

PORTMAN MiFiR

How to get started

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Version 1.0

This document is based on the underlying system PORTMAN 7.24

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1. Background

PORTMAN MiFiR is developed for you to meet the demands specified in 'Market in Financial Instruments Directive and Regulation'. With the MiFiR module, you will find it easy to follow the rules for loss reporting and to control the clients' suitability, the investment managers' certification and the report frequency.

2. Prerequisites to use the module

Acquisition of these PORTMAN modules is a prerequisite to use the PORTMAN MiFiR module:

- CRS
- Risk

User rights: The user must be assigned the right 'MiFiR Rådgivningsniveau' – see more under chapter 10 – User Access.

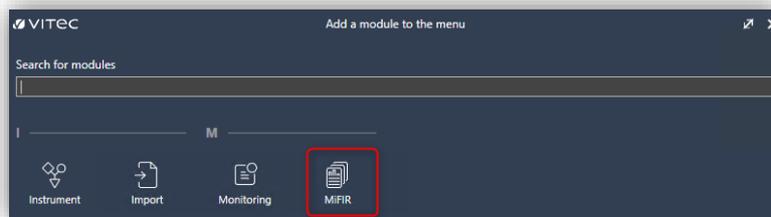
3. How do I find the module?

Please open the module this way:

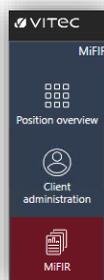
Click on 'Menu' in the bottom left corner of PORTMAN



Click on MiFiR and drag the icon to the menu bar on the left-hand side of PORTMAN



Now the module is visible in the menu bar



4. Registration

Your first job in PORTMAN MiFiR is to get the new registrations in place.

4.1. Client fields/portfolio fields

- Register LEI-code (Legal Entity Identifier) on the client (not for private clients)
- Register Investment Manager on the client. Initially, you will have to register Investment Manager in Modules -> Signatures

Now please get a range of basic registrations in place – you will need them later for portfolio basic data.

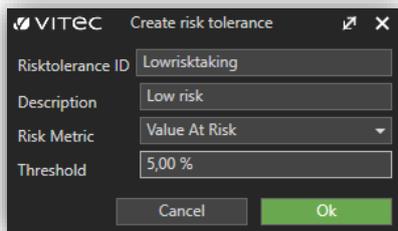
Not part of the compliance control:

Register risk tolerance levels (PORTMAN -> MiFiR -> Data administration -> Risk tolerance). Risk tolerance is the maximum risk level that the client wants in his portfolio. You can either use Value at Risk or Volatility. You can define the levels yourself. Risk tolerance is not part of the compliance control, but you can setup this control in the 'Compliance' module. Vitec can provide you with a guide on how to do this.

Click on the '+' to add a new record

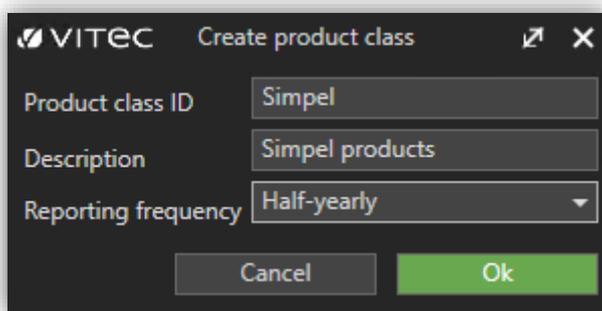


Then fill in the dialogue



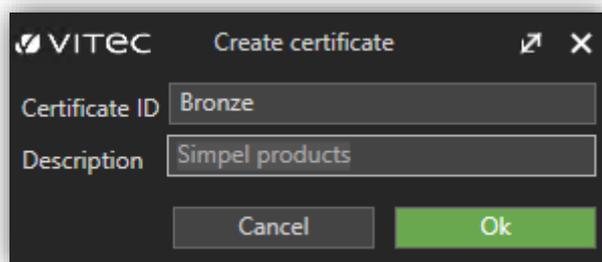
Press OK to continue with the levels you need

Register Product classes (PORTMAN -> MiFiR -> Data administration -> Product classes) in your own definition. Remember to register a reporting frequency. You will need this field in a few minutes when you choose the product class for each instrument (additional basic data)



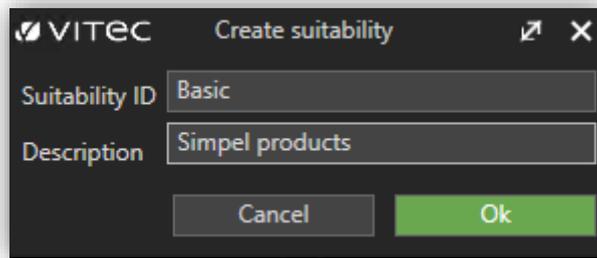
Press OK to continue with the levels you need

Register certificates, that can be attached to an Investment Manager (PORTMAN -> MiFiR -> Data administration -> Certificates). You are free to define the certificates on your own



Press OK to continue with the levels you need

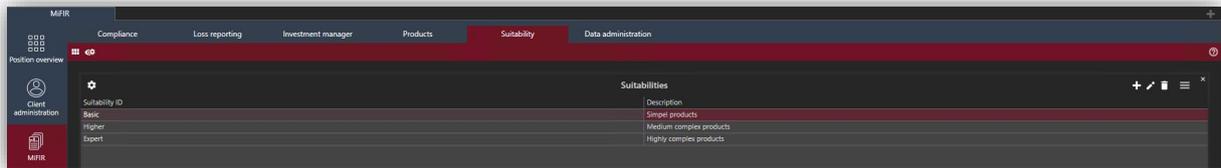
Register Suitability levels (PORTMAN -> MiFiR -> Data administration -> Suitabilities) in your own definition. This is the suitability, which your initial dialogue with the client have resulted in.



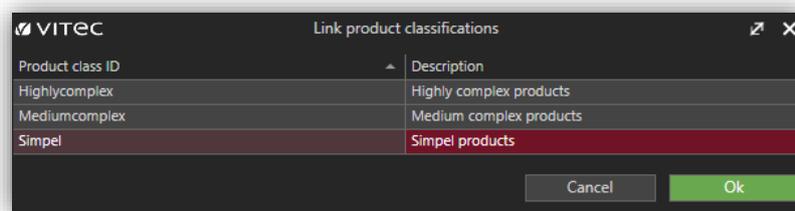
Press OK to continue with the levels you need

Now you can build your structure with the components you already have registered.

Start by attaching Product classes to Suitabilities (PORTMAN -> MiFiR -> Suitability). Here you can see the already registered Suitabilities.



Under Product classes click on the following icon . In here you can link the appropriate product class to the suitability, that you have marked.



Continue linking all the product classes to the Suitabilities

Now please link the Certificates to the Investment managers. First, you must check that you have registered the Investment Managers under 'Signatures' in Old PORTMAN

Manager type	Manager	Firstname	Lastname	Serial Number	1. Signature
Investment	000001	Henrik	Henriksen	000	
	000002	Thomas	Thomassen	000	
	000003	Mads	Madsen	000	

If all of your Investment managers are registered in Signatures, you get an overview like below here (PORTMAN -> MiFiR -> Investment manager)

ACH	Title	Firstname	Lastname	Department	Phone work	Email
000001	Investment Manager	Henrik	Henriksen			
000002	Investment Manager	Thomas	Thomassen			
000003	Investment Manager	Mads	Madsen			

Then you can link the appropriate certificate to the Investment manager that you have marked.

Certificate ID	Description
Bronze	Simpel products
Gold	Highly complex products
Silver	Medium complex products

Continue linking all the certificates to the Investment managers

Finally please link the Product classes to the Certificates. Link the appropriate Product class to the Certificate that you have marked

Product class ID	Description	Reporting frequency
Highlycomplex	Highly complex products	Monthly
Mediumcomplex	Medium complex products	Quarterly
Simpel	Simpel products	Half-yearly

Continue linking all the Product classes to the Certificates

Now you are ready to register on the portfolio:

- MiFiR class. This variable is predefined in PORTMAN with the following possibilities:
 - None
 - Retail
 - Professional
 - Eligible Counterpart
- Risk tolerance, that you previously registered levels for (this is not part of the compliance control in the MiFiR module)
- Now please register Suitability that you previously registered levels for
- Please continue check-marking for MiFiR compliance control. Here you can mark the individual controls separately. The MiFiR risk tolerance control is not active in the

module and therefore it is grayed out

- Finally please checkmark if the portfolio should be part of the MiFiR loss control on portfolio level and/or position level

Portfolio - Edit

Client ID

Portfolio ID Active

Portfolio no

Portfolio name

Portfolio manager

Comment

Calculation principle Average

Incl. in portf. perform.

Accounting year closed Years Before Last Closed

Accounting date (ddmm)

Tax parameters Set 1 - parameter 1

Value adjustment Market Value

Date principle finance link Value Date

Default date selection Trade Date

Starting date 29-09-2010

Finance link starting date

Portfolio type Not Fund

Cash in reports CRS reporting

Incl. adm. fee in reports Incl. VAT in fee calculation

Depository type Investment

Depository profile 3001

Taxation type Business

Consolidation type F

Risk profile Medium

Benchmark

Benchmark name

Price hierarchy Default

Exchange rate concept Default

Performance measure Time Weighted Return

Resignation date

Retirement date

Risk level

Exclude import before

Tax reporting info

MiFiR

MiFiR class Retail

Risk tolerance Mediumrisktaking

Suitability Higher

MiFiR product suitability

MiFiR risk tolerance

MiFiR inv manager certificate

MiFiR reporting frequency

Incl. in MiFiR loss

Position level incl. in MiFiR loss

Cancel Ok

Now the client and portfolio is in place.

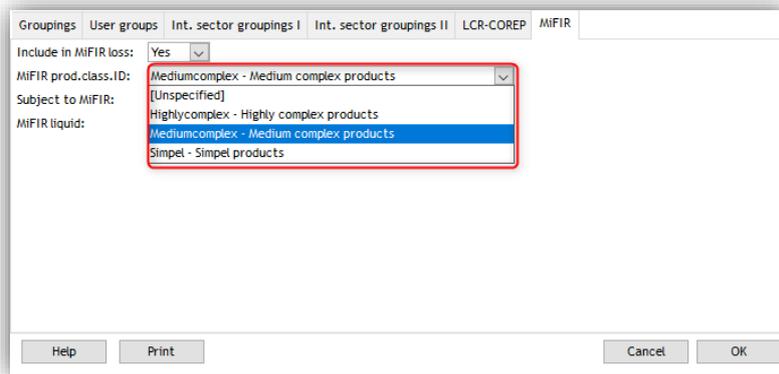
4.2. Instrument fields

Then you can continue to instruments.

MiFiR Classification (Old PORTMAN Modules -> Basic data ->Add. Info.)

'Include in MiFiR loss' – Here you choose if the instrument should be part of the 10% loss control on instrument level – e.g. if we are dealing with a leveled product

'MiFiR prod.class.ID.' – Here you choose among the Product Classifications that you previously defined



The screenshot shows a dialog box with the following fields:

- Include in MiFiR loss: Yes
- MiFiR prod.class.ID: Mediumcomplex - Medium complex products
- Subject to MiFiR: [Unspecified]
- MiFiR liquid: Mediumcomplex - Medium complex products

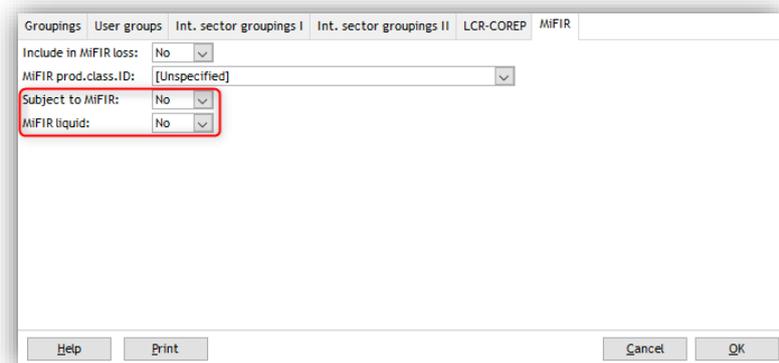
The 'Subject to MiFiR' dropdown menu is open, showing the following options:

- [Unspecified]
- Highlycomplex - Highly complex products
- Mediumcomplex - Medium complex products
- Simplet - Simplet products

Buttons: Help, Print, Cancel, OK

The fields 'Subject to MiFiR' and 'MiFiR liquid' are not part of the MiFiR controls but are shown in the report 'MiFiR list'

You can choose among the values 'Yes' or 'No'



The screenshot shows the same dialog box with the following fields:

- Include in MiFiR loss: No
- MiFiR prod.class.ID: [Unspecified]
- Subject to MiFiR: No
- MiFiR liquid: No

Buttons: Help, Print, Cancel, OK

4.3. Transaction fields

Now you are ready to register transactions

The screenshot shows the 'Transaction registration' dialog box. It contains the following fields and values:

- Transaction: 00 Shares- Buy/Sale
- Client: 0000000001 0000000001 DKK
- Portfolio: 000
- ID code: 001028081 Novo-Nordisk B DKK
- Internal trade:
- Trade date: 06/09/2017 Taxation date: 06/09/2017
- Value date: 11/09/2017 Value days: 3
- Number: 0 Buy Sale
- Price: 0,00
- Commission: 0,00 DKK Commission %: 0,00
- Currency cross: 100,00 DKK/DKK
- State: Approved
- Inv. no.:
- User: V
- Costs/Tax: 0,00 DKK
- Costs den. in security cur.: 0,00 DKK
- Costs w.o. account amt.: 0,00 DKK
- MiFiR section (highlighted in red):
 - Price spread: 1,00 DKK
 - Forex spread: 1,00 DKK
- MiFiD section:
 - Info. trade type: None
 - Official price: 0,00
 - Publication of trade: None
 - Time of trade: 06/09/2017 13:12:08
- Counterparty: (dropdown)
- Broker:
- Depository: 00000000000000000000 Depot
- Place of depository:
- Account: 00000000000000000000 Konto DKK
- Currency cross: 100,00 DKK/DKK
- Amount: 0,00 DKK Effect on account: Normal transaction
- Control: 0,00

- Price spread – entry field + picklist
- Currency code - entry field + picklist
- Forex spread - entry field + picklist
- Currency code - entry field + picklist

4.4. Key figures

In Key figures (Old PORTMAN -> Modules -> prices -> key figures) you can choose among five cost elements that you need in the cost report under MiFiR. You need to add these to be able to generate a correct cost report. These key figures must be registered per instrument. Here you can manage costs that e.g. are included in the investment certificates.

The screenshot shows the 'Key figures (Add)' dialog box with the following details:

- ID code: DE000514000 Deutsche Bank AG
- Type: MiFiR CRT (selected)
- Date: MiFiR CRT
- Value: MiFiR ICT, MiFiR inducement, MiFiR OOC, MiFiR TCO

- CRT – ‘All costs related to transactions’ – transaction costs

- ICT – Incidental costs – performance fees
- Inducement – percentage that states the part of commissions/inducements, that are included in ongoing charges
- OOC – One-of charges – all costs paid to the product provider – e.g. advance fee for management and distribution fee
- TCO – Ongoing charges – calculated per portfolio/aggregated/pseudo

4.5. Fees

Then please register the MiFiR cost categories in 'Fees' (Modules -> Basic Data -> Fees). You need these registered to generate a correct cost report. The Fees must be registered per instrument. We are talking about costs and related fees, that are charged for investment service.

Examples on the above-mentioned categories

One-of charges: termination fees and relocating fees

Ongoing charges: management fees and counseling fees

Costs related to transactions: limit fees, stamp duty, transaction tax, currency costs and broker fees

Incidental costs: performance fees and analytics costs

Other investment costs: other fees

4.6. Manual withdrawal

Furthermore please register MiFiR cost categories in Manual deposit/withdrawal (Old PORTMAN -> Modules -> Basic Data -> Manual deposit/withdrawal). You need these for a correct cost report. These manual withdrawals must be registered per instrument. We are talking about costs and related fees, charged for investment service.

5. Controls

You can define which portfolios should be controlled by check-marking one or more of the following (see chapter 4.1):

- 'MiFiR product suitability'
- 'MiFiR inv manager certificate'
- 'MiFiR reporting frequency'
- 'Incl. In MiFiR loss'
- 'Position level incl. in MiFiR loss'

All controls running today are saved in PORTMAN. All controls generated prior to today are saved in PORTMAN for several days, which are choosable for the user. Older controls show you the overall results in PORTMAN – but not the details. Details can be seen in SQL tables – the user can likewise choose for long it should be saved.

When you approve,

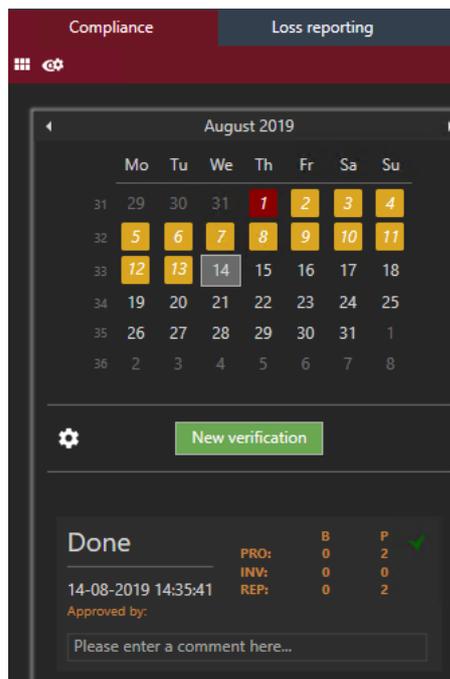
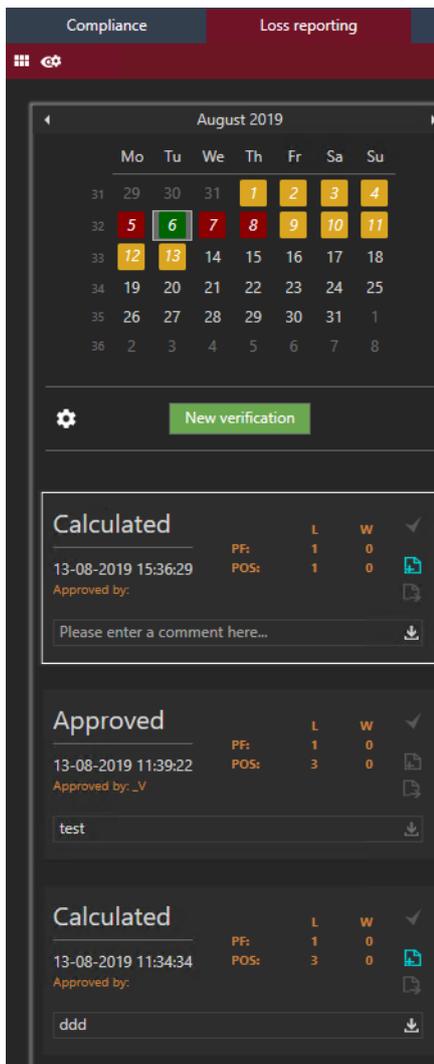
- the status of all controls
 - who ran the control
 - date
 - timestamp and
 - details of what is the cause of any breaches
- are saved.

The logic for the last ordinary MiFiR reporting in connection with the loss report on portfolio level, is as follows

1. The latest return report, that includes a MiFiR valid subreport, which has been exported
2. Starting date for the portfolio in PORTMAN
3. Accounting date

If 1. Is not found, then the latest of 2. And 3. will be used

In MiFiR Loss reporting and Compliance you can get an overview of the latest results as well as approval history.

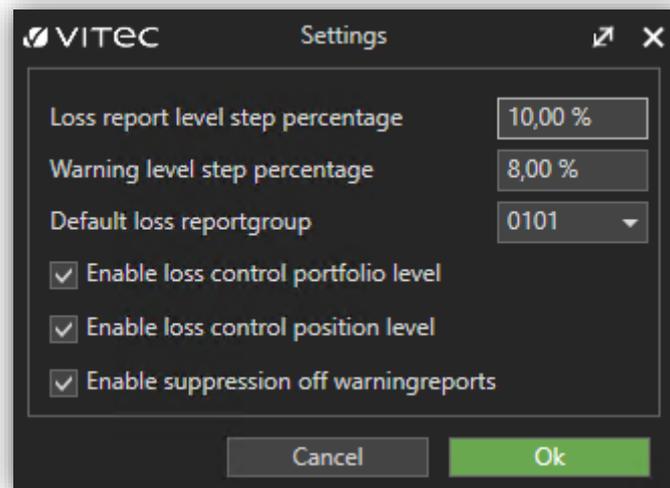


5.1. Loss reporting

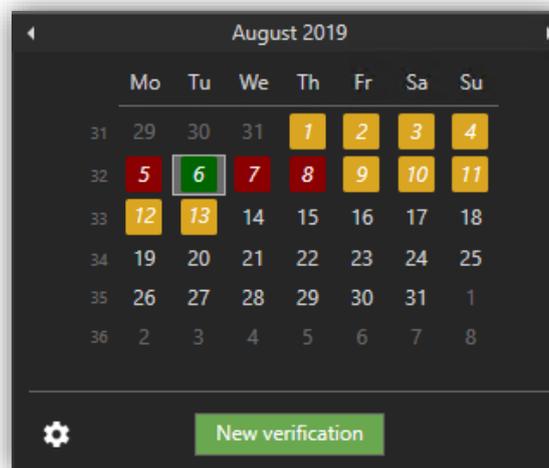
In this module, you start the verification for today and decide how to handle the portfolios/positions that are breached.

First of all, you should define the default report group – push the little gear 

You can also define the level for warning if you want to get a warning when a portfolio is getting close to the loss reporting level. Finally, you can enable/disable 'loss control' on portfolio level for all portfolios, enable/disable 'loss control' on position level for all positions and enable/disable suppression of warning-reports.



Start the loss control by choosing a date (today or a previous date) and then activate the green button 'New verification'.

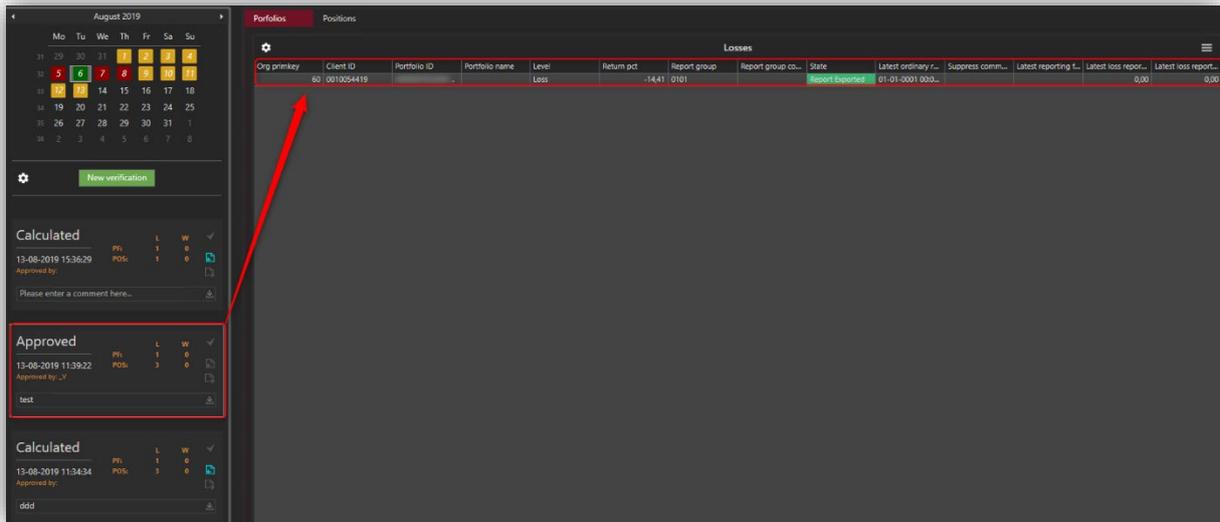


You can start a loss control up to 30 days back in time.

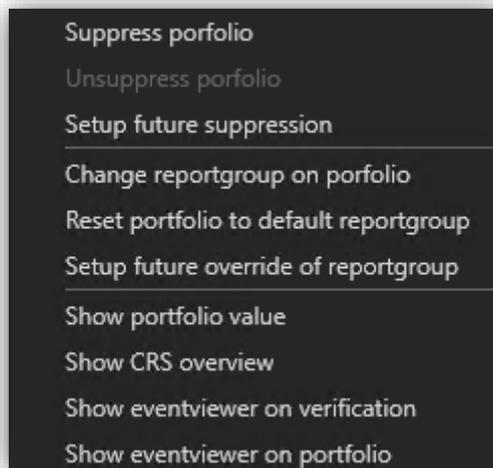
The color logic is as follows:

- Green: The date holds a loss control that has been approved
- Yellow: The date holds no loss controls
- Red: The date holds controls – but none of them have been approved

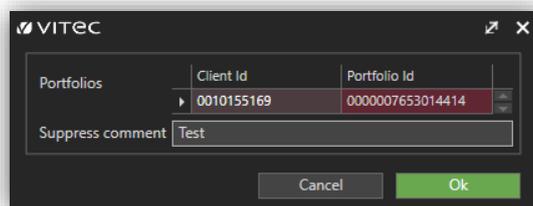
When you click the verification in which you request further details, you will see details in the right-hand side of the screen. You only see breached portfolios or portfolios, where a possible breach cannot be determined. In cases, where a breach cannot be determined, the cause is inadequate basic data and you will see the text 'breach indefinite'



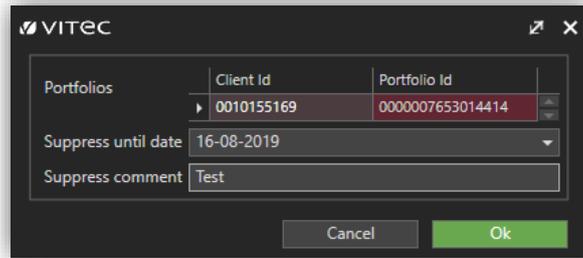
When you right-click on a portfolio, you are presented with the following possibilities:



If you choose 'Suppress portfolio', the portfolio will be suppressed for today only – no loss report will be sent today.



If you choose 'Setup future suppression' you can define a period, for which the suppression will be valid.

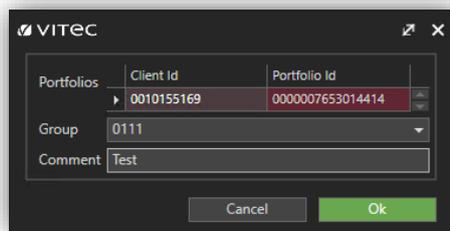


For revision purposes, you can add a comment.

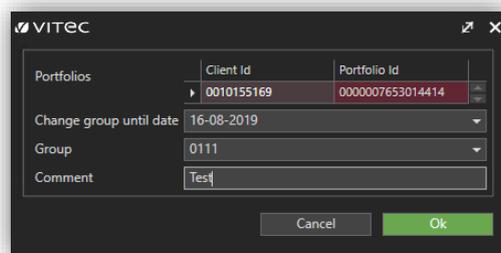
Please note, that it is the 'as of date' (the date you pick in the calendar), which is suppressed and not the date of calculation – this means:

- If you run a loss control on the 22/8-19 as of the 21/8-19 including a portfolio that is suppressed until the 21/8-19, the portfolio will NOT be suppressed in the control
- If you run a loss control on the 22/8-19 as of the 21/8-19 including a portfolio, that is suppressed until the 22/8-19, the portfolio WILL be suppressed in the control

If you want to change a reportgroup on a portfolio immediately, you can do it here:



If you want to change a reportgroup on a portfolio for a period, you can do it here:

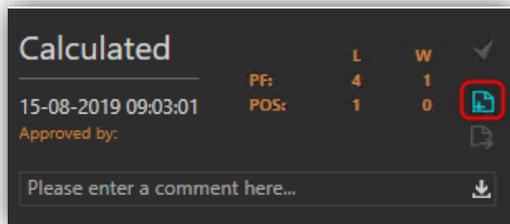


By choosing 'Show portfolio value', you open the dialogue 'portfolio value' with the actual portfolio and with the 'to date' prefilled. Here you can investigate further on the yield of the portfolio.

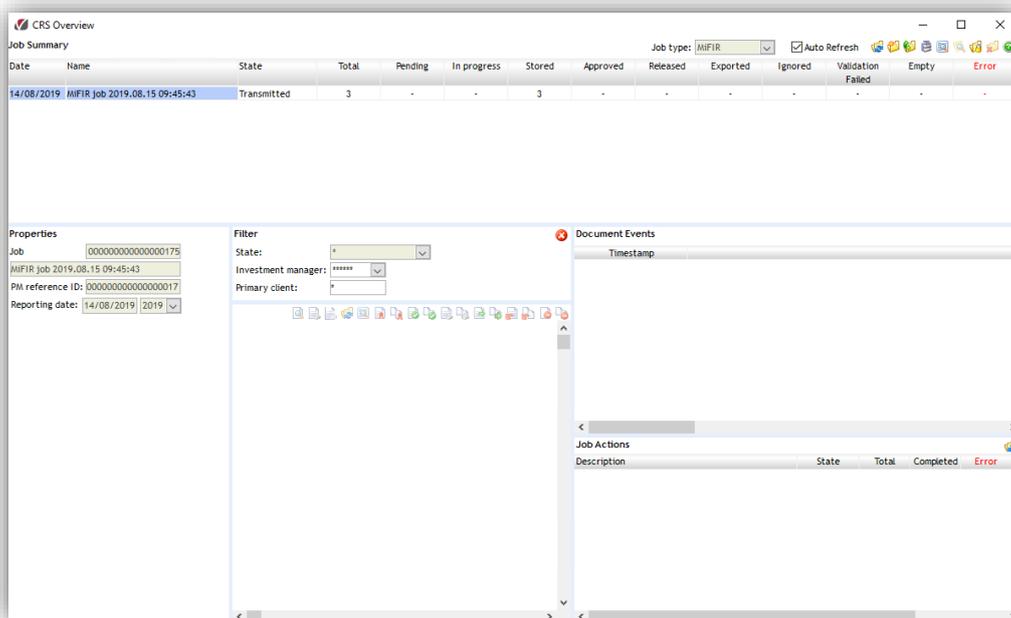
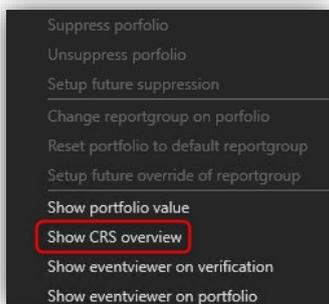
In the loss control on position level, the value change is measured since the specific position became included. You can see how the percentage is calculated by looking at the columns 'Bas unrealised profit at cost price' and 'Bas cost exposure', which is respectively numerator and denominator in the calculation. 'Bas unrealised profit at cost price' is the value change since inclusion, and 'Bas cost exposure' is equal to the principle on a share- or bond position. For derivatives, which do not have a well-defined principle, the underlying principle is used.

Bas unrealized profit at cost price	Bas cost exposure
-1.078.094,46	2.004.044,46

Please return to the MiFiR module and choose 'generate CRS reports' (click on the blue icon shown below)

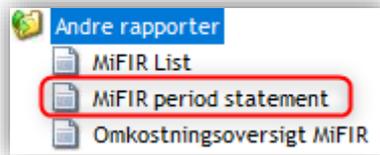


When the status in the above dialogue changes from 'Calculated' to 'Reported' you can open CRS overview by right-clicking on one of the portfolios (or positions)

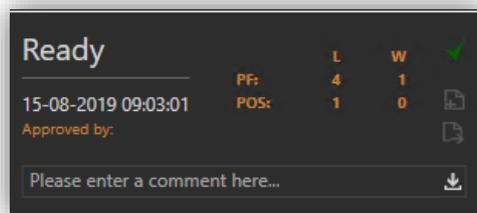


Then it is possible to handle the job as usual in CRS. If the control includes breaches on a position level, the chosen report group must include a subreport, which has an extra column with value change since the inclusion of the positions

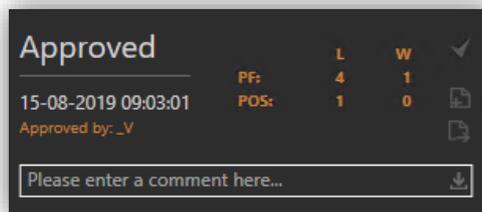
that are breached. Per default, you will find a 'MiFiR period statement' that you can use. Also, it is possible to add the column to your own reports – this is done by the usual process of changing CRS reports.



When the reporting is done and you have exported the reports, the status changes to 'Ready'.



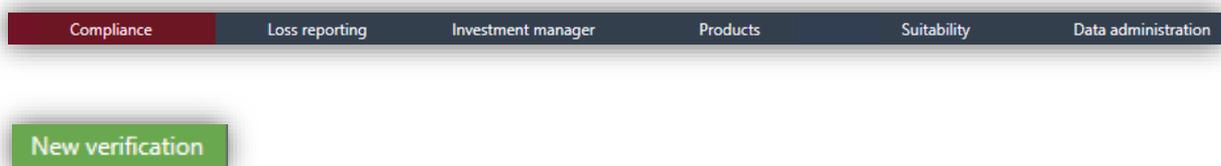
Finally, you can push the little green checkmark and approve the verification – leading to the status changing to 'Approved' – possible to add a comment.



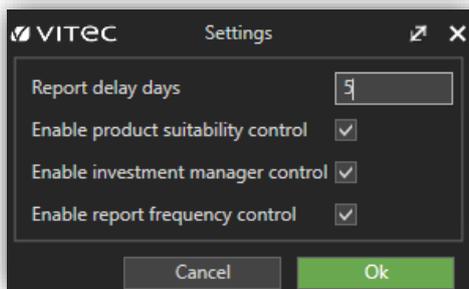
After that, the result-set will be saved in revision tables.

5.2. Compliance Control

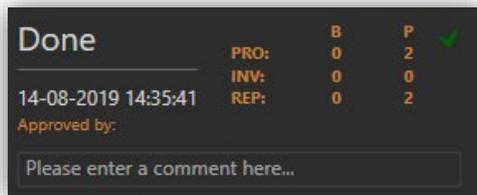
Besides loss control, all other controls are located under this heading in PORTMAN. Here, you can start the control by choosing a date and pressing 'New verification'. You can start a compliance control up to 30 days back in time.



By activating the little gear , you can change the Report delay days and enable/disable the specific controls under Compliance control. Delay days postpones the point in time when the specific portfolios gets the status 'breach'.



When you have activated the 'New verification' and the job has status the 'Done'.



... you can see all the details on the right-hand side of the screen. You only see breached portfolios or portfolios, where a possible breach cannot be determined. In cases, where a breach cannot be determined, the cause is inadequate basic data and you will see the text 'breach indefinite'

Product suitability		Investment managers	Reporting frequency	Product suitability						Group by: Portfolio
Instrument ID	Instrument name	Asset type	Reporting frequency	Latest ordinary repor...	Holding	Breach	Product class	Client ID		
Portfolio ID: 000007651140379										
006079539	Sparinvest Virk.Obl...	Mutual Fund	Quarterly	01-01-0001 00:00:00	534,00	Breach Indefinite	Mediumcomplex			
006082084	Bankinvest Basis Glo...	Mutual Fund		01-01-0001 00:00:00	247,00	Breach Indefinite				
006082106	Bankinvest Danske A...	Mutual Fund		01-01-0001 00:00:00	701,00	Breach Indefinite				
006082165	Bankinvest New Eme...	Mutual Fund		01-01-0001 00:00:00	212,00	Breach Indefinite				
006081886	Sparinvest mellemlia...	Mutual Fund		01-01-0001 00:00:00	1.724,00	Breach Indefinite				
006081959	Sparinvest Value Akt...	Mutual Fund		01-01-0001 00:00:00	301,00	Breach Indefinite				
006081916	Sparinvest Em.marke...	Mutual Fund		01-01-0001 00:00:00	1.030,00	Breach Indefinite				
006081991	Sparinvest Value Em...	Mutual Fund		01-01-0001 00:00:00	382,00	Breach Indefinite				
006082009	Sparinvest Momentu...	Mutual Fund		01-01-0001 00:00:00	197,00	Breach Indefinite				
006081908	Sparinvest inv.grade...	Mutual Fund		01-01-0001 00:00:00	2.310,00	Breach Indefinite				
Portfolio ID: 000007730072889										
000202703	3,00% Nordea Kredit...	Bond		01-01-0001 00:00:00	535.640,79	Breach Indefinite				
000412988	0,00% Danmarks Ski...	Bond		01-01-0001 00:00:00	750.000,00	Breach Indefinite				
000928526	3,00% Realkredit Da...	Bond		01-01-0001 00:00:00	445.313,76	Breach Indefinite				
000977144	0,1146% Nykredit Re...	Bond		01-01-0001 00:00:00	49.698,86	Breach Indefinite				
000978744	3,50% Nykredit Real...	Bond		01-01-0001 00:00:00	130.000,00	Breach Indefinite				
000979570	3,00% Nykredit Real...	Bond		01-01-0001 00:00:00	459.472,13	Breach Indefinite				
000950718	-0,0887% Nykredit R...	Bond		01-01-0001 00:00:00	393.934,49	Breach Indefinite				
000929921	0,01% Realkredit Da...	Bond		01-01-0001 00:00:00	970.847,12	Breach Indefinite				
000979899	2,50% Nykredit Real...	Bond		01-01-0001 00:00:00	940.064,79	Breach Indefinite				
000938157	3,00% Brfkredit A/S...	Bond		01-01-0001 00:00:00	138.690,18	Breach Indefinite				

a. Product suitability

The Product suitability control ensures that instruments included in the client's portfolio are appropriate for the clients' suitability level.

b. Investment managers

This control ensures that the Investment manager linked to the portfolio has sufficient knowledge to advise the client on the portfolio.

Please be aware that the control is on portfolio level, but the registration of the Investment manager is on client level.

c. Reporting frequency

The reporting frequency control ensures that the clients as a minimum receive a period statement with a frequency corresponding to the highest frequency of the product classes, included in the portfolio. Specifically portfolios containing leveraged products must receive a period statement every month, while most clients will receive a report every 3 months and a few clients with a lower frequency. Portfolios will get the status 'breach' if the report is not exported on time.

An example:

1/1 2019	31/3 2019	10/4 2019	30/4 2019
1/1 2019	The portfolios accounting date: 31/12 2018 The portfolio is attached to a reportgroup with quarterly reporting frequency		
31/3 2019:	On the 1/4 the report has status: 'report due' (please note that we have a built-in delay of 5 days before the portfolio has status 'breach'). A quarterly report is sent to the client (portfolio) on the 1/4 and the portfolio gets status 'report ordered' On the 2/4 2019, the frequency control says OK .		
0/4 2019:	An instrument is bought to the portfolio. In additional basic data, the instrument has a product class, which is linked to monthly reporting In the control on the 11/4 2019, PORTMAN MiFiR detects that the contents of the portfolio do not correspond with the reporting frequency on the reportgroup, that the portfolio is linked to. Therefore the portfolio is registered with a 'warning' . As a user, you must link the portfolio to a reportgroup with monthly reporting frequency.		
30/4 2019:	On the 1/5 the portfolio has status 'report due' (please note that we have a built-in delay of 5 days before the portfolio has status 'breach').		

A report job with a monthly report is exported to the client(portfolio) on the 1/5 and the portfolio gets status 'report ordered'.

In the control on the 2/5 2019, the portfolio says OK

5.3. Batch

All controls can be started via batch and to make use of this facility, you must set up a new batchpoint in Modules -> Batch -> Batch Manage.

If you choose 'Server execution' under 'Type', then a new dropdown menu opens.

Here you can choose among:

- Loss Control – only the 10% loss control
- Compliance control – all other controls under MiFiR
- Loss Compliance Control - 10% loss control and all other controls under MiFiR

If you need to run all controls, Vitec recommends that you choose 'LossComplianceControl'. It will give you a better performance.

6. Cost report

The cost report is generated on portfolio level under MiFiR. It is also possible to use the report ad hoc on other levels of calculation (e.g. aggregated/pseudoportfolio, depository), where PORTMAN also calculates a total cost percentage for the period.

The report can be generated in two editions, where the cost percentage is calculated either as time-weighted or money-weighted cost. Which report that is sent to the client is determined by the reportgroup that the client(portfolio) is attached to.

You or another PORTMAN user must see to, that the cost report is added to one or more reportgroups. You can choose the reporting frequency yourself. Please be aware, that there is a legislative demand to report yearly as a minimum.

The report exists in both Danish and English.

The cost report is generated via CRS and includes:

	CRS
Administration costs	
One-of charges	sum(periodata.MiFiRCostOneOfCharges_BAS)
Ongoing charges	sum(periodata.MiFiRCostOngoingCharges_BAS)
Costs related to transactions	sum(periodata.MiFiRCostRelatedToTrans_BAS) + sum(periodata.CurrencySpread_BAS) + sum(periodata.Omkost_ialt for aktivart not in ('G','X'))
Other investment related costs	sum(periodata.MiFiRCostOtherInvCosts_BAS)
Incidental administration costs	sum(periodata.MiFiRCostIncidentalCosts_BAS)
Aggregated administration costs	Amount: sum(the above fields) Pct: sum(the above fields)/denominator
Financial instrument costs	
One-of charges	sum(periodata.OOC_BAS)
Ongoing charges	sum(periodata.TCO_BAS)
- hereof inducements	Amount: sum(periodata.Inducement_BAS) Pct: sum(periodata.Inducement_BAS)/denominator
Costs related to transactions	sum(periodata.PriceSpread_BAS) + sum(periodata.CRT_BAS)
Incidental financial instrument costs	sum(periodata.ICT_BAS)
Aggregated financial instrument costs	Beløb: sum(the above fields, ex Inducement) Pct: sum(the above fields, ex Inducement)/denominator
Total costs	Amount: sum(two sums above) Pct: sum(two sums above)/denominator
The same denominator is used everywhere: TWR: denominator=aggregateddata.MiFiR_AVGMV_BAS MWR: denominator=sum(periodata.GnsBehPrimoReg)	

The top part of the report receives data from 'Manual withdrawals' and 'Fees' (see chapter 4.5 and 3.6)

The bottom part of the report receives data from 'Key Figures' (see chapter 4.4)

Report ordering – please define:

- Portfolio

- Aggregated
- Pseudoportfolio
- Language (Danish or English)
- Period
- TWR – yes or no
- Description/textbox – the textbox at the bottom of the cost report illustrates the effect of the costs on the clients return – this is a MiFiR demand
- 'MiFiR – commission return' – if chosen – will show kick-back paid to the client as a separate line in the report
- Stencil – with stencils you can replace the textbox or add information with for instance 'For further information, please see the next page' – or you can add an external page

The screenshot displays the 'PORTMAN MiFiR' configuration window. At the top, there are input fields for 'Client number', 'ID code', 'Reporting date' (set to 20/02/2018), and 'Default profile' (set to [None]). To the right, there are dropdown menus for 'Output type' (Archive), 'Sort by Report type', 'Price hierarchy' (Portfolio), 'Starting date' ([Default]), and 'Exchange rate set' (Portfolio).

The main section is titled 'Parameters' and contains several sub-sections:

- Section name:** Omkostningsoversigt MiFiR
- Client language:** [Dropdown]
- Profile:** [None]
- Consolidation:** No consolidation
- Stencil:** [Empty field with ellipsis]
- Date:**
 - Interval:** Accounts date - 20/02/2018
 - Principle:** Trade date
- TWR:** Calculation principle: Average
- Drawn:** Par value
- Description:** MiFiR - commission return:

On the right side of the 'Parameters' section, there is a preview window showing a sample report. The report includes a header with 'Client and page for portfolio 00 00 2017 - 00 00 2017' and a table with columns for 'Description', 'Value', and '%'. The table lists various cost components and their respective values and percentages.

At the bottom of the window, there is a status bar with 'Adhoc Status' and 'Omkostningsoversigt MiFiR'. The bottom right corner features 'Close' and 'Ok' buttons.

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Costs for the period 01.01.2017 - 31.12.2017

All amounts in DKK

Administration costs	Amount	%
One-of charges	0	
Ongoing charges	0	
Costs related to transactions	1.300	
Other Investment related costs	0	
Incidental administration costs	0	
Aggregated administration costs	1.300	0,02%
Financial instrument costs		
One-of charges	1	
Ongoing charges	0	
- hereof inducements	0 (0,00%)	
Costs related to transactions	2.523	
Other financial instrument costs	0	
Aggregated financial instrument costs	2.524	0,03%
Total costs	3.824	0,05%

Total costs for the period have been DKK 3.824.
This means that the percentage return of this portfolio for this period, has been negatively affected by 0,05% as a result of the investment services provided.

Administration costs include all costs related to portfolio management and investment services. Financial instrument costs include all costs related to manufacturing and managing of the securities invested in.

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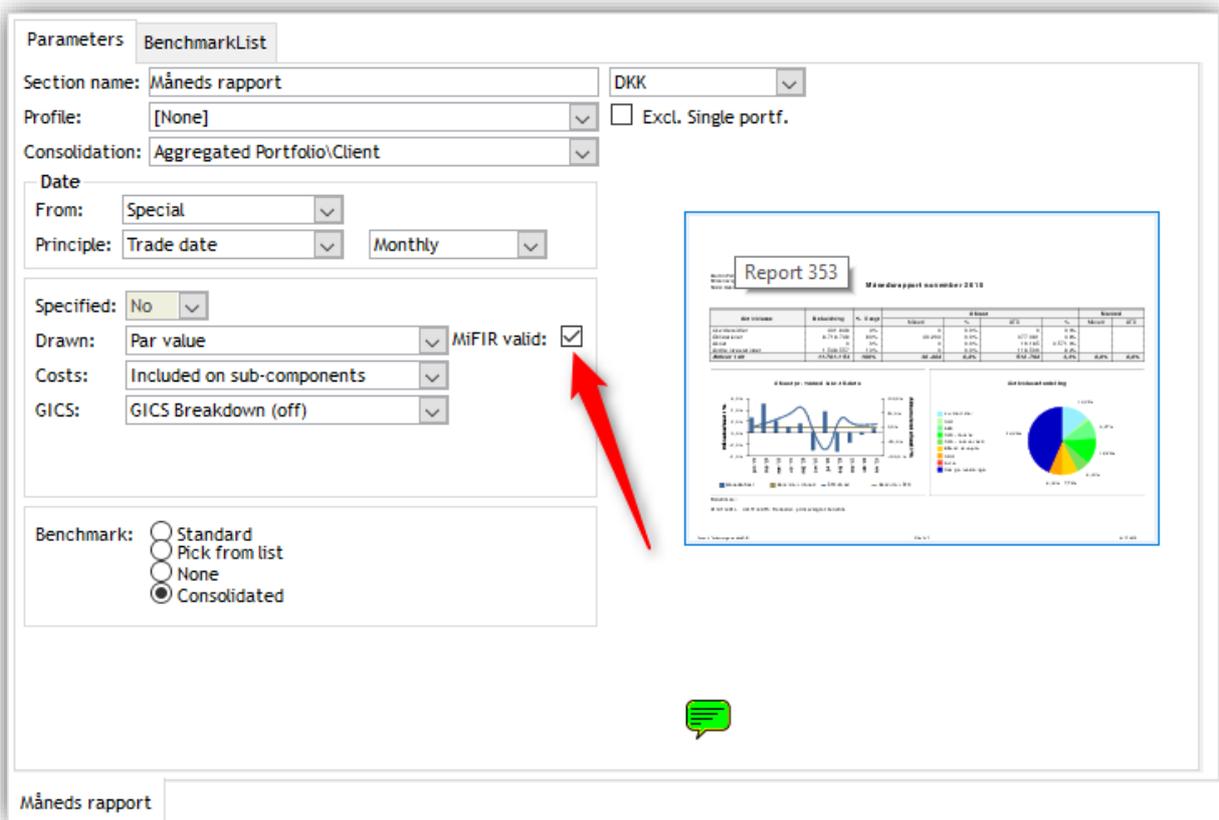
7. Period statement

This report is just like the traditional period statement from CRS. The MifIR module will check if the clients' reporting frequency in CRS corresponds with the product classes in the portfolio.

If there is a mismatch between the current frequency and the product classes in the portfolio, you must make sure, that the client is moved to a report group, appropriate for the new requested frequency.

The solution is based on that you choose specific existing sub-reports and classify them (checkmark) as MiFiR valid. Per default, Vitec will classify all yield sub-reports as MiFiR valid. From there on you can remove the checkmark in certain sub-report, if you assess these as not being MiFiR valid. Please note that you need to remove the checkmark in all reportgroups in which the sub-report is used.

Removing the checkmark is done here: CRS -> Report Groups -> RMB Show Reports -> RMB Change Report



The method for determining the report frequency is historically based. The control in PORTMAN will check earlier exported period statements (which are MiFiR valid) and check the portfolio for product classes. If a product class demands a higher frequency than the registration that was made on the portfolio at the latest ordinary report, the control will give

you a warning. As a PORTMAN user, you must act on this warning by – for instance – changing the report group on the portfolio to the correct frequency.

If you generate the report from Ad Hoc, please remember to choose 'Export to default' (Adhoc -> 'stored' -> RMB Export document -> Export to default) to make the report valid as an ordinary MiFiR report.

8. Loss report

The loss report holds the results from both portfolio- and position level (both can be enabled/disabled)

When you have set up the controls, PORTMAN will on a daily basis calculate (for portfolios included in the controls) whether the return should result in a loss report (10% loss) to one or more portfolios/positions.

The loss report is delivered via CRS and can be distributed to COCKPIT, a home bank or another media with the existing export methods.

8.1. Loss control on portfolio level

PORTMAN uses TWR method for calculations – Vitec's recommended TWR method is considered to be ESMA compliant - '**Primo marketvalue incl. net influx**'.

You can set up warnings (stated by a percentage between 0 and 10), which is displayed if a portfolio is close to the limit for sending a loss report. You can use this facility if an advisor is preparing for which actions a client should be advised to take or which explanation should be given.

Breach is measured in intervals (buckets) of 10% in each. This means an interval from 0-10, an interval from 10-20, an interval from 20-30, etc.

Warnings are also measured in intervals according to the %, you have chosen. E.g. if warning = 8 the intervals will be from 8-10, from 18-20, from 28-30, etc.

The loss is always measured from the latest ordinary report – alternatively, if an ordinary report has never been exported, from the 1st of January this present year – alternatively from the portfolios starting date.

Exporting an ordinary report will reset the starting value for calculating a loss. This means that exporting a loss report (breach) will NOT reset the starting value.



When you choose a period statement for loss reporting, it is important that it holds relevant information. In some cases you may report on special periods, where the 'from-date' is not necessarily equal to the 'starting date' of the portfolio. Here you should check that dates, graphics, etc. meets the requirements. If the report only shows year-to-date numbers, it may confuse a client.

Consolidation on sub-reports in loss reporting is changed to NO CONSOLIDATION in order to meet the legislation, which states that each portfolio must be reported separately:

- a. This is however omitted for sub-reports, which are FRONT PAGE consolidated – otherwise, you will get a front page per portfolio (or position)
- b. This means that the reportgroups used for loss reporting must hold at least one yield sub-report that is not FRONT PAGE consolidated – in order to meet legislation.

The following steps must be traversed:

1. Batch job starts the MiFiR TWR calculation
2. Portfolios may turn up in the 10% loss (TWR)
3. In case of errors, the MiFiR calculations can be re-run
4. You may adjust the reportgroup and suppress information
5. The relevant portfolios are sent to CRS, which starts a loss reporting
6. The MiFiR module receives information on, which portfolios have now received a report
7. The reports are ready for export
8. The client receives the report, which can be seen in 'Loss reporting' window – the relevant portfolios will get the state 'Report Exported'. When this job is started, you cannot re-run

We have introduced a bulk-operation from the MiFiR module, which means that it is not necessary to go to CRS Overview to perform the entire MiFiR loss operation.

Please be aware that also blank portfolios (portfolios without holdings, that are included in the loss control) in ordinary reporting will be registered as ordinarily reported in relation to the loss report.

If you wish to see the calculation details, please use 'Portfolio value' with TWR trace activated.

When 'loss result state' is equal to 'report suppressed' this information will be visible in the loss reporting window: suppress comment, suppress until date, suppress user ID and suppress changed timestamp. This is done to ensure, that all users can see who, when and why a suppress has been registered.

If you need to re-run the loss report, please activate New verification

8.2. Loss control on position level

This control is run together with the control on portfolio level, and the buckets with -10% and additional -10% is also the same. The big difference is measuring the value change on position level – namely by performing a simple comparison between the value (in client currency) on the controlling date and the startup date. In order to reach a percentage, the value change is divided by 'BAS cost exposure' which equals the principle on a position in shares/bonds or the underlying principle for derivatives.

In the report, you will find the value change until today (for breached positions) in the column 'Total depreciation in pct.' Rightmost. Even though there may only be breaches for only one position, the value of all positions in the portfolio is shown. This is what the client is used to see and there may be contexts/strategies, which includes positions with or without breaches, where it makes sense to show both positions. If a breach on portfolio level also is occurring, the ordinary return for the period is shown. If there only are breaches on position level, the current values for all positions are shown together with 'Total depreciation in pct.' for positions with breaches.

Example of a loss report:

Performance statement for the period 01.01.2019 - 19.08.2019										Exchange rates at 23.10.2017 Prices at 19.08.2019	
Security	Opening value	Unrealised gain/loss (period)	Realised gain/loss (period)	Interest and dividends	Expenses	Closing value	Average holding (period)	Return	Return (%)	Total depreciation in pct.*)	
Aktier											
Bankinvest Basis Globale Aktie	87.912,98	0,00	0,00	0,00	0,00	87.912,98	87.912,98	0,00	0,00		
Bankinvest Danske Aktier Akk.	57.127,40	0,00	0,00	0,00	0,00	57.127,40	57.127,40	0,00	0,00		
Sparinv Gl Val Wrc	99.592,98	0,00	0,00	0,00	0,00	99.592,98	99.592,98	0,00	0,00		
Total Aktier	244.633,36	0,00	0,00	0,00	0,00	244.633,36	244.633,36	0,00	0,00		
Obligationer											
Bankinvest Korte Danske Obl. A	173.401,44	0,00	0,00	0,00	0,00	173.401,44	173.401,44	0,00	0,00		
Bankinvest Virksomhedsobl. Ig	171.817,38	0,00	0,00	0,00	0,00	171.817,38	171.817,38	0,00	0,00		
Sydiriv. Mellemlange Obligation	319.000,00	-255.200,00	0,00	0,00	0,00	63.800,00	319.000,00	-255.200,00	-80,00	-80,01	
Total Obligationer	664.218,82	-255.200,00	0,00	0,00	0,00	409.018,82	664.218,82	-255.200,00	-38,42		
Other											
Værdipleje	5.055,51	0,00	0,00	0,00	0,00	5.055,51	5.059,10	0,00	0,00		
Total other	5.055,51	0,00	0,00	0,00	0,00	5.055,51	5.059,10	0,00	0,00		
Total portfolio	913.907,69	-255.200,00	0,00	0,00	0,00	658.707,69	913.911,28	-255.200,00	-27,92		

* Total depreciation are only shown for leveraged financial instruments for which the initial value has depreciated by 10% or more, and thereafter at multiples of 10%.

Custody list
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In the report above two columns are highlighted: the ordinary return in the reporting period respectively the new calculation with the value change since startup for positions with breaches.

9. MiFIR list report

This report displays the following columns:

ID code	ID code
Security name	Security name
Covered by MiFIR	The value that is chosen in 'additional basic data' for the specific instrument (see chapter 4.2)
Liquid	The value that is chosen in 'additional basic data' for the specific instrument (see chapter 4.2)

Example of the MiFiR list report:

MiFiR information per 14.08.2019				
ID Code	Security name	Covered by MiFiR	Liquid *	Price
006079539	Sparinvest Virk.Obl Glob Højr.	Yes	Yes	102,3700
006081908	Sparinvest inv.grade value bon	No	No	50,0000
006081916	Sparinvest Em.markets value vi	No	No	103,4000
006081959	Sparinvest Value Aktier Kl W	No	No	521,4700
006081991	Sparinvest Value Emerging M...	No	No	156,8400
006082009	Sparinvest Momentum Aktier Kl	No	No	132,7300
006082084	Bankinvest Basis Globale Aktie	No	No	368,2800
006082106	Bankinvest Danske Aktier-W-	No	No	104,2500
006082165	Bankinvest New Emerging m...	No	No	124,0400

* Note: No in the liquid column, means that the instrument most likely is not liquid. Therefore, the instrument price does not necessarily reflect the price that can be obtained from trading in the instrument.

10. User Access

Below you will find a description on how MiFiR User Access settings gives access to different parts of the module:

Where the user has access to add/edit/delete in the following windows, it is also possible to type values in the MiFiR dialogues:	<ul style="list-style-type: none"> • Portfolios (suitability, risk tolerance and MiFiR class) • Clients (Investment Manager and LEI code) (as without the module) • Instruments (MiFiR classification) • Transaction (FX- and Price-spreads as well as Currency codes)
In addition, you can choose one or more of the following rights:	<ul style="list-style-type: none"> • MiFiR – view <ul style="list-style-type: none"> ○ See basic data for suitability, risk tolerance, reporting frequency and Investment Manager certification ○ See results in MiFiR compliance ○ See results in MiFiR loss reporting ○ Other MiFiR windows • MiFiR – change <ul style="list-style-type: none"> ○ Add/edit/delete basic data for suitability, risk tolerance, reporting frequency and Investment Manager certification ○ Start MiFiR compliance control ○ Approve MiFiR compliance results ○ Start MiFiR loss reporting (incl. suppress) ○ Approve MiFiR loss reporting results ○ Other MiFiR, that can be edited (NOT send loss reports) • MiFiR – Send Loss reports <ul style="list-style-type: none"> ○ 'Generate' and 'Export' MiFiR loss reports

User groups (Change) X

Name: Filter clients:

Basis:

Conceal confidential information:

Do not enter password:

Access	Access to	Update	Permission		
			Add	Edit	Delete
Merger	<input type="checkbox"/>	Account - Statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MiFiR create/edit/delete	<input type="checkbox"/>	Account interest accrual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MiFiR order/send loss report	<input type="checkbox"/>	Account transaction mapping and type	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MiFiR -View	<input type="checkbox"/>	Accounting data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Move/Copy transactions	<input type="checkbox"/>	Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mutual fund, reporting	<input type="checkbox"/>	Additional groupings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mutual fund, setup	<input type="checkbox"/>	Adjustment of duration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not reports to all clients	<input type="checkbox"/>				

Transactions	Permission						
	Add	Edit			Delete		
		Registr./ No book.	Appr.	Booked.	Registr./ No book.	Appr.	Booked.
Account - Addition of interest	<input type="checkbox"/>						
Account - Daily settlement	<input type="checkbox"/>						
Account - Deposit/Withdrawal	<input type="checkbox"/>						
Account - Interest accrual	<input type="checkbox"/>						
Account - Various fees	<input type="checkbox"/>						

11. Import

These fields can be imported in old PORTMAN format:

- MiFiR classification
- Subject to MiFiR
- MiFiR liquid
- LEI code
- Risk tolerance
- Suitability
- Price spread
- Forex spread
- Key Figures

These fields can be imported in XML format:

- MiFiR classification
- LEI code
- Risk tolerance
- Suitability
- Product Classification
- Certificate
- Investment Manager
- Key Figures

The imported Key Figures must have a positive sign (negative if it is a negative cost/income)