

Reporting information to clients (MiFID provisions)

Chapter 16A

Reporting information to
clients (MiFID and insurance-
based investment products
provisions)

16A.3 Occasional reporting: MiFID business

Execution of orders other than when undertaking portfolio management

16A.3.1 **UK**

59(1) Investment firms having carried out an order on behalf of a retail client or a professional client, other than for portfolio management, shall, in respect of that order:

(a) promptly provide the retail client or professional client, as applicable, in a durable medium, with the essential information concerning the execution of that order;

(b) send a notice to a retail client in a durable medium confirming execution of the order as soon as possible and no later than the first business day following execution or, where the confirmation is received by the investment firm from a third party, no later than the first business day following receipt of the confirmation from the third party.

Point (b) shall not apply where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the client by another person.

Points (a) and (b) shall not apply where orders executed on behalf of clients relate to bonds funding mortgage loan agreements with the said clients, in which case the report on the transaction shall be made at the same time as the terms of the mortgage loan are communicated, but no later than one month after the execution of the order.

59(2) In addition to the requirements under paragraph 1, investment firms shall supply the client, on request, with information about the status of his order.

59(3) In the case of retail client orders relating to units or shares in a collective investment undertaking which are executed periodically, investment firms shall either take the action specified in point (b) of paragraph 1 or provide the retail client, at least once every six months, with the information listed in paragraph 4 in respect of those transactions.

59(4) The notice referred to in point (b) of paragraph 1 shall include such of the following information as is applicable and, where relevant, in accordance with the regulatory technical standards on reporting obligations adopted in accordance with Article 26 of Regulation (EU) No 600/2014:

- (a) the reporting firm identification;
- (b) the name or other designation of the retail client;
- (c) the trading day;
- (d) the trading time;

- (e) the type of the order;
 - (f) the venue identification;
 - (g) the instrument identification;
 - (h) the buy/sell indicator;
 - (i) the nature of the order if other than buy/sell;
 - (j) the quantity;
 - (k) the unit price;
 - (l) the total consideration;
 - (m) a total sum of the commissions and expenses charged and, where the retail client so requests, an itemised breakdown including, where relevant, the amount of any mark-up or mark-down imposed where the transaction was executed by an investment firm when dealing on own account, and the investment firm owes a duty of best execution to the retail client;
 - (n) the rate of exchange obtained where the transaction involves a conversion of currency;
 - (o) the retail client's responsibilities in relation to the settlement of the transaction, including the time limit for payment or delivery as well as the appropriate account details where these details and responsibilities have not previously been notified to the retail client;
 - (p) where the retail client's counterparty was the investment firm itself or any person in the investment firm's group or another retail client of the investment firm, the fact that this was the case unless the order was executed through a trading system that facilitates anonymous trading.
- For the purposes of point (k), where the order is executed in tranches, the investment firm may supply the retail client with information about the price of each tranche or the average price. Where the average price is provided, the investment firm shall supply the retail client with information about the price of each tranche upon request.
- 59(5) The investment firm may provide the retail client with the information referred to in paragraph 4 using standard codes if it also provides an explanation of the codes used.

[Note: article 59 of the *MiFID Org Regulation*]

16A.3.2 **G** In determining what is essential information, a *firm* should consider including:

- (1) for transactions in a *derivative*:
 - (a) the maturity, delivery or expiry date of the *derivative*;
 - (b) in the case of an *option*, a reference to the last exercise date, whether it can be exercised before maturity and the strike price; and
 - (c) if the transaction *closes out* an open *futures* position, all essential details required in respect of each contract comprised in the open position and each contract by which it was *closed out* and the profit or loss to the *client* arising out of *closing out* that position (a difference account);
- (2) for the exercise of an *option*:

- (a) the date of exercise, and either the time of exercise or that the *client* will be notified of that time on request;
 - (b) whether the exercise creates a sale or purchase in the underlying asset; and
 - (c) the strike price of the *option* (for a currency *option*, the rate of exchange will be the same as the strike price) and, if applicable, the total consideration from or to the *client*; and
- (3) the fact that the transaction involves any dividend or capitalisation or other right which has been declared, but which has not been paid, allotted or otherwise become effective in respect of the *investment*, and under the terms of the transaction the benefit of which will not pass to the purchaser.

Guidance on the requirements

16A.3.3 **G** Where a *firm* executes an order in tranches, the *firm* may, where appropriate, indicate the trading time and the execution venue in a way that is consistent with this, such as, "multiple". In accordance with the *client's best interests rule*, a *firm* should provide additional information at the *client's* request.

16A.3.4 **G** In accordance with **COBS 2.4.9R**, a *firm* may dispatch confirmation to an agent, other than the *firm* or an associate of the *firm*, nominated by the *client* in writing.

Reporting obligations in respect of eligible counterparties

16A.3.5 **UK** 61 The requirements in articles 46 to 51 and 59 do not apply to services provided to eligible counterparties.

[**Note:** article 61 of the *MiFID Org Regulation*]