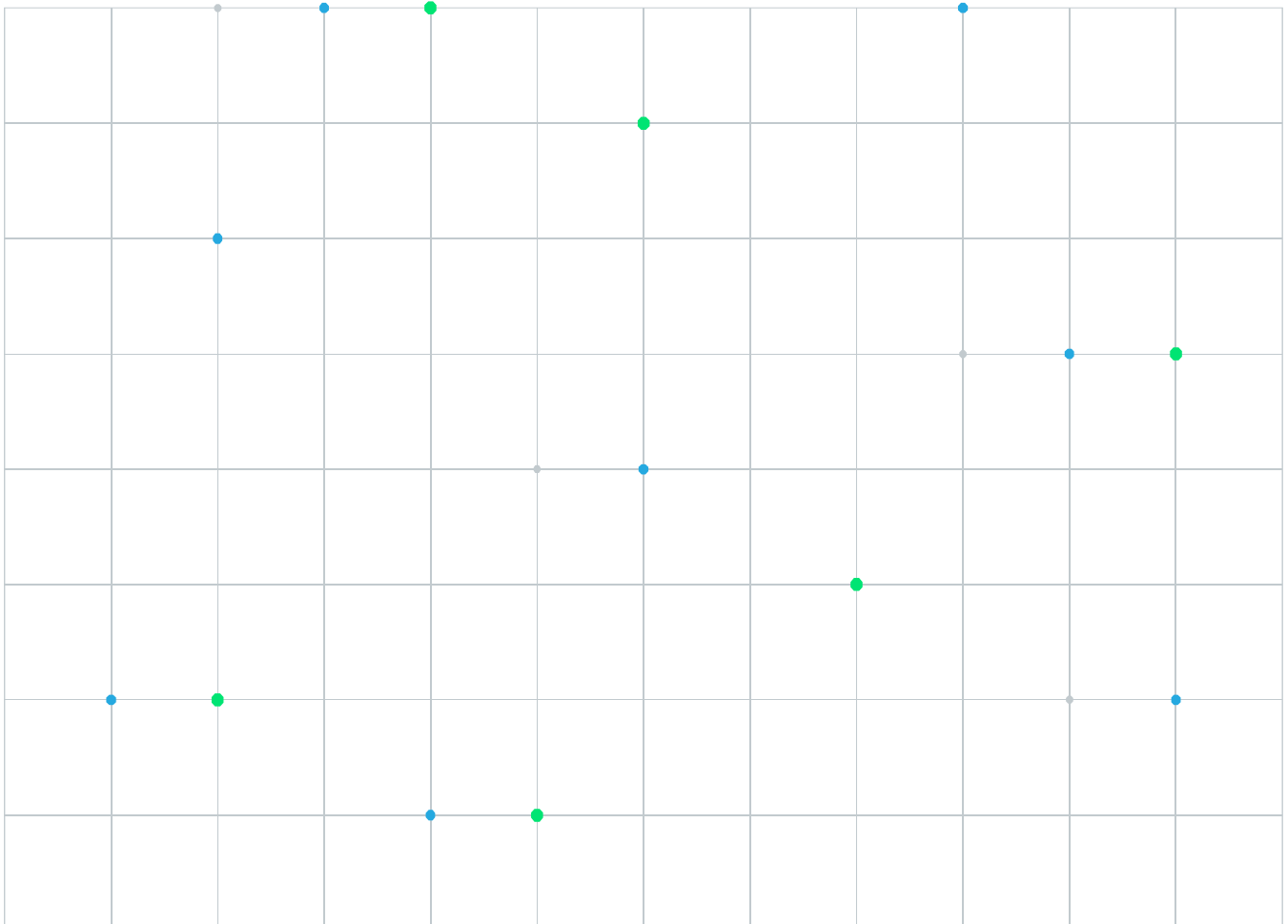


EBS MTF Operational Parameters Annex

January 2022



Introduction and Background

The EBS MTF is a Multilateral Trading Facility under MiFID II. Under MiFID II legislation (Directive 2014/65/EU ("MiFID II") and Regulation 600/2014 ("MiFIR")), and relevant secondary legislation including regulatory technical standards ("RTS"), in particular Commission Delegated Regulation (EU) 2017/584 ("RTS 7"), CME Amsterdam B.V. ("the Operator") is required to have in place effective systems, procedures and arrangements to ensure the fair and orderly functioning of the markets that it operates.

The EBS MTF is comprised of two distinct market segments, each of which corresponds to a separate trading platform/service:

1. EBS Direct (segment MIC: IEBS); and
2. the Reset Segment. (segment MIC: RESF).

The EBS Direct platform enables EBS participants ("**Liquidity Consumers**") to transact with other EBS participants with whom they have a trading relationship ("**Liquidity Providers**") on a direct and disclosed basis or on a non-disclosed basis through a Prime Bank.

The Reset segment of the EBS MTF enables the execution of transactions in the form of pre-arranged crosses; arising from post-trade risk mitigation services.

This Annex describes the various arrangements the Operator has put in place to meet its obligations. Where relevant, further technical details of each arrangement are set out within the Operator's internal operational procedures.

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1. Pre-Trade and Post-Trade Controls

1.1. Pre-Trade controls

1.1.1. Price and Value Controls

The Reset segment only allows for the registration and execution of pre-arranged cross transactions at prices set by a pre-determined price curve. Pre-trade controls established for the Reset segment include:

- Controls to block pre-arranged crosses being executed other than along the pre-determined curve;
- All order sizes should be within the published maximum and minimum size thresholds for each product; and
- Controls on maximum number of pre-arranged crosses which may be submitted in any one batch.

EBS Direct does not impose minimum or maximum order sizes or specific price limits. Liquidity Providers can decide whether or not to respond to Requests for Quote and are able to reject trade requests from Liquidity Consumers.

1.1.2. Message Transmission Controls

1.1.2.1. Message Throttling

EBS Direct can apply thresholds on quote latency to throttle inbound messages.

1.1.3. Counterparty Controls

1.1.3.1. Self-Match Prevention

Interfloor matching is not permitted on the EBS MTF.

1.1.3.2. Counterparty Restrictions

EBS Direct Liquidity Providers must be selected and mapped by Liquidity Consumers before a trade request can take place.

1.2. Post-Trade Controls

1.2.1. Unexecuted Orders to Transactions Ratio

EBS MTF calculates the ratio of unexecuted orders to transaction for each of its participants at the end of every trading session in both volume terms and in number terms:

Volume terms: $(\text{Total volume of orders} / \text{Total volume of transactions}) - 1$

Number terms: $(\text{Total number of orders} / \text{Total number of transactions}) - 1$

Unexecuted orders to transaction ratios are monitored against the maximum thresholds, which have been determined taking into account the nature and liquidity of instruments on the EBS MTF and normal trading patterns.

The thresholds are subject to ongoing review and calibration and participants will be notified via the appropriate channels of any changes to these thresholds.

2. Testing Facilities

2.1. Overview

All algorithmic participants trading on the EBS MTF are required, prior to trading in production, to test their algorithmic trading systems for both conformance to EBS MTF specifications as well as to ensure their trading systems will be able to handle, and not contribute to, disorderly trading conditions.

The EBS MTF testing environment is strictly separated from the production environment and is offered to participants, and prospective participants, on a scheduled basis.

2.2. Fair Usage

EBS MTF makes the testing environment available to participants and prospective participants and there is no charge for the use of the testing facilities.

It is not intended that participants and prospective participants use the EBS MTF testing facilities to evaluate and iterate on the profitability of their trading models.

The EBS MTF reserves the right to restrict access to the testing facilities if usage is considered to be outside of expectations.

3. Trading Venue Self-assessment

RTS 7 sets out requirements for regulated market operators to assess at least once a year their compliance with the provisions of Article 48 of MiFID II including those relating to business continuity arrangements.

The following parameters are taken into consideration in the self-assessment:

Nature

- Nature of trading venue, instruments offered and their liquidity status
- Role of the trading venue in the market, whether instruments covered can be traded elsewhere

Scale

- Potential impact of EBS MTF on the fair and orderly functioning of the market
- Number of algorithms operating on the venue
- Messaging capacity
- Trading volumes
- Percentage of algorithmic trading and traded volume vs total activity
- Percentage of HFT activity and traded volume vs total activity
- Number of participants
- Ratio of unexecuted orders to transactions
- Number and percentage of API trading members
- Number of co-location sites provided
- Number of countries with business activity
- Volatility management mechanisms, dynamic or static trading limits used to halt trading or reject orders

Complexity

- Complexity of the EBS MTF offering and technical infrastructure
- Asset classes offered
- Trading protocols supported (order book, auction, hybrid)
- Pre-trade transparency waivers used
- Trading system diversity and level of control of parameters, software versions, testing and reviews
- Trading system ownership, governance, operation and physical location
- Level of technical and operational outsourcing
- Frequency of changes to protocols, system and membership

4. Participant Due Diligence

Prospective participants of the EBS MTF are required to meet the eligibility criteria and participant obligations set out in the EBS MTF Rulebook upon onboarding and on an on-going basis.

Upon onboarding, EBS MTF will undertake KYC/AML checks and participants are required to complete a participant questionnaire to enable EBS MTF to review and assess the arrangements the participant has in place to meet the rules of the EBS MTF.

In accordance with MiFID II, EBS MTF requires each participant and prospective participant to maintain adequate organisational procedures relating to:

- Pre-trade controls on price and value of orders
- Post-trade controls on credit/clearing and market risk
- Usage controls on message transmission via API

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- Software development control and conformance testing to the EBS MTF
 - Ability to cancel one or all live orders via use of kill functionality
 - Qualified and experienced staff in key positions

EBS MTF conducts a periodic risk-based assessment of its participants to review whether participants continue to meet the participant obligations set out above and in the EBS MTF Rulebook.

5. Disorderly Trading Conditions

5.1. Overview

In accordance with MiFID II, EBS MTF has put in place arrangements to prevent disorderly trading.

All algorithmic participants trading on the EBS MTF are required, prior to trading in production, to test their algorithmic trading systems or strategies to ensure that they do not contribute to disorderly trading conditions.

In the event of disorderly trading conditions, EBS MTF is required to notify its national competent authority and to consider and communicate any further action to halt or constrain trading.

5.2. Disorderly Trading Indicators

The EBS MTF Rulebook defines disorderly trading conditions as a situation where the maintenance of fair, orderly and transparent execution of trades is compromised.

EBS MTF will consider a number of indicators to determine disorderly trading conditions including but not limited to the following:

- the price discovery process is interfered with over a significant period of time;
- the capacities of the EBS MTF's trading systems are reached or exceeded; and
- failure of mechanisms designed to protect against the risk of algorithmic trading.

5.3. Process Overview

5.3.1. Monitoring

EBS MTF monitors in real-time significant processes for its trading systems. Automated alerts are distributed when thresholds are breached based on defined internal procedures.

5.3.2. Communication Protocol

Participants will be notified of disorderly trading conditions through the publication of a market-wide message.

EBS MTF will notify its national competent authority of the disorderly trading conditions via email to the usual supervisory contact.

EBS MTF will consider and communicate any necessary additional measures such as trading halts or messaging restrictions.

5.3.3. Resumption of normal trading

Upon resumption of normal trading the communication protocol will be repeated.

5.3.4. Post-mortem

The appropriate internal teams conduct a post-mortem incident review for EBS MTF management to include the following points:

- Key findings
- Customer experience
- Process improvement

6. Kill Functionality

6.1. Overview

EBS MTF participants must be able to cancel immediately, as an emergency measure and where applicable, any or all unexecuted orders by means of its kill functionality.

In accordance with RTS 7, EBS MTF operates a kill functionality to cancel unexecuted orders submitted by participants.

EBS MTF's policy on the use of its kill functionality can be divided into three authorities:

- participant initiated;
- venue initiated; and
- regulator initiated

6.2. Participant Initiated

Participants may request the cancellation of unexecuted orders where the participant is technically unable to delete its own orders.

Any such request must be made to the EBS MTF by an appropriately authorised individual and should include all necessary information relating to the orders to be cancelled.

Participants may be asked to provide further information relating to any technical failures that may have rendered their own kill functionality inoperable.

6.3. Venue Initiated

EBS MTF may use its kill functionality where required to preserve market integrity or following a suspension initiated by a market operator or competent authority.

6.4. Regulator Initiated

EBS MTF may use its kill functionality at the initiative of its national competent authority following an instrument suspension or further to an instruction to suspend a specific participant's access to the trading systems.

7. Suspension and removal of instruments

The EBS MTF may suspend or remove an instrument from trading, unless such a step would be likely to cause significant damage to the interest of investors or the orderly functioning of the market. Furthermore, the competent authority may demand the suspension of an instrument from trading on the EBS MTF.

7.1. Venue Initiated

EBS MTF may decide to suspend or remove an instrument from trading under certain conditions including but not limited to the following:

- An International Securities Identification Number (ISIN – ISO 6166) is no longer assigned to the instrument
- The instrument is no longer available for trading, for example foreign exchange restrictions
- There is little or no liquidity in an instrument over a significant period of time
- The suspension or removal is unlikely to cause significant damage to investors' interest or the orderly functioning of the market
- If an instrument is suspended or removed, then any derivatives that reference that instrument will also be suspended or removed

EBS MTF may seek the views of participants and its national competent authority prior to suspending or removing an instrument in order to determine the potential for significant damage to investors' interests or the orderly functioning of the market including the potential to increase systemic risk or where continued availability of the instrument on the EBS MTF is necessary to perform critical post-trade risk management functions.

7.2. Regulator Initiated

EBS MTF may be required to suspend or remove a specific instrument from trading upon notification from its national competent authority. In this event, EBS MTF is also required to consider whether to extend the decision to include related derivatives or other instruments.

EBS MTF will communicate any instrument suspension or removal to participants through the appropriate channels.

8. Business Clock Synchronisation

EBS MTF and its participants are required to ensure that the business clocks they use to record the date and time of any reportable event 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.

EBS MTF adheres to the levels of accuracy set out below taking into account that the gateway-to-gateway latency time of its trading system is above 1 millisecond.

Gateway-to-gateway latency time of the trading system	Maximum divergence from UTC	Granularity of the timestamp
> 1 millisecond	1 millisecond	1 millisecond or better

Participants must ensure that their business clocks adhere to the level of accuracy prescribed in RTS 25 Annex Table 2, which is reproduced below.

Type of trading activity	Description	Maximum divergence from UTC	Granularity of the timestamp
Activity using high frequency algorithmic trading technique	High frequency algorithmic trading technique	100 microseconds	1 microsecond or better
Activity on voice trading systems	Voice trading systems as defined in Article 5(5) of Commission Delegated Regulation (EU) 2017/583	1 second	1 second or better
Activity on request for quote systems where the response requires human intervention or where the system does not allow algorithmic trading	Request for quotes systems as defined in Article 5(4) of Delegated Regulation (EU) 2017/583	1 second	1 second or better
Activity of concluding negotiated transactions	Negotiated transaction as set out in Article 4(1)(b) of Regulation (EU) No 600/2014.	1 second	1 second or better
Any other trading activity	All other trading activity not covered by this table.	1 millisecond	1 millisecond or better