

**APPROVED PUBLICATION ARRANGEMENT (APA)
RESOLUTION/SANCTIONS POLICY**

TRADEcho (EU Version)

Vs 1.00

Date	Version	Update	Updated by	Signed-Off
April 2021	1.00	Created v1.00	Dagmar Banton/ Sarah Clark	Claire Foster Ramses Trogh

Resolution/Sanctions Policy (EU Version)

1.0 Introduction

Under the Markets in Financial Instruments Regulation (together with the corresponding Markets in Financial Instruments Directive, collectively referred to as “MiFID II”), investment firms have an obligation to make public, through an Approved Publication Arrangement (“APA”), the volume and price of the transactions they conclude in financial instruments that are traded on a trading venue (“ToTV”) and the time at which the transactions were concluded. Reporting of trades must be undertaken as close to real-time as technically possible. Further detail on the obligations applicable to APAs is set out in delegated legislation.

Accurate and timely trade reporting is a fundamental aspect of the MiFID II transparency regime. To mitigate the risk associated with deficient reporting, TRADEcho, operated by UnaVista TRADEcho B.V. as an APA in the EU, is required to implement measures to ensure that it effectively manages incomplete or potentially erroneous trade reports. This policy is being implemented in the context of that obligation; it sets out the measures available to TRADEcho where the provision of incomplete or erroneous data results in the cancellation or amendment of trade reports.

Investment firms are required to publish trades within timelines stipulated in secondary MiFID II regulation and TRADEcho will, therefore, monitor the submission of trade reports and where reports do not meet the appropriate timeline, TRADEcho may take action to address the issue under this policy. Further, given the requirement for MiFID II investment firms to report their trades “as close to real-time as technically possible”, any persistent failure on the part of a TRADEcho client (or “firm”) to submit trade details on a timely basis may result in TRADEcho escalating the matter to the Authority for the Financial Markets (AFM).

TRADEcho’s approach to regulation is aimed at maintaining the integrity, orderliness, transparency and good reputation of the markets and changing firms’ behaviour in those markets where necessary. TRADEcho will look into the facts of each case, seeking to understand why the reporting failure occurred and will assess whether any remedial action the firm has taken is adequate to prevent similar future occurrence.

2.0 Incomplete and Erroneous Reporting

For the purposes of this policy, any trade details submitted which do not comply with the obligations detailed in the appropriate MiFID II secondary legislation will be considered to be incomplete and/or erroneous.

In this context, “appropriate MiFID II secondary legislation” comprises:

- For equity and equity-like financial instruments: Commission Delegated Regulation (EU) 2017/587 (“RTS1”), Annex I; and
- For non-equity instruments: Commission Delegated Regulation (EU) 2017/583 (“RTS2”), Annex II.

In addition to the submission of incomplete and/or erroneous details for individual trades, the following circumstances will be considered to fall within this section of the policy:

- the over-reporting of non-reportable trades;
- the failure to submit complete and/or correct details for executed trades which results in the need for either systematic or mass amendment or cancellation of trade reports;

Firms are required to monitor the submission of their trade reports and to notify the TRADEcho Support Team promptly when a reporting issue is identified. TRADEcho has an obligation, in circumstances where it determines that a trade report it receives is incomplete or contains information that is likely to be erroneous, not to publish the trade report and to promptly alert the submitting firm. Communication in such instances will be undertaken by the LSE's Market Supervision team who will contact the firm in question to resolve the matter. Firms are requested to provide a full response in a timely manner. Failure to do so may result in the late publication of trades which will be considered in the context of section 4.0 of this policy.

Firms who consistently override the TRADEcho price and size validity check are expected to be able to provide on request, details of what alternative systems and controls they have in place to prevent the submission of erroneous trade reports.

Where TRADEcho identifies a firm is consistently submitting erroneous trade reports which could have been identified by the TRADEcho price and size validity check had that same firm not chosen to override this check on a systematic basis, TRADEcho would consider this to indicate that the firm does not have adequate compensatory systems and controls. This matter would be taken into consideration when making a determination as to whether to take action and, if so, the nature of any sanction imposed.

3.0 Late Trade Reporting

For the purposes of this policy, any trade details not submitted in sufficient time to enable their publication in accordance with the timescales set out in the appropriate MiFID II secondary legislation will be considered to be late.

In this context, "appropriate MiFID II secondary legislation" comprises:

- For equity and equity-like financial instruments: RTS1, Article 14; and
- For non-equity instruments: RTS2, Article 7(4).

Persistent late trade reporting will be escalated through the resolution/sanctions process as set out in the following section.

4.0 Resolution/Sanctions Process

Firms must use the TRADEcho system in compliance with the regulations and ensure data is complete, correct and not misleading. Where TRADEcho believes that a firm is not compliant – e.g. because it is submitting incomplete or potentially erroneous details, as described in Sections 2.0, or it is submitting trades late, as defined in section 3.0 - it may commence resolution/sanctions action against that firm. In considering whether to take action TRADEcho will consider several factors including (without limitation):

- the seriousness, size and nature of the firm's non-compliance;
- how the issue came to light (i.e. identified by TRADEcho or the firm itself);
- the actual or potential market impact caused by the firm's non-compliance;
- the general reporting history of the firm, and any specific history regarding the issue in question;
- consistent and fair application of the resolution/sanctions process; and
- the responsiveness and conduct of the firm in addressing the matter.

Further to the resolution process entered into with a non-compliant firm, TRADEcho may impose one of the following sanctions:

- Warning Notices - these may specify corrective action required by the firm and are a formal record of action for the firm's reporting history;
- Suspension - TRADEcho may temporarily suspend the firm's access until action is taken by the firm to be compliant; or
- Termination - TRADEcho may terminate the firm's access to the system.