2.    Investment firms specific

1.  **Will you allow clients that have no relationship with the exchange to report positions?**

    This is being considered for Indirect Clearing Clients,

2.  **What file formats do you support for the ITS 4 file?**

    .XML

3.  **Are you aligned with the FIA/EFET standard for the ITS 4 file?**

    Yes, the goal is to be fully aligned.

4. **When do you require the ITS4 file to be submitted to Nasdaq at the very latest?**

   As per FIA recommendations – 2.00 p.m. CET (1.00 p.m. UK).

## 8.3.    Non-Investment firms

1. **Do you offer automated solutions for Non-Investment Firms?**

   Yes, based on CCP positions.

2. **How can I adjust the hedging position after the trade?**

   Either by using the TRACK GUI manually or by amending the pre-populated ITS 4 file before it is sent to the regulators

3. **Can you send me an ITS4 pre-populated file?**

   Yes, if you are a subscriber to our automated solution?

4. **Can I default values for the relationship between hedging and speculative position in TRACK?**

   Yes, it is possible to have all positions on one clearing account as either hedge or speculative.

## 8.4.    Related questions

1. **I trade Seafood, where should I report the positions?**

   Position reporting should be done to the Trading Venue, Fishpool ASA