

# XONTRO Newsletter

**MiFID II**

**No. 5**

**(English Version)**

**Release 33**

Valid as of: 17<sup>th</sup> of January 2018

Version 1.01

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## 1 Introduction

This document serves the purpose as to inform financial institutes and broker firms about relevant XONTRO issues within the framework of the MiFID II implementation as per 3<sup>rd</sup> of January 2018.

This document covers the following area of issues:

- Termination of 3270 order dialog functions for MAX-ONE via XONTRO
- RTS 11 – Tick sizes

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## **2 Termination of 3270 order dialog functions for MAX-ONE via XONTRO**

No MiFID II / MiFIR modifications were planned for the order transaction entry options and for the MAX-ONE exchange trading venue via the 3270 XONTRO dialog functions.

Therefore, the XONTRO dialog order entry / order modification for MAX-ONE (BMEB EE/EB/EA/IA) menu masks will be disabled by the end of the trading session as per January 2<sup>nd</sup>, 2018.

Börse München will enable their trading members to use the exclusively dialog-based entry and modification of orders by means of an independent trading front end, beginning as of January 3<sup>rd</sup>, 2018.

This separate trading front end may be operated via a protected and trading-member-specific connection, e.g. via internet and VPN; it is specifically designed for trading participants who will not use a XONTRO SAKI FIX connection, nor a direct FIX connection, onto MAX-ONE and gettex.

Börse München member support will gladly be ready to accept any queries and comments from their trading members with regards to this issue.

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### 3 RTS 11 – Tick sizes

The tick size rules having been valid so far will, for pre-defined instrument groups (e.g. for equities), have to be revised and harmonized within the entire EU. This means that, aside from the actual price level per unit resp. share, the liquidity of the relevant instrument as defined by the average number of trades per ISIN should be used additionally.

The tick sizes to be applied respectively may be taken from the table that follows:

**Tick Size Table**

Price ranges	Liquidity bands					
	0 ≤ Average daily number of transactions < 10	10 ≤ Average daily number of transactions < 80	80 ≤ Average daily number of transactions < 600	600 ≤ Average daily number of transactions < 2000	2000 ≤ Average daily number of transactions < 9000	9000 ≤ Average daily number of transactions
0 ≤ price < 0.1	0.0005	0.0002	0.0001	0.0001	0.0001	0.0001
0.1 ≤ price < 0.2	0.001	0.0005	0.0002	0.0001	0.0001	0.0001
0.2 ≤ price < 0.5	0.002	0.001	0.0005	0.0002	0.0001	0.0001
0.5 ≤ price < 1	0.005	0.002	0.001	0.0005	0.0002	0.0001
1 ≤ price < 2	0.01	0.005	0.002	0.001	0.0005	0.0002
2 ≤ price < 5	0.02	0.01	0.005	0.002	0.001	0.0005
5 ≤ price < 10	0.05	0.02	0.01	0.005	0.002	0.001
10 ≤ price < 20	0.1	0.05	0.02	0.01	0.005	0.002
20 ≤ price < 50	0.2	0.1	0.05	0.02	0.01	0.005
50 ≤ price < 100	0.5	0.2	0.1	0.05	0.02	0.01
100 ≤ price < 200	1	0.5	0.2	0.1	0.05	0.02
200 ≤ price < 500	2	1	0.5	0.2	0.1	0.05
500 ≤ price < 1000	5	2	1	0.5	0.2	0.1
1000 ≤ price < 2000	10	5	2	1	0.5	0.2
2000 ≤ price < 5000	20	10	5	2	1	0.5
5000 ≤ price < 10000	50	20	10	5	2	1
10000 ≤ price < 20000	100	50	20	10	5	2
20000 ≤ price < 50000	200	100	50	20	10	5
50000 ≤ price	500	200	100	50	20	10

As can be seen from the table above, limits and prices may then be given using 4 decimal places as a maximum in the future.

Within the framework of the base data conversion to be done along with the production onset of MiFID II, no key-date scheduled order deletion will take place. This means that, along with the existence of the new ESMA tick sizes, existing stock orders will be executed according to the new rules.

If existing stock orders will have to be modified by the participants, then the new tick sizes will have to be recognized.

New orders having the wrong tick size will be rejected.

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### 3.1 Data allocation via ESMA and WM base data service

The hitherto unresolved issue, as to how the modified tick size keys can be made available to all participating trading members and pricing intermediaries within the framework of the established procedures, has now been regulated between the WM base data service and the trading venue operators. This regulation also encompasses the compulsive yearly review and, if necessary, adaptation of the tick size keys by ESMA.

WM base data service will include the new „ESMA tick sizes“ into the existing and established field XD546. For this purpose, the relevant table (X12) will be extended by six new key values (“T” .. “Y”). Details for this may be taken from the “85<sup>th</sup> modification service for detailed description – speedy service no. 02” dated 6<sup>th</sup> of December 2017.

The field XD546 will be updated regularly by WM base data service. In addition, the periodic ESMA updates will be incorporated and distributed by WM as per the 1<sup>st</sup> of April each year.

For instruments that have been listed as of 12<sup>th</sup> of September 2017 or later, a transitional period will become valid, whereas ESMA will deliver the tick size information only at a later effective date. The XONTRO trading venues have agreed to retain the original XD546 field key values until then.

BrainTrade will offer a simulation option for their participants in order to test the six new tick size bands (cf. chapter 4 – Member simulation).

### 3.2 Non-EU Equities

From January 30<sup>th</sup> 2018 on - in case of non-EU equities - the following rules are to be considered.

#### a) Swiss Market

For Equities, assigned to the Swiss Market, the tick-size-tables of the Swiss Exchange are used. In terms of content, the Swiss tick-size-tables correspond to the ESMA-Tick-Sizes (WM-Field XD546, T to Y).

#### b) Non-EU Markets

For Equities, neither assigned to the EU Market nor to the Swiss Market, the following tick-size-rules are to be considered:

- Price less 1 EUR => Tick-Size 0,001 EUR
- Price from 1 EUR => Tick-Size 0,01 EUR

This tick-size-rule refers to the existing WM-tick-size-rule „S“ (WM-Field XD546).

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### 3.3 XONTRO system connection for intermediaries

Within the request XONTRO Inquire Skontro Data, the new tick size key values will be transferred using the data field tickSizeXontro. This data field already contains the tick size key values valid for today, for the relevant exchange trading venues and for all instruments.

### 3.4 Time line

- **December 6<sup>th</sup>, 2017**  
Information of participants by WM (85<sup>th</sup> modification service),  
Table X12 (WM field XD546) extension by six new key values (“T“ .. “Y“)
- **December 8<sup>th</sup>, 2017**  
XONTRO MiFID II Newsletter 05 – Tick sizes (XONTRO exchange trading venues and MAX-ONE)
- **December 18<sup>th</sup>, 2017**  
Simulation begin in IMS27 using 6 instruments per exchange trading venue.
- **January 3<sup>rd</sup>, 2018**  
Production launch of MiFID II compliant assignment of WM field XD546
- **Beginning as of March 1<sup>st</sup>, 2019 (annually uniquely)**  
ESMA / WM – Tick size update announcement
- **Beginning as of April 1<sup>st</sup>, 2019 (annually uniquely)**  
WM – Go live of tick size updates via WM field XD546

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## 4 Member simulation

All XONTRO Release 33 modifications described in the XONTRO MiFID II newsletters, as well as in the MiFID II interface modification description documents, may be tested in our simulation environment IMS27 beginning as of December 18<sup>th</sup>, 2017. The production launch will be scheduled for January 3<sup>rd</sup>, 2018. From this point the productive tick-sizes-tables will be used in the simulation system.

All participants are kindly asked to make extensive use of this simulation and test options.

All functional and technical contact persons already familiar to you will gladly be ready to listen to your questions and support requirements during the simulation phase.

The simulation support is limited to the time between 08:00 a.m. and 05:00 p.m. Simulation requirements exceeding these restrictions are kindly to be agreed upon in advance, together with the XONTRO help line staff.

### **Test instruments for XONTRO trading venues EDB, EDD, EDH (ending January 3rd 2018)**

- ESMA tick size band 1      DE0005909006      (WM-XD546 = **T**)
- ESMA tick size band 2      DE000A2E4K43      (WM-XD546 = **U**)
- ESMA tick size band 3      DE0006305006      (WM-XD546 = **V**)
- ESMA tick size band 4      DE000A0S8488      (WM-XD546 = **W**)
- ESMA tick size band 5      DE000A12UKK6      (WM-XD546 = **X**)
- ESMA tick size band 6      DE0005111702      (WM-XD546 = **Y**)

Participants who wish to take place in the simulation are kindly asked to adjust their inhouse instrument test database systems according to the relevant tick size key values (“T” .. “Y”).

Price fixing procedures for the instruments listed above will be launched by the BrainTrade simulation support staff daily at 02:30 p.m., and additionally upon explicit request by the participants.

Intermediaries are kindly asked to bilaterally harmonize their individual test activities with the BrainTrade simulation support staff.

### **MAX-ONE trading venue test instruments (ending January 3rd 2018)**

- ESMA tick size band 1      DE0005093108      (WM-XD546 = **T**)
- ESMA tick size band 2      DE0005103006      (WM-XD546 = **U**)
- ESMA tick size band 3      DE0005156004      (WM-XD546 = **V**)
- ESMA tick size band 4      DE0005200000      (WM-XD546 = **W**)
- ESMA tick size band 5      DE0005232805      (WM-XD546 = **X**)
- ESMA tick size band 6      DE0005408884      (WM-XD546 = **Y**)



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## 5 Functional and technical support

During the implementation, simulation, and eventual production period, BrainTrade and the Deutsche Börse AG will ensure the functional and technical support for all participants and for all relevant issues.

### 5.1 BrainTrade Gesellschaft für Börsensysteme mbH

Tasks:	Member consulting and support regarding all <b>functional</b> questions. First level support along with technical questions regarding the topics SAKI-SWIFT, SAKI-FIX, and SAM, as well as for the back end operation. Functional supervision and assistance for new member registrations, customer data modifications, file transfer issues, connection tests, simulation and production issues. Allocation of documents and user manuals. Realisation of training sessions.
Telephone:	+49 (69) – 58 99 78 – 110 (XONTRO and SAKI helpline) +49 (69) – 58 99 78 – 170 (SAM helpline)
E-Mail:	<a href="mailto:trade@xontro.de">trade@xontro.de</a> <a href="mailto:saki@xontro.de">saki@xontro.de</a> <a href="mailto:sam@xontro.de">sam@xontro.de</a>
Internet:	<a href="http://www.xontro.de">www.xontro.de</a>
Availability:	07:30 a.m. until 08:40 p.m. (production support) 08:00 a.m. until 05:00 p.m. (simulation support)

### 5.2 Deutsche Börse AG

Tasks:	Technical support along with network issues.
Telephone:	+49 (69) – 211 – 11281
E-Mail:	<a href="mailto:tmr-zos@deutsche-boerse.com">tmr-zos@deutsche-boerse.com</a>
Availability:	06:00 a.m. until 10:00 p.m. (during exchange trading days)