

MIFID II Systematic Internaliser and Electronic Trading Notification Guide

January 2018

Introduction

This guide is designed to assist with the submission of the following forms:

- A. Systematic Internaliser Notification.
- B. Electronic Trading Notification.

A. Systematic Internaliser Notification Form

The Systematic Internaliser Notification (SI) form is available on the Connect portal for authorised firms. Appropriate access rights must be given to users for the functions they need on Connect, including access to the Systematic Internaliser Notification form.

For more details on how to manage your users once registered and using Connect, click here <https://www.fca.org.uk/firms/connect/registration>

Completing the SI form

On accessing Connect, select 'Authorised Firm and Individual applications/notifications'.

The screenshot shows the FCA Connect portal interface. At the top left, there are logos for the FCA (Financial Conduct Authority) and the Bank of England Prudential Regulation Authority. A search bar is located at the top right with the text 'Search fca.org.uk' and a search button. Below the search bar, the 'Applications' section is displayed. It contains two main options: 'Authorised Firm and Individual applications/notifications' (highlighted with a red box) and 'New FSMA/Consumer Credit/Payment Services/Electronic Money Authorisation/Registration Application'. Below these, the 'Forms' section is visible, featuring 'Suspicious Transaction and Order Report'.

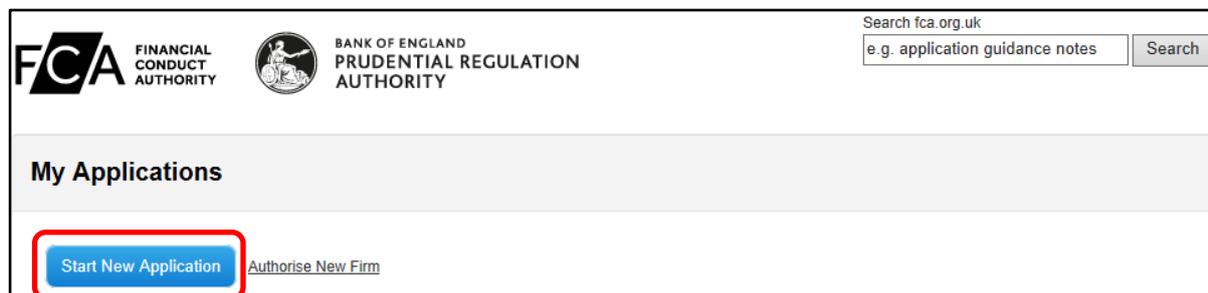
Applications

-  **Authorised Firm and Individual applications/notifications**
Create, view, submit and manage application/notification forms for existing authorised and registered firms and individuals
-  **New FSMA/Consumer Credit/Payment Services/Electronic Money Authorisation/Registration Application**
Create and submit FSMA, Consumer Credit limited/full permission, Payment Services and Electronic Money authorisation and registration applications

Forms

-  **Suspicious Transaction and Order Report**
This form is for the use of persons professionally arranging or executing transactions, market operators and investment firms that operate a trading venue to make a report to the FCA under Article 16(1) and 16(2) of Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse ("The Market Abuse Regulation").

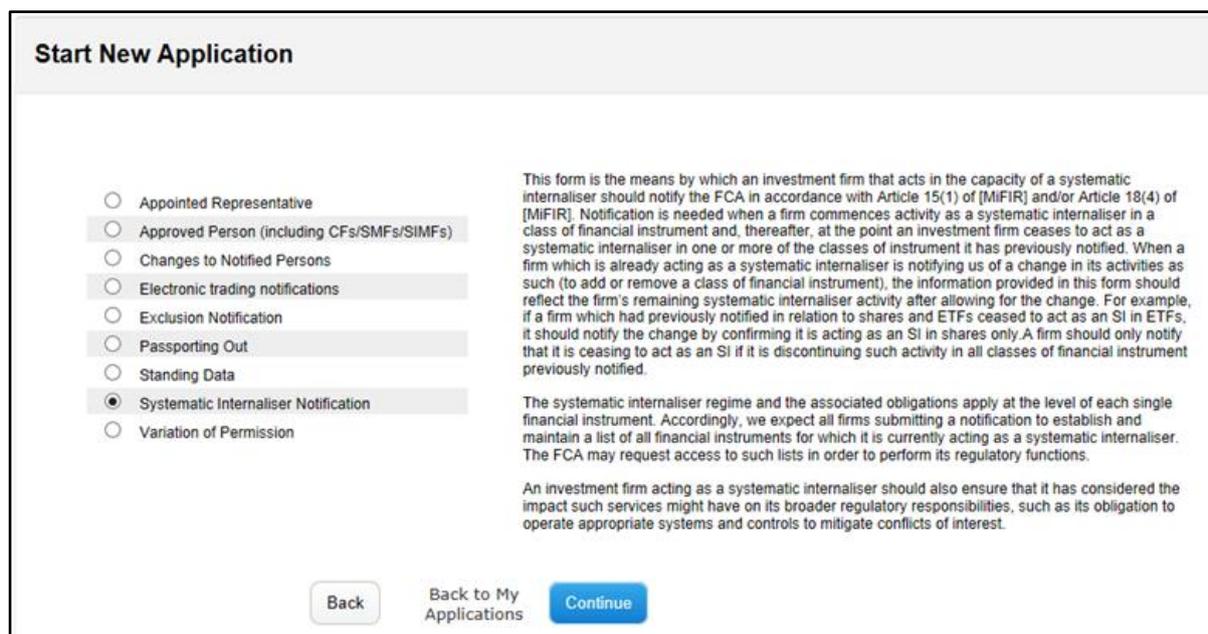
Then click on 'Start New Application'.



The screenshot shows the top navigation bar of the FCA Connect portal. On the left, there are logos for the Financial Conduct Authority (FCA) and the Bank of England Prudential Regulation Authority. On the right, there is a search bar with the text 'Search fca.org.uk' and a search button. Below the navigation bar, the page title is 'My Applications'. At the bottom of this section, there are two buttons: 'Start New Application' (highlighted with a red box) and 'Authorise New Firm'.

If you have the ability to submit on behalf of more than one firm Connect will ask you to choose the firm that you are submitting the application on behalf of, before continuing onto the 'Start New Application' page.

- For users with access to 'All' application types; the **Systematic Internaliser Notification** form will be automatically added to the list of applications.
- For users with access to specific application types, the **Systematic Internaliser Notification** form will need to be added to your Connect profile by either the firm's Principal User or Firm Administrator. If you are unsure who this is, please call the FCA's Contact Centre.



The screenshot shows the 'Start New Application' page. On the left, there is a list of application types with radio buttons. The 'Systematic Internaliser Notification' option is selected. On the right, there is a detailed description of the notification process, including the requirement to notify the FCA in accordance with Article 15(1) of [MiFIR] and/or Article 18(4) of [MiFIR]. At the bottom, there are three buttons: 'Back', 'Back to My Applications', and 'Continue'.

Once you have selected 'Systematic Internaliser Notification' you will arrive at the page overleaf which shows the sections you will need to complete. All sections must be completed before the application can be submitted.

Systematic Internaliser Notification Form

Firm Name: FRN

Version Number: 1 Application Reference Number: 0001698596 Last Modified By:

[Back to My Applications](#)

Once the application is complete and valid, a button will appear to allow the application to be marked as Ready to Submit (Draft Ready).

Systematic Internaliser Notification Form	
Form	Form Status
Application Contact Details	Not Started
SI Notification Form	Not Started
Declaration	Not Started

The first section is the 'Application Contact Details' (screenshot not provided). This section will auto populate with details from your profile on Connect. If these are incorrect, you can amend them.

The second section is the 'SI Notification Form'. The form will default to 'Acting as a Systematic Internaliser in the classes of financial instrument specified below'.

MIC: The MIC (Market Identifier Code) must be provided.

LEI: Your firm's 20 character LEI (Legal Entity Identifier) must be provided.

Note: In the event that the FCA has a record of your LEI; this will be automatically populated. For further information on LEIs, click here <https://www.fca.org.uk/markets/mifid-ii/legal-entity-identifier-lei-update>

Scroll down to the bottom of the form for Guidance Notes on how to complete.

SI Notification Form

Firm Name:

FRN :

Form Version Number:

Application Reference Number: 0001698891

Last Modified By:

Progress

Current Step 

Legend

-  This field is required
-  Click the icon for help on the item
-  The page has been validated successfully
-  The page is incomplete

Back

Save & Exit

Continue

 Print

SI Notification Details

MIC

LEI

I hereby notify the FCA that I am (please delete as appropriate):

- Acting as a Systematic Internaliser in the classes of financial instrument specified below
- No longer acting as a Systematic Internaliser in any class of financial instrument

Please confirm the classes of financial instrument for which the firm is acting as a systematic internaliser (tick as appropriate)

Note: The information provided in this form should reflect all of the firm's systematic internaliser activity at the date of submission. When a firm which is already acting as a systematic internaliser is notifying us of a change in its activities as such (to add or remove a class of financial instrument), the information provided in this form should reflect the firm's remaining systematic internaliser activity after allowing for the change. A firm should only notify that it is ceasing to act as an SI if it is discontinuing such activity in all classes of financial instrument previously notified.

Equity and equity-like instruments

- Shares
- ETFs
- Depository Receipts
- Certificates
- Other equity-like financial instruments

Non-equity instruments

- Securitised derivatives
- Structured finance products
- Bonds
- ETCs
- ETNs
- Emissions allowances
- Derivatives

If the firm is commencing activity as a systematic internaliser in a class of financial instrument:

Please confirm that the activity to which this notification relates does not involve the operation of a multilateral system (see note 4)

- Confirmed
- Not Confirmed

Please specify which Regulated Market, Approved Publication Arrangement or proprietary arrangement the firm will use to make its systematic internaliser quotes public, where such obligations apply (see note 5).

Guidance Notes

1. This form is the means by which an investment firm that acts in the capacity of a systematic internaliser should notify the FCA in accordance with Article 15(1) of [MiFIR] and/or Article 18(4) of [MiFIR].
2. Notification is needed when a firm commences activity as a systematic internaliser in a class of financial instrument and, thereafter, at the point an investment firm ceases to act as a systematic internaliser in one or more of the classes of instrument it has previously notified. When a firm which is already acting as a systematic internaliser is notifying us of a change in its activities as such (to add or remove a class of financial instrument), the information provided in this form should reflect the firm's remaining systematic internaliser activity after allowing for the change. For example, if a firm which had previously notified in relation to shares and ETFs ceased to act as an SI in ETFs, it should notify the change by confirming it is acting as an SI in shares only. A firm should only notify that it is ceasing to act as an SI if it is discontinuing such activity in all classes of financial instrument previously notified.
3. The systematic internaliser regime and the associated obligations apply at the level of each single financial instrument. Accordingly, we expect all firms submitting a notification to establish and maintain a list of all financial instruments for which it is currently acting as a systematic internaliser. The FCA may request access to such lists in order to perform its regulatory functions.
4. Article 4(1)(20) of MiFID 2 defines a systematic internaliser as an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system. According to Article 1(7) of MiFID 2, all multilateral systems in financial instruments shall operate as MTFs, OTFs or Regulated Markets. Recital (17) of MiFID 2 further provides that a systematic internaliser should not be allowed to bring together third party buying and selling interests in functionally the same way as a trading venue. A firm submitting a notification should ensure that it has satisfied itself that its activity meets the definition of a systematic internaliser.
5. Articles 15(3) and 18(8) of [MiFIR] set out the manner in which a systematic internaliser may make its quote public, in relation to equity and non-equity instruments respectively. A systematic internaliser may publish quotes through the facilities of a Regulated Market, through an Approved Publication Arrangement or through proprietary arrangements.
6. An investment firm acting as a systematic internaliser should also ensure that it has considered the impact such services might have on its broader regulatory responsibilities, such as its obligation to operate appropriate systems and controls to mitigate conflicts of interest.

Back

Save & Exit

Continue



Print

The third section is the 'Declaration'. You must read the information and confirm that you understand and are submitting accurate information to us.

Declaration

View our step-by-step video [guide](#) for the Firm Declaration

Firm Name:

FRN:

Form Version Number: 1

Application Reference Number: 0001698596

Last Modified By:

Progress

Current Step

Legend

- This field is required
- Click the icon for help on the item
- The page has been validated successfully
- The page is incomplete

Back

Save & Exit

Continue



Print

Declaration

I confirm that the information in this form is accurate and complete to the best of my/our knowledge and belief and that I/we have taken all reasonable steps to ensure that this is the case.

I am aware that it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.

I will notify the FCA immediately if there are any changes to the information given in the notification.

Review and Submission

The ability to submit this form is given to an appropriate user or users by the firm's principal compliance contact.

Tick here to confirm that the person submitting this Form on behalf of the Firm and (if applicable) the Individual named below - have read and understood the declaration.

Signature

I confirm that a permanent copy of this application, signed by myself and the signatories, will be retained for an appropriate period, for inspection at the FCA/PRA's request.

Name of authorised signatory

Signature (to be signed on the printed version only)

Date [04/09/2017]

Back

Save & Exit

Continue

Once all three sections are marked as complete, you can submit the notification.

Once the notification has been submitted, you will receive an email confirming receipt of your notification. This email will also contain your notification reference number, which you should retain for your records.

B. Electronic Trading Notification Form

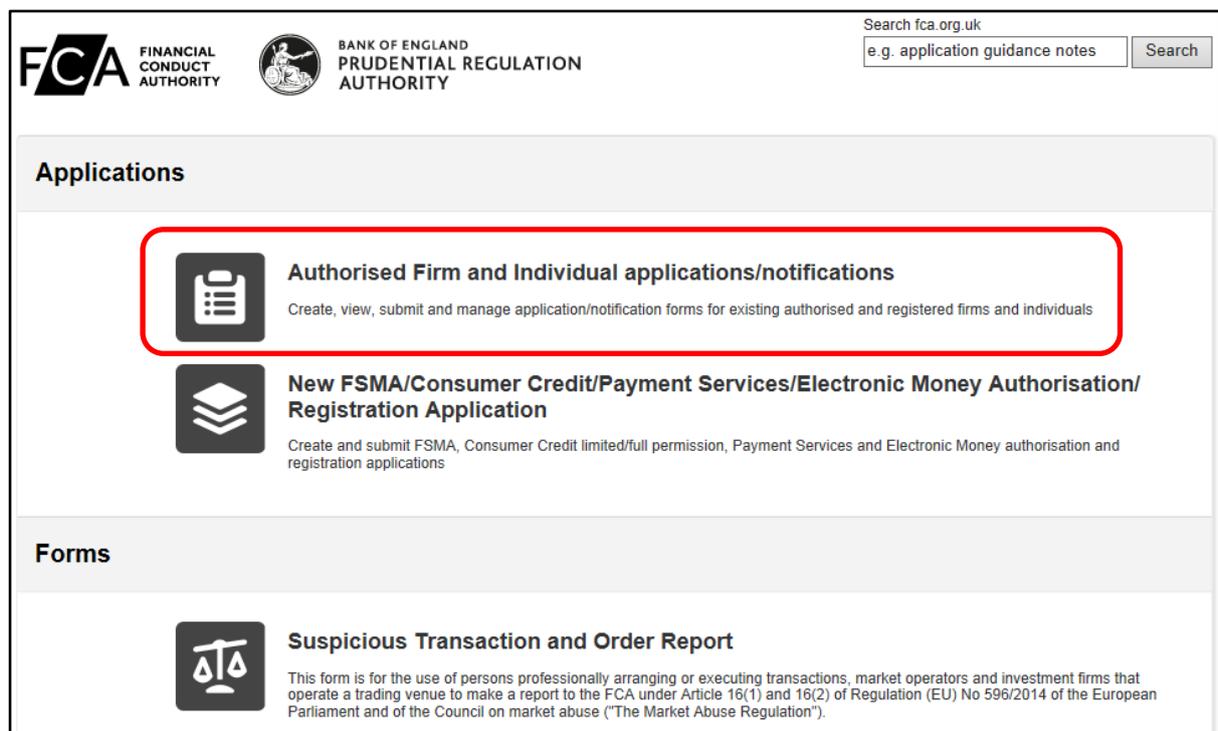
The Electronic Trading Notification form is available on the Connect portal for both authorised and non-authorised firms and accessible via the following routes:

For authorised firms:

Appropriate access rights must be given to users for the functions they need on Connect, including access to the Electronic Trading Notification form.

For more details on how to manage your users once registered and using Connect, click [here](#).

On accessing Connect, select 'Authorised Firm and Individual applications/notifications'.

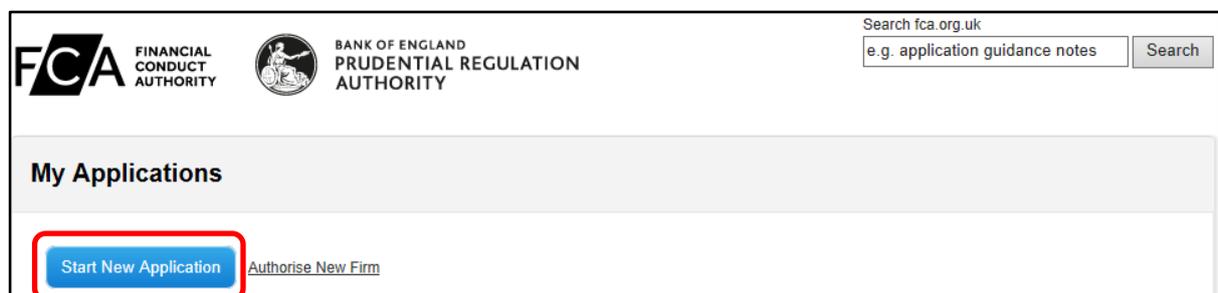


The screenshot shows the top navigation bar with the FCA and Bank of England Prudential Regulation Authority logos, and a search bar. Below the navigation bar, the 'Applications' section is highlighted. It contains two main application types:

- Authorised Firm and Individual applications/notifications**: Create, view, submit and manage application/notification forms for existing authorised and registered firms and individuals. This option is highlighted with a red box.
- New FSMA/Consumer Credit/Payment Services/Electronic Money Authorisation/Registration Application**: Create and submit FSMA, Consumer Credit limited/full permission, Payment Services and Electronic Money authorisation and registration applications.

Below the 'Applications' section, the 'Forms' section is visible, featuring the **Suspicious Transaction and Order Report** form.

Then click on 'Start New Application'.



The screenshot shows the 'My Applications' section of the FCA Connect portal. It features a blue button labeled 'Start New Application' and a link labeled 'Authorise New Firm'. The 'Start New Application' button is highlighted with a red box.

If you have the ability to submit on behalf of more than one firm Connect will ask you to choose the firm that you are submitting the application on behalf of, before continuing onto the 'Start New Application' page.

- For users with access to 'All' application types; the **Electronic Trading Notifications** form will be automatically added to the list of applications.

- For users with access to specific application types, the **Electronic Trading Notifications** form will need to be added to your Connect profile by either the firm's Principal User or Firm Administrator. If you are unsure who this is, please call the FCA's Contact Centre.

Start New Application

- Appointed Representative
- Approved Person (including CFs/SMFs/SIMFs)
- Changes to Notified Persons
- Electronic trading notifications
- Exclusion Notification
- Passporting Out
- Standing Data
- Systematic Internaliser Notification
- Variation of Permission

This form is the means by which an investment firm that provides direct electronic access (DEA) and/or undertakes algorithmic trading (as defined in Article 4 of MiFID II and further specified by the MiFID II Delegated Regulation) should notify the FCA in accordance with MiFID II.

Once you have selected Electronic Trading Notifications you will arrive at a page showing you which sections to complete. Click [here](#) for further information on the sections to be completed.

For non-authorised firms:

You must have access to Connect in order to submit the Electronic Trading Notification form. If you do not already have access to the system, you will need to register [here](#).

Below is an example of the registration page. Please ensure you complete all mandatory fields before selecting 'submit'. An email will be sent to you confirming registration and asking you to set up a password. You will then be able to access the Connect system.



**BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY**

FCA CONNECT - New User Registration Page

User Detail

Required fields are prefixed with a red line

Title	<input style="border-bottom: 1px solid red;" type="text" value="Mr."/>
First Names	<input style="border-bottom: 1px solid red;" type="text"/>
Last Name	<input style="border-bottom: 1px solid red;" type="text"/>
Job Title	<input style="border-bottom: 1px solid red;" type="text"/>
Email Address	<input style="border-bottom: 1px solid red;" type="text"/>
<i>Your email address will be your username. Please enter an individual address rather than a group or consolidated email address.</i>	
Confirm Email Address	<input style="border-bottom: 1px solid red;" type="text"/>
<i>The contact information of your firm.</i>	
Phone Country Code	<input style="border-bottom: 1px solid red;" type="text" value="+44"/>
<i>The UK country code is +44</i>	
Telephone Number	<input style="border-bottom: 1px solid red;" type="text"/>
Mobile Number	<input style="border-bottom: 1px solid red;" type="text"/>
Fax	<input style="border-bottom: 1px solid red;" type="text"/>
Security Question	<input style="border-bottom: 1px solid red;" type="text" value="What was your childhood nickname?"/>
Security Question Answer	<input style="border-bottom: 1px solid red;" type="text"/>
<i>Answer must be greater than 6 characters.</i>	

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Once you have access to Connect you will see the landing page below with the Electronic Trading Notification in the Forms section.

Applications



New FSMA/Consumer Credit/Payment Services/Electronic Money Authorisation/Registration Application
Create and submit FSMA, Consumer Credit limited/full permission, Payment Services and Electronic Money authorisation and registration applications

Forms



Suspicious Transaction and Order Report
This form is for the use of persons professionally arranging or executing transactions, market operators and investment firms that operate a trading venue to make a report to the FCA under Article 16(1) and 18(2) of Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse ("The Market Abuse Regulation").



PSD2 Exclusion Notification
This form is for creating PSD2 Exclusion Notification.



Commodity Position Limit Exemption Form
This form is for the use of a non-financial entity holding a qualifying position in a commodity derivative, who wishes to apply for an exemption from position limits, as referred to under Article 57 MiFID II and Commission Delegated Regulation (EU) 2017/591.



MiFID II Ancillary Activity Exemption: Notification Form
This form is for use by persons who are exempt from the requirement for authorisation under MiFID II, to notify the FCA annually that they make use of this exemption, as required by Article 2(1)(j) MiFID II.



Electronic Trading Notification Form
This form is the means by which an investment firm that provides direct electronic access (DEA) and/or undertakes algorithmic trading (as defined in Article 4 of MiFID II and further specified by the MiFID II Delegated Regulation) should notify the FCA in accordance with MiFID II.

Once you have selected this form, you will arrive at the page below where you can start a new application. Note: Connect will maintain a record of your submitted and draft applications.

My Electronic Trading Notification Applications

User Name:
Last Logged In: 04/09/2017 15:48:24 PM

[Start New Application](#)

page 1 of 1 (2 records total) << Previous Next >>

Action	Application Reference Number	Application Type	Application Outcome	Firm Name	Application Status	Created Date
Edit	0001692705	Electronic trading notifications			Submitted	23/08/2017 17:19
Edit	0001692702	Electronic trading notifications			Submitted	23/08/2017 17:01

Once you have selected 'Start New Application' you are presented with an Entity Details page.

If you have a Legal Entity Identifier (LEI), select 'yes' and enter the 20 character LEI. Select 'find' to search the system to see if we have this on our records already.

Electronic Trading Notification Form

Entity Details

Do you have a Legal Entity Identifier (LEI)? 

Yes No

Please provide the following details

Your Legal Entity Identifier (LEI) 

If you do not have a LEI, select 'no' and enter a National ID instead. Select 'find' to search the system to see if we have this on our records already.

Electronic Trading Notification Form

Entity Details

Do you have a Legal Entity Identifier (LEI)? 

Yes No

Please provide the following details

Your National ID

Whether an LEI or National ID has been provided, you will need to supply the legal name of the applicant firm or person notifying us of this notification, in the event it is not found by the system.

You will then need to select continue.

Electronic Trading Notification Form

Entity Details

 Please complete the entity name.

Do you have a Legal Entity Identifier (LEI)? 

Yes No

Please provide the following details

Your Legal Entity Identifier (LEI) 

Legal name of applicant firm or person notifying us 

Completing the Electronic Trading Notification form

All sections must be completed before the application can be submitted.

Electronic Trading Notification Application

Firm Name	FRN	
Version Number: 1	Application Reference Number: 0001698611	Last Modified By

[Back to My Applications](#)

Once the application is complete and valid, a button will appear to allow the application to be marked as Re

Electronic Trading Notification Application	
Form	Form Status
Application Contact Details	Not Started
Electronic Trading Notification Form	Not Started
Declaration	Not Started

The first section is the 'Application Contact Details' (screenshot not provided). This section will auto populate with details from your profile on Connect. If these are incorrect, you can amend them.

The second section is the 'Electronic Trading Notification Form'. Scroll down to the bottom of the form for Guidance Notes on how to complete.

Electronic Trading Notification Form

Firm Name:	FRN	
Form Version Number:	Application Reference Number: 0001698611	Last Modified By

Progress

Current Step 

Legend

-  This field is required
-  Click the icon for help on the item
-  The page has been validated successfully
-  The page is incomplete

 Print

Electronic Trading Notification Details

Please confirm the activities undertaken by the firm (tick as appropriate):

Note: The information provided in this form should reflect all of the firm's activities with regard to acting as a DEA provider and/or undertaking algorithmic trading. When a firm which is already acting in one or more activities notifies us of a change in its activities, the information provided in this form should reflect the firm's remaining activities. If a firm no longer carries out any of these activities, a notification should be submitted stating that none of the activities apply to the firm.

1. Are you a DEA Provider?*

Yes No

2. Do you undertake algorithmic trading?*

Yes No

This form is the means by which an investment firm that provides direct electronic access (DEA) and/or undertakes algorithmic trading (as defined in Article 4 of MiFID II and further specified by the MiFID II Delegated Regulation) should notify the FCA in accordance with MiFID II. Notification is needed when a firm commences activity as a DEA provider and/or undertakes algorithmic trading and, thereafter, at the point an investment firm ceases any of these activities. When a firm which is already acting in one or more activities notifies us of a change in its activities, the information provided in this form should reflect the firm's remaining activities after allowing for the change. For example, if a firm which had previously notified in relation to activity as a DEA provider and algorithmic trading ceased to act as a DEA provider, it should notify the change by confirming it is undertaking algorithmic trading only.

 Print

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The third section is the 'Declaration'. You must read the information and confirm that you understand and are submitting accurate information to us.

You are also confirming that you will be keeping a hard copy of the form for your records.

Declaration

View our step-by-step video [guide](#) for the Firm Declaration

Firm Name:	FRN :	
Form Version Number: 1	Application Reference Number: 0001698611	Last Modified By:

Progress

Current Step 

Legend

-  This field is required
-  Click the icon for help on the item
-  The page has been validated successfully
-  The page is incomplete

[Back](#) [Save & Exit](#) [Continue](#)  Print

Declaration

I confirm that the information in this form is accurate and complete to the best of my/our knowledge and belief and that I/we have taken all reasonable steps to ensure that this is the case.

I am aware that it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.

I will notify the FCA immediately if there are any changes to the information given in the notification.

Review and Submission

The ability to submit this form is given to an appropriate user or users by the firm's principal compliance contact.

Tick here to confirm that the person submitting this Form on behalf of the Firm and (if applicable) the Individual named below - have read and understood the declaration.

Signature

I confirm that a permanent copy of this application, signed by myself and the signatories, will be retained for an appropriate period, for inspection at the FCA/PRA's request.

Name of authorised signatory

Signature (to be signed on the printed version only)

Date [05/09/2017]

[Back](#) [Save & Exit](#) [Continue](#)

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Once all three sections are marked as complete, you can submit the notification.

Once the notification has been submitted, you will receive an email confirming receipt of your notification. This email will also contain your notification reference number, which you should retain for your records.