openfunds

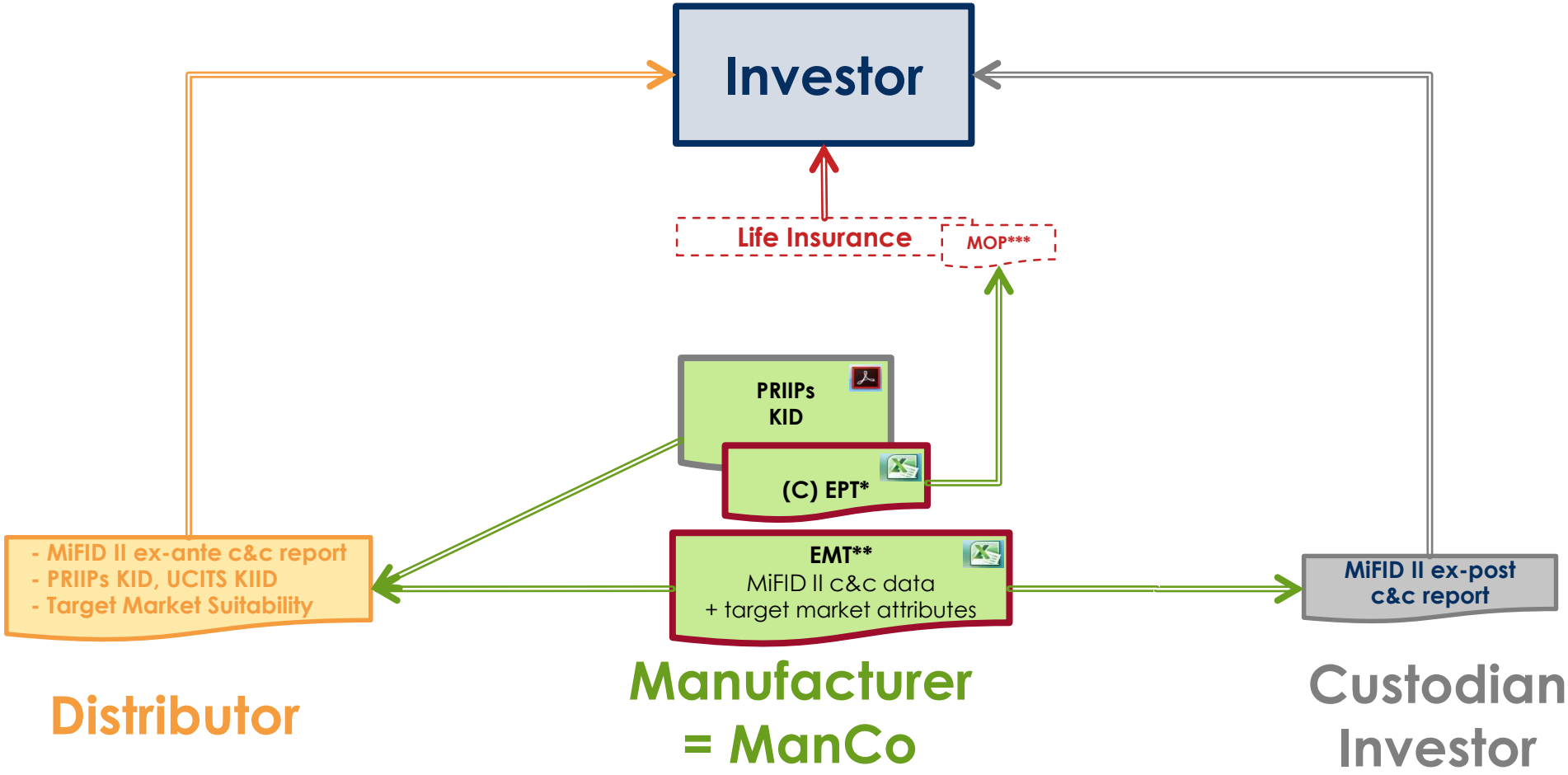
openfunds MiFID II and PRIIPs adaption

Version 2017-06-28; www.openfunds.org

openfunds

Three new deliveries by manufacturers: 1.PRIIPs KID / 2.(C)EPT* / 3. EMT**

*(C) EPT = European PRIIPs template (C for optional "comfort") / ** EMT = European MiFID template, cost & charges data / *** MOP = Multi option PRIIPs for Life Insurances



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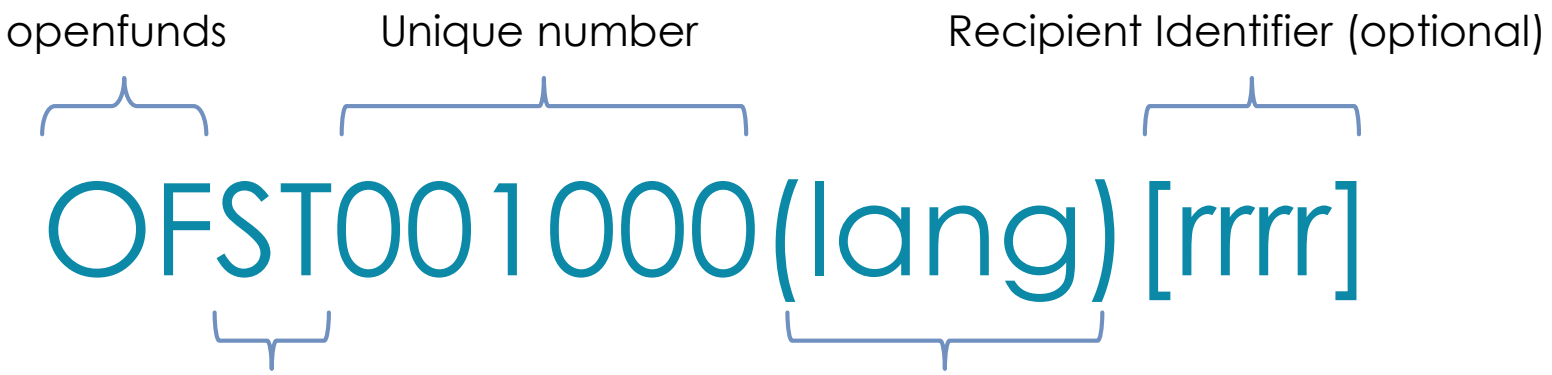
Michael Partin

- What is openfunds?
- Why do you need openfunds for MiFID II and PRIIPs?
- How does the adaption for MiFID II and PRIIPs work?

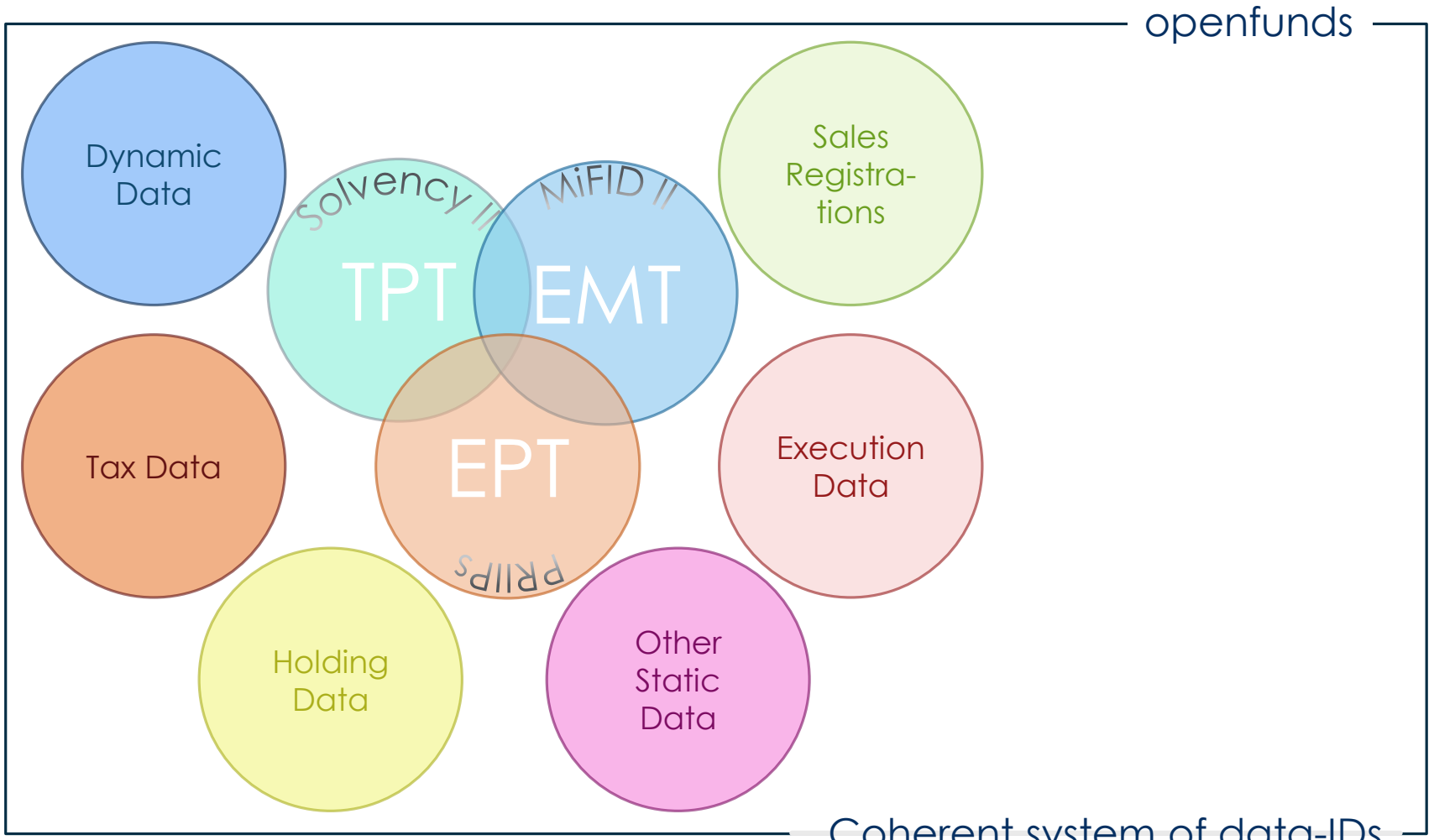
Content

- openfunds standardises fund data and is open source.
- openfunds describes each field and publishes them in a field list.
- openfunds gives each field a unique identifier. This is called data-ID.
- For complex fields openfunds publishes a white paper.
- Whenever possible openfunds uses existing solutions.
- Whenever possible openfunds avoids redundancies.

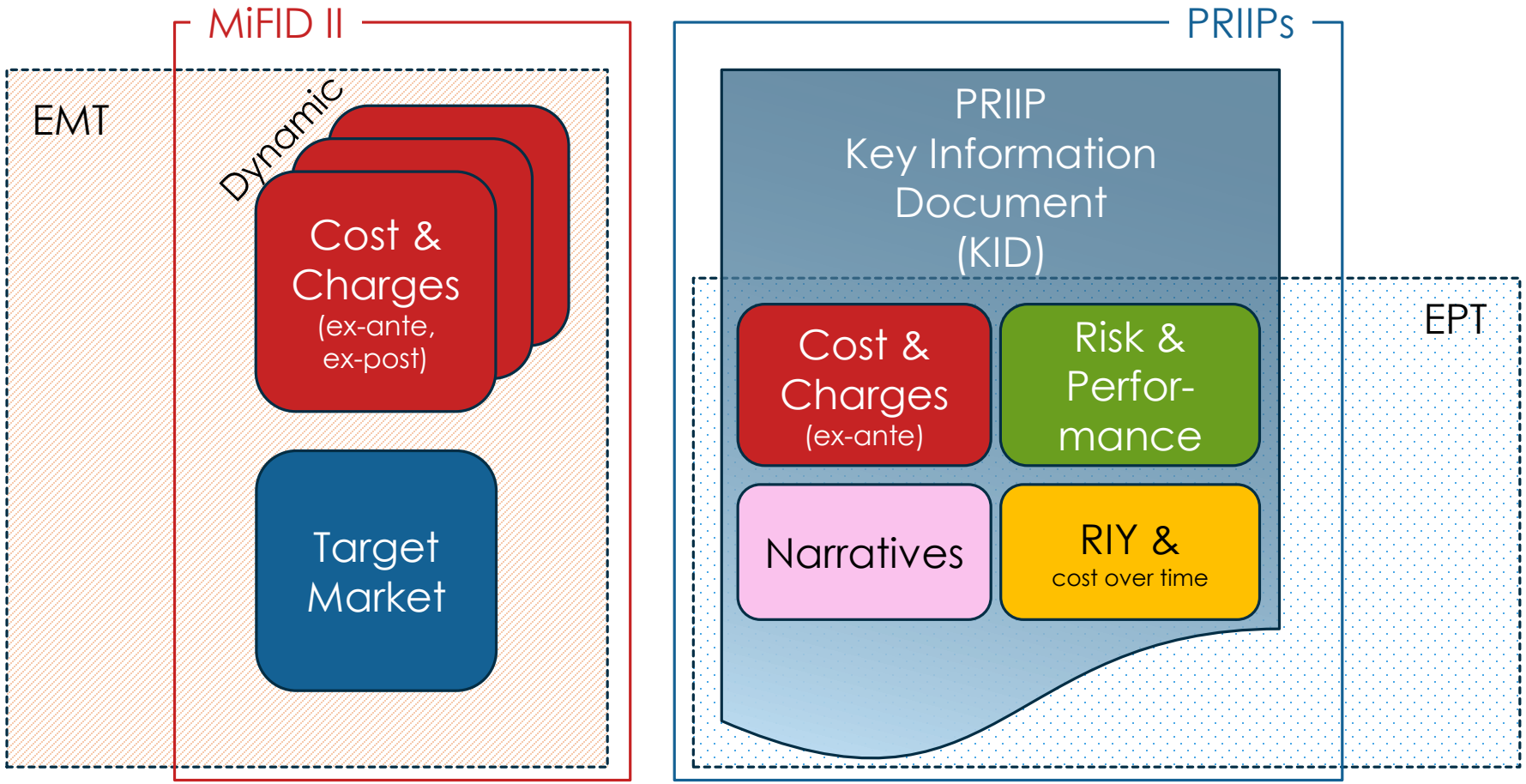
What is openfunds?



The Data Identifier (data-ID)



Why do we need openfunds?



MiFID II, Target Market & PRIIPs

MiFID II, Target Market & PRIIPs

DRAFT MIFID Data Dictionary Template - dedicated to Financial Instrument - Pre Contractual Information

20170221 draft - pending consultation of ESMA / 20170328 Banks-Insurers-Asset Managers meeting / 20170418 Call/ 20170518/ 20170524/ Conf call 20170619

MIFID Product Template

DRAFT 2017 06 19 EUROPEAN WORKING GROUP MIFID TEMPLATE 1.1 - EMT 1.1

NUM	Comparison with TPT / potential renaming	Comparison with EPT / potential renaming	DATA (consistent with TPT & EPT for common data point)	DEFINITION (to be completed)	CODIFICATION (to be completed)	COMMENT	Mandatory / Mandatary Regulatory wise / Optional / Conditional / Indicative
General Financial Instrument information							
					Use the following priority: - ISO 6166 code of ISIN when available - Other recognised codes (e.g.: CUSIP, Bloomberg Ticker, Reuters RIC) - Code attributed by the undertaking, when the options above are not available. Code must be unique and kept consistent over time.		
1		00020_Portfolio_Identifying_Data	00020_Financial_Instrument_Identifying_Data	Identification of the financial instrument		Consistent with S2 & PRIIPS approach.	M
2		00030_Type_Of_Identification_Code_For_The_Fund_Share_Or_Portfolio	00030_Type_Of_Identification_Code_For_The_Financial_Instrument	Codification chosen to identify the financial instrument	One of the options in the following closed list to be used: 1 - ISO 6166 for ISIN code 2 - CUSIP (The Committee on Uniform Securities Identification Procedures number assigned by the CUSIP Service Bureau for U.S. and Canadian companies) 3 - SEDOL (Stock Exchange Daily Official List for the London Stock Exchange) 4 – WKN (Wertpapier Kenn-Nummer, the alphanumeric German identification number) 5 - Bloomberg Ticker (Bloomberg letters code that identify a company's securities) 6 - BBGID (The Bloomberg Global ID) 7 - Reuters RIC (Reuters instrument code) 8 – FIGI (Financial Instrument Global Identifier) 9 - Other code by members of the Association of National Numbering Agencies 99 - Code attributed by the undertaking	Consistent with S2 & PRIIPS approach. If you want to use LEI use 9. 6 and 8 might be the same. Will Isin be the alone identifyer?	M
3		00040_Portfolio_Name	00040_Financial_Instrument_Name	Name of the financial instrument	Alphanum (max 255)	Consistent with S2 & PRIIPS approach.	M
4	4_Quotation currency of the portfolio or share class	00050_Fund_Share_Currency	00050_Financial_Instrument_Currency	Denomination currency of the financial instrument	Code ISO 4217		M
5		00060_Reporting_Date	00060_Reporting_Date	Date on which the data refer	YYYY-MM-DD ISO 8601	Date of the data set	M

MiFID II – The EMT

DRAFT 2017 06 19 EUROPEAN WORKING GI

NUM	Comparison with TPT / potential renaming	Comparison with EPT / potential renaming	DATA (consistent with TPT & EPT for common data point)	DEFINITION (to be completed)
General Financial Instrument information				
Target markets - Investor Type				
Target markets - Knowledge and/Or Experience				
Target markets - Ability To Bear Losses				
Target markets - Risk Tolerance				
Target markets - Client Objectives & Needs				
Distribution strategy				
Costs & Charges ex ante				
Costs & Charges ex post				

MiFID II – The categories of EMT

DATA (consistent with TPT & EPT for common data point)	openfunds data-ID and field name
General Financial Instrument information	
Target markets - Investor Type	
01010_Investor_Type_Retail	OFST100000 Is Client Type Retail
01011_Investor_Type_Professional	OFST100004 Is Client Type Professional
01012_Investor_Type_Eligible_Counterparty	OFST100008 Is Client Type Eligible Counterparty
Target markets - Knowledge and/Or Experience	
01020_Basic_Investor	OFST100010 Investor With Basic Knowledge
01021_Informed_Investor	OFST100012 Informed Investor
01022_Experienced_Investor	OFST100014 Experienced Investor
Target markets - Ability To Bear Losses	
01030_No_Capital_Loss	OFST100020 No Ability For Any Capital Loss
01031_Limited_Capital_Loss	OFST100022 Ability For Limited Capital Losses
01032_Limited_Capital_Loss_Level	not included
01033_No_Capital_Guarantee	OFST100024 Ability For Total Capital Loss
01034_Loss_Beyond_Capital	OFST100026 Ability For Losses Beyond Capital

data-ID	**OFST100022**	Field Name	**Ability For Limited Capital Losses**
Field Tags	MiFID II data | EMT | Key Fact: Share Class | MiFID II target market		
Field Level	Share Class	Link Reference	
Data Type	string	Introduced / Revoked	1.1 / --
Description	From a manufacturer's view: May a distributor sell this fund to an end investor, who is seeking capital preservation or who can bear only limited capital losses that are specified in product's documentation. // The correspondent MiFID II field introduced by the European Working Group with their MiFID Data Dictionary Template (EMT) is: 01031_Limited_Capital_Loss//		
Values	"yes" / "no" / "non-specific"		
Example	non--specific		

openfunds EMT adaption

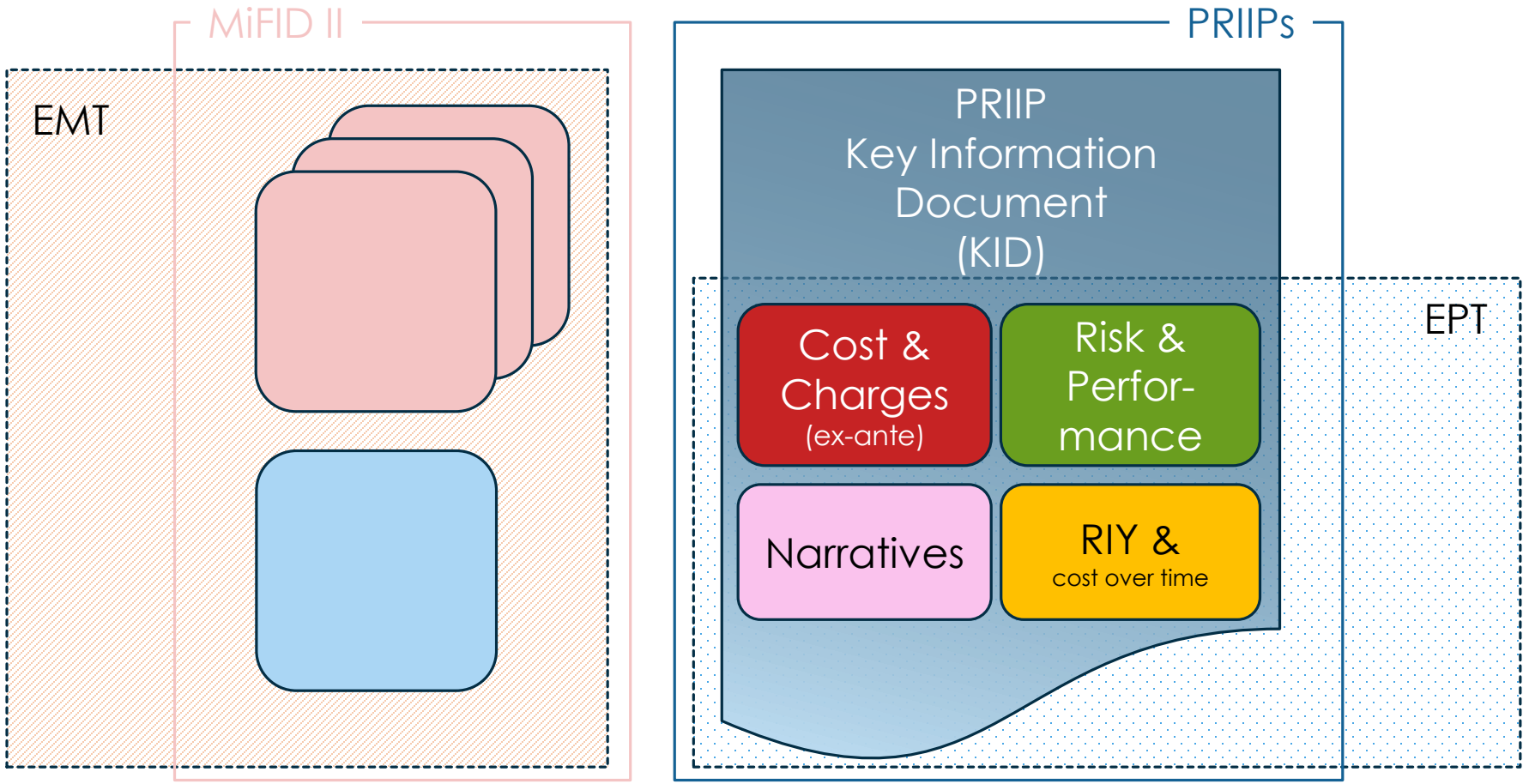
MiFID II Target Market - openfunds adaption (based on esma Final Report of Guidelines on MiFID II product governance requirements as of 2nd of June 2017/ESMA35-43-620)

5 categories defined by esma (18a - 18e) (plus distribution strategy)		openfunds data-IDs, field names and values			EMT 1.1 -DRAFT- version as of 19th of June 2017
		data-ID	Field Name	Values	Field Name
Client Type	The type of clients esma pgr** 18(a)	OFST100000	Is Client Type Retail	"yes" / "no"	01010_Investor_Type_Retail
		OFST100004	Is Client Type Professional	"yes" / "no"	01011_Investor_Type_Professional
		OFST100008	Is Client Type Eligible Counterparty	"yes" / "no"	01012_Investor_Type_Eligible_Counterparty
Knowledge and Expertise	Knowledge and Expertise esma pgr** 18(b)	OFST100010	Investor With Basic Knowledge	"yes" / "no" / "non-specific"	01020_Basic_Investor
		OFST100012	Informed Investor	"yes" / "no" / "non-specific"	01021_Informed_Investor
		OFST100014	Investor With Experience	"yes" / "no" / "non-specific"	01022_Experienced_Investor
Ability to bear losses	Financial situation with a focus on the ability to bear losses esma pgr** 18(c)	OFST100020	No Ability For Any Capital Loss	"yes" / "no" / "non-specific"	01030_No_Capital_Loss
		OFST100022	Ability For Limited Capital Losses	"yes" / "no" / "non-specific"	01031_Limited_Capital_Loss
		OFST100024	Ability For Total Capital Loss	"yes" / "no" / "non-specific"	01033_No_Capital_Guarantee
		OFST100026	Ability For Losses Beyond Capital	"yes" / "no" / "non-specific"	01034_Loss_Beyond_Capital
Client's objectives and needs esma pgr** 18(e) ***	Return Profile	OFST100040	Return Profile Preservation	"yes" / "no" / "non-specific"	01060_Return_Profile_Preservation
		OFST100042	Return Profile Growth	"yes" / "no" / "non-specific"	01061_Return_Profile_Growth
		OFST100044	Return Profile Income	"yes" / "no" / "non-specific"	01062_Return_Profile_Income
		OFST100046	Return Profile Hedging	"yes" / "no" / "non-specific"	01063_Return_Profile_Hedging
		OFST100048	Return Profile Options Or Leverage	"yes" / "no" / "non-specific"	01064_Option_or_Leveraged_Return_Profile
	Time Horizon	OFST100060	Time Horizon	Recommended Holding Period In Years	01070_Time_Horizon
		OFST024019	Maturity Date	YYYY-MM-DD	01071_Maturity_Date
Risk tolerance		OFST024015	PRIIP Summary Risk Indicator	SRI	01040_Risk_Tolerance_PRIIPS_Methodology
		OFST024000	SRRI	SRRI	01041_Risk_Tolerance_UCITS_Metholodology
Distribution Strategy	esma pgr** 26	OFST100124	Eligible For Execution Only Distribution	"yes" / "no" / "non-specific"	02010_Execution_Only_Retail
		OFST100128	Eligible For Advised Retail Distribution	"yes" / "no" / "non-specific"	02030_Investment_Advice_Retail
		OFST100132	Eligible For Portfolio Management	"yes" / "no" / "non-specific"	02040_Portfolio_Management_Retail

**esma pgr: esma Final Report of Guidelines on MiFID II product governance requirements as of 2nd of June 2017/ESMA35-43-620

***client's objectives and needs can be 'fine-tuned' in "OFST010300 Investment Objective"

2017-06-26, version 9



MiFID II, Target Market & PRIIPs

openfunds

DATA	openfunds data-ID and field name
General portfolio information	
Risk assessment	
01010_Valuation_Frequency	OFST020300 Valuation Frequency
01020_Portfolio_VEV_Reference	OFST024038 PRIIP VEV
01030_IS_Flexible	not included
01040_Flex_VEV_Historical	not included
01050_Flex_VEV_Ref_Asset_Allocation	not included
01060_IS_Risk_Limit_Relevant	not included
01070_Flex_VEV_Risk_Limit	not included
01080_Existing_Credit_Risk	not included
01090_SRI	OFST024015 PRIIP Summary Risk Indicator
01100_MRM	OFST024013 PRIIP Market Risk Measure
01110_CRM	OFST024012 PRIIP Credit Risk Measure
01120_Recommended_Holding_Period	OFST024018 PRIIP Recommended Holding Period
01130_Maturity_Date	OFST024019 Maturity Date
01140_Liquidity_Risk	OFST024014 PRIIP Liquidity Risk
Performance scenario	
02010_Portfolio_return_unfavorable_scenario_1_year	OFST024052 PRIIP Return 1Y Unfavourable
02020_Portfolio_return_unfavorable_scenario_half_RHP	OFST024067 PRIIP Return Half RHP Unfavourable
02030_Portfolio_return_unfavorable_scenario_RHP	OFST024082 PRIIP Return RHP Unfavourable
02040_Portfolio_return_moderate_scenario_1_year	OFST024053 PRIIP Return 1Y Moderate
02050_Portfolio_return_moderate_scenario_half_RHP	OFST024068 PRIIP Return Half RHP Moderate
02060_Portfolio_return_moderate_scenario_RHP	OFST024083 PRIIP Return RHP Moderate
02070_Portfolio_return_favorable_scenario_1_year	OFST024054 PRIIP Return 1Y Favourable
02080_Portfolio_return_favorable_scenario_half_RHP	OFST024069 PRIIP Return Half RHP Favourable
02090_Portfolio_return favorable scenario RHP	OFST024084 PRIIP Return RHP Favourable
02100_Portfolio_return_stress_scenario_1_year	OFST024051 PRIIP Return 1Y Stress Scenario
02110_Portfolio_return_stress_scenario_half_RHP	OFST024066 PRIIP Return Half RHP Stress Scenario
02120_Portfolio_return_stress_scenario RHP	OFST024081 PRIIP Return RHP Stress Scenario
02130_Portfolio_number_of_observed_return_M0	OFST024030 PRIIP Number Of Observed Returns
02140_Portfolio_mean_observed_returns_M1	OFST024031 PRIIP MRM Mean Return
02150_Portfolio_observed_Sigma	OFST024033 PRIIP MRM Sigma
02160_Portfolio_observed_Skewness	OFST024035 PRIIP MRM Skewness
02170_Portfolio_observed_Excess_Kurtosis	OFST024036 PRIIP MRM Excess Kurtosis
02180_Portfolio_observed_Stressed_Volatility	OFST024032 PRIIP Volatility Of Stressed Scenario

data-ID **OFST024068** Field Name **PRIIP Return Half RHP Moderate**

Field Tags PRIIP data | Key Fact: Share Class | EPT | CEPT

Field Level Share Class — Link Reference

Data Type double — Introduced / Revoked 1.1 / --

Description The calculated average annual PRIIP return for a period half the "OFST024018 Recommended Holding Period" in a moderate scenario. The moderate scenario shall be the value of the PRIIP at the 50th percentile.

//This field was introduced by the European Working Group with their PRIIPS Data Dictionary Template (EPT) Version 20170421.
EPT: 02050_Portfolio_return_moderate_scenario_half_RHP
More information can be found in the Regulatory Technical Standards (RTS), Annex IV, Paragraph 6, 8(b), 23, and 27.//

Values Decimal figure, rounded to maximal 7 digits after the decimal point.

Example 0.0000000

data-ID **OFST024069** Field Name **PRIIP Return Half RHP Favourable**

Field Tags EPT | CEPT | PRIIP data | Key Fact: Share Class

Field Level Share Class — Link Reference

Data Type double — Introduced / Revoked 1.1 / --

Description The calculated average annual PRIIP return for a period half the "OFST024018 Recommended Holding Period" in a favourable scenario. The favourable scenario shall be the value of the PRIIP at the 90th percentile.

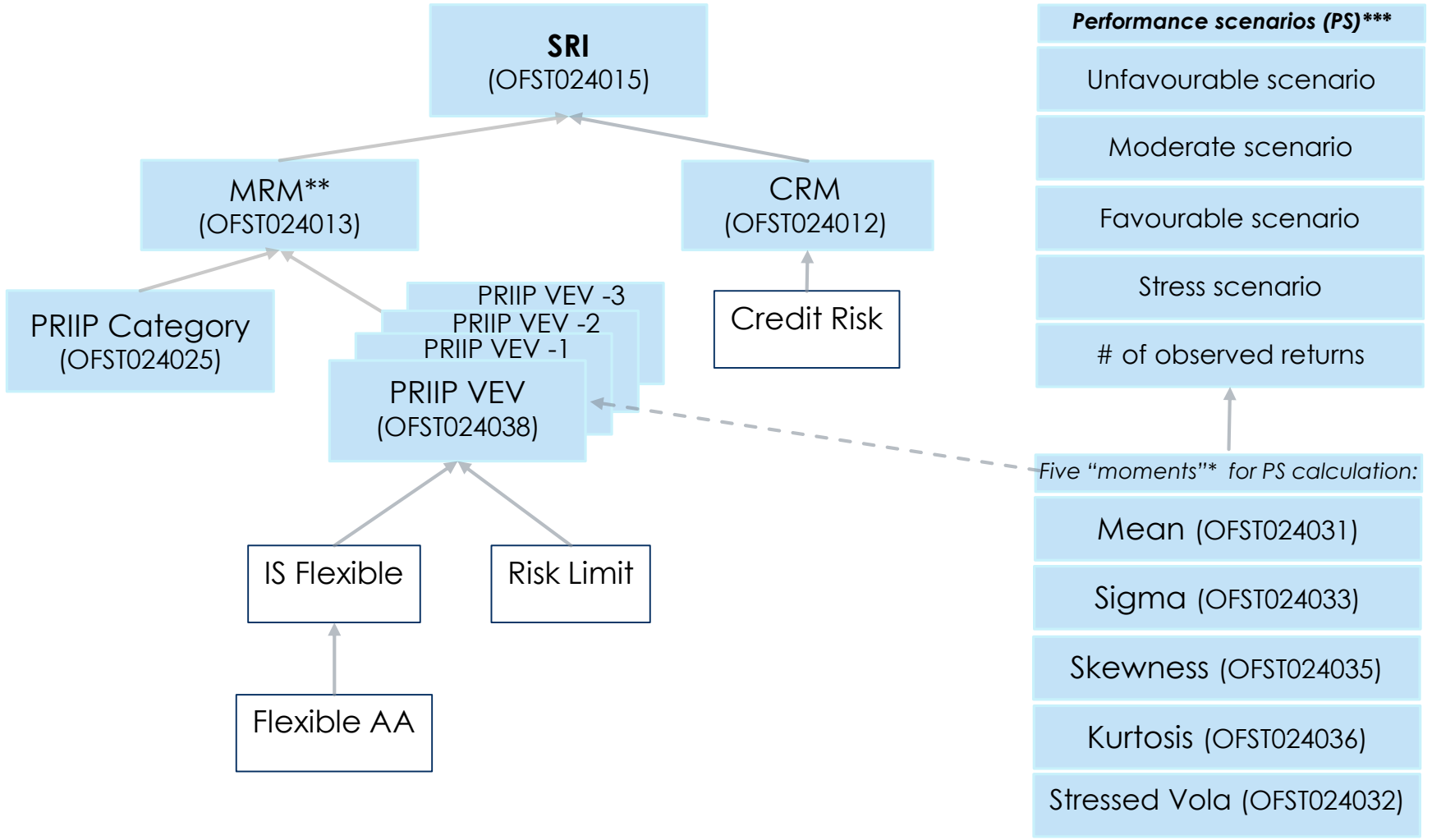
//This field was introduced by the European Working Group with their PRIIPS Data Dictionary Template (EPT) Version 20170421.
EPT: 02080_Portfolio_return_favorable_scenario_half_RHP
More information can be found in the Regulatory Technical Standards (RTS), Annex IV, Paragraph 7, 8©, 24 and 27.//

Values Decimal figure, rounded to maximal 7 digits after the decimal point.

Example 0.04 (instead of 4%)

openfunds EPT adaption

openfunds => included in openfunds-EPT delivery => **not** included in openfunds-EPT delivery



SRI/PS DATA DELIVERY TO INSURERS VIA EPT

* scaled annually (i.e. no need of delivery of "N" trading points as per RTS p.21 of 52) / ** MRM mode of the last for 4 months / *** All fields in EPT section performance scenario delivered

Cost categories			PRIIPs	MiFID II
MiFID II	PRIIPS		Ex-ante	Ex-post
One-off charges	One-off costs	Entry costs	OFST451320 Subscription Fee Maximum* OFST451340 Subscription Fee In Favour Of Fund	OFDY023100 Ex-post One-off Entry Costs As Percentage OFDY023103 Ex-post One-off Entry Costs Period Start OFDY023104 Ex-post One-off Entry Costs Period End
		Exit costs	OFST451420 Redemption Fee Maximum* OFST451440 Redemption Fee In Favour Of Fund	OFDY023120 Ex-post One-off Exit Costs As Percentage OFDY023123 Ex-post One-off Exit Costs Period Start OFDY023124 Ex-post One-off Exit Costs Period End
All costs related to transactions	Recurring costss	Transaction costs	OFST452140 Transaction Costs	OFDY023140 Ex-post Transaction Costs As Percentage OFDY023143 Ex-post Transaction Costs Period Start OFDY023144 Ex-post Transaction Costs Period End
On-going charges		Other ongoing costs	OFST452200 Ongoing Charges*	OFDY023160 Ex-post Ongoing Other Costs As Percentage OFDY023163 Ex-post Ongoing Other Costs Period Start OFDY023164 Ex-post Ongoing Other Costs Period End
Incidental costs	Incidental costs	Performance fees	OFST451020 Performance Fee Applied	OFDY023190 Ex-post Incidental Costs As Percentage OFDY023193 Ex-post Incidental Costs Period Start OFDY023194 Ex-post Incidental Costs Period End
		Carried interests	OFST452150 Carried Interest	
			OFST024020 PRIIP Reference Date	

*Also UCITS field

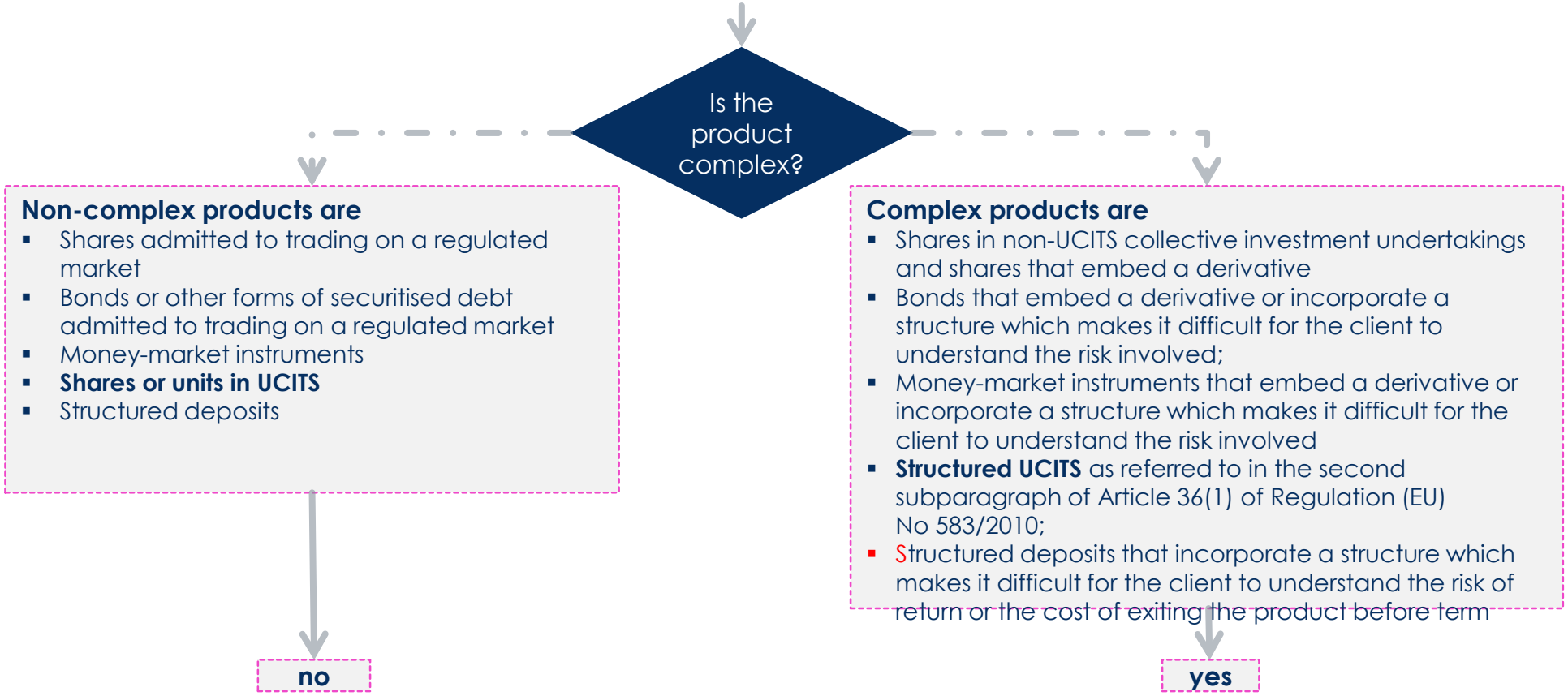
2017-06-27, version 23; concept provided by Credit Suisse

Rule: OFST and OFDY fields are generally sent in different files.

Info: Some fields (OFST and OFDY) have periodic data for a more precise specification.

PRIIPs and MiFID cost fields

According to Art. 25 (4)(a) of the MiFID II Directive 2014/65/EU from 15/05/14 (PRIIPs RTS equivalent: Article 8(3)(b) of PRIIPs regulation (EU) No 1286/2014), the following decision tree explains when to display the alert "**You are about to purchase a Product that is not simple and may be difficult to understand**."



IS PRODUCT COMPLEX? COMPREHENSION ALERT IN EPT…

- Field definitions (beta) are available NOW!
- Goto www.openfunds.org → Fields.
- Download & implement.

How to proceed?

openfunds

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