BTS®: Request for Quote for ETFPlus, MOT, EuroMOT and ETLX

User Manual

November 2017

Version 2.0

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BTS®: Request for Quote User Manual

November 2017

1 Revision History

Issue	Date	Description
1.0	October 2016	First release
1.1	January 2017	Quote Entry window updated and User Setup added
2.0	November 2017	MIFID II adaptation

2 Introduction

The launch of new Request for Quote (RFQ) functionality for ETFPlus, MOT, EUROMOT and ETLX markets will offer on-exchange benefits and cleared execution for larger size trades, allowing greater flexibility and protection for both institutional customers and responding market makers.

The RFQ platform will run alongside and complement the existing order book structure providing a mechanism whereby traders can privately negotiate and carryout large trades with market makers outside of the normal order book.

Trading participants connected to the order book will be able to access the RFQ platform choosing if they are to remain anonymous or named, registered market makers will be able to respond to quotes via a private RFQ session.

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3 Request for Quote BTS® solution – Requestor Side tool

BTS® front-end provides a GUI that allows both Traders to request for a quote for a particular instrument, and Market Makers to receive the RFQ and submit a RFQ Quote.

3.1 RFQ Requestor tool

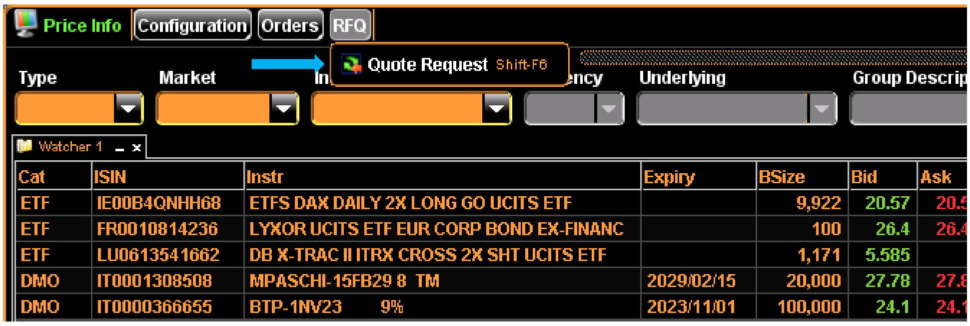
RFQ Requestor tool is available under BTS® Quoting menu,

By clicking RFQ Requestor Monitor the Requestor window will open.
The Window is composed of three panels, described later on in the document:

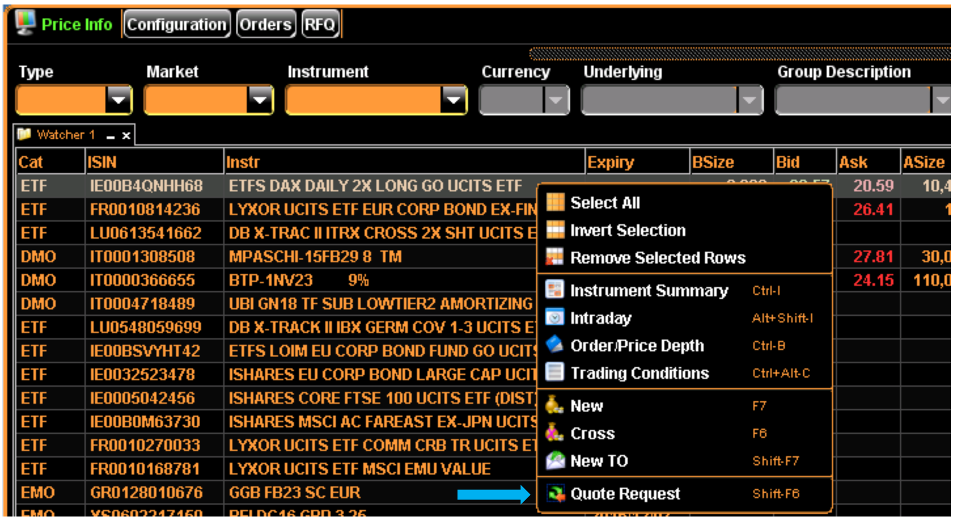
- RFQ Entry
- RFQs list
- Trades List

Quote Requestor tool is also available:

1) in Price Info under dedicated menu “RFQ”:



2) by Right clicking on an Instrument row:



3) via shift+F6 keyboard shortcut

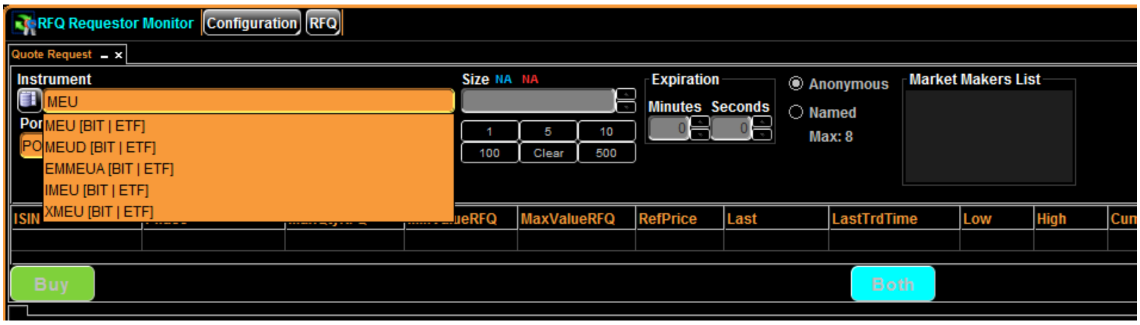
3.2 Workflow steps

3.2.1 Submit a RFQ and Trade a received Quote

1) A new **Request for Quote** can be submitted by the *Requestor* from the Quote Request panel through the following steps:

   a) **Select the instrument**: a dropdown menu with all available markets is presented. In the contract selector field, it is possible to select the instrument by:

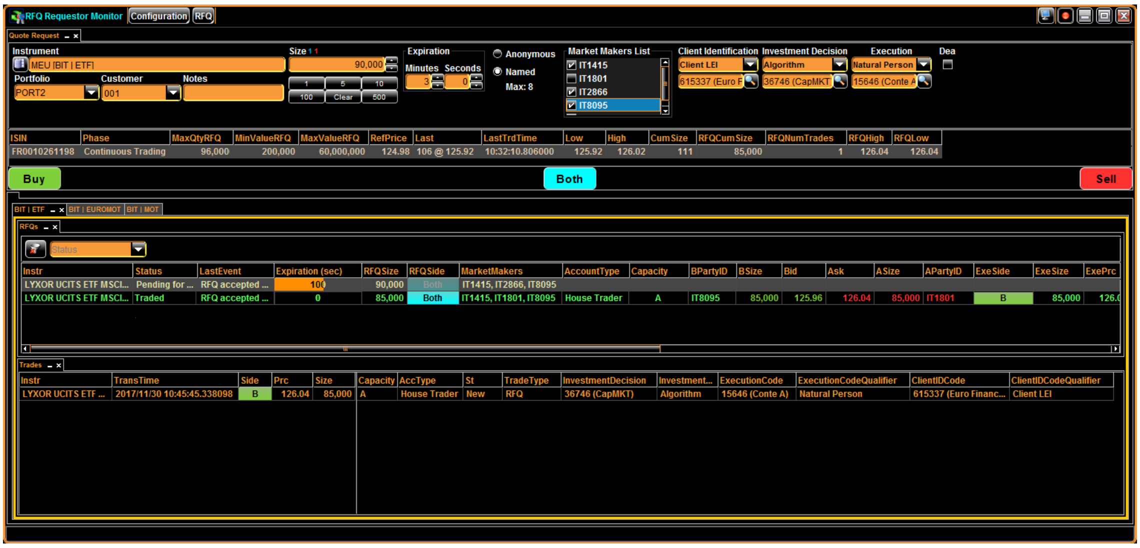
      - opening the Dictionary;
      - dragging and dropping one instrument from another window;
      - typing the instrument itself . Auto-completion logic is the same applied in other BTS® windows.



   b) **Input Size, Expiration, Anonymity, Short Codes**

      - Lot Size is displayed above the Size cell
      - Maximum Expiration is provided by default but can be decreased by the User
      - RFQ Anonymity can be Anonymous or Named, in the second case User may choose up to a defined number of Market Makers FirmID to address the RFQ
      - Input Client Identification, Investment Decision and Execution short code
      - Confirm the RFQ by clicking the side

   c) Once **confirmed and accepted by the Market**, the RFQ is listed in the RFQs panel

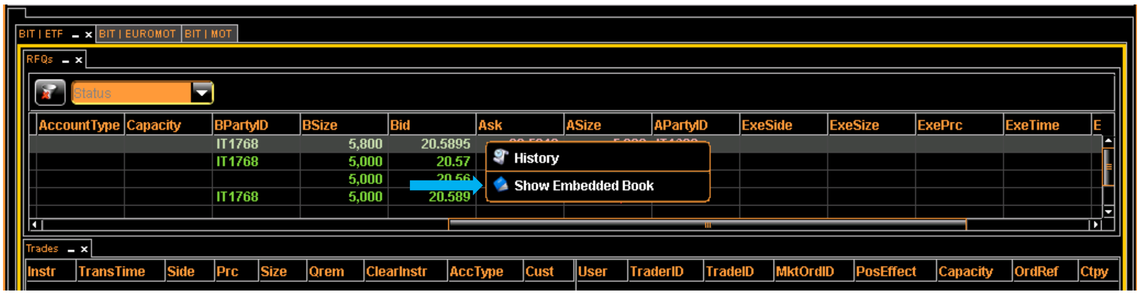


For each (Pending) RFQ the following details are provided:

- Instrument Description
- Status of the RFQ
- Last Event Description
- Last Event Time
- Expiration countdown in seconds
- RFQ Size
- RFQ Side (B, S or Both)
- List of Market Makers the RFQ is addressed, displayed only in case of Anonymous RFQ
- Client Identification, Investment Decision and Execution short code

2) **The Best Bid Ask of the Quotes received** by the Market Makers is displayed by default:

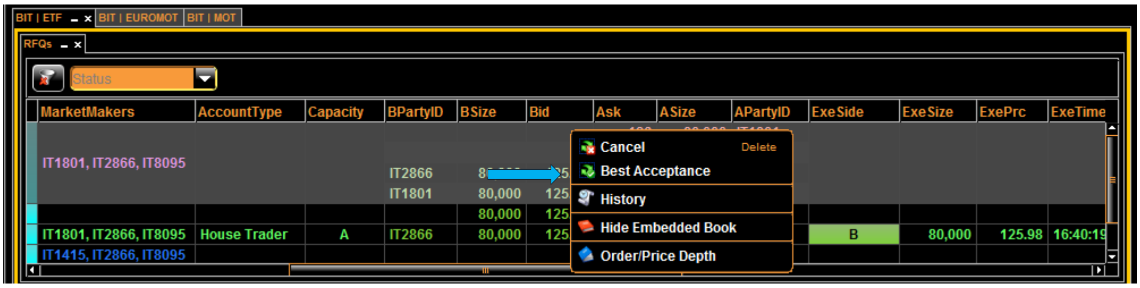
By right clicking and selecting “Show Embedded Book”



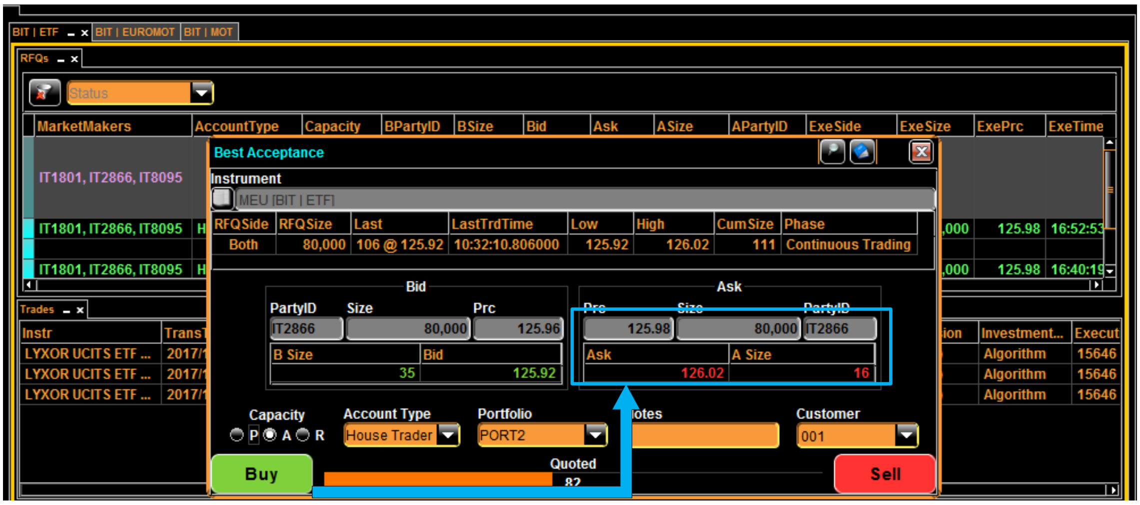
all the *Quotes* for the selected *RFQ* are shown in a vertical book

3) In order to **accept the best Quotes** received by Market Maker, BTS® user has to:

   - Double click on the RFQ row, or
   - Right click on RFQ row and choose Quote Acceptance



Quote Acceptance window will open, below the BestQuote Prices, Order Book best bid ask is provided as comparison.



As a standard Order Book, by clicking the Side button the requestor will apply the Quote on the opposite side.

4) Once **a Quote is accepted** by Requestor and traded on the market:

The following information will be provided:

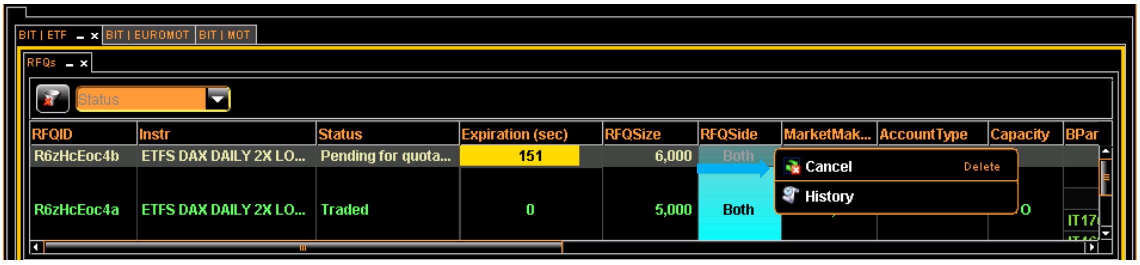
- Account Type
- Capacity
- Executed Side (B or S)
- Executed Size
- Executed Price
- Execution Time Stamp
- Client Identification, Investment Decision and Execution short code

RFQ status will be “Traded” and Last Event Time “RFQ Accepted and Closed”.

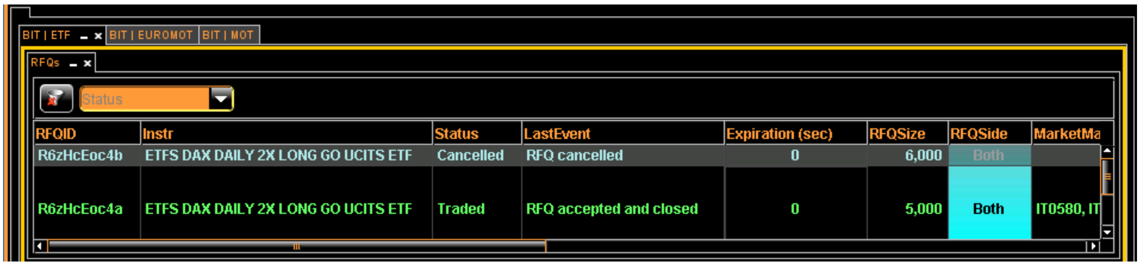
The same Trade will also be listed in the Trades panel with Trade Type “RFQ”

3.2.2 **Cancel an active RFQ**

BTS® users may cancel a submitted and active RFQ by right clicking on the RFQ row and select Cancel:

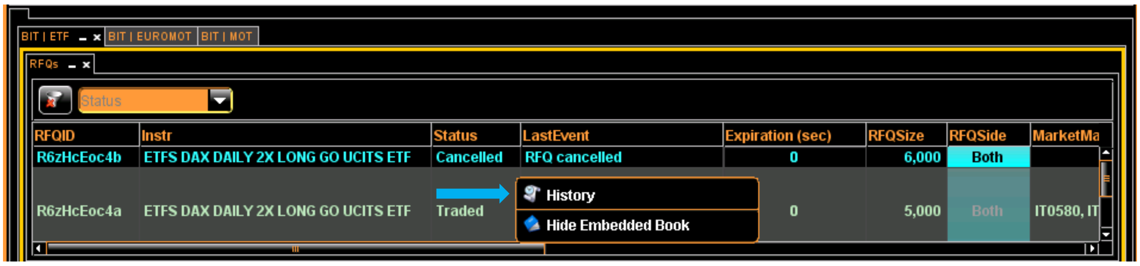


RFQ will be displayed with Status Cancelled:



3.2.3 **RFQ History**

RFQ Requestor has the possibility to consult the history of the events occurred.
By right clicking on the RFQ row and select the History option



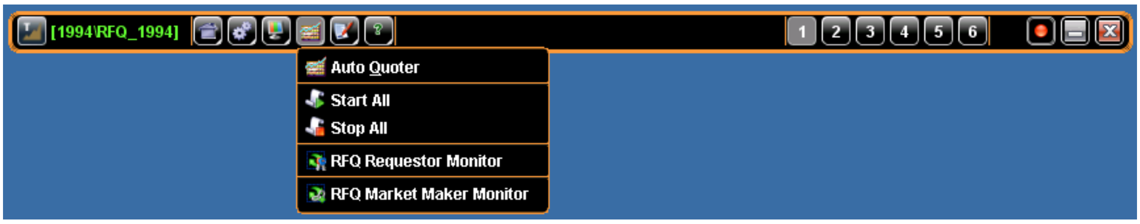
RFQ history will be displayed, listing all the quotes received:

4 Request for Quote BTS® solution – Market Maker Side tool

4.1 RFQ Market Maker tool

RFQ Market Maker tool is available under BTS® Quoting menu

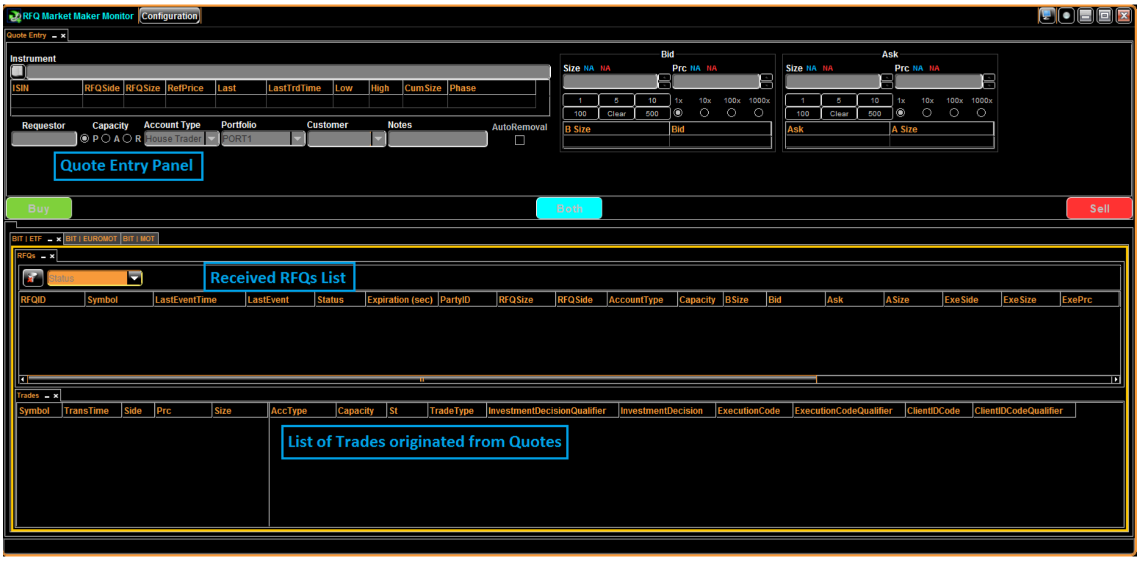
Please note that the same user may have both Requestor and Market Maker tools



By clicking RFQ Market Maker Monitor the Market Maker window will be displayed.

The Window is composed of three panels:

- Quote Entry
- Received RFQs list
- Trades List



4.2 Workflow steps

4.2.1 Submit a Quote in response to a RFQ

A Quote in response to a RFQ can be submitted by Market Maker user through this steps:

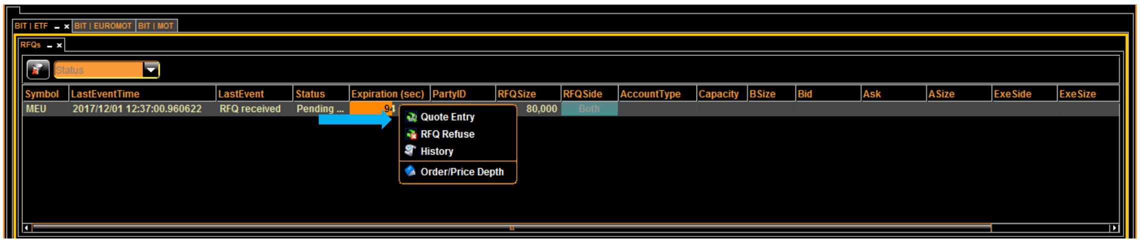
1) In the RFQ panel **all RFQs received for the selected market are listed**.

   For each RFQ the following data are provided:

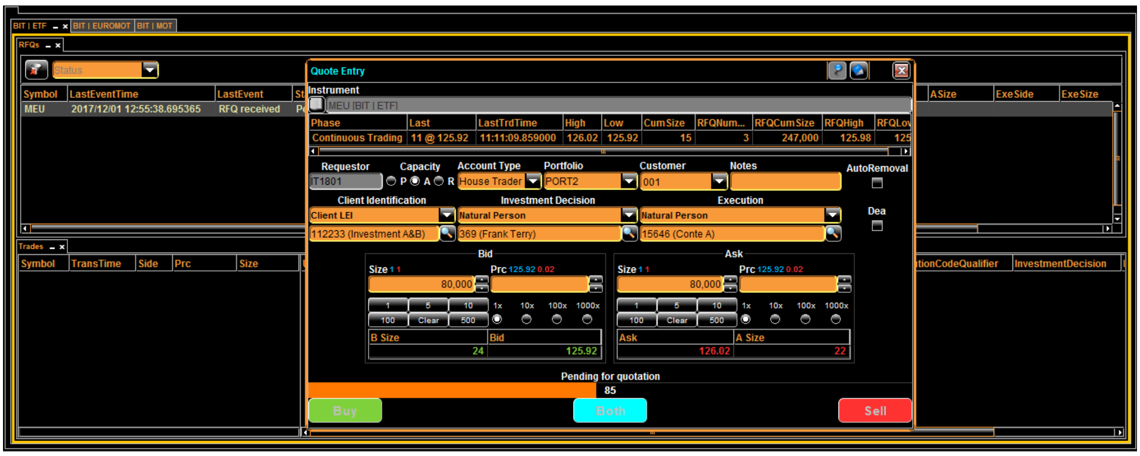
   - Instrument Description
   - Status of the RFQ
   - Requestor PartyID (in case of named RFQ)
   - Last Event Description
   - Last Event Time
   - Expiration countdown in seconds
   - RFQ Size
   - RFQ Side (B, S or Both)

2) **Create the Quote:** Select the RFQ row in the RFQs list and the Quote Entry panel above will be prepopulated.

Quote Entry Option is also available via context menu by right clicking on the RFQ row:



By double clicking the row of the RFQ the Market Maker wants to accept, the Quote Entry window will appear.



Input fields are:

- Capacity
- Account Type
- Price and Size of the Side(s) to submit
- Client Identification, Investment Decision and Execution short code

  The size is filled up by default with the RFQ size

The Last Traded Price is provided as Starting Price in the Price Cell, Market Static Price is used in case no contract has been traded yet.

Last price for the Instrument is displayed in the public information box under the Instrument Selector, the same price is shown in the Price Entry cell, using the arrows next to the price entry the Last Trade Price will be presented as starting Price:

By clicking on the Radio Buttons below the Price cell the user can decide to apply a different Tick to the Quote Price.

In this example the Price Tick applied to Starting Price is 1x 0.0001 (default Market Tick Price), that is 150.85 + 0.0001:

Then if 10x is clicked, 0.001 tick is applied.
So, in this case 1 click on the up arrow would give a price of 150.8511.

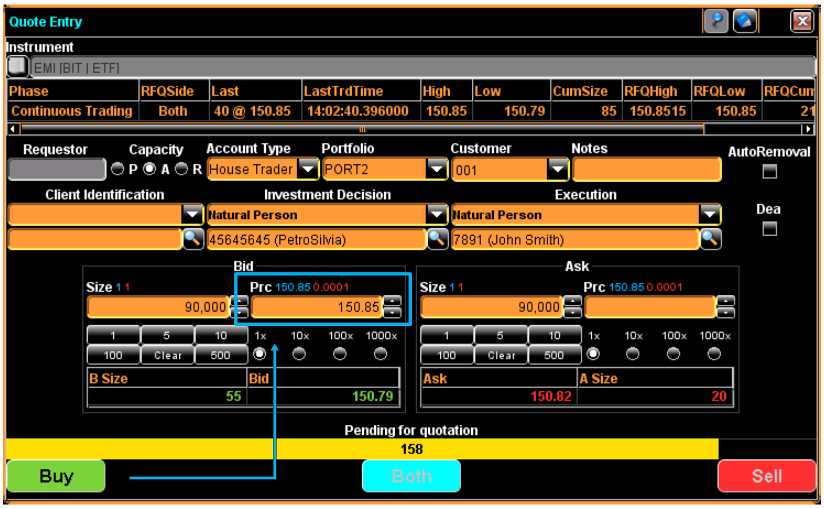
3) By clicking the Side button the **Quote will be submitted**.

The Side Buttons will be activated when the related Price is set, please note that in case the side has not been requested for the quotation, the button will remain greyed out

Examples are given below:

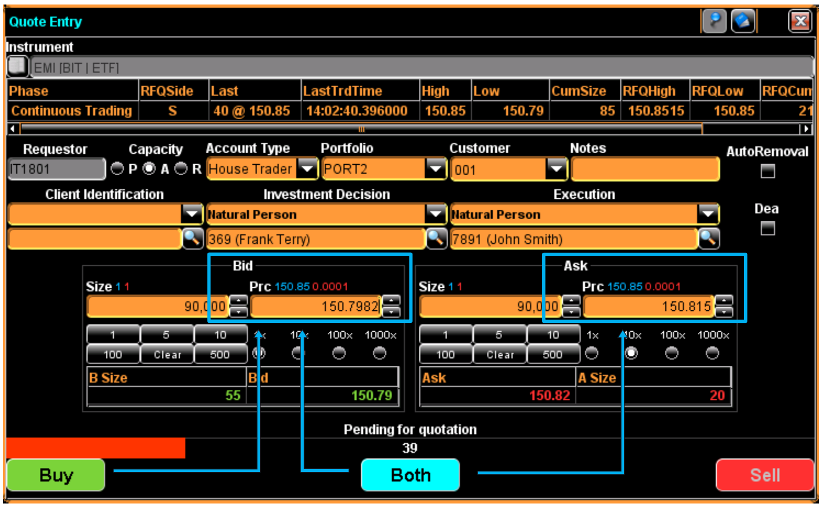
- Received RFQ is double

Market Maker may answer with a Single Side Quote or a Double Quote



- Received RFQ Side is BUY

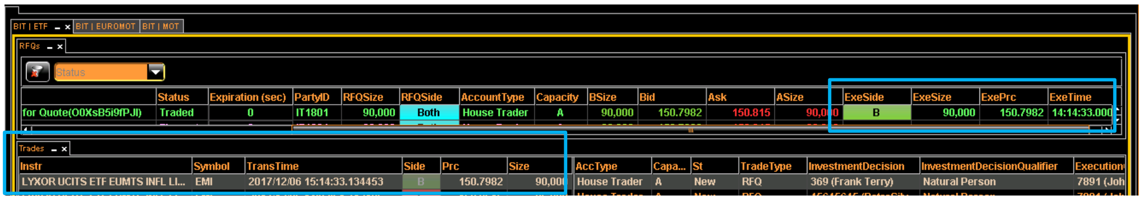
Market Maker may answer with a SELL Quote or a Double Quote only



4) Once **confirmed and accepted by the Market**, the Quote is added in the RFQs row.

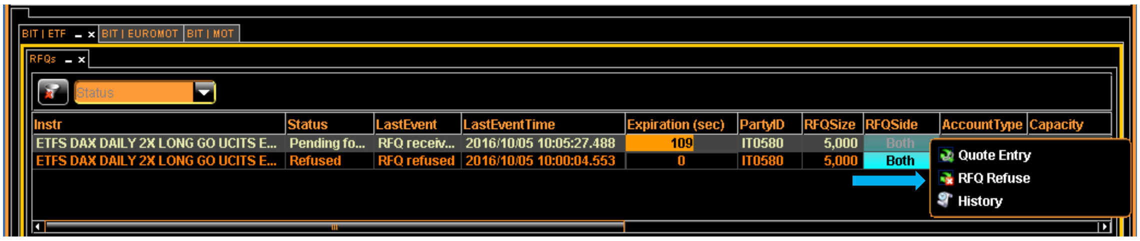
LastEventTime	LastEvent	Status	Expiration (sec)	PartyID	RFQSize	RFQSide	AccountType	Capacity	BSize	Bid	Ask	ASize	ExeSide	Ex
2017/12/06 14:03:57.576477	Quote (O0XsB5i9fPHh:O0XsB5i9fPHi) accepted	Quoted	76	IT6001	90,000	Both	House Trader	A	90,000	150.7982	150.815	90,000		
2017/12/06 13:57:45.475910	RFQ timed out	Timeout	0	IT1801	90,000	S								
2017/12/06 13:04:18.046699	RFQ cancelled by requesting user	Cancelled	0		90,000	Both								
2017/12/06 13:03:51.713185	Trade received for Quote(O0XsB5i9fOga)	Traded	0		95,000	Both	House Trader	A			150.8515	95,000	S	
2017/12/06 13:03:18.108790	Trade received for Quote(O0XsB5i9fOgT)	Traded	0	IT9501	120,000	Both	House Trader	A			150.85	120,000	S	
2017/12/06 13:02:01.027711	RFQ refused	Refused	0	IT8800	80,000	Both								
2017/12/06 13:00:55.304134	RFQ cancelled by requesting user	Cancelled	0	IT1801	80,000	Both								
2017/12/06 12:48:20.511241	Trade received for Quote(O0XsB5gz01Bj)	Traded	0		77,000	Both	House Trader	A			125.94	77,000	S	
2017/12/06 12:33:15.522211	Trade received for Quote(O0XsB5gz01Bc)	Traded	0	IT1801	80,000	Both	House Trader	A			125.98	80,000	S	

5) **If the Quote is accepted by the Requestor**, a Trade is added in the Trades panel and Execution info are updated (ExeSide, ExeSize, ExePrice, ExeTime):

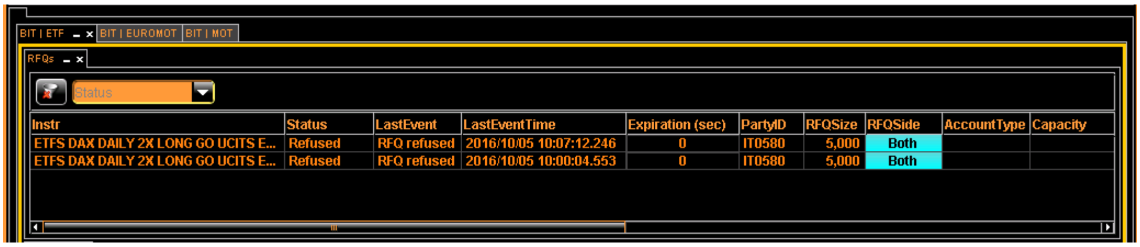


4.2.2 Reject a RFQ

BTS® users may reject a received RFQ by right clicking on the RFQ row and select 'RFQ Refuse':



Then RFQ status will change to Refused:



4.2.3 Modify a submitted Quote

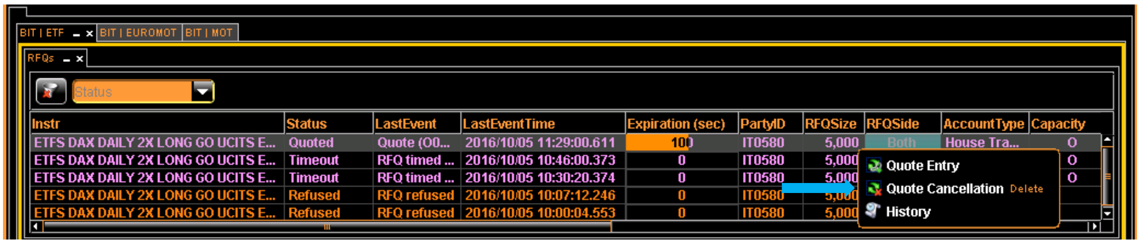
Market Makers have the possibility to Modify an already submitted Quote by modifying the prices in Quote Entry window.

If closed, Quote Entry once reopened, will provide the Price/Size already submitted to the market:

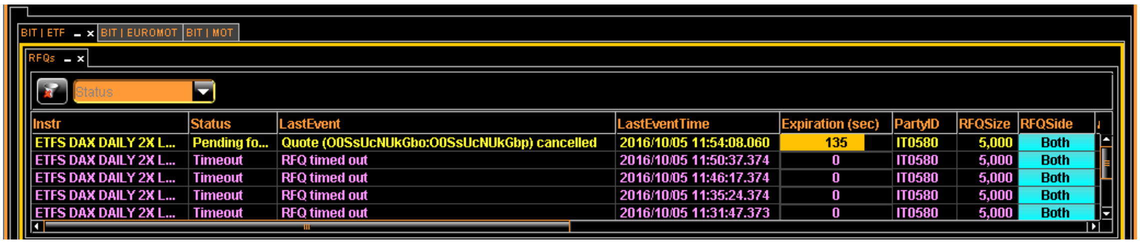
Please note that the modified Quote must have the same Side as the original one.

4.2.4 **Cancel a submitted Quote**

Once a Quote has been sent to the Market - but not yet accepted - Market Makers may Cancel the submitted Quote:

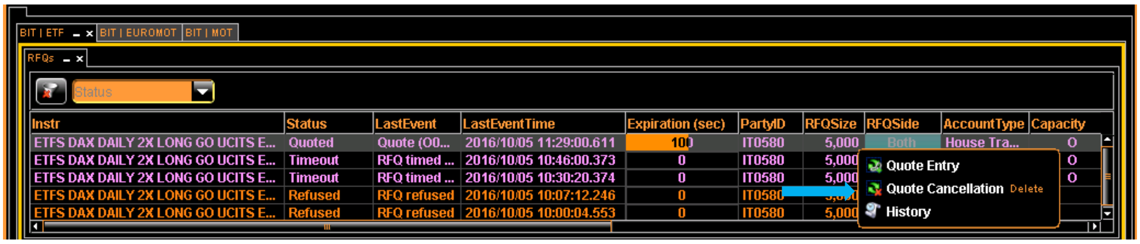


RFQ Status will change back to Pending, while LastEvent will inform about the Cancelled Quote:



4.2.5 RFQ History

Market Makers have the possibility to consult the history of the events occurred by right clicking on the RFQ row and selecting the History option.



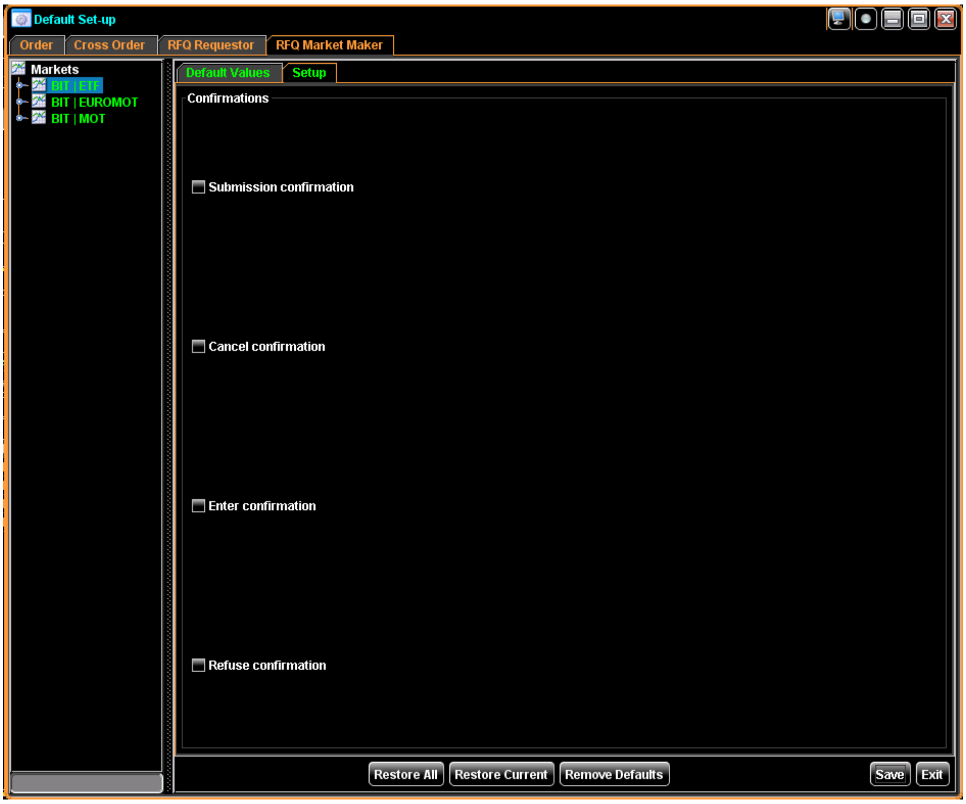
5 Request for Quote BTS® solution – User Setup

5.1 Default Values

From the “Default Setup” window that can be found under the “General Settings” menu both Requestor and Market Maker users are able to set a default value for:

- BTS internal fields : Portfolio, Customer, Notes
- Capacity, Account Type
- DEA flag
- Client Identification, Investment Decision and Execution short code
- Autoremoval option (Market Maker only)

From Setup tab BTS user can decide to disable the confirmation pop ups displayed following each action of the RFQ/Quoting workflow:



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