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| MALTA FINANCIAL SERVICES AUTHORITY |
| **Authorisation Forms - Annex** |
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| **Annex AX06: Trading Venues Questionnaire – Part 1** |
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| **High Level Guidelines** |
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| 1. General   This form, **Annex AX06:** **Trading Venues Questionnaire – Part 1** (‘Annex’), shall be duly filled in by persons wishing to obtain authorisation from the MFSA to carry out financial services activities. This Annex shall be submitted as part of and in conjunction with the relevant Authorisation Application Form, as indicated therein.  This Annex primarily aims to capture relevant information in relation to the Organisational and Market Access Requirements, Tick Sizes, and Business Clocks Obligations for Trading Venues  In this respect, the Applicant shall to the best of its knowledge, provide information, which is truthful, accurate and complete. The Applicant shall notify the MFSA immediately if the information provided changes in any material respect either prior to or subsequent to authorisation.  The Applicant is required to make reference, and where applicable comply with, the relevant Act, the Regulations made, or Rules issued thereunder during the completion of the Application. The Applicant shall also refer to the respective National and/or European Regulatory Frameworks or other binding regulation as may be applicable.  The Applicant shall not tamper with, or modify in any manner, this Annex or its respective Application. Should it transpire that the documents were tampered with, or modified in any manner, the Authority shall consider the submission to be invalid. Any potential improvements should be communicated to the MFSA for consideration.  The Authority may at its sole discretion request from the Applicant further information/ documentation.   1. Definitions   Unless otherwise specified, terms used in this Annex shall have the same meaning assigned to them within the respective Application.   1. Instructions   In order for this Annex to be considered complete, the Applicant is required to complete all the respective sections under this Annex. It is noted that the information provided should reflect the Applicant’s structure and method of operations at time of authorisation.   1. Privacy Notice   The MFSA ensures that any processing of personal data is conducted in accordance with Regulation (EU) 2016/679 (General Data Protection Regulation), the Data Protection Act (Chapter 586 of the Laws of Malta) and any other relevant European Union and national law. For further details, you may refer to the MFSA Privacy Notice available on the MFSA webpage <https://www.mfsa.mt/privacy-notice/>. |

| 1. Applicant Details | | |
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|  | **Applicant – Identification Details** | |
|  | Registered Name  *(if not yet Formed, provide proposed name)* | Enter text |
|  | Registered Number (*if applicable)* | Enter text |
|  | LEI Code  (*if applicable)* | Enter text |

| 1. Organisational and Market Access Requirements, Tick Sizes, and Business Clocks Obligations for Trading Venues | | | |
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|  | **Organisational Requirements for Regulated Markets (‘RM’)** | | |
|  | List and explain the arrangements which the RM has in place to clearly identify and manage the potential adverse consequences, for the operation of the market or for its members or participants, of any conflict of interest between the interest of the market, its owners or its market operator and the sound functioning of the market. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the arrangements which the RM has in place to identify and mitigate all significant risks to its operation, especially those relating to the technical operations leading to systems disruptions, and manage the risks to which it is exposed to. Please provide additional documents where deemed necessary. | |
|  | Enter text | |
|  | List and explain the arrangements which the RM has in place for the sound management of the technical operations of the system, including the establishment of effective contingency arrangements to cope with risks of disruptions. Please provide additional documents where deemed necessary. | |
|  | Enter text | |
|  | List and explain the transparent and non-discretionary rules and procedures which the RM has in place to provide for fair and orderly trading and establish objective criteria for the efficient execution of orders. Please provide additional documents where deemed necessary. | |
|  | Enter text | |
|  | Please provide necessary comforts on how the RM will ensure that it will have available, at the time of authorisation and on ongoing basis, sufficient financial resources to facilitate its orderly functioning, having regard to the nature and extent of the transactions concluded on the market and the range and degree of the risks to which it is exposed. Please provide additional documents where deemed necessary. | |
|  | Enter text | |
|  | **Organisational Requirements for MTFs and OTFs** | | |
|  | List and explain the policies and procedures which the Trading Venue (‘TV’) has in place to ensure compliance of the firm including its managers, employees and tied agents with its obligations under MiFID II as well as appropriate rules governing personal transactions by such persons. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the organisational and administrative arrangements which the TV has in place to take all reasonable steps designed to prevent conflicts of interest as defined in Article 23 of MiFID II from adversely affecting the interests of its clients. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the appropriate and proportionate systems, resources and procedures which the TV has in place to ensure continuity and regularity in the performance of investment services and activities. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the appropriate procedures which the TV has in place to avoid undue additional operational risk when relying on a third party for the performance of operational functions which are critical for the provision of continuous and satisfactory service to clients and the performance of investment activities on a continuous and satisfactory basis. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the sound administrative and accounting procedures, internal control mechanisms, effective procedures for risk assessment, and effective control and safeguard arrangements that the TV has in place in relation to information processing systems.  In this respect, the TV is required to have sound security mechanisms in place to guarantee the security and authentication of the means of transfer of information, minimise the risk of data corruption and unauthorised access and to prevent information leakage maintaining the confidentiality of the data at all times.  Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Provide the necessary comforts on how the TV will arrange for the safekeeping of records relating to all services, activities and transactions undertaken by it to enable the competent authority to fulfil its supervisory tasks and to perform the enforcement actions under MiFID, Regulation (EU) No 600/2014, Directive 2014/57/EU and Regulation (EU) No 596/2014, and in particular to ascertain that the TV has complied with all obligations including those with respect to clients or potential clients and to the integrity of the market.  In this respect, the TV is required to have all the reasonable procedures in place to record relevant telephone conversations and electronic communications, made with, sent from or received by equipment provided by the TV to an employee or contractor or the use of which by an employee or contractor has been accepted or permitted by the TV, and prevents an employee or contractor from making, sending or receiving relevant telephone conversations and electronic communications on privately-owned equipment which the TV is unable to record or copy.  Furthermore, the TV is required to notify new and existing clients that telephone communications or conversations between the investment firm and its clients that result or may result in transactions will be recorded, and to refrain from providing, by telephone, investment services and activities to clients who have not been notified in advance about the recording of their telephone communications or conversations, where such investment services and activities relate to the reception, transmission and execution of client orders. | | |
|  | Enter text | | |
|  | List and explain the arrangements that the TV has in place to safeguard the ownership rights of clients when holding financial instruments and funds belonging to clients, especially in the event of the TV’s insolvency.  In this respect, TVs are required to:   * 1. Prevent the use of a client’s financial instruments on own account except with the client’s express consent;   2. Prevent the use of client funds for its own account; and   3. Not conclude title transfer financial collateral arrangements with retail clients for the purpose of securing or covering present or future, actual or contingent or prospective obligations of clients.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Provide the rules and procedures and objective criteria that the TV has in place for fair and orderly trading and for the efficient execution of orders. Please provide additional documents where deemed necessary | | |
|  | Enter text | | |
|  | List and explain the arrangements that the TV has in place for the sound management of the technical operations of the facility, including the contingency arrangements to cope with risks of systems disruption. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the rules that the TV has in place relating to the criteria for determining the financial instruments that can be traded under its systems. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Provide the necessary comforts that the TV will provide, or is satisfied that there is access to, sufficient publicly available information to enable its users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded. | | |
|  | Enter text | | |
|  | Provide the necessary comforts that the TV will establish, publish and maintain, and implement, transparent and non-discriminatory rules, based on objective criteria, governing access to its facility. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the procedures and arrangements that the TV has in place to clearly identify and manage the potential adverse consequences for the operation of the TV, or for the members or participants and users, of any conflict of interest between the interest of the TV, their owners or the investment firm or market operator operating the TV and the sound functioning of the TV.  In this respect the TV is required to *inter alia* provide explanations on how and in what instances the operation of the TV will give rise to any potential conflicts.  Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the arrangements that the TV has in place to facilitate the efficient settlement of the transactions concluded under its systems. Please provide additional comments where deemed necessary.  Also, please provide the necessary comforts that the TV will clearly inform its members or participants of their respective responsibilities for the settlement of the transactions executed in its facility. | | |
|  | Enter text | | |
|  | Provide a detailed description of the functioning of the TV, including any links to or participation by a RM, MTF, OTF or a systematic internaliser (‘SI’) owned by the same investment firm or market operator.  In this respect, the TV is required to provide:   * 1. The asset classes of financial instruments to be traded on its system;   2. The rules and procedures for making financial instruments available for trading, together with details of the publication arrangements used to make that information available to the public; and   3. Once available, the list of the members, participants, and/or users of the TV.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Provide a detailed description of the functioning of the TV’s trading system which *inter alia* is required to include:   * 1. Whether the system represents a voice, electronic or hybrid functionality;   2. In the case of an electronic or hybrid trading system, the nature of any algorithm or program used to determine the matching and execution of trading interests;   3. In the case of a voice trading system, the rules and protocols used to determine the matching and execution of trading interests; and   4. A description explaining how the trading system satisfies each element of the definition of a TV.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the outsourcing arrangements that the TV has in place relating to the management, operation or oversight of the TV.  In this respect, the MTF is required to *inter alia* provide:   * 1. The organisational measures to identify the risks in relation to those outsourced activities and to monitor the outsourced activities; and   2. The contractual agreement between the relevant operator and the entity providing the outsourced service in which the nature, scope, objectives, and service level agreements are outlined.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Clarify and provide any relevant information related to any links or participation by an RM, MTF, OTF or SI owned by the same relevant operator of the TV. | | |
|  | Enter text | | |
|  | List and explain the arrangements that the TV has in place to be adequately equipped to manage the risks to which it is exposed, to implement appropriate arrangements and systems to identify all significant risks to its operation, and to put in place effective measures to mitigate those risks. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Please provide the necessary comforts that the TV will have available, at the time of authorisation, and on an ongoing basis, sufficient financial resources to facilitate its orderly functioning, having regard to the nature and extent of the transactions concluded on the market and the range and degree of the risks to which it is exposed. Please provide necessary documents where deemed necessary. | | |
|  | Enter text | | |
|  | **Organisational Requirements for OTFs** | | |
|  | List and explain the rules, procedures and protocols that the OTF has in place to route the trading interest of a member or participant outside the facilities of the OTF. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the arrangements that the OTF has in place to prevent the execution of client orders against the proprietary capital of the investment firm or market operator operating the OTF or from any entity that is part of the same group or legal person as the investment firm or market operator. Please provide necessary documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the arrangements that the OTF has in place to ensure that compliance with the definition of matched principal trading in point (38) of Article 4(1) of MiFID II is adhere to.  In this respect, the investment firm or the market operator of the OTF:   * 1. Is required to engage in matched principal trading in bonds, structured finance products, emission allowances and certain derivatives only where the client has consented to the process;   2. Is required to engage in dealing on own account other than matched principal trading only with regard to sovereign debt instruments for which there is not a liquid market; and   3. Is not allowed to engage in matched principal trading to execute client orders in an OTF in derivatives pertaining to a class of derivatives that has been declared subject to the clearing obligation in accordance with Article 5 of Regulation (EU) No 648/2012.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Provide the necessary comforts that investment firm or the market operator of the OTF will not allow the operation of the OTF and of a systematic internaliser to take place within the same legal entity.  In this respect, an OTF is not allowed to connect with a systematic internaliser in a way which enables orders in an OTF and orders or quotes in a systematic internaliser to interact. Furthermore, an OTF is not allowed to connect with another OTF in a way which enables orders in different OTFs to interact. | | |
|  | Enter text | | |
|  | Provide the necessary comforts that the investment firm or the market operator of the OTF will only engage another investment firm to carry out market making on the OTF on an independent basis.  In this respect, for the purpose of the above, an investment firm is not be deemed to be carrying out market making on an OTF on an independent basis if it has close links with the investment firm or the market operator of the OTF. | | |
|  | Enter text | | |
|  | Provide the necessary comforts that the execution of orders on the OTF will be carried out on a discretionary basis.  In this respect, the investment firm or market operator operating the OTF is required to exercise discretion only in either or both of the following circumstances:   * 1. When deciding to place or retract an order on the OTF they operate; and   2. When deciding not to match a specific client order with other orders available in the systems at a given time, provided it is in compliance with specific instructions received from a client and with its obligations in accordance with Article 27.   For the system that crosses client orders, the investment firm or market operator operating the OTF may decide if, when and how much of two or more orders it wants to match within the system. In accordance with paragraphs 1, 2, 4 and 5 and without prejudice to paragraph 3 of Article 20 of MiFID II, with regard to a system that arranges transactions in non-equities, the investment firm or market operator operating the OTF may facilitate negotiation between clients so as to bring together two or more potentially compatible trading interest in a transaction. That obligation shall be without prejudice to Articles 18 and 27 of MiFID II. | | |
|  | Enter text | | |
|  | Provide a detailed explanation of why the system does not correspond to and cannot operate as an RM, MTF, or systematic internaliser, a detailed description as to how discretion will be exercised, in particular when an order to the OTF may be retracted and when and how two or more client orders will be matched within the OTF.  In this respect, the investment firm or market operator of the OTF is required to provide the explanations on its use of matched principal trading.  Please provide necessary documents where deemed necessary. | | |
|  | Enter text | | |
|  | **Offering/manufacturing of financial instruments for MTFs and OTFs** | | |
|  | Please indicate whether the TV will offer/manufacture financial instruments to clients. If in the negative, please go to next section. | | |
|  | Enter text | | |
|  | Please list and explain the procedures for the approval of each financial instrument and significant adaptations of existing financial instruments before it is marketed or distributed to clients.  In this respect, the product approval process is required to:   * 1. Specify an identified target market of end clients within the relevant category of clients for each financial instrument; and   2. Ensure that all relevant risks to such identified target market are assessed and that the intended distribution strategy is consistent with the identified target market.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Please provide the necessary comforts on how the TV will regularly review financial instruments it offers or markets, taking into account any event that could materially affect the potential risk to the identified target market, to assess at least whether the financial instrument remains consistent with the needs of the identified target market and whether the intended distribution strategy remains appropriate. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Please provide the necessary comforts on how the TV will make available, to any distributor, all appropriate information on the financial instrument and the product approval process, including the identified target market of the financial instrument. | | |
|  | Enter text | | |
|  | If the TV is going to offer or recommend financial instruments which it does not manufacture, please list and explain the adequate arrangements to:   * 1. Obtain the information referred to in question 24; and   2. Understand the characteristics and identified target market of each financial instrument.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | **Governance arrangement** | | |
|  | Provide a documented governance arrangement that sets out:   * 1. The analysis of technical, risk and compliance issues that the TV might encounters when taking critical decisions;   2. Procedures on how the TV will approve the development, deployment and updates of the trading system, as well as resolve issues relating to the trading system;   3. Effective procedures for communication of information; and   4. The separation of tasks and responsibilities to ensure effective supervision of compliance. | | |
|  | Enter text | | |
|  | What policies and procedures does the MTF have in place to ensure that its trading systems comply with the legal obligations of trading venues and how the staff will be made aware of these obligations? Please provide a copy of such policies and procedures. | | |
|  | Enter text | | |
|  | Explain how staff dealing with compliance issues shall obtain a general understanding of the way in which the trading systems of the MTF operate, and how the latter shall be in continuous contact with persons within the trading venue who have detailed technical knowledge of the venue's trading systems (or algorithms, if applicable). Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | If the compliance function, or elements thereof, is outsourced to a third party, please explain how the TV will provide the third party with the same access to information as they would to their own compliance staff, and provide the agreement with such compliance consultants, that ensures that data privacy is guaranteed, and auditing of the compliance function by internal and external auditors or by the competent authority is not hindered. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | **Staff** | | |
|  | Provide an estimate of the staff complement that the TV is expected to employ to manage the trading systems and explain on what basis employees will be selected to ensure that a sufficient number of employees with the necessary skills are being employed. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | Explain what training sessions the TV intends to offer for staff dealing with the trading systems, and on what basis it shall evaluate their skills to ensure that their capabilities remain up-to-date. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | **Outsourcing and procurement of trading systems** | | |
|  | Provide a copy of the outsourcing agreement relating to the operational functions of the TV’s trading systems which shall disclose:   * 1. The assignment of rights and obligations between service provider and trading venue;   2. A clear description of:      + the operational functions that are outsourced;      + the access of the trading venue to the books and records of the service provider;      + the procedure to identify and address potential conflicts of interest;      + the responsibility assumed by each party;      + the procedure for the amendment and termination of the agreement;   3. The means to ensure that both the trading venue and the service provider facilitate in any way necessary the exercise by the competent authority of its supervisory powers. | | |
|  | Enter text | | |
|  | Provide the document relating to the selection process of the service provider to whom the operational functions are to be outsourced, which shall set out that:   * 1. The service provider has the ability to perform the outsourced functions reliably and professionally and is the holder of any authorisations required by law for those purposes;   2. The service provider properly supervises the carrying out of the outsourced functions and adequately manages risks associated with the outsourcing agreement;   3. The outsourced services are provided in accordance with the specifications of the outsourcing agreement, which are based on pre-determined methods for assessing the standard of performance of the service provider, including metrics to measure the service provided and specifications of the requirements that shall be met;   4. The TV has the necessary expertise to supervise the outsourced functions effectively and manage risks associated with the outsourcing agreement;   5. The TV has the ability to take swift action if the service provider does not carry out the functions effectively and in compliance with applicable laws and regulatory requirements;   6. The service provider discloses to the TV any fact that may have a material impact on its ability to carry out the outsourced functions effectively and in compliance with its legal obligations;   7. The TV is able to terminate the outsourcing agreement where necessary without detriment to the continuity and quality of its services to clients;   8. The service provider cooperates with the competent authorities of the TV in connection with the outsourced activities;   9. The TV has effective access to data related to the outsourced activities and to the business premises of the service provider, and auditors of the TV and competent authorities have effective access to data related to the outsourced activities;   10. The TV sets out requirements to be met by the service providers to protect confidential information relating to the trading venue and its members, and to the venue's proprietary information and software;   11. The service provider meets the requirements referred to in the previous point;   12. The TV and the service provider establish, implement and maintain a contingency plan for disaster recovery and periodic testing of backup facilities, where that is necessary having regard to the operational function that has been outsourced;   13. The outsourcing agreement specifies the obligations of the service provider in case it cannot provide its services, including the provision of the service by a substituting firm; and   14. The TV has access to information in relation to the business continuity arrangements. | | |
|  | Enter text | | |
|  | **Rules on co-location services** | | |
|  | Explain whether the MTF will be providing co-location services. If in the negative, please go to next section. | | |
|  | Enter text | | |
|  | Please provide the necessary comforts that the rules on co-location services, adopted by the TV, are transparent, fair and non-discriminatory in relation to the following:   * 1. Data centres which the TV owns and manages;   2. Data centres which the TV owns and are managed by a third party selected by them;   3. Data centres that are owned and managed by a third party with which the TV has an outsourcing arrangement for the organisation of its execution infrastructure as well as of the proximity access to it; and   4. Proximity hosting services owned and managed by a third party with a contractual arrangement with the TV. | | |
|  | Enter text | | |
|  | If the TV intends to provide co-location services, please provide the necessary comforts on how it will provide all users which have subscribed to the same co-location services access to their network under the same conditions, including as regards space, power, cooling, cable length, access to data, market connectivity, technology, technical support and messaging types, and how the TV will make available individual co-location services, without any requirement to purchase bundled services. | | |
|  | Enter text | | |
|  | List and explain what steps the TV has in place to monitor all connections and latency measurements to ensure the non-discriminatory treatment of all users of co-location services that have the same type of latency access. | | |
|  | Enter text | | |
|  | List and explain what arrangements the TV has in place to publish the following information on co-location services on its website:   * 1. A list of services provided providing information about space, power, cooling, cable length, access to data, market connectivity, technology, technical support, message types, telecommunications and related products and services;   2. The fee structure for each service;   3. The conditions for accessing the service, including IT requirements and operational arrangements;   4. The different types of latency of access available;   5. The procedure to allocate co-location space; and   6. The requirements on third party providers of co-location services, where applicable. | | |
|  | Enter text | | |
|  | **Trading systems** | | |
|  | Provide a document on the development and testing methodologies of the adopted trading system to ensure that:   * 1. The trading system does not behave in an unintended manner;   2. Disorderly trading conditions are avoided;   3. The compliance and risk management controls embedded in the systems work as intended, including the automatic generation of error reports; and   4. The trading system can continue to work effectively in case of a significant increase of the number of messages;   5. The trading system has sufficient capacity to perform its functions without systems failures, outages or errors in matching transactions at least at the highest number of messages per second;   6. The capacity of the trading system remains adequate when the number of messages has exceeded the highest number of messages recorded on that system;   7. The trading system is able to cope with rising message flows without material degradation of its performance and can increase its capacity within reasonable time whenever necessary; and   8. The trading system is at all times adapted to the business which takes place through it and is robust enough to ensure continuity and regularity in the performance of the market on which it operates. | | |
|  | Enter text | | |
|  | List and explain the procedures of the ongoing monitoring of the trading system, in particular relating to:   * 1. Its performance and capacity;   2. The percentage of the maximum message capacity utilised per second;   3. The total number of messages managed by the trading system broken down per element of the trading system, including:      + number of messages received per second;      + number of messages sent per second; and      + number of messages rejected by the system per second   4. Period of time between receiving a message and and sending a message;   5. Performance of the matching engine; and   6. Orders sent by the members/participants on an individual and an aggregated basis.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain what stress tests will be performed on the trading system to:   * 1. Simulate adverse scenarios to verify the performance of the hardware, software and communications;   2. Identify the scenarios under which the trading system or parts of the trading system perform their functions with systems failures, outages or errors in matching transactions; and   3. Cover all trading phases, trading segments and types of instruments traded by the trading venue;   Also, indicate whether this evaluation will be conducted by an independent assessor or by a department within the TV other than the one that holds the responsibility for the function that is being reviewed. Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain the procedures and arrangements that the TV has in place for physical and electronic security to promptly identify and prevent or minimise the risks related to:   * 1. Unauthorised access to their trading system or to a part thereof, including unauthorised access to the work space and data centres;   2. System interferences that seriously hinder or interrupt the functioning of an information system by inputting data, by transmitting, damaging, deleting, deteriorating, altering or suppressing such data, or by rendering such data inaccessible;   3. Data interferences that delete, damage, deteriorate, alter or suppress data on the information system, or render such data inaccessible; and   4. Interceptions, by technical means, of non-public transmissions of data to, from or within an information system, including electromagnetic emissions from an information system carrying such data.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | **Trading activity controls** | | |
|  | List and explain the arrangements that the TV has in place to prevent disorderly trading and breaches of capacity limits to be able to:   * 1. Request information from any member or user of sponsored access on their organisational requirements and trading controls;   2. Suspend a member's or a trader's access to the trading system at the initiative of the trading venue or at the request of that member, a clearing member, the CCP, where provided for in the CCP's governing rules, or the competent authority;   3. Operate a kill functionality to cancel unexecuted orders submitted by a member, or by a sponsored access client under different circumstances;   4. Cancel or revoke transactions in case of malfunction of the trading venue's mechanisms to manage volatility or of the operational functions of the trading system; and   5. Balance entrance of orders among their different gateways, where the trading venue uses more than one gateway in order to avoid collapses.   Please provide additional documents where deemed necessary. | | |
|  | Enter text | | |
|  | List and explain any additional polices and arrangements that the MTF has in place relating to:   * 1. Members' obligation to operate their own kill functionality;   2. Information requirements for members;   3. Suspension of access;   4. Cancellation policy in relation to orders and transactions including: (i) timing; (ii) procedures; (iii) reporting and transparency obligations; (iv) dispute resolution procedures; and (v) measures to minimise erroneous trades; and   5. Order throttling arrangements including: (i) number of orders per second on pre-defined time intervals; (ii) equal-treatment policy among members unless the throttle is directed to individual members; (iii) measures to be adopted following a throttling event.   Please provide additional documents where deemed necessary. |
|  | Enter text |
|  | List and explain the arrangements and mechanisms that the TV has in place to manage volatility and automatically halt or constrain trading and confirm that such arrangements were fully tested prior to implementation stage. Please provide additional documents where deemed necessary. |
|  | Enter text |
|  | List and explain the policies and arrangements that the TV has in place for pre-trade and post-trade controls used by the venue and pre-trade and post-trade controls necessary for their members to access the market.  Pre-trade controls shall, amongst others, include:   * 1. Price collars, which automatically block orders that do not meet pre-set price parameters on an order-by-order basis;   2. Maximum order value, which automatically prevents orders with uncommonly large order values from entering the order book by reference to notional values per financial instrument; and   3. Maximum order volume, which automatically prevents orders with an uncommonly large order size from entering the order book,   and ensure that:   * 1. The automated application has the ability to readjust a limit during the trading session and in all its phases;   2. The monitoring has a delay of no more than five seconds;   3. An order is rejected once a limit is breached; and   4. The authorisation of orders above the limits upon request from the member concerned.   Please provide additional documents where deemed necessary. |
|  | Enter text |
|  | Explain what testing methodologies were carried out to certify that the trading system adopted avoid contributing to or creating disorderly trading conditions, and is therefore capable of:   * 1. Limiting the ratio of unexecuted orders to transactions that may be entered into the system by a member or participant;   2. Slowing down the flow of orders if there is a risk of its system capacity being reached; and   3. Limiting and enforcing the minimum tick size that may be executed on the market.   Please provide additional documents where deemed necessary. |
|  | Enter text |
|  | Explain how the TV will be able to identify, by means of flagging from members or participants, orders generated by the trading system (or the algorithmic trading, if applicable), the different procedures (or algorithms, if applicable) used for the creation of orders and the relevant persons initiating those order. Please provide additional documents where deemed necessary. |
|  | Enter text |
|  | Explain how the TV will be able to make available to the competent authority data relating to the order book, or give the competent authority access to the order book so that it is able to monitor trading. Please provide additional documents where deemed necessary. |
|  | Enter text |
|  | **Unexecuted Orders** |
|  | TVs are required to have in place systems and procedures to calculate the ratio of unexecuted orders to transactions effectively entered into the system by each of the members and participants for every financial instrument traded under the trading system, in both of the following ways:   * 1. In volume terms: (total volume of orders divided by total volume of transactions)-1; and   2. In number terms: (total number of orders divided by total number of transactions)-1.   Kindly explain how the TV will satisfy this requirement. |
|  | Enter text |
|  | Please describe the arrangements which the TV will have in place to detect orders by members or participants, that have exceeded either, or both, of the two ratios disclosed in the previous section, for a specific financial instrument, and how the TV intends to calculate the number of orders received from each member or participant following the counting methodology per order type set out in the Annex disclosed in Commission Delegated Regulation (EU) 2017/566 (the ‘Annex’).  In this respect, if the TV uses an order type which is not explicitly laid down in the Annex, please explain how the TV intends to count the messages in accordance to with the general system behind the counting methodology, and on the basis of the most similar order type appearing in the Annex. | | | |
|  | Enter text | | | |
|  | **Business Continuity Plan** |
|  | Provide a documented business continuity plan that sets out:   * 1. Procedures and arrangements on how the TV will manage disruptive events;   2. The possible adverse scenarios relating to the operation of the trading systems, including the unavailability of systems, staff, work space, external suppliers or data centres or loss or alteration of critical data and documents;   3. The maximum time to resume the trading activity and the amount of data that may be lost in the IT system;   4. The procedures for relocating the trading system to a back-up site and operating the trading system from that site;   5. Back-up of critical business data including up-to-date information of the necessary contacts to ensure communication inside the trading venue, between the trading venue and its members and between the trading venue and clearing and settlement infrastructures;   6. Staff training on the operation of the business continuity arrangements;   7. Assignment of tasks and establishment of a specific security operations team ready to react immediately after a disruptive incident;   8. An ongoing programme for testing, evaluation and review of the arrangements including procedures for modification of the arrangements in light of the results of that programme; and   9. Procedures to address any disruptions of outsourced critical operational functions, including where those critical operational functions become unavailable. | | | |
|  | Enter text | | | |
|  | Explain how the TV will test the operation of the business continuity plan and verify its capability to recover from disruptive incidents and to resume trading, without interfering with the normal trading activity. | | | |
|  | Enter text | | | |
|  | List and explain what objectives and strategies the senior management has in place in terms of business continuity, and how it intends to allocate adequate human, technological and financial resources to pursue the objectives and strategies. | | | |
|  | Enter text | | | |
|  | **Market access** |
|  | Provide a copy of the rules that specify the obligations of members/participants, which amongst others relate to:   * 1. The constitution and administration of the TV;   2. Transactions on the market;   3. Professional standards imposed on the staff of the investment firms or credit institutions that are operating on the market;   4. Conditions established, for members or participants other than investment firms and credit institutions; and   5. Rules and procedures for the clearing and settlement of transactions concluded on the market.   With respect to the conditions established for members or participants other than investment firms and credit institutions, the TV may admit as members or participants investment firms, credit institutions authorised under Directive 2013/36/EU and other persons who:   * 1. Are of sufficient good repute;   2. Have a sufficient level of trading ability, competence and experience;   3. Have, where applicable, adequate organisational arrangements; and   4. Have sufficient resources for the role they are to perform, taking into account the different financial arrangements that the regulated market may have established in order to guarantee the adequate settlement of transactions. | | | |
|  | Enter text | | | |
|  | List and explain the conditions for members/participants that opt to use the electronic order submission systems of the TV. The conditions shall be set on the basis of the trading model of the TV and are required to at least include:   * 1. Pre-trade controls on price, volume and value of orders and usage of the system and post-trade controls on the trading activities of the members;   2. Qualifications required of staff in key positions within the members;   3. Technical and functional conformance testing;   4. Policy of use of the kill functionality; and   5. Provisions on whether the member may give its own clients direct electronic access to the system and if so, the conditions applicable to those clients.   With respect to technical and functional conformance testing, the trading venue shall provide a conformance testing environment to their actual and prospective members and the conditions for members/participants shall at least include:   * 1. The ability of the system to interact as expected with the TV’s matching logic and the adequate processing of the data flows from and to the trading venue;   2. The basic functionalities such as submission, modification or cancellation of an order or an indication of interest, static and market data downloads and all business data flows; and   3. The connectivity, including the cancel on disconnect command, market data feed loss and throttles, and the recovery, including the intra-day resumption of trading and the handling of suspended instruments or non-updated market data   Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Explain how the TV will provide a conformance testing environment (mentioned in the previous part) to their actual and prospective members which:   * 1. Can be accessible on conditions equivalent to those applicable to the trading venue's other testing services;   2. Provides a list of financial instruments which can be tested and which are representative of every class of instruments available in the production environment;   3. Can be available during general market hours or, if available only outside market hours, on a pre-scheduled periodic basis; and   4. Can be supported by staff with sufficient knowledge.   Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain the procedures relating to the due diligence assessment which will be carried out by the TV in relation to its members/participants, in order to allow them to obtain market access. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain the risk-based and other assessments relating to the compliance of the members with the conditions referred to in part 68 including the scale and potential impact of trading undertaken by each member as well as the time elapsed since the member's last risk based assessment. Furthermore, include what checks the TV shall do to ensure that their members are still registered as investment firms. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain the criteria and procedures relating to the sanctions on a non-compliant member, including the suspension of access to the TV and loss of membership. Please provide additional documents where deemed necessary.. | | | |
|  | Enter text | | | |
|  | List and explain the standards that the TV adopts when considering risk controls and thresholds on trading through sponsored access. How does the TV ensure that it can stop orders or trading by a person using direct electronic access separately from other orders or trading by the member or participant? Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain the arrangements that the TV has in place in order to suspend or terminate the provision of direct electronic access by a member or participant to a client in the case of non-compliance with the regulatory requirements. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Provide a copy of the rules and conditions that the TV venue adopts in relation to the direct electronic access offered by the members/participants to their clients. | | | |
|  | Enter text | | | |
|  | Explain how the TV will make the provision of sponsored access subject to their authorisation and how it will require that firms having sponsored access be subject to at least pre-trade and post-trade controls necessary for the members to access the market. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Explain how the TV will ensure that sponsored access providers are at all times exclusively entitled to set or modify the parameters that apply to the pre-trade and post-trade controls over the order flow of their sponsored access clients. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Explain how the TV will suspend or withdraw the provision of sponsored access to clients having infringed Directive 2014/65/EU (MiFID II), Regulations of the European Parliament and of the Council (EU) No 600/2014 (MiFIR) and (EU) No 596/2014 (Market Abuse Regulation) or the trading venue's internal rules. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Once available, list and explain what written agreements and schemes, the TV will have in place, with all investment firms pursuing a market making strategy to ensure that a sufficient number of the latter participate in such agreements which require them to post firm quotes at competitive prices with the result of providing liquidity to the market on a regular and predictable basis.  In this respect, written agreements shall at least specify:   * 1. The obligations of the investment firm in relation to the provision of liquidity and where applicable any other obligation arising from participation in the scheme;   2. Any incentives in terms of rebates or otherwise offered by the regulated market to an investment firm so as to provide liquidity to the market on a regular and predictable basis and, where applicable, any other rights accruing to the investment firm as a result of participation in the scheme;   3. The financial instrument or instruments covered by the agreement;   4. The minimum obligations to be met by the investment firm in terms of presence, size and spread that requires at least the posting firm, simultaneous two-way quotes of comparable size and competitive prices in at least one financial instrument on the trading venue for at least 50% of daily trading hours of during which continuous trading takes place excluding opening and closing auctions and calculated for each trading day;   5. Where appropriate, the terms of the applicable market making scheme;   6. The obligations of the investment firm in relation to the resumption of trading after volatility interruptions;   7. The surveillance, compliance and audit obligations of the investment firm enabling it to monitor its market making activity;   8. The obligation to flag firm quotes submitted to the trading venue under the market making agreement in order to distinguish those quotes from other order flows; and   9. The obligation to maintain records of firm quotes and transactions relating to the market making activities of the investment firm, which are clearly distinguished from other trading activities and to make those records available to the trading venue and the competent authority upon request. | | | |
|  | Enter text | | | |
|  | Explain how the TV shall monitor and enforce compliance by investment firms with the requirements of the binding written agreements refer to 2.13.13 above. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please provide necessary comforts on how the TV will make public the occurrence of an exceptional circumstance referred to in points (a), (b), (c) and (e) of Article 3 of Commission Delegated Regulation (EU) 2017/578, and, as soon as technically possible, the resumption of its normal trading activity after the exceptional circumstances have ceased to exist. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain what procedures the TV will have in place to resume normal trading after an exceptional circumstance has ceased to exist, including the timing of such resumption, and how the TV intends to ensure that such procedures are made publicly available. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please provide a copy of the TV’s market making schemes which are required to include the incentives being provided by the TV and the requirements that must be met by investment firms in terms of presence, size and spread in order to access those incentives under:   * 1. Normal trading conditions where the trading venue offers incentives under such conditions; and   2. Stressed market conditions, taking into account the additional risks under such conditions.   In this respect, the TV is required to disclose in the market making schemes whether the incentives will only be granted to the best performer or performers. Please explain and provide us with the necessary explanations.  Furthermore, please note that the TV is exempt from having a market making scheme in place, except for any of the following classes of financial instruments traded through a continuous auction order book trading system:   * 1. Shares and exchange traded funds for which there is a liquid market;   2. Options and futures directly related to the financial instruments set out in the previous point; and   3. Equity index futures and equity index options for which there is a liquid market.   For clarification purposes, a continuous auction order book trading system means a system that by means of an order book and a trading algorithm operated without human intervention matches sell orders with buy orders on the basis of the best available price on a continuous basis. Please identify whether the MTF intends to use such an exemption, and if in the affirmative, please provide a detailed and well supported argument on how it would classify for such an exemption. | | | |
|  | Enter text | | | |
|  | List and explain what parameters the TV will have in place to identify stressed market conditions in terms of significant short-term changes of price and volume, and on what basis will the TV consider resuming trading following a volatility interruption during stressed market conditions. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please explain how the TV will ensure that:   * 1. The terms of the market making schemes, the names of the firms that have signed market making agreements under each of those schemes and the financial instruments covered by those agreements will be made public;   2. It will communicate any changes to the terms of the market making schemes to the participants in those schemes at least one month prior to their application;   3. It will provide the same incentives to all participants who perform equally in terms of presence, size and spread, in their market making schemes;   4. It will not limit the number of participants in a market making scheme, but limit the access to the incentives included in the scheme to the firms which have met pre-determined thresholds;   5. It will continuously monitor the effective compliance of the participants with the market making schemes; and   6. It will establish procedures to communicate the existence of stressed market conditions on its trading venue to all participants in a market making scheme through readily accessible channels. | | | |
|  | Enter text | | | |
|  | **Fee Structure** | | | |
|  | List the fees and explain the rationale behind the fee structures including execution fees, ancillary fees and any rebates to ensure that these are transparent, fair and non-discriminatory and that they do not create incentives to place, modify or cancel orders or to execute transactions in a way which contributes to disorderly trading conditions or market abuse.  In this respect, indicate whether the TV will be imposing a higher fee: [i] for placing an order that is subsequently cancelled when compared to an order which is executed; and [ii] on participants placing a high ratio of cancelled orders to executed orders in order to reflect the additional burden on system capacity.  Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please provide necessary comforts on how the TV will ensure that it will charge the same fee and provide the same conditions to all users of the same type of services based on objective criteria, and shall only establish different fee structures for the same type of services where those fee structures are based on non-discriminatory, measurable and objective criteria relating to:   * 1. The total volume traded, the numbers of trades or cumulated trading fees;   2. The services or packages of services provided by the trading venue;   3. The scope or field of use demanded; and   4. The provision of liquidity.   Furthermore, please confirm that the TV will not offer members, participants or clients a fee structure whereby trades would be benefiting from a lower fee for a set period once exceeding a given threshold.  Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please confirm that the TV will make individual services available without being bundled with other services and provide the necessary comforts on how it will ensure that its fee structure is sufficiently granular to allow users to predict the payable fees on the basis of at least the following elements:   * 1. Chargeable services, including the activity which will triggers the fee;   2. The fee for each service, stating whether the fee is fixed or variable; and   3. Rebates, incentives or disincentives.   Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain what arrangements the TV will have in place to publish the objective criteria for the establishment of its fees and fee structures and other conditions provided referring to 2.14.2 above, together with execution fees, ancillary fees, rebates, incentives and disincentives in one comprehensive and publicly accessible document on its website. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | **MTF registering as an SME growth market** | | | |
|  | If the market operator intends to register the MTF as an SME growth market, please provide the necessary comforts that the information provided in the above sections clearly identifies which functionalities or arrangements are applicable to the SME growth market in terms of Article 33 of MiFID II. | | | |
|  | Enter text | | | |
|  | **Prevention of Market Abuse** | | | |
|  | List and explain the arrangements and procedures that the TV has in place for the regular monitoring of the compliance by their members or participants with their rules, particularly, for the monitoring of orders sent including cancellations and the transactions undertaken by their members or participants under their systems in order to identify infringements of those rules, disorderly trading conditions or conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 (Market Abuse Regulation) or system disruptions in relation to a financial instrument. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain the arrangements, systems and procedures that the TV has in place to prevent and detect insider dealing, market manipulation and attempted insider dealing and market manipulation, and promptly inform the competent authority of these infringements. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | **Tick Sizes** | | | |
|  | The TV will be required to adopt a tick size for each financial instrument traded on its systems which is:   * 1. Calibrated to reflect the liquidity profile of the financial instrument in different markets and the average bid-ask spread, taking into account the desirability of enabling reasonably stable prices without unduly constraining further narrowing of spreads; and   2. Appropriately set for each financial instrument.   Such tick sizes would be jointly determined by ESMA and the MFSA.  In view of the above, please explain how the TV’s systems will ensure that tick sizes for orders placed in shares or depositary receipts, and exchange-traded funds are equal to or greater than the one corresponding to: (i) the liquidity band in the table in the Annex of Commission Delegated Regulation (EU) 2017/588 corresponding to the average daily number of transactions in the most relevant market in terms of liquidity for that instrument and (ii) the price range in that liquidity band corresponding to the price of the order.  Where the most relevant market in terms of liquidity for a share or depositary receipt operates only a trading system that matches orders on the basis of a periodic auction and a trading algorithm operated without human intervention, trading venues are required to apply the liquidity band corresponding to the lowest average daily number of transactions in the table in the Annex.  You might also wish to note that the above requirements shall only apply to exchange traded funds if the underlying financial instruments are solely equities which are subject to the tick size regime mentioned above, or a basket of such equities.  Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please also provide necessary comforts on how the TV will apply the tick sizes of the liquidity band corresponding to the average daily number of transactions and how the TV will ensure that it will promptly apply a change in the liquidity band in the event of an update in the average daily number of transactions. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | **Synchronisation of business clocks** | | | |
|  | List and explain what arrangements the TV has in place to ensure that its business clocks and its members’/participants’ business clocks are synchronised with the Coordinated Universal Time (UTC) issued and maintained by the timing centres listed in the latest Bureau international des poids et mesures Annual Report on Time Activities, and UTC disseminated by a satellite system, when recording the date and time of reportable events. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please describe how the TV will ensure that its business clocks adhere to the levels of accuracy specified in Table 1 of the Annex of Commission Delegated Regulation (EU) 2017/574, whether it operates a single or multiple trading systems. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | Please explain how the TV will ensure that the business clocks of its members/participants adhere to the levels of accuracy specified in Table 2 of the Annex of Commission Delegated Regulation (EU) 2017/574. Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |
|  | List and explain what arrangements the TV will adopt to establish a system of traceability to UTC, to be able to:   * 1. Document the system design, functioning and specifications;   2. Identify the exact point at which a timestamp is applied; and   3. Demonstrate that the point within the system where the timestamp is applied remains consistent.   Furthermore, please ensure that the TV has the necessary arrangements to conduct a review of the compliance of the traceability system at least once a year.  Please provide additional documents where deemed necessary. | | | |
|  | Enter text | | | |