
Status: Point in time view as at 31/01/2020.

Changes to legislation: Commission Delegated Regulation (EU) 2017/589, Article 7 is up to date with all changes known to be in force on or before 18 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) EUR 2017 No. 589 may be subject to amendment by EU Exit Instruments made by both the Prudential Regulation Authority and the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 4. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details)

Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading (Text with EEA relevance)

CHAPTER II

RESILIENCE OF TRADING SYSTEMS

SECTION I

Testing and deployment of trading algorithms systems and strategies

Article 7

Testing environments(Article 17(1) of Directive 2014/65/EU)

1 An investment firm shall ensure that testing of compliance with the criteria laid down in Article 5(4)(a), (b) and (d) is undertaken in an environment that is separated from its production environment and that is used specifically for the testing and development of algorithmic trading systems and trading algorithms.

For the purposes of the first subparagraph, a production environment shall mean an environment where algorithmic trading systems effectively operate, and comprise software and hardware used by traders, order routing to trading venues, market data, dependent databases, risk control systems, data capture, analysis systems and post-trade processing systems.

2 An investment firm may comply with the testing requirements referred to in paragraph 1 by using its own testing environment or a testing environment provided by a trading venue, a DEA provider or a vendor.

3 An investment firm shall retain full responsibility for the testing of its algorithmic trading systems, trading algorithms or algorithmic trading strategies and for making any required changes to them.

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