

Annex A

Glossary

Term	Definition
Algorithmic trading	A form of trading in financial instruments which is executed via computer programs that utilise algorithms (a set of defined instructions) to automatically determine individual parameters of orders such as timing, price or quantity with almost no or limited human intervention.
Ancillary Activities Test (AAT)	The test which determines whether a firm trading in commodity derivatives needs to be authorised as an investment firm.
Approved Publication Arrangement (APA)	A person authorised under MiFID II to publish trade reports on behalf of investment firms.
Best execution	The requirement for an investment firm to take all sufficient steps to obtain the best possible result for their clients when executing orders.
Block trades	Trade that is larger in size than the normal transaction in an instrument and that is generally privately negotiated and executed between two counterparties outside of the public market for that instrument.
Central Limit Order Book	An electronic trading protocol where bids and offers are matched according to pre-defined rules, generally according to price and time priority, instead of being intermediated by a dealer.
Client	Any natural or legal person to whom an investment firm provides investment or ancillary services.
Commodity derivative	Derivatives with a commodity identified as their underlying asset.
Consolidated tape (CT)	A continuous electronic live data stream providing price and volume data of bids and offers, and/or executed trades in financial instruments taking place on trading venues and bilaterally.
Consolidated tape provider (CTP)	A person authorised to operate a CT.
Dark venues	A trading venue that matches orders with no pre-trade disclosure, to other users or the public, of bid and offer prices prior to execution.
Deferral	The delay by an investment firm or trading venue of the publication of executed trades so as not to expose counterparties to the trade to undue risk.
Derivatives	A financial contract that derives its value from the price of an underlying asset(s), indices or other measures.

Derivatives Trading Obligation (DTO)	The requirement for certain persons to trade in-scope derivatives on UK trading venues or third country venues that have been deemed equivalent by HM Treasury.
EMIR REFIT	Legislation updating the European Markets Infrastructure Regulation (EMIR) with a view to making it simpler and less costly for firms to comply with.
Emission allowances	Units recognised for compliance with the UK or EU Emissions Trading Schemes.
Energy Market Participant (EMP)	A firm authorised by the FCA which is restricted to carrying out activities related to investments linked to energy.
European Market Infrastructure Regulation (EMIR)	Legislation establishing requirements in relation to OTC derivatives, CCPs and trade repositories. It aims to improve transparency and reduce the risks associated with the derivatives market.
Exchange traded commodities	A form of exchange traded product which invest in underlying commodities or follow commodity indices.
Exchange Traded Derivatives (ETDs)	A derivative such as a future that is traded on an Exchange and cleared by a CCP.
Exchange Traded Funds (ETFs)	A collective investment scheme traded on a trading venue with at least one market maker which takes action to ensure that the price of its units or shares on the trading venue does not vary significantly from its net asset value and, where applicable, from its indicative net asset value.
Exchange traded notes	An exchange traded product in the form of a debt security issued by an institution that tracks an underlying index of securities.
FCA Handbook	The rule book that sets out the rules and guidance made by the Financial Conduct Authority (FCA)
Financial Conduct Authority (FCA)	The conduct regulator for financial services firms and financial markets in the UK.
Financial Instruments Reference Data System (FIRDS)	Data infrastructure operated by the FCA that collects and publishes financial instrument reference data for the purposes of transaction reporting.
Fixed income	Securities that pay investors fixed payments until maturity date.
FSMA	Financial Services and Markets Act 2000
Hedging	The practice of using a financial instrument such as a derivative to mitigate against risks inherent to other assets.
High-yield bonds	Bonds rated BB, B, CCC, CC or C
Illiquid	A situation where, for a financial instrument or a class of financial instruments, there are not ready and willing buyers and sellers on a continuous basis.
Indications of interest	An indication of a desire but not a commitment to buy or sell a financial instrument.
International Securities Identification Number (ISIN)	A 12-character, alphanumeric code which uniquely identifies a financial instrument and provides for the uniform identification of instruments for trading or settlement purposes.
Investment-grade bonds	Bonds rated AAA, AA, A or BBB
Large-in-scale (LIS)	A MiFID transparency threshold above which an order or trade is deemed sufficiently large to benefit from a pre-trade transparency waiver or post-trade deferral.

Liquid	A situation where, for a financial instrument or a class of financial instruments, there are ready and willing buyers and sellers on a continuous basis.
Liquidity	Concept that reflects how easy it is to buy or sell a financial instrument, usually without affecting the prevailing price.
Lit venue	A trading venue where bids and offers prices are publicly disclosed prior to execution.
Market outage	A market situation where a trading venue's technical system fails to operate.
Market-maker or liquidity provider	A firm that holds itself out on the financial markets on a continuous basis as being willing to deal on its own account by buying and selling financial instruments against its own proprietary capital at prices.
Matched Principal Trade (MPT)	A transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never itself exposed to market risk throughout the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.
MiFID	Markets in Financial Instruments Directive.
Multilateral Trading Facility (MTF)	A multilateral system operated by an investment firm, a qualifying credit institution or a market operator that brings together multiple third party buying and selling interests in financial instruments in accordance with non-discretionary rules.
Net Asset Value	The value of a fund's assets, minus the value of its liabilities.
Non-price forming trade	A trade that does not contribute to price formation.
Oil Market Participant (OMP)	A firm authorised by the FCA that is restricted to carrying out activities related to investments that are linked to oil.
Organised Trading Facility (OTF)	A multilateral trading system operated by an investment firm, a qualifying credit institution or a market operator in which multiple third-party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives can interact in the system.
OTC	Over the counter – trading of financial instruments outside the systems and rules of a trading venue.
Package	A transaction composed of multiple financial instruments that are interlinked and where the execution of each component is simultaneous and contingent upon the execution of all the others.
Position limits	Restrictions on the maximum size of a net position that a person can hold.
Post-trade transparency	The obligation to publish the details of a trade report after execution.
Pre-trade transparency	The obligation to publish in real time bids and offers for financial instruments.
Price formation	The process whereby the price of a financial instrument reflects all the available information based on supply and demand.
Primary venue	Market where a security was first listed or admitted to trading.

Prospectus	Document to be published when securities are offered to the public or admitted to trading on a regulated market.
Reasonable commercial basis (RCB)	The requirement to make market data available under charges which are based on the cost of such data and in a fair, and non-discriminatory manner.
Regulated Market (RM)	A multilateral system operated by a Recognised Investment Exchange that brings together multiple third party buying and selling interests in financial instruments in accordance with non-discretionary rules.
Regulatory perimeter	The determination of which activities or instruments require FCA authorisation or are subject to FCA oversight.
Request-for-quote	A method of trading whereby a quote or quotes by a member or participant are provided in response to an inquiry.
Risk capital	Funds invested speculatively in a business.
Riskless principal basis	A form of trading where a firm interposes itself between the buyer and the seller without being exposed to market risk.
Secondary venue	Where a share trades on a venue other than its primary venue and without a request of admission by the issuer.
Share Trading Obligation	The obligation for shares to be traded on UK trading venues and systematic internalisers, or third country trading venues that have been deemed equivalent by HM Treasury.
Size specific to the instrument (SSTI)	An order or trade size threshold that forms part of the transparency regime for bonds and other non-equity instruments to determine whether waivers/deferrals can be utilised.
SME	Small and medium sized enterprise.
Sovereign bonds	A debt instrument issued by a sovereign issuer.
Structured finance products	Securities created to securitise and transfer credit risk associated with a pool of financial assets entitling the security holder to receive regular payments that depend on the cash flow from the underlying assets.
Systematic Internaliser (SI)	An investment firm which on an organised, frequent, systematic and substantial basis deals on its own account when executing client orders outside of a regulated market, UK MTF or UK OTF, without operating a multilateral system. Or an investment firm that has chosen to opt-in to the systematic internaliser regime.
Temporary Transitional Powers (TTP)	The powers which HM Treasury gave UK financial regulators under the EU Withdrawal Act, to make transitional provisions to financial services legislation for a temporary period to help firms adapt to their new requirements following the onshoring process.
Tick size	The minimum increment by which the price of a financial instrument can move up or down.
Traded on a Trading Venue (ToTV)	A concept which brings OTC instruments that equivalent to instruments traded on a trading venue into the scope of various requirements that apply to venue traded instruments. ToTV is used to impose specific transparency reporting requirements on instruments that are traded on trading venues.
Trading Venue (TV)	A regulated market, a multilateral trading facility or an organised trading facility.

Transaction reporting	Reports of executed trades that must be made to the FCA under MiFID II.
Transparency	The disclosure of trading interests and executed trades to market participants.
Volatility	The fluctuation in the market price of a financial instrument.
Waiver	Regime under which pre-trade transparency requirements can be modified.