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For Adviser Use Only

# USER GUIDE

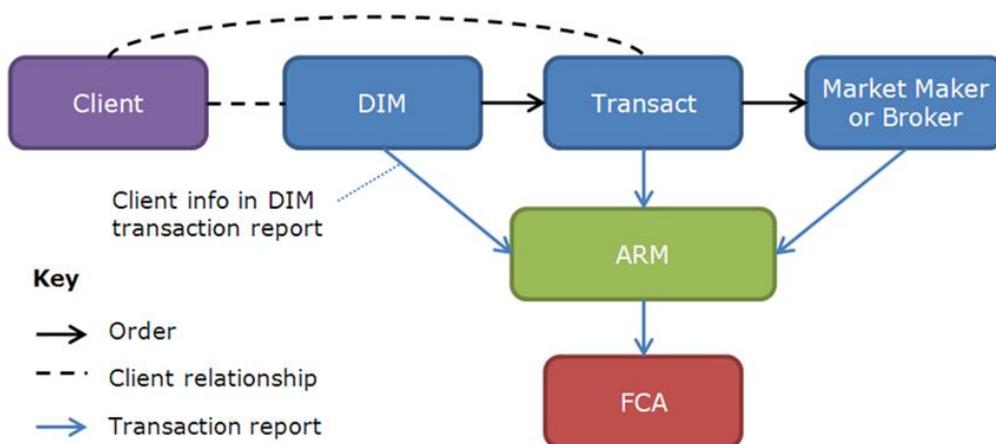
TRANSACTION REPORTING FOR DIMS AND  
ADVISERS WITH PERMISSION TO MANAGE  
INVESTMENTS

## 1. How does MiFID affect Discretionary Investment Managers and advisers with permission to manage investments?

Investment firms making an investment decision under a discretionary mandate have a reporting obligation in the same way Transact does when executing a trade.

Article 3 of Commission Delegated Regulation (EU) 2017/590, extends the definition of 'execution' to include "making an investment decision in accordance with a discretionary mandate given by a client". With Transact this could be an adviser with discretionary permissions, or third party discretionary manager; both are collectively referred to as 'DIMs'.

Each firm in the transaction chain reports its part of the order chain. The firm with the end client relationship is required to include detailed information about the client within their own transaction reports. Where the executing firm and the discretionary firm have a relationship with the end client, it is the discretionary firm which must include the end client information in their report to the ARM (Authorised Reporting Mechanism). (See section 5.26.2.4 ESMA Guidelines). Transact would report the DIM as the buyer/seller in the example below.



## 2. Can a Discretionary Investment Manager (DIM) avoid having to Transaction Report themselves?

**Yes, DIMs that sign up to our free transmission service do not need to submit their own transaction reports** for orders placed on the Transact platform. We include the LEI, or personal data, of the client within our own transaction report, along with the identifier of the person making the investment decision at the DIM. We need DIMs to **sign and return our Transaction Reporting Application Form A006, confirming acceptance of the terms of our Transmission Agreement** to take advantage of this service. Please note the transmission agreement commences from when we make the

necessary changes to our records, typically 2-3 days after receipt of the A006. It is not possible for us to back report any transactions prior to this point.

### **3. How will the Transact transmission service work?**

DIMs need to provide information when they submit a trade instruction, but only when that instruction leads to a transaction report. This includes:

- **An indication whether the instruction is discretionary or advisory**  
For DIMs (who are assumed to be acting on a discretionary basis) or advisers without permission to manage investments (who are assumed to be acting on an advisory basis), Transact will provide the appropriate indication automatically. Advisers with permission to manage investments will be asked to indicate, when submitting reportable instructions on TOL, whether the instruction is discretionary or advisory.
- **The identifier of the person, who has made the decision**  
DIMs can register the investment decision makers at their firm using the A006 Transaction Reporting Application Form. From then on they can select the appropriate decision maker from a dropdown list when submitting reportable instructions on Transact Online.

If the trade instructions are made up entirely of assets which are not reportable, such as OEICs and unit trusts, this additional information is not required.

We are using our own records to populate the client information in the resultant transaction reports, having gone through controls to ensure the data is complete and accurate. DIMs, however, must confirm the information is complete and accurate when they submit the instruction. This is to ensure the terms of Article 4 of the RTS are met and transmission is deemed to have occurred, otherwise the DIM would retain the reporting obligation.

DIMs who sign up to our transmission service can request a report which details the client information we are including in our transaction report to support this confirmation. This enables them to identify and rectify any issues prior to providing orders.

### **4. Do Discretionary Investment Managers (DIMs) need to provide an LEI?**

DIMs who intend to trade in reportable assets do need to provide us with a valid LEI to continue to provide instructions to Transact, irrespective of whether they have signed up to our transmission service or not. The regulations prevent us from accepting instructions from DIMs which lead to a transaction report, if we cannot identify the firm in our own transaction report.

### **5. What happens where a firm has not signed up to our transmission service?**

DIM firms not signing up to our transmission service will need to do their own reporting if they trade reportable assets. For reporting purposes, they can securely download trade information relating to their discretionary orders executed the previous day.

## 6. What do I need to provide?

<b>No Transmission – DIM reports</b>	<b>Transmission – Transact reports</b>
<ul style="list-style-type: none"><li>• LEI code for DIM firm</li></ul>	<ul style="list-style-type: none"><li>• LEI code for DIM firm</li><li>• Adviser form A006 (required for existing DIMs and advisers with permission to manage investments to capture your LEI and, where appropriate, information about your decision makers)</li><li>• Third Party TP001 form for DIMs new to Transact.</li></ul>

**This document is for use by financial advisers only.** Unless stated otherwise any opinions expressed are our own and based on our interpretation of relevant rules and regulation. This document is for information purposes only and firms cannot rely solely on the information to ensure compliance with the rules.

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"Transact" is operated by Integrated Financial Arrangements Ltd, 29 Clement's Lane, London, EC4N 7AE  
Tel: (020) 7608 4900 Fax: (020) 7608 5300 email: [info@transact-online.co.uk](mailto:info@transact-online.co.uk) web: [www.transact-online.co.uk](http://www.transact-online.co.uk)  
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