

FREQUENTLY ASKED QUESTIONS

REPORTING AND PUBLISHING SOLUTION REGARDING BOND MARKET TRANSPARENCY

Introduction

This document is intended to answer questions regarding the reporting and publishing solution that follows from the Swedish Securities Markets Association's (SSMA) recommendation on bond market transparency. The document is updated as needed and the date of the latest update appears below.

Link to the Swedish Securities Markets Association's recommendation:

<https://svenskvardepappersmarknad.se/wp-content/uploads/2020/11/SSMA-Recommendation-on-bond-market-transparency-Nov-2020.pdf>

Last updated: 2021-07-01

1. Investment firms

1.1 Which firms can adhere to the reporting and publishing solution?

Swedish investment firms and corresponding foreign firms that execute such transactions, in such financial instruments, that fall within scope of the recommendation can adhere to the reporting and publishing solution.

The terms "investment firm and corresponding foreign firms" are interpreted in accordance with the Swedish Securities Market Act and MiFID II which include investment firms and Swedish credit institutions that conduct securities business under an authorization from the Swedish Financial Supervisory Authority and foreign entities that conducts securities business in Sweden.

1.2 Are only members of the SSMA subject to the recommendation?

All Swedish investment firms and corresponding foreign firms are subject to the recommendation in accordance with point 1.1. Membership in SSMA is not a prerequisite.

1.3 How do I know which investment firms that participate in the reporting?

Nordic Trustee publishes a list of the investment firms which are reporting in accordance with the recommendation, including their LEI.

Link: <https://new.stamdata.com/app/trades>

1.4 Are branches subject to the recommendation?

Branches of investment firms or corresponding foreign firms active on the Swedish bond market are subject to the recommendation.

1.5 How are group companies to be treated?

If several firms within a group are subject to the recommendation, reporting should be made for each firm, including information about LEI.

1.6 What is needed in order to participate?

In order to participate, investment firms must enter into a contribution agreement with Nordic Trustee. According to the agreement, the annual cost is currently SEK 30 000.

See contact details in point 8.1.

2. Financial instruments

2.1 What kind of financial instruments are subject to the recommendation?

- Bonds issued by government and municipalities, covered bonds and corporate bonds
- Futures and options with the above-mentioned bonds as underlying assets

Money market instruments, such as certificates and government bills, are not subject to the recommendation.

2.2 Does it matter where the instruments are listed?

Only Swedish financial instruments admitted to trading on a regulated market in Sweden (e.g. Nasdaq Stockholm or NGM) or traded on a trading venue in Sweden (e.g. Nasdaq First North Bond Market) are subject to the recommendation.

Transactions in such instruments shall be published irrespective of whether they are traded OTC or on a trading venue within or outside the EES (see point 3.1).

2.3 Which ISIN: s are covered?

Only ISIN-SE are covered by the recommendation.

Nordic Trustee sends a daily list to the reporting investment firms with all ISIN: s that are to be reported (see point 4.15).

2.4 What bonds are considered to be corporate bonds?

Corporate bonds include bonds issued by corporates (financial and non-financial).

Covered bonds and municipal bonds that are not benchmark (i.e. that do not have a market maker agreement) are treated as corporate bonds in the reporting and publishing solution. This is in line with the transparency solution that applied in Sweden before MiFID II and is related to how the trading is conducted.

3. Transactions

3.1 Which transactions are to be included?

Investment firms are to report all transactions in financial instruments that fall within scope of the recommendation. This applies regardless of whether the transaction was executed OTC or on a trading venue within or outside EES.

When deciding whether a transaction is to be reported or not, the MiFID/MiFIR regulation can be used as guidance, see article 12 in RTS 2: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0583&from=EN>

3.2 Are primary market transaction subject to the recommendation?

Primary market transactions are not subject to the recommendation.

3.3 Are repo transactions subject to the recommendation?

Repo transactions are not subject to the recommendation.

3.4 Are central bank transactions subject to the recommendation?

Transactions which are not to be published according to 1.6 MiFIR are not to be published under the recommendation. It is up to the reporting investment firms to decide, based on the information they have received from the central banks, whether central bank transactions are to be excluded according to 1.6 MiFIR.

3.5 Deviating transactions

In case transactions take place that deviate from market praxis, e.g. deviating settlement, such transactions shall be reported in the same way as other transactions. Since the price can differ for deviating transactions, the existence of such transactions could affect the aggregate pricing information.

4. Reporting

4.1 At what time should the data be reported to Nordic Trustee?

Investment firms shall report their data to Nordic Trustee no later than 18:00 CET on the business day regarding transactions executed until 17:00 CET on the same day.

4.2 Transactions after 17:00 CET

Transactions that take place after 17:00 CET shall be reported on the following business day.

4.3 Is it possible to report before 18:00 CET?

Investment firms will have the opportunity to report to Nordic Trustee between 16:00 and 18:00 CET.

If a file has been reported and additional transactions have been made, a new file shall be reported and this shall include both earlier reported data, as well as new data.

Nordic Trustee will only use the file last reported when aggregating the transaction information.

4.4 Shall reporting take place on holidays?

Reporting shall only take place on business days according to the Swedish trading calendar.

On half trading days reporting shall take place in the same way as for regular business days.

Link to Nasdaq's trading calendar:

http://www.nasdaqomxnordic.com/digitalAssets/110/110726_trading-calendar-fixed-income_2021-2023.pdf

4.5 What information shall be reported?

Investment firms shall report information about transactions executed until 17:00 CET on the same day. For each transaction the following information shall be reported:

- ISIN
- Business day: The date when the transactions was carried out
- Price: See point 4.5 What price shall be reported?
- Volume: See point 4.6 What information shall be reported?
- Transaction-ID: Unique identifier for every transaction
- Change: See point 4.17 and point 4.18.

Information about transactions carried out after 17:00 CET shall be reported to Nordic Trustee on the following business day. There is a possibility to apply deferred publication for certain types of instruments and transactions (see point 6.1).

4.6 What price shall be reported?

Bonds: Price is to be reported as clean price (percentage of face value, ex accrued interest).

Futures: Yield to maturity.

Options: Premium expressed in basis points in relation to the nominal amount of the underlying.

4.7 What volume shall be reported?

Bonds – Nominal amount

Futures – Nominal amount

Options – Nominal amount of the underlying instrument

4.8 How is the reporting conducted?

There are three different options for reporting:

- **Option 1:** Automated reporting through Nordic Trustees SFTP or FTP
- **Option 2:** Manual reporting by uploading information to Nordic Trustees webpage.
- **Option 3:** By email to Nordic Trustee. However, this option is only intended to be a back-up, should option 1-2 not be possible to use.

4.9 In what format shall the reported file be?

The reported file shall be in the form of a CSV file with semicolon delimitation.

4.10 Is the reporting confirmed by receipt?

Upon receipt of a new file, Nordic Trustee will send a confirmation by e-mail.

4.11 Is the reported information verified?

Nordic Trustee makes an overall verification, partly of the files that are reported, partly of the content of these files so that values are not missing or stated in the wrong format. Nordic Trustee will not make any assessment regarding the reported price levels or volumes.

4.12 Who reports?

Only one counterparty in a transaction shall report the transaction.

When an investment firm carries out a transaction with someone who is not part of the reporting and publishing solution, the investment firm is responsible for reporting the transaction. This applies regardless of in what capacity the investment firm operates, ie. if the transaction is carried out by using the trading book, or if orders are executed at a trading venue.

When two investment firms which are part of the reporting and publishing solution enter into a transaction with each other, the seller is required to report. However, the counterparties have the right in the individual case to agree on which firm that is to report the transaction.

Unlike the rules in MiFID II / MiFIR, it does not matter for the application of the recommendation whether either party is a systematic internaliser, SI.

4.13 Who is the seller?

Investment firms shall apply the same principles as in MiFID II/MiFIR to determine which of the parties that is the seller, see box 16 in Table 2, Annex 1 to RTS 22: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0590&from=EN>

Unlike the rules in MiFID II/MiFIR, it does not matter for the application of the recommendation if either party is a systematic internaliser, SI.

4.14 Double reporting

Investment firms that apply the recommendation shall strive to ensure that a transaction is not published more than once.

4.15 One or two transactions?

To determine whether a transaction is to be considered as one or two transactions, the investment firms shall apply the same principles as for the APA reporting in MiFID II. In practice, the situation is determined based on the circumstances of the individual transaction.

The question of which party that is to report is answered by point 4.11 and 4.12 above. Note that in accordance with point 4.11, the parties have the right to agree in the individual transaction on which party that is to report.

4.16 What is the instrument list?

Nordic Trustee will, on the business day at 12:00 CET at the latest, provide an updated list of the bonds, futures and options, including ISIN, that are to be reported by the investment firms.

The list is available on <https://new.stamdata.com/app/trades> as well as through FTP/SFTP for the investment firms that report transactions.

4.17 How are inaccuracies handled?

If an investment firm discovers that an ISIN is missing or should be excluded from the instrument list, the investment firm shall inform Nordic Trustee (see contact information, point 8.1).

Nordic Trustee will, in turn, inform the relevant part (e.g. Euroclear or Nasdaq) so that they can take appropriate action to correct the error. As soon as the error is corrected, the instrument list will be updated accordingly. Historical correction is not made.

4.18 How is incorrect reporting handled?

If an investment firm wishes to update previously reported transactions due to incorrect reporting, this is possible up to two business days after the initial reporting (see contact information, point 8.1).

4.19 How does one delete reported transactions?

If an investment firm needs to delete previously reported transactions, this is possible for up to two business days after the initial reporting.

5. Publication

5.1 What information will be published?

- VWAP: Volume weighted average price
- High: Highest traded price during the business day
- Low: Lowest traded price during the business day
- Total volume: Total nominal traded volume during the business day
- Trade date: Trade date for reported price/volume
- Last update: Latest update for the relevant trade date and ISIN

Due to the possibility of deferred publication, the aggregated transaction information can be updated up to seven business days after the trade date.

5.2 When will the publication take place?

Nordic Trustee shall publish the aggregated transactions information daily at 19.00 CET at the latest.

5.3 Will publication take place on holidays?

Publication will only take place on business days according to the Swedish trading calendar.

On half trading days publication shall take place in the same way as for regular business days.

Link to Nasdaq's trading calendar:

http://www.nasdaqomxnordic.com/digitalAssets/110/110726_trading-calendar-fixed-income_2021-2023.pdf

5.4 Where will the publication take place?

The publication will be available on Stamdata's website <https://new.stamdata.com/app/trades> in tabular format and via a downloadable file, and will be available to the public

The information will also be provided bilaterally to each reporting investment firm, both manually and via automated FTP solutions.

5.5 Who will be able to take part of the publication?

The publication will be available on Stamdata's website <https://new.stamdata.com/app/trades> in table format and via a downloadable file, and will be available to the public free of charge.

5.6 What format will the published information have?

The published information will be available free of charge to the general public on Stamdatas webpage <https://new.stamdata.com/app/trades> in table format. The information will also be available for downloading in XLSX format. Further, for the investment firms that contribute to the reporting the information will also be available in XML or CSV format.

5.7 Historical data

The published information will be available on Stamdatas webpage <https://new.stamdata.com/app/trades> for at least three months from the date of publication.

5.8 Will it appear from the published information which investment firm that reported the transaction?

Only aggregated data will be published. It will not be indicated which firm has been involved in the transaction.

6. Deferred publication

6.1 When can publication of a transaction be deferred?

Investment firms that execute transactions in corporate bonds by using their own trading book have the possibility to defer the publication of an individual transaction when the transaction exceeds SEK 50 million. Provided that the criteria to do so are fulfilled, it is up to the respective investment firms to decide whether or not to use the possibility to defer.

Transactions where investment firms do not trade by using their own trading book (e.g. brokerage) are not covered by the possibility of deferred publication and must always be published in accordance with the general rule of the recommendation. The same applies if the investment firm has closed its position during the business day. It is up to each firm to assess and decide when the position has been closed.

See point 2.4 as regards which bonds that are treated as corporate bonds for the purpose of the reporting and publishing solution.

6.2 When will a deferred transaction be published?

When the publication of a transaction is deferred the publication shall take place no longer than seven business days after the actual trade date.

6.3 Will it appear from the published information if the publication of a transaction has been deferred?

Deferred publication will not be aggregated with the transactions that have been made on the same day as the publication takes place. Instead, deferred publication will be aggregated with the information regarding transactions in the same ISIN on the same trade date, and it will appear from the publication that there has been an update in the aggregated information. This means that when a deferred transaction is being published, it will appear that the trade date was up to seven days earlier.

7. Status of the self-regulation

7.1 What is the status of the self-regulation in relation to mandatory regulations?

The recommendation is not mandatory, and it applies in addition to the mandatory transparency rules in MiFID II/MiFIR.

7.2 Are investment firms reporting in accordance with the recommendation forced to report according to the self-regulation as well as mandatory regulations?

Investment firms reporting in accordance with the recommendation are obliged to report according to both the self-regulation and mandatory regulations.

8. Contact

8.1 Who can I contact should I have any questions?

Nordic Trustee:

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The Swedish Securities Markets Association:

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