

Trading Venue Rulebooks: a quick read?

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Why Trading Venue Reviewer: the 2018 challenge

- Proliferation of venues:
 - ❑ MiFID2 OTF
 - ❑ MiFIR trading obligation (shares & derivatives (16 venues))
 - ❑ Brexit
 - ❑ Expanding offering

- Key MiFID2 updates:
 - ❑ Non-discriminatory rules
 - ❑ Algorithmic trading
 - ❑ MiFID2 market making
 - ❑ Direct Electronic Access

- ❑ Regulatory obligations: Under MiFID2 Art. 17 an [algo trading] firm "must have in place effective systems and controls to ensure its trading systems cannot be used for purpose contrary to MiFID2 or **rules of the trading venue.**" RTS6, Art 9, annual self-assessment.

Navigating around trading venues

- Rulebooks on multiple websites, some with variations for different products and different execution models (cleared/all to all/RFQ/ registration).
- Changes made by notice on websites.
- Some documentation old/ difficult to find
- Techniques for binding members vary

Brexit: the 2019+ challenge

Access

- MiFIR equivalence not yet in place – depends on MoUs
 - [EBA](#) reminds firm to keep abreast of the requirements
- Unlike CCPs and CSDs, Trading Venues not seen as systemically important
- Sister venues in the Netherlands, France & Ireland
- Double analysis needed
 - Rules – can third country firms be members? MiFID2 Art 53(3)
 - Local licensing, e.g. Netherlands, Germany

Risks for members

■ Legal risk

- Unfair allocation of liability
- Indemnities
- Language/interpretation

■ Operational risk

- Up to date venue inventory

■ Enterprise/reputational risk

- Loss of access
- Sanctions
- Quasi-public powers

■ Market risk

- Trade formation
- Cancellations

■ Credit risk

- Clearing
- Settlement
- OTFs

■ Data

- Disclosures
- Pricing of indices



Process

Basic Information
Project Manager

RAG & Rulebook
Review
Key Definitions
FLR & SLR

Instructions sheet
with standardised
wording and RAG
rating guidance

Further updates
from Venues

Movement

Topic	Original provision	New provision
Audit rights:	Operator granted complete access to Member's premises/systems and ability to interview Member's employees with no restrictions or parameters.	Notice period provided or audit to be conducted annually without accessing Member's premises
Liability package	Operator excludes liability where Member's loss is attributable to Operator's fraud, wilful misconduct, reckless conduct	Operator indemnifies Member against IPR related claims from third parties relating to Trading Venue (including any software or API provided by Operator to Member).
Use of Data:	Member not permitted to use trading venue data (data of the orders and quotes that Members insert into the Trading Venue system, as well as the trades that result from inputting that data), not even for limited purposes	Member granted licence to use trading venue data with no restriction or for Member's trading/ business purposes etc.

Our online Trading Venue Reviewer 1.0

- Almost 120 venues already reviewed
- Online tool
- Access via elexica, hosted on Autodraft
- Links to all up to date public trading venue documentation
- Ability to build mini reports on key issues for our sell-side clients
- We can report to compliance on who accessed the information

Our commitment to technology

- We are committed to continuous improvement and innovation
- To this end, we welcome and encourage ongoing feedback on ways in which we can further enhance products like Trading Venue Reviewer
- We consider all feedback as well as our own experiences in product development and will use that to add functionality and improve the user experience of the Trading Venue Reviewer over time
- You should therefore expect to see ongoing updates and improvements
- ... in the pipeline

Our online Trading Venue Reviewer 2.0

- Online tool
- Upgraded software
- Able to purchase sub-sets of module and have access
- Able to search across venues and asset classes

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