Chapter 29

Commission Delegated Regulation (EU) 2017/589

Article 17 Post-trade controls(Article 17(1) of Directive 2014/65/EU)

(1) An investment firm shall continuously operate the post-trade controls that it has in place. Where a post-trade control is triggered, the investment firm shall undertake appropriate action, which may include adjusting or shutting down the relevant trading algorithm or trading system or an orderly withdrawal from the market.

(2) Post-trade controls referred to in paragraph 1 shall include the continuous assessment and monitoring of market and credit risk of the investment firm in terms of effective exposure.

(3) An investment firm shall keep records of trade and account information, which are complete, accurate and consistent. The investment firm shall reconcile its own electronic trading logs with information about its outstanding orders and risk exposures as provided by the trading venues to which it sends orders, by its brokers or DEA providers, by its clearing members or central counterparties and by its data providers or other relevant business partners. Reconciliation shall be made in real-time where the aforementioned market participants provide the information in real-time. An investment firm shall have the capability to calculate in real time its outstanding exposure and that of its traders and clients.

(4) For derivatives, the post-trade controls referred to in paragraph 1 shall include controls regarding the maximum long and short and overall strategy positions, with trading limits to be set in units that are appropriate to the types of financial instruments involved.

(5) Post-trade monitoring shall be undertaken by the traders responsible for the algorithm and the risk control function of the investment firm.