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Bats Europe Encourages Industry Harmonisation for MiFID II Requirement for Order Record Keeping

MiFID II Compliant Record Keeping Process and Algorithm Testing Enhancements Now Available for Participant Testing on Bats Europe

LONDON – 22 August 2016 – Bats Europe (Bats), the region’s largest stock exchange operator, has made available for testing on its platform its MiFID II compliant process for order record keeping, which the exchange is proposing as the industry approach to encourage harmonisation. Bats is also making available a range of enhancements to facilitate further user testing of their algorithms.

To be compliant with MiFID II rules, and specifically the order record keeping requirement known as “RTS 24”, trading venues will have to record considerable amounts of data throughout the trading day. This presents Bats and other trading venues and their users with a challenge: how to capture and store sensitive data in a way that provides Participants and their clients with peace of mind and doesn’t damage the efficiency of the order execution process.

Bats has consulted extensively with market participants and other trading venues across asset classes to develop a solution that it believes can be adopted as a standard. This solution captures short form IDs on orders and supplements them with a mapping file containing the underlying data, which can be provided at another time. This mapping file is stored securely until a regulator requires the complete order records.

David Howson, Chief Operating Officer at Bats Europe said, “In preparation for MiFID II, we’ve been working closely with the industry to standardise the manner in which investment firms supply required data to our venues. We believe our approach to the record-keeping requirements in MiFID II is a low-impact, secure method and we encourage other venues to adopt this approach to create harmonisation across the industry.”

Bats’ solution to the record keeping requirement will eliminate sensitive data flowing through the core trading system, as well as minimise any potential latency impact due to large message sizes.

Mr. Howson added: “The RTS 24 requirements have been one of the most significant areas of development for Bats as it relates to MiFID II. We have put a lot of time and consideration into the development of this approach and we’re pleased to roll-out testing of the solution, enabling our participants to test the process for more than 16 months prior to MiFID II coming into effect on 3 January 2018.”

Full details about Bats Europe’s approach can be found in the [Record Keeping Approach](#) document on the [Bats MiFID II microsite](#), which was launched earlier this year to help participants and other interested parties understand the impact of MiFID II. The MiFID II microsite outlines Bats’ plans and positions on various key topics.



Separately, trading venue organisational requirements of MiFID II require Bats to provide a facility to support participant testing of algorithms. While Bats already provides a number of fully functional customer test environments, Bats is enhancing these through the simulation of a number of scenarios, including disorderly market conditions.

Full details about Bats Europe's approach can be found on the [Algo Testing](#) page of the [Bats MiFID II microsite](#). Bats will continue to enhance the capabilities of its test environments over time, making it easier for participants to test a range of algorithms.

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About Bats Europe

Bats Europe is Europe's largest equities exchange and offers trading in more than 5,500 securities across 15 major European markets, over one platform and under one rule book. In addition, Bats Europe's leading trade reporting service, BXTR, now reports the majority of OTC equity market trading executed in Europe.

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