MTF & NEX SEF Venue Kill Functionality Policy
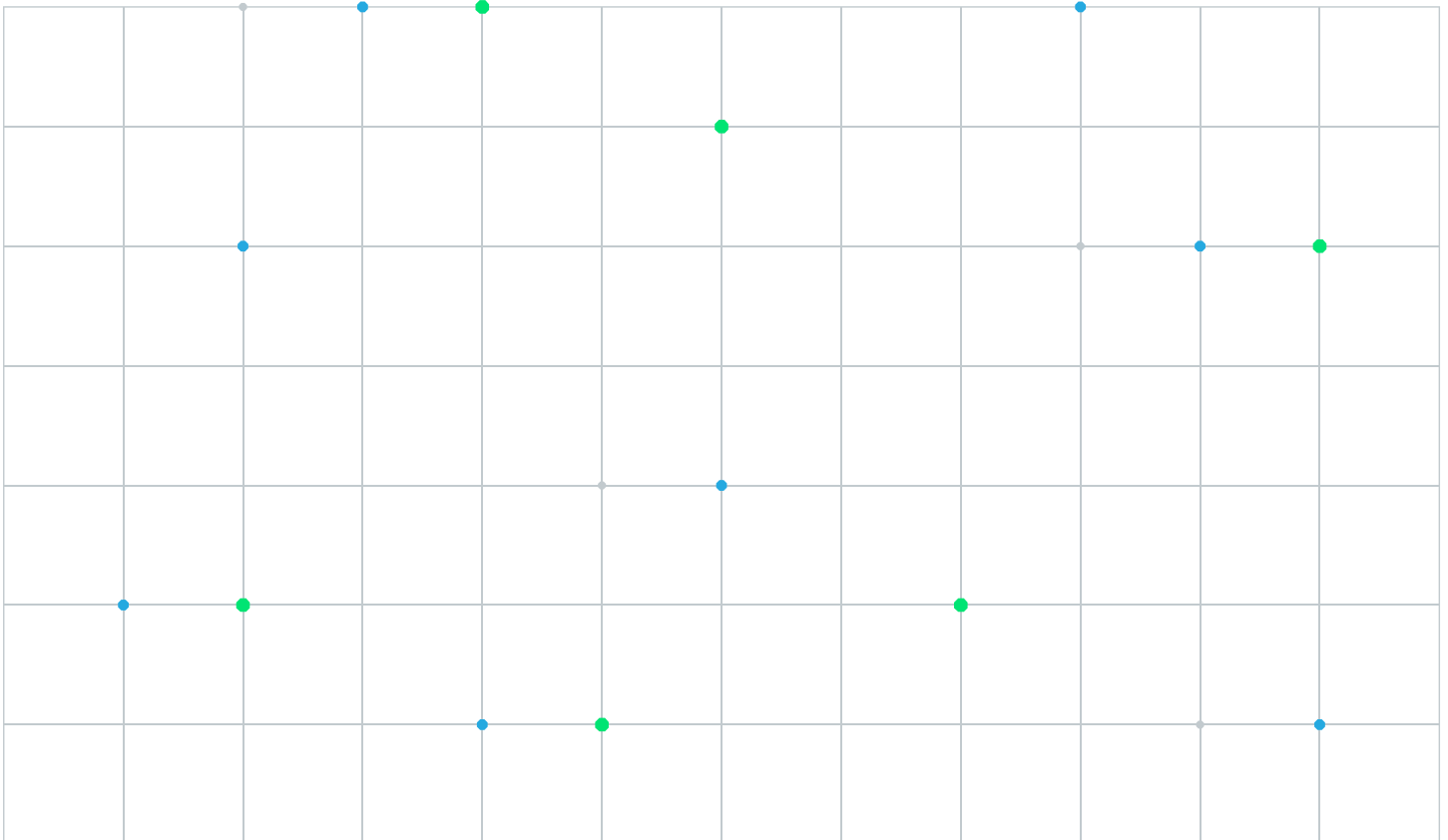
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1. Introduction

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.

EBS offers customers FX trading solutions in MiFID II in-scope financial instruments through the BrokerTec Europe LTD (BEL) EBS MTF and the dual-registered NEX SEF Limited SEF-MTF, where it has a responsibility to provide fair, orderly and transparent execution of trades. Customers engaged in algorithmic trading onto EBS MTFs are required to have their own Kill Functionality – See Member Conditions and Algo Trading Due Diligence Policy, but EBS 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

EBS policy on use of Kill Functionality can be divided into 3 authorities:

- Customer initiated

- Venue initiated

- Regulator initiated - FCA or other

2. Customer Initiated

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

2.1. New Request

- 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 EBS 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)
    - EBS Workstation, Global Access, Yuniti or other User Interface customers

- Use of EBS-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

EBS 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 an EBS venue.

- 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 EBS 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 EBS 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 EBS-side Kill Functionality will be recorded and feature in the annual Algo Customer Risk Assessment (as above).

4. Regulator Initiated

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

4.1. New Event

- It is possible that the FCA or a relevant domestic regulator (including a debt management office) instructs EBS 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, 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.

4.2. Post Mortem

- As dictated by regulator engagement.

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