BTS®: Request for Quote for LSE

User Manual

October 2018

Version 3.0

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1 Revision History

Issue	Date	Description
1.0	June 2017	First release
2.0	January 2018	Mifid II adaptations
3.0	October 2018	Auto RFQ introduction

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2 Introduction

The launch of new Request for Quote (RFQ) functionality for LSE market 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

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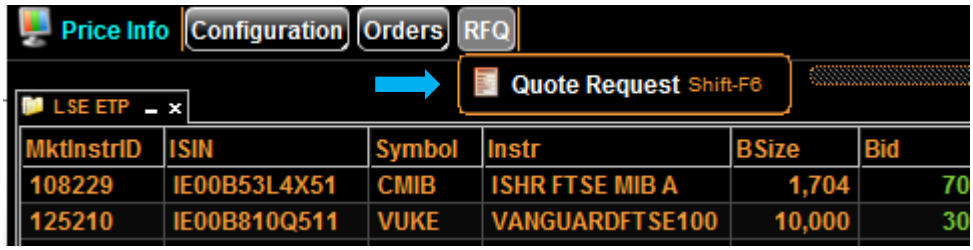
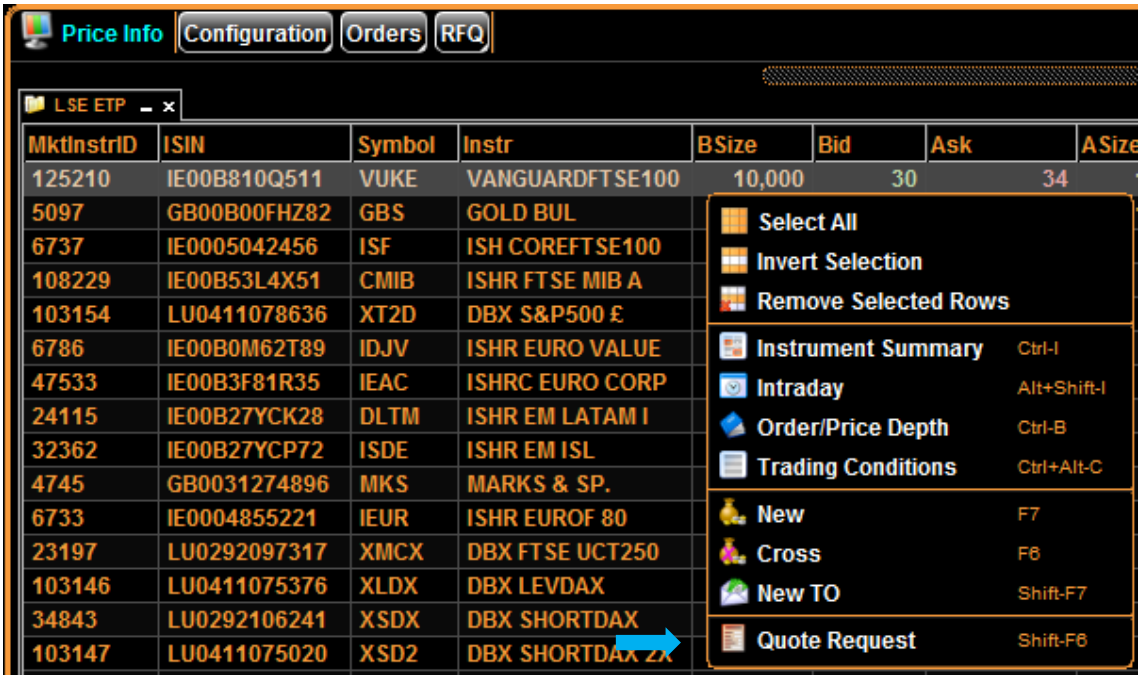
Quote Requestor tool is also available:

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



2) by Right clicking on an Instrument row:



3) via shift+F6 key shortcut

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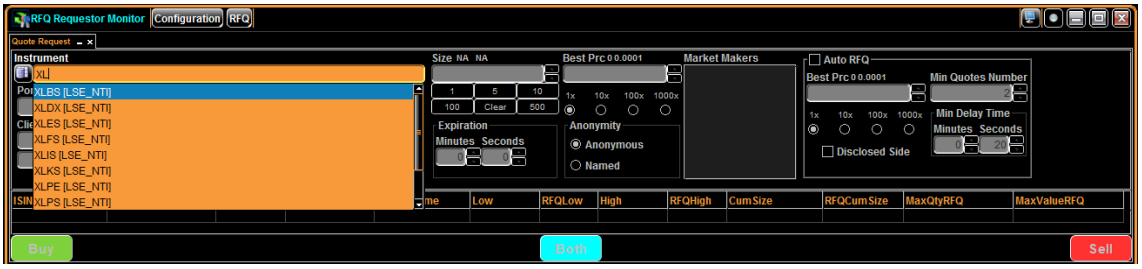
3.2 Workflow steps

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.



Once the Instrument is confirmed, Market Makers list, specific reference data (eg : Max Quantity RFQ, Min/Max Value RFQ) and statistics (eg : Last Trade, RFQ Trade high/low, RFQ Cumulative Size, RFQ Number of trades) are displayed, also Client Identification, Investment Decision and Execution code set by default by the user are provided.

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

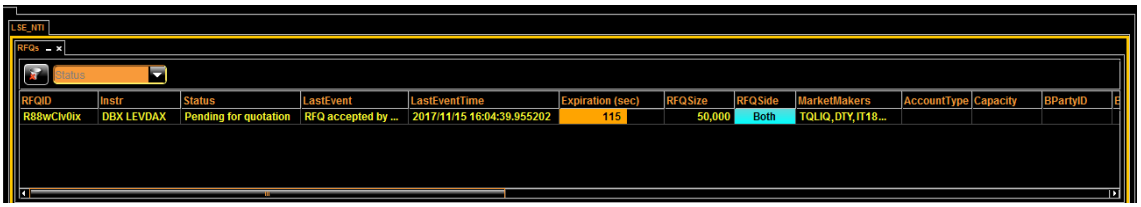
      - Maximum Expiration is provided by default but can be decreased by the User

- RFQ Anonymity can be Anonymous or Named, in the second case User may choose up to 5 Market Makers FirmID to address the RFQ
- **Best Price** is optional**,** Radio Buttons below the Price cell allow to apply a different Tick to the Price. This Price applies to Manual RFQs
- Input Client Identification, Investment Decision and Execution short code (see under 'Default setup' the 'RFQ Requestor' tab for setting defaults for these parameters)
- Capacity (see under 'Default setup' the 'RFQ Requestor' tab for setting defaults for these parameters)
- Confirm the RFQ by clicking the side (Buy – Both – Sell)

c) **Set Auto RFQ conditions (optional)**

- select Auto RFQ Tickbox and the specific Auto RFQ cells (Best Price, Minimum Quote Number, Min Delay Time and Disclosed side) will be activated.
- If Auto RFQ option is ticked, the Best Price Cell in Manual RFQ section is greyed out simultaneously
- **Minimum Quote Number** and **Min Delay Time** are provided by default but can be modified by the user

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

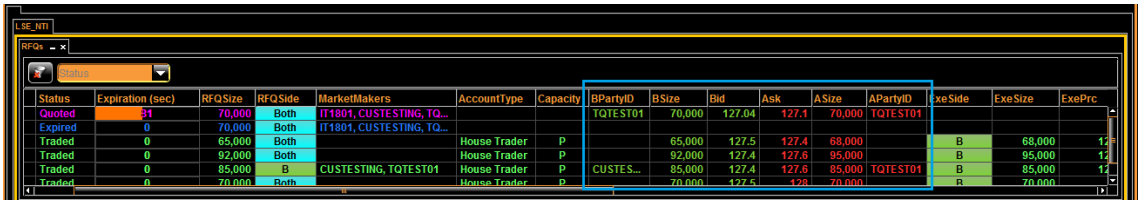


For each (Pending) RFQ the following details are provided:

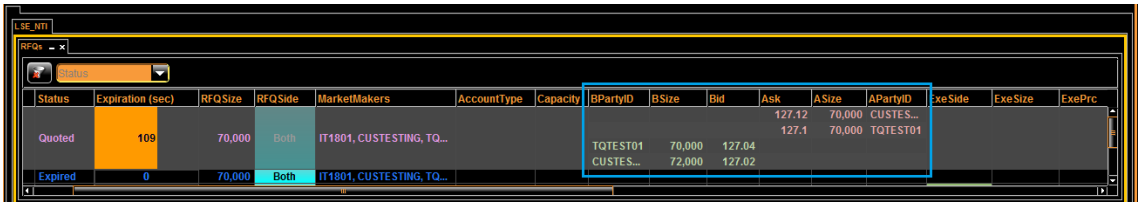
- Instrument Description
- Status of the RFQ
- Last Event Description
- Last Event Time
- Expiration countdown in seconds
- RFQ Size
- RFQ Side (B, S or Both)

- List of Market Makers the RFQ is addressed, displayed only in case of Named RFQ
- Client Identification, Investment Decision and Execution code
- Best Price
- AutoRFQ Flag, Minimum Quote Number, Min Delay Time

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



By selecting a RFQ row the full quotes levels are displayed in a vertical book



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Quote Requestor can match against :

- Specific Quote (**Select and Match model**)
    1. Double click on a specific Quote in the vertical book
    2. Right click on RFQ row and select “Best Acceptance” option

- The Best available quote (**Best Execution model**):
    1. Right click on RFQ row and select “Best Acceptance” option
    2. Double click on any cell of RFQ row but the vertical book ones

Select and Match : a pop up window will appear showing all the Quotes for the selected RFQ.

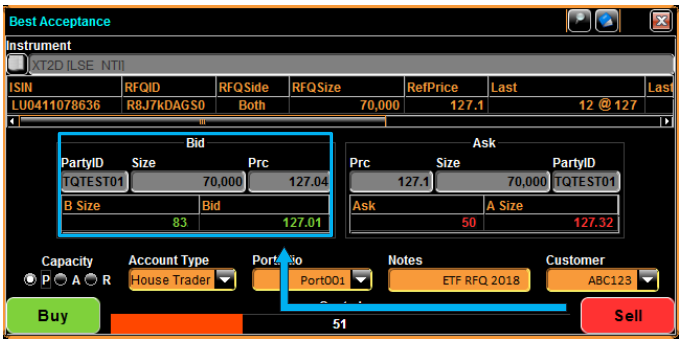
Below the Quotes book, Standard Order Book best bid ask is provided as comparison

Picking a specific quote will give the possibility to amend the size that will be traded, then as a standard Order Book, by clicking the opposite Side button the requestor will apply the Quote

Best Acceptance : a pop up window will appear showing the current best Quotes.

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.



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

The following information will be added:

- Account Type
- Capacity
- Executed Side (B or S)
- Executed Size
- Executed Price
- Execution Time Stamp

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”

4) In case the Price is worst than specified Best Price, an error will be displayed:

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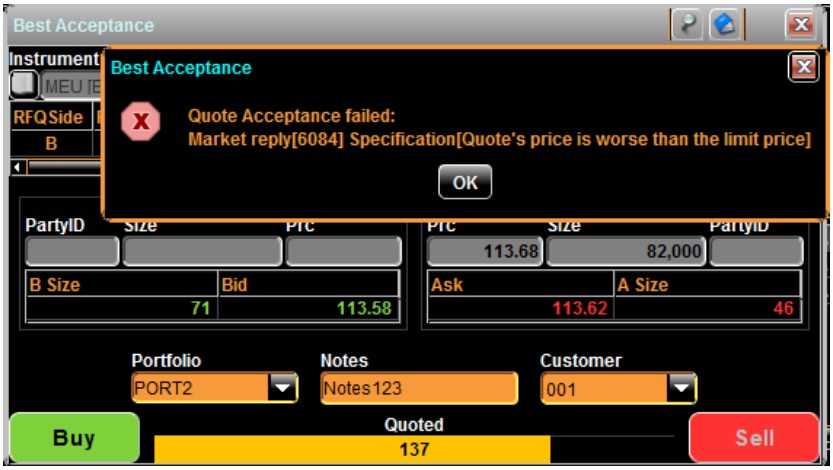

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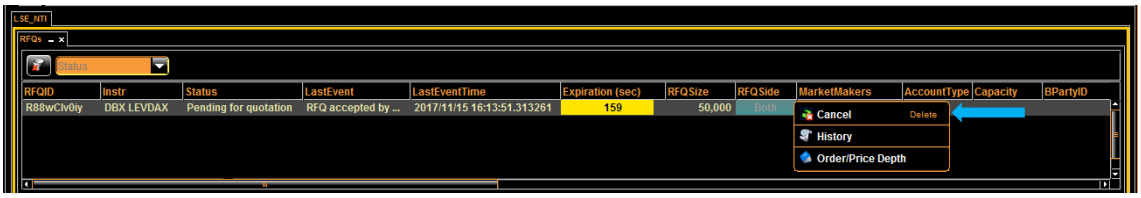
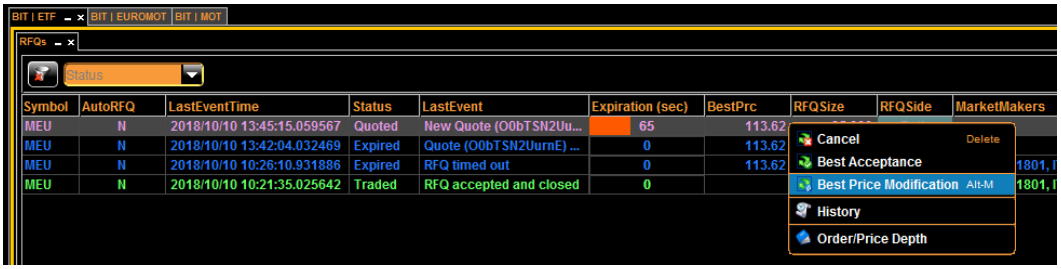
3.2.2 **Cancel an active RFQ or Modify Best Price**

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:

In the same way the user may edit, remove or add the Best Price, both for Manual and Auto RFQ, by clicking Best Price Modification option in the context menu



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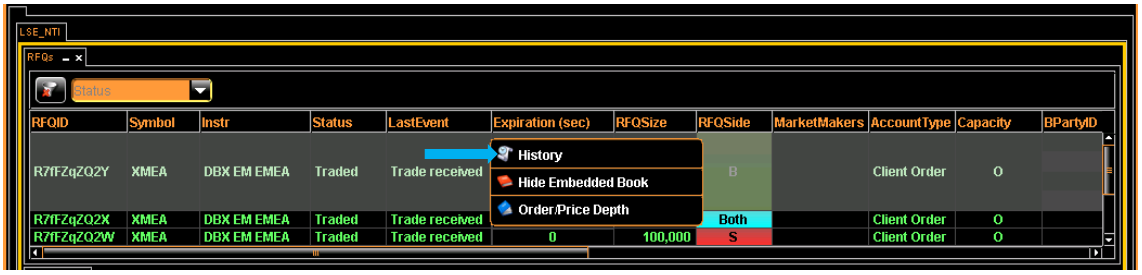
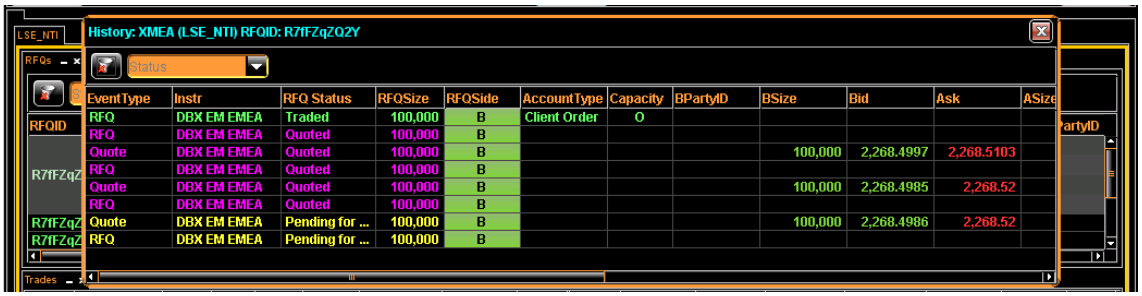
3.2.3 **RFQ History**

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:



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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

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

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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**.

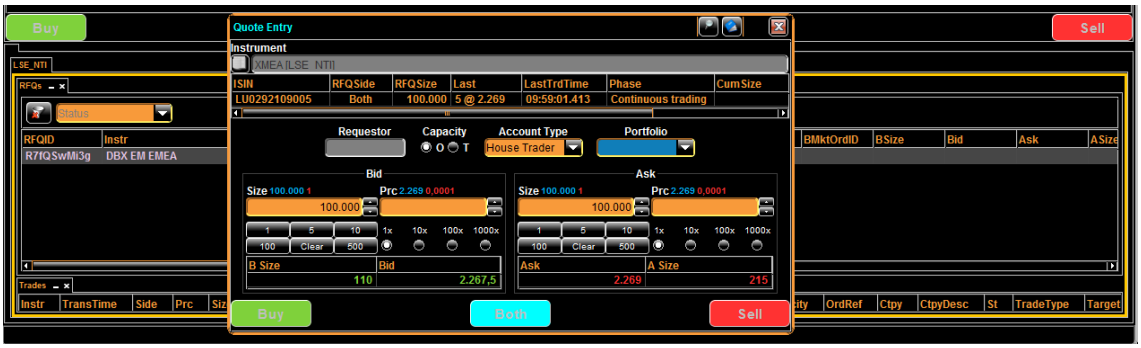
   For each RFQ the following data are provided:

   - 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

  The size is filled up by default with the RFQ size

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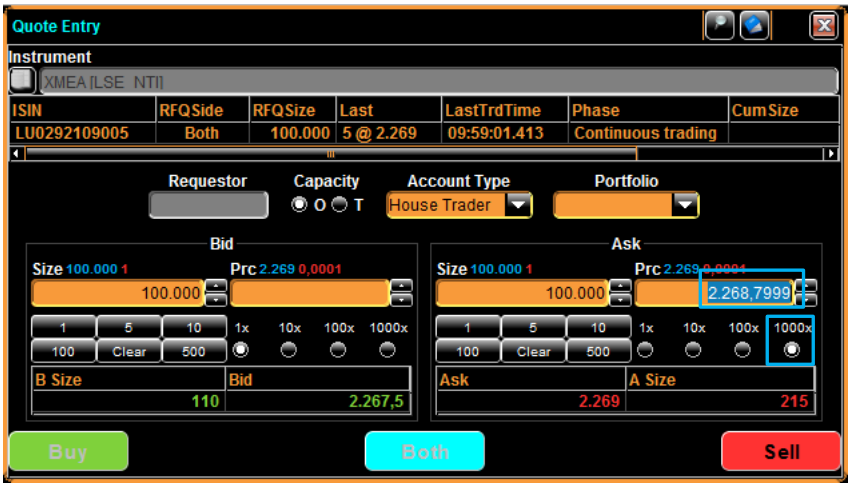
By clicking on the Radio Buttons below the Price cell the user can decide to apply a different Tick to the Quote Price.

In this example the Price Tick applied to Starting Price is 1x 0,0001 (default Market Tick Price), that is 2.269 – 0,0001:

Then if 1000x is chosen, 0.1 tick is applied.
So, in this case 2 clicks on the down arrow would give a price of 22.268,7999



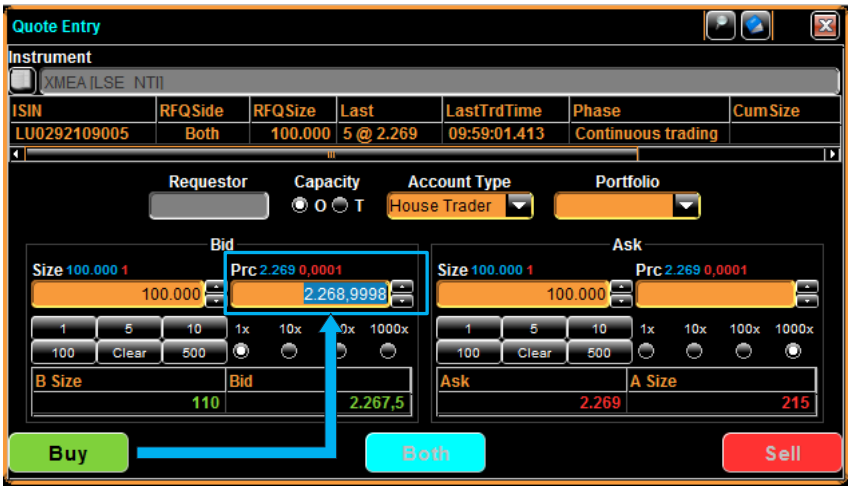
3) By clicking the Side button the **Quote will be submitted**.

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:

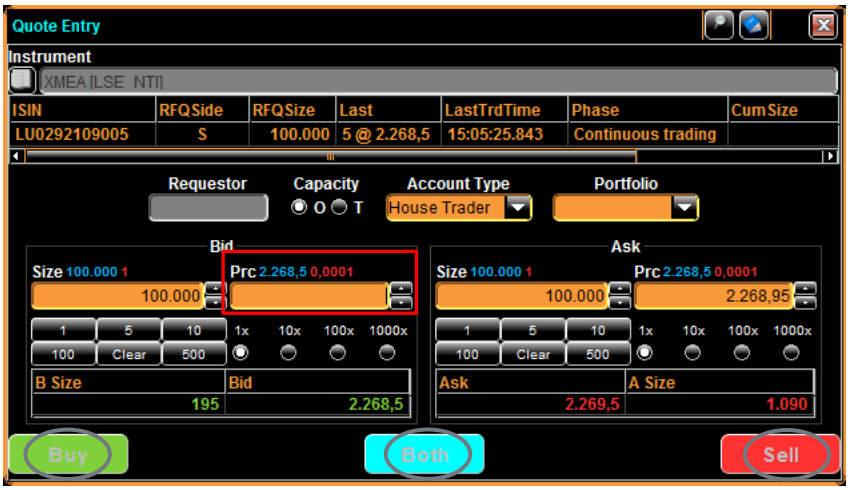
- Received RFQ is double

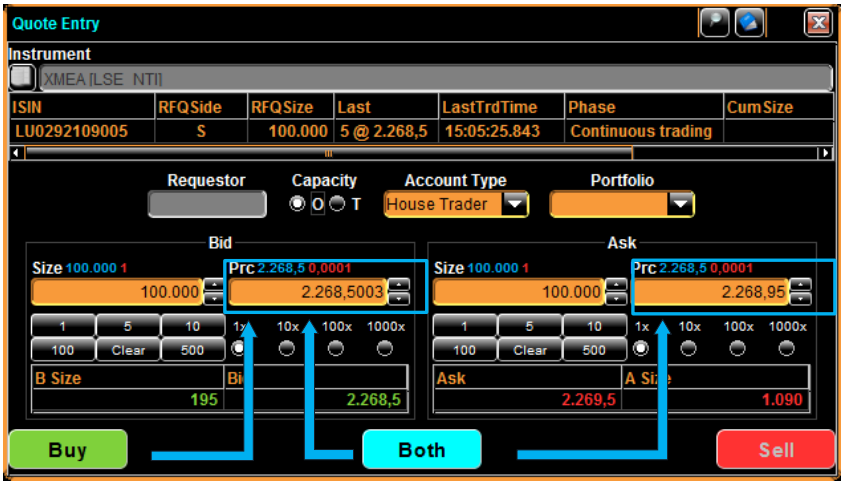
Market Maker may answer with a Single Side Quote or a Double Quote



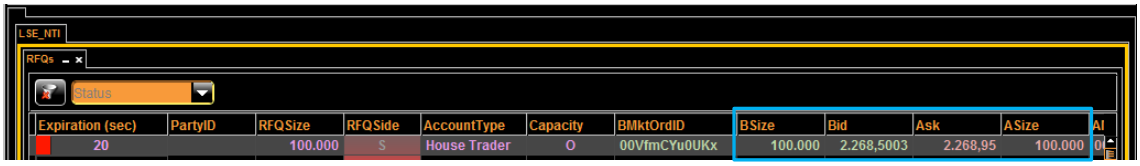
- Received RFQ Side is SELL

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





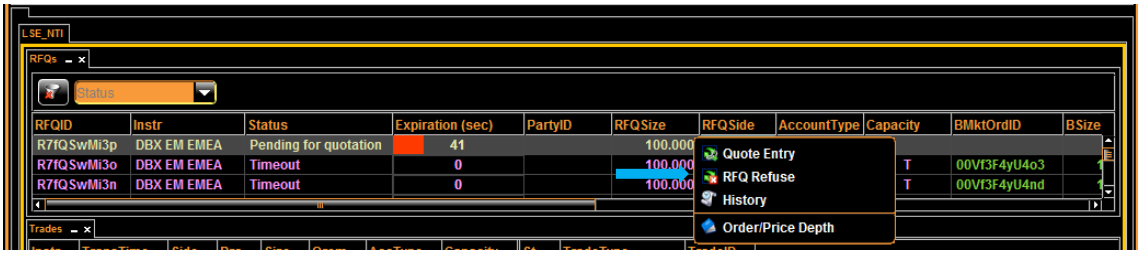
4) Once **confirmed and accepted by the Market**, the Quote is added in the RFQs row.



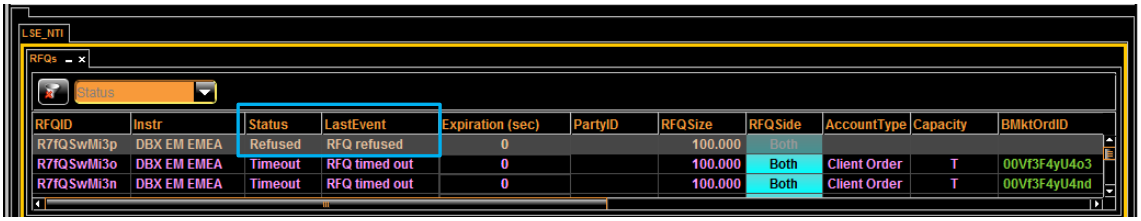
5) **If the Quote is accepted by the Requestor**, a Trade is added in the Trades panel and Execution info are updated (ExeSide, ExeSize, ExePrice, ExeTime):

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:



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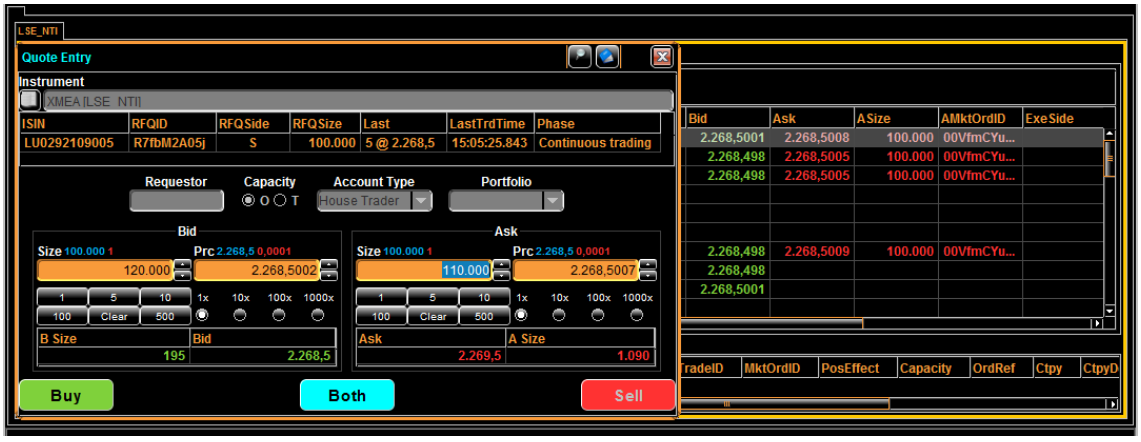
4.2.3 **Modify a submitted Quote**

Market Makers have the possibility to Modify an already submitted Quote by double clicking on the RFQ row or right click and select Quote Entry.

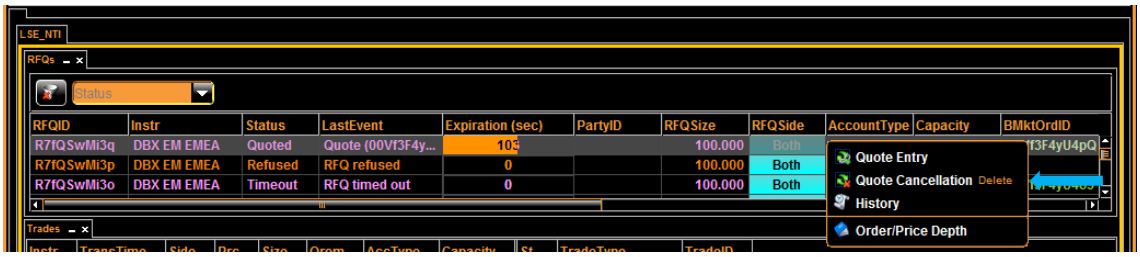
Quote Entry will open, and Price/Size can be modified:



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:

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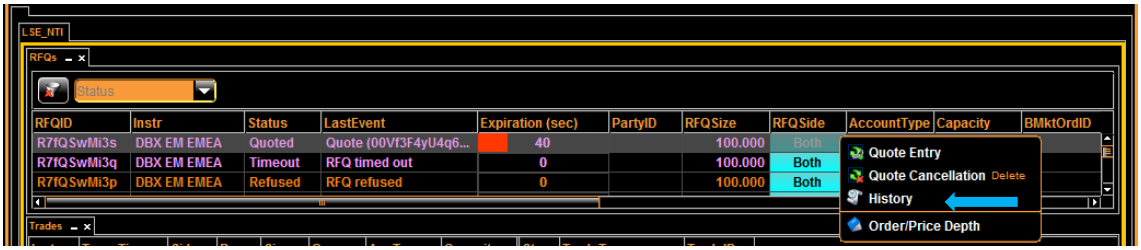
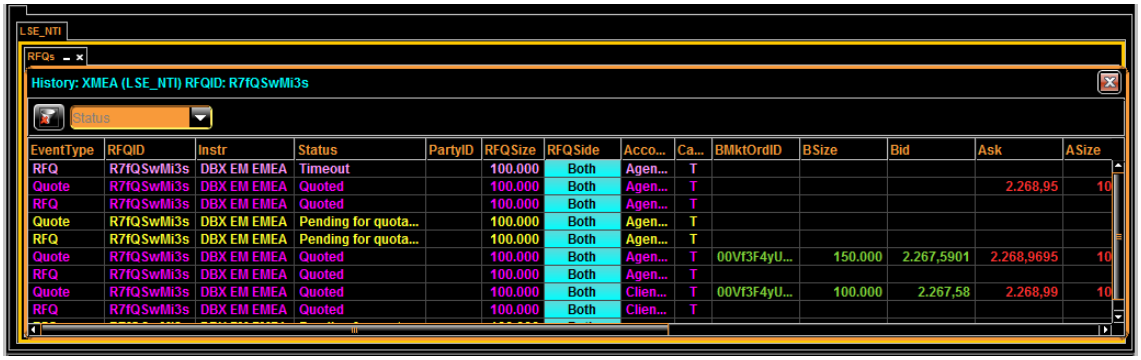
4.2.5 **RFQ History**

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.



Quote history will be displayed:



4.2.6 **Keyboard commands**

A list of shortcut keys are available in order to create a Quote by using keyboard commands.

- **Enter** : it submits the quote confirming the side where the a price is input, in case of prices added on buy and sell, a dual side quote will be submitted;
- **Up/Down arrows** : Price is modified using selected tick price;

- **Ctrl + Right/Left arrows** : focus is moved from a cell price to the other;
- ***** : the price tick for the selected side is switched (1x, 10x, 100x, 1000x);
- **S** : Best Ask Price of the order book is input in Quote Sell Price;
- **B** : Best Bid Price of the order book is input in Quote Sell Price;
- **L** : Last Trade Price is input in the RFQ opposite side, in case of Both the price is added in both the price cells;
- **T** : Best Bid Ask Prices are added in both Quote Price cells;

Moreover when Quote Entry window is opened the keyboard focus is on opposite Price cell, Sell Side in case of “Both” RFQ

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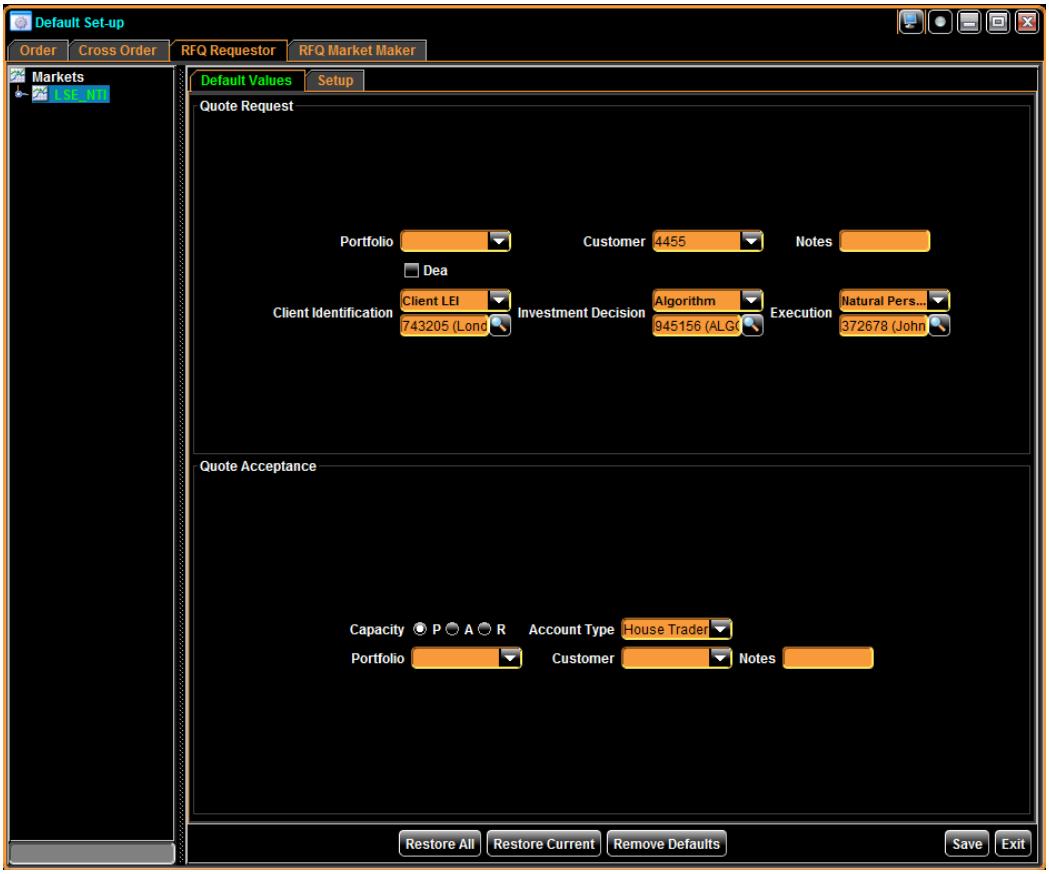
5 Request for Quote BTS® solution – User Setup

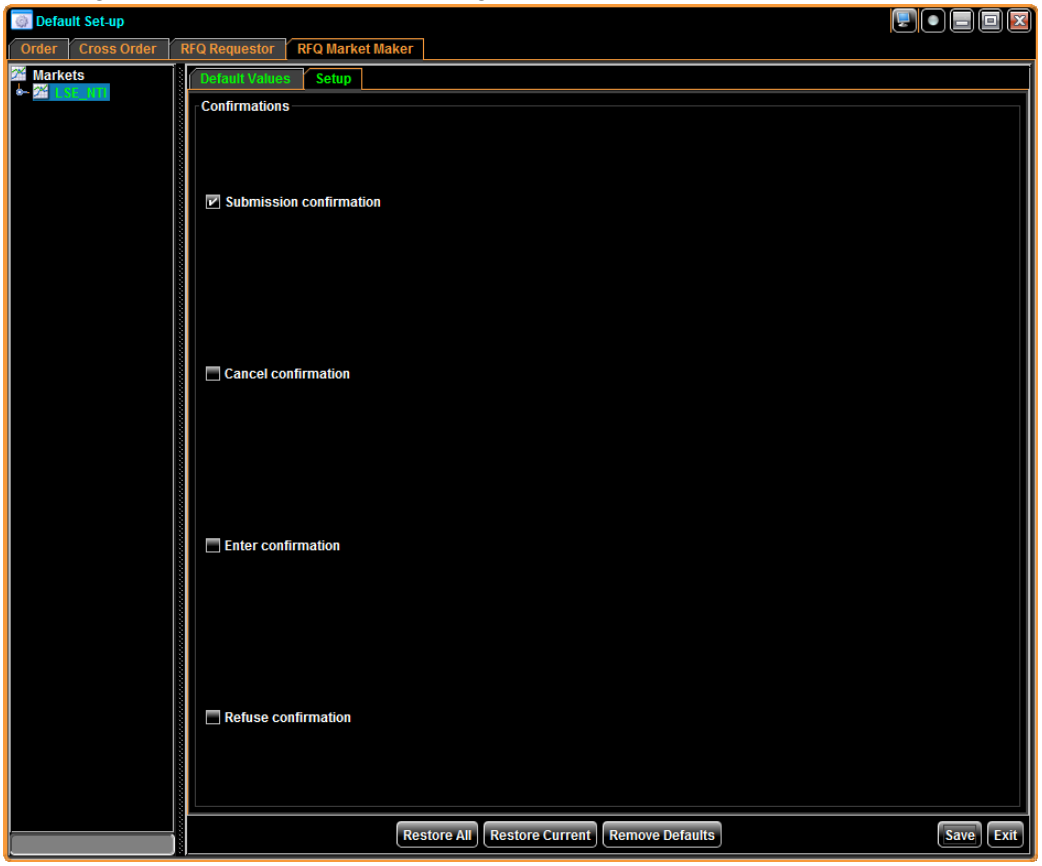
5.1 Default Values

Form 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 Account Type and Capacity value for the RFQ and submitted Quotes.

The Default Values tab can be used to define mandatory fields required by the market.



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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