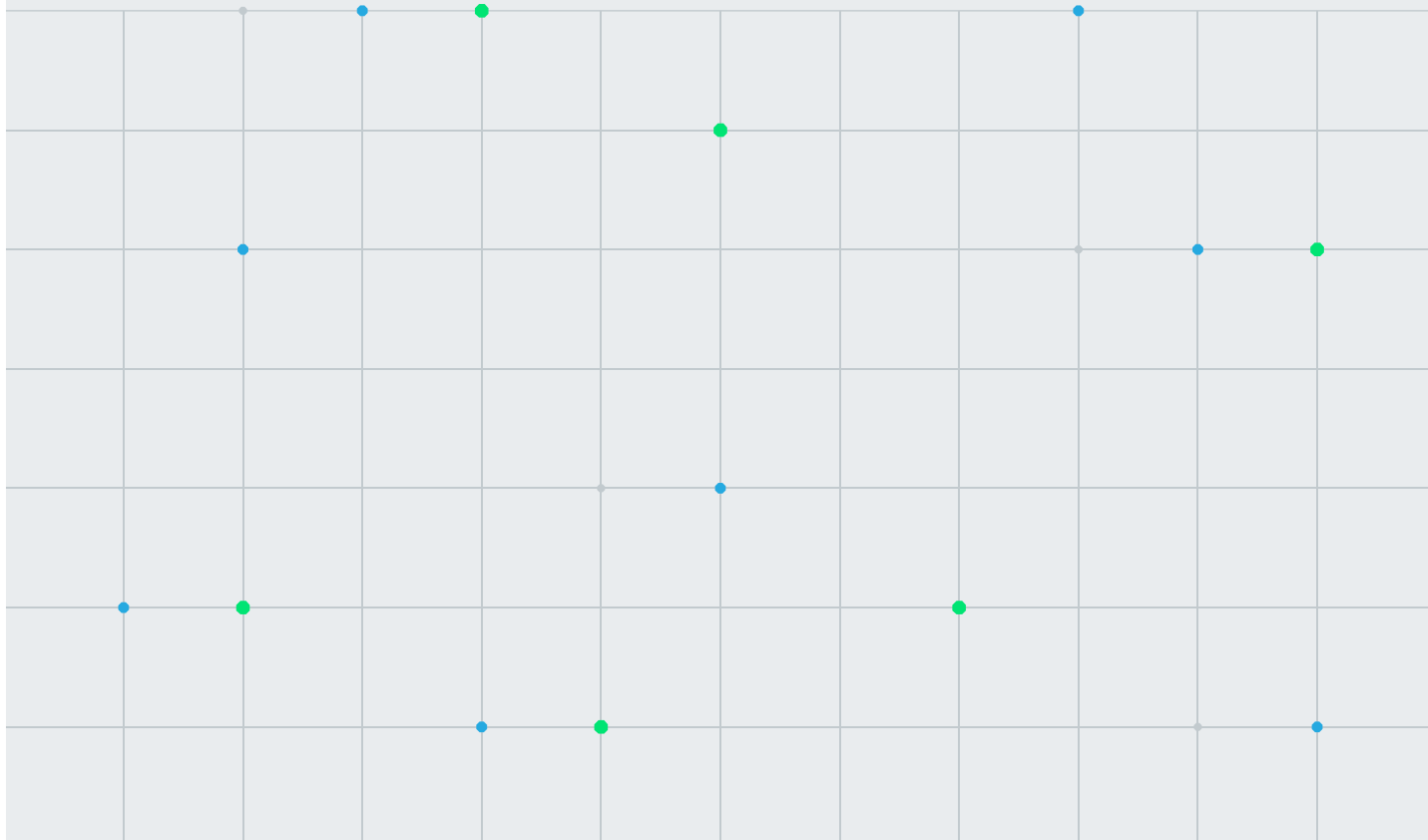# MTF Venue Kill Functionality Policy

BROKERTEC

"WHEN THE ORDERLY FUNCTIONING OF OUR VENUES REQUIRES THAT WE CANCEL UNEXECUTED ORDERS AT THE CUSTOMER OR INSTRUMENT LEVEL"

Contents

1. Introduction

MiFID II sets out requirements in the Regulatory Technical Standards (RTS 7) for MTF operators to be able to immediately cancel one or many unexecuted orders to prevent disorderly markets.

BrokerTec offers customers European Government Bond and Repo trading solutions through the BrokerTec Europe LTD (BEL) MTF, where it has a responsibility to provide fair, orderly and transparent execution of trades.

Customers engaged in algorithmic trading onto BEL markets are required to have their own Kill Functionality – See *Member Conditions and Algo Trading Due Diligence Policy*, but BrokerTec is also required to have the ability to cancel unexecuted orders at:

- Single order level
- All of a customer's orders
- All customers' orders for a given instrument

BrokerTec policy on use of Kill Functionality can be divided into 4 authorities:

- Customer initiated
- Venue initiated
- Central Counterparty (CCP) initiated
- Regulator initiated - FCA or other

2. Customer initiated

BrokerTec use of Kill Functionality at the request of authorised persons within the customer.

2.1. New Event

- Customers may call into Customer Support and request cancellation of one or many unexecuted orders.
    - This could include a request from a Prime Broker for a Sponsored Access customer, but DEA is not currently part of the BrokerTec offering

- The request must be accompanied by an email detailing the terms of the order(s):
    - Trader ID
    - Order ID
    - Buy/Sell
    - Amount
    - Price
    - LEI

- Customer Support will validate that the request is authorised, that the order(s) is unexecuted and then four-eye check the Kill action with their Supervisor
- Customer Support will then document the Kill action and email a confirmation copy to the customer

2.2. Post Mortem

- Customers may be asked to provide further explanation of the event and any technical failures that may have rendered their own Kill Functionality inoperable
    - Algo customers (including ISV)
    - BrokerTec Genium User Interface customers

- Use of BrokerTec-side Kill Functionality for Algo customers will be recorded (as above) and feature in the annual Algo customer Risk Assessment – See *MTF Member Algo Trading Risk Assessment Policy_BTEC.*

3. Venue initiated

BrokerTec use of Kill Functionality at our discretion to protect market integrity.

3.1. New Event

- Monitoring processes or inbound customer notification may highlight the existence of duplicate or erroneous orders on BrokerTec.
- Customer Support will validate with the customer that the order(s) is in fact a duplicate or erroneous, that the order(s) are unexecuted and then four-eye check the Kill action with their Supervisor.
- Customer Support will then document the Kill action and email a confirmation copy to the customer.
- There could also be other reasons for operation of Kill Functionality, such as MAR investigations, and these may be subject to engagement with regulators and tipping-off concerns.
- Either way, the reason for operating the Kill Functionality will be documented, along with BrokerTec Management approvals, citing the relevant facts and justification for the decision.

3.2. Post Mortem

- If a duplicate or erroneous order was not submitted by the customer, then Customer Support will log the issue with BrokerTec Technical teams to start an investigation.
- Any remedial actions will be documented in the usual way and tracked in Operational Risk processes.
- If the duplicate or erroneous order was submitted by the customer through an algo, this use of BrokerTec-side Kill Functionality will be recorded and feature in the annual Algo Customer Risk Assessment (as above).

3. CCP initiated

BrokerTec use of Kill Functionality at the request of a CCP.

4.1. New Event

- BrokerTec may be requested by an authorised person at a recognised CCP to cancel the unexecuted orders of a specific member or members. This would be because the member is unable to meet ongoing margin or settlement commitments at the CCP following default.
- Head of Compliance or next most senior member in team (either in rank and then in terms of most years of experience) will contact Head of Customer Support or next most senior member in team (either in rank and then in terms of most years of experience);
- Customer Support will then cancel all relevant orders, confirm the action back to Compliance, and then contact the member to report the action and reason.

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3. Regulator initiated

BrokerTec use of Kill Functionality at the request of a relevant regulator.

5.1. New event

- It is possible that the FCA or a relevant domestic regulator (including a debt management office) instructs BrokerTec to suspend an instrument or the trading activity of a specific customer.
- We would expect this request to be routed via the Head of Compliance or a delegate (as above), who will then liaise with the Head of Customer Support and relevant Management to action.
- Customer Support will issue market notices if there is to be an instrument-level suspension.
- Communication of customer-specific actions will be subject to guidance from the regulator in question i.e. may relate to other actions and risk tipping-off.

5.2. Post Mortem

- As dictated by regulator engagement

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