

MARKET REGULATION ADVISORY NOTICE

From	NEX SEF Limited (“NEX SEF”)
To	All EBS Asian NDF Platform Participants
Subject	EBS NDF Market Efficiency Program
Rule References	406, 514, 901
Effective Date	September 1, 2023
Notice Date	August 17, 2023
Notice Number	2023-01

This Market Regulation Advisory Notice (MRAN) supersedes MRAN 2021-03.

This MRAN replaces the Quote Fill Ratio requirements outlined in MRAN 2021-03, with Market Efficiency Program Requirements.

NEX SEF | EBS NDF Messaging Efficiency Program

Overview

It is important to NEX SEF that all Participants have a rewarding experience on the NEX SEF platform. It benefits the market to have the liquidity and price discovery that comes from as many Participants as possible that are able and willing to transact with each other.

NEX SEF implemented a Messaging Efficiency Program (“MEP”) across Asian NDF 1M currency pairs for Bids/Offers submitted via EBS Ai, pursuant to NEX SEF Rule 901. MEP supports quote quality at Top of Book and replaces the prior QFR Program outlined in MRAN 2021-03.

Because certain Participants have more than one Trading Floor Code, the MEP may be applied on an aggregate basis for all Trading Floors Codes of a Participant. Similarly, because certain Participants maintain separate Trading Floors for manual trading from their Affiliates’ Trading Floors that use APIs, the relevant MEP may be calculated with respect to the Trading Floors of a Participant and its Affiliates on an aggregate basis to ensure that Rule 901-compliant trading activity will not be inadvertently classified as a violation of Rule 406. Finally, when applying the calculation under MEP, NEX SEF, at the request of the Participant, may aggregate all Bids/Offers submitted to the NEX SEF Dealing Service regardless of access method (*i.e.*, EBS Ai, Workstation or Global Access) by the relevant Trading Floors.

MEP Methodology and Parameters are outlined in the [EBS Market NDF Messaging Efficiency Program](#).

Monitoring and Request for Waivers

During any calendar month Calculation Period, NEX SEF will inform Participants if their Trading Floor, or one or more of their Trading Floors if a Participant has more than one, is not meeting the MEP parameters at the end of the month Calculation Period (the “Monitoring Period”). Participants will be billed a surcharge for any breaches based on the Surcharge Calculation Methodology outlined in the [EBS Market NDF Messaging Efficiency Program](#).

A Participant may submit a Request for Waiver (RFW) of a surcharge if the firm believes that there was a compelling justification for exceeding the applicable messaging threshold. Waiver requests for the MEP must be submitted between the first and 10th business day of the month following the month in which the MEP surcharge occurred. The RFW should be submitted to ebsmarketmepwaiver@cmegroup.com and include a detailed rationale for exceeding the MEP. Participant cannot request more than one (1) waiver per quarter.

The EBS MEP Waiver Committee, made up of a cross functional group across relevant CME teams to support a consistent review process, will carefully consider those requests and has sole discretion as to whether to



grant any waivers. NEX SEF will periodically review EBS market activity to determine if thresholds should be adjusted.

Action for Breach of MEP

Should the Participant fail to meet the established MEP requirements for the specified currency pair in the 1M Outright On-SEF NDF market during three consecutive Monitoring Periods, this matter will be referred to the Compliance Function for consideration of disciplinary action, consistent with Chapter 5 of the NEX SEF Rulebook.