

Chapter 29

Commission Delegated Regulation (EU) 2017/589

Article 7 Testing environments(Article 17(1)
of Directive 2014/65/EU)

(1) An investment firm shall ensure that testing of compliance with the criteria laid down in Article 5(4)(a), (b) and (d) is undertaken in an environment that is separated from its production environment and that is used specifically for the testing and development of algorithmic trading systems and trading algorithms.

For the purposes of the first subparagraph, a production environment shall mean an environment where algorithmic trading systems effectively operate, and comprise software and hardware used by traders, order routing to trading venues, market data, dependent databases, risk control systems, data capture, analysis systems and post-trade processing systems.

(2) An investment firm may comply with the testing requirements referred to in paragraph 1 by using its own testing environment or a testing environment provided by a trading venue, a DEA provider or a vendor.

(3) An investment firm shall retain full responsibility for the testing of its algorithmic trading systems, trading algorithms or algorithmic trading strategies and for making any required changes to them.