

# ECB BMCG

## MIFID 2: INITIAL TAKE-AWAYS

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## No material issues to report so far....

### INITIAL TAKEAWAYS

Bond business operating business as usual

- Overall a smooth transition, notwithstanding some minor glitches observed
  - ISIN's, time-stamps, SI entity, pre-agreed trade protocols
- Increase in YoY trading volumes has been accommodated
  - Transaction reporting up and running: sending ~3m reports to regulators a day

Some impact on work-load on trading floor itself

- Client coverage increased work-load from MIFID 2 processes ~1 hour a day fully on-boarded
- Expected to fall substantially in coming months

### SOME STATISTICS ON INVESTMENT

1. Four year project, ramping up in 2017
2. ~1200 Technologists substantially involved last year
3. ~500 FTE workforce deployed for MIFID 2 in 2017
4. Expect smaller but still substantial FTE allocation in 2018

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Please see additional important information and qualifications at the end of this material.

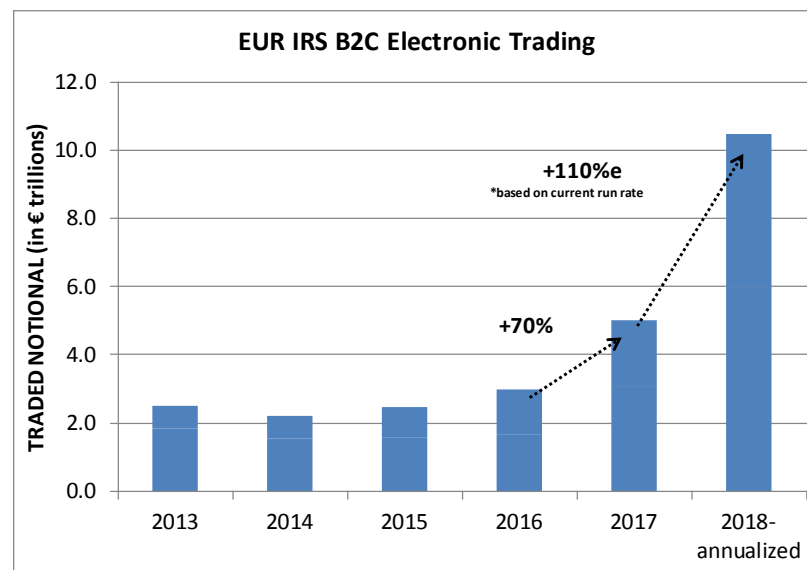
## With only a few weeks of data, we expect a continuing transition to electronic

Large spike in volumes, voice growing faster but temporary

	Overall	Volumes vs prior YTD
<b>Flow rates</b>		
Real money	~30%	~85%
Banks	~30%	~160%
Hedge funds	~25%	~90%
Other	~10%	-
<b>Type</b>		
	YTD	vs. year ago
Electronic	~55%	~60%
Voice	~45%	~110%

Source: Bloomberg, TradeWeb, Morgan Stanley calculations

Trends in electronic trading



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