



## MiFID II Capacity Management Services

**Are you ready to address the Capacity Management requirements defined in MiFID II as reproduced below?**

### Notification in relation to messages exceeding historical peak (MTF/OTF and RM) - RTS7 Art 11 (5)

Trading venues shall assess whether the capacity of their trading systems remains adequate when the number of messages has exceeded the historical peak.

After each assessment, trading venues shall inform their competent authority about any measures planned to expand their capacity or add new capabilities together with the implementation timeframe of such measures.

Trading venues are required to ensure that trading systems have sufficient capacity to accommodate at least twice the historical peak of messages expressed as the highest number of messages

per second recorded on that system during the previous five years.

Where the historical peak has been exceeded, the trading venue is required to undertake a new capacity assessment and inform the FCA about any measures planned to expand capacity or add new capabilities, together with the implementation timeframe of such measures.

There is no prescribed form in relation to these types of notification. As such, notifications should be made by email to the usual supervisory contact or the MTF / OTF supervision team at [MTFsupervision@fca.org.uk](mailto:MTFsupervision@fca.org.uk).

### **A summary of these requirements is:**

Organisations must ensure trading systems have capacity to meet twice historical peak, based on the following:

- The highest number of messages per second recorded on the system in the past five years.
- If this is exceeded, organisations must define and action a plan to address capacity increase required, along with a realistic timeframe.



Find out more by contacting us:  
[Info@capacitymanagementconsultancy.com](mailto:Info@capacitymanagementconsultancy.com)  
or call us on 0330 2234 273

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## 10 activities to be considered for Capacity Management:

1. Understanding and agreeing with the regulator exactly what messages per second means in terms of your organisation's trading system/s.
2. Collecting messages/sec from the previous five years to find peak value (if impossible for five years, collect for as long as data is available).
3. Establishing the Capacity usage of the trading system/s at this rate.
4. Creating a capacity model of the trading system/s.
5. Creating a capacity plan for the trading system/s to support twice the rate.
6. Defining requirements and ensuring the necessary IT infrastructure is in place.
7. Reviewing messages/sec on a daily basis, and then updating the capacity plan and model if the new rate is higher than previous highest value.
8. Implementing your revised capacity plan.
9. Reporting on a regular basis, i.e. daily and monthly.
10. Analysing the capacity impact to the Middle and Back Office systems, and ensuring they cater for peak rate trading rates.

### Our Services

We will work with you to address the Capacity Management activities outlined here; we'll help you to determine how ready you are to implement these steps effectively, and then assist you in running and implementing the required activities.

### MiFID II Capacity Management Compliance Audit

We will review your organisation's effectiveness against the following MiFID II Capacity Management requirements:

- Reviewing business data available, determining what constitutes messages per second in your organisation, and establishing how long this data is available for.
- Reviewing IT performance metrics available for the trading system/s that are covered by MiFID II, and establishing if the data required for Capacity Management is available.
- Performing a Gap Analysis and defining where any data is missing, what needs to be done to collect it, where it should be collected, and how it should be used for reporting.

If some or all of the data is available, this service can then be extended to review the current usage, which would involve:

- Collecting performance statistics for the trading system/s and message rates for a peak day or peak hour/s.
- Creating a report showing current system performance, and assessing ability to support twice historical peak (if known) or twice measured peak.
- Considering the impact to Middle and Back Office systems ability to support twice historical peak rates.

We deliver this service on a fixed price basis, which will be determined based on the size and complexity of the study to be undertaken. However, this is likely to be in the range of £3 - 10k, and usually lasts 2-4 weeks.

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## MiFID II Capacity Management Implement and Run

**With regards to Capacity Management, we will both implement and run the required activities to ensure that your organisation is compliant with the new MiFID II regulations. Depending on which is most appropriate to your business, we can offer these services remotely, either on your own system or on our system.**

A bespoke set of services will be created to address your specific requirements and will include some or all of the following activities:

- Collection of the business and IT metrics required to perform the MiFID II requirements and the collation of them into a central repository for reporting and analysis purposes.
- Creation of daily reports to track the messages per second and associated trading system/s IT infrastructure usage.
- Creation of monthly reports for provision to the regulator and use in a monthly reporting process.
- Undertaking performance testing of the trading system/s to collect metrics that will be used to build a Capacity Model.
- Building a Capacity Model of the trading system/s that can be used to predict usage of the IT infrastructure.
- Creating a Capacity Plan for trading system/s which defines any infrastructure or application changes that are required in order to meet the “twice peak message rate” requirement of MiFID II.
- Project managing the implementation of additional hardware or application changes required to meet the defined requirement.
- Undertaking performance testing to confirm that any changes made do provide the expected increase in capacity, and re-collecting metrics used to update and validate the capacity model.
- Re-running the model on at least an annual basis or when the highest peak has been exceeded and using it to update the Capacity Plan.
- Ensuring additional infrastructure or application changes are in place to support revised capacity plan.
- Holding monthly meetings with key stakeholders including areas such as business operations, application support, technical support, development operations, application development and infrastructure teams to review the capacity of the trading systems.
- Understanding any changes to the application, infrastructure or business usage that are expected in the coming months or years and using this information to update the Capacity Plan when appropriate.

**These services will be delivered on a fixed price, multi-year basis and will be invoiced quarterly in advance.**

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