

FXall UK MTF launch

A second MTF variant will launch in the UK in 2023

FAQs

PURPOSE OF THIS DOCUMENT

This document is intended to help answer questions regarding our new UK MTF variant that is being launched in response to the expiry of the Financial Conduct Authority's Temporary Permission Regime (TPR).

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Why is FXall offering a separate UK MTF in addition to the existing EU MTF?

Currently FXall users trading on the MTF are doing so on a venue operated by Financial Transactions Services Ireland Limited (FRTSIL). FRTSIL is authorized by the Central Bank of Ireland (CBI) to operate an MTF.

LSEG is required to establish a second, UK MTF, by the end of 2023 in response to the expiry of the UK's temporary permission regime (TPR). This change will affect FXall RFQ clients who are established in the UK.

Upon expiration of the TPR at the end of 2023, UK clients who, on the basis of their LEI (Firm Level), are deemed to be domiciled in the UK will no longer be able to trade on the existing EU MTF. Therefore, FXall is establishing a second MTF in the UK, the UK MTF, to provide MTF liquidity to UK clients.

How are buy-side clients impacted?

UK domiciled firms (based on firm level LEI) must be onboarded to the UK MTF to access MTF liquidity starting in Q4 2023. These firms will no longer be able to participate on the existing EU MTF.

New onboarding documentation is required to be completed to be enabled for the UK MTF. This should be submitted no later than end of H1 2023.

Clients accessing liquidity via the FXall and FXT GUIs are required to perform a GUI upgrade to version 9.5 to trade on the UK MTF. Clients who trade via the GUI who do not perform the upgrade will lose access to MTF liquidity from Q4 2023. Version 9.5 of the FXall and FXT GUIs will be available from Q3 2023 for download.

Further communications will be sent to the GUI clients with details of the requisite upgrades. TCCI clients will not require an upgrade.

Will buy-side clients have a non-mandatory onboarding option?

As with the existing MTF, it is possible that clients who are not required to join the UK MTF may join optionally. Non-mandatory clients will still be required to go through the same onboarding process. For these clients it is important to note the following:

- US persons may join the UK MTF on request and can trade any instrument except NDFs and Options on the UK MTF.
- Should the US Persons wish to trade NDFs and Options on the UK MTF, they must have a non-US account (RMO / EU /UK) and submit a non-US person declaration and their account would be set to DFA = N. This would allow that account to trade NDFs and Options on the UK MTF.

Clients from the rest of the world may join the UK MTF subject to cross border licensing and exemptions.

Do clients or liquidity providers need to sign any additional documentation?

No, the only documentation needed is the UK MTF Onboarding form. FXall does not require an RDDF or any other documentation requiring signatures.

Will a new Rule Book be published?

Yes, FXall is currently working on updating the Rule Books for both the EU and UK MTF's. It will be available before the end of June.

How Are Multi Firm Level LEI buy-side clients impacted?

Since the UK MTF LEI requirement is at the firm level as opposed to the account level there is no impact. Multi LEI functionality remains the same.

How are sell-side Liquidity Providers/Makers impacted?

Makers who will be affected by the transfer of their clients to the UK MTF will be communicated to directly. Those Makers will be required to onboard to the UK MTF to continue trading with their UK clients.

Makers who choose to join the UK MTF may require trading API upgrades, depending on their chosen implementation. All FXall changes to send the Market Segment MIC code of "TRAL" and a UTI Prefix with the LEI of RTSL "549300SDDJE84DDJNB30" on UK MTF trades will be available in INT in Q3 2023. Testing is strongly encouraged to ensure that these changes are compatible with your systems.

Treasury Center users will be required to upgrade their version of Treasury Center to 9.5 to interact with UK MTF trades. Version 9.5 of the Treasury Center will be available from Q3 2023 for download.

How will the new UK MTF be Implemented?

Trades executed on the UK MTF will carry the Market Segment MIC code of "TRAL" and a UTI Prefix with the LEI of RTSL "549300SDDJE84DDJNB30".

The following FX instruments will be admitted to trading on the UK MTF:

- FX Swaps
- FX Forwards
- FX Non-Deliverable Forwards (NDFs)
- FX Options
- FX SSPs (single spot portfolios)

Resting, Algo, and Fixing orders initiated by UK MTF users will be treated as UK MTF executions. Trades executed by Participants that are not UK Authorized Investment Firms will be transaction reported to the FCA by 22:00 on T+1.

What is the timeline to complete new onboarding documentation, to be enabled for the UK MTF?

New onboarding documentation is required to be completed to be enabled for the UK MTF. This should be submitted no later than end of H1 2023.

For Liquidity Providers there is an H1 deadline for all technical changes to be complete so that they can run tests.

Version 9.5 of the FXall and FXT GUIs are expected to be released prior to Q3 for clients to upgrade. The UK MTF will go live early-Q4 2023. To trade on the UK MTF, a GUI upgrade will be required. TCCI clients will not require an upgrade.

Would an Asset Manager located outside the UK, but trading in AOTC capacity on behalf of funds registered in the UK need to join the UK MTF?

No, FXall does not consider the funds/accounts to be the Participant. So an EU Asset Manager can remain on the EU MTF and trade UK funds on that MTF.

For Non-Spot/UK MTF deals can a Liquidity provider located outside the UK quote clients domiciled in the UK?

The Liquidity Provider must join the UK MTF voluntarily to continue providing liquidity to UK domiciled clients trading Non-Spot/MTF deals.

For MTF deals where the client (buyside) is located outside the UK but using PB domiciled in the UK must they join the UK MTF?

The Liquidity Provider and the client would not be required to join the UK MTF. On FXall, the Prime Broker (PB) is not considered to be the member, and PB give ups are considered post-trade events, therefore the location of the PB does not drive the Taker or Maker entitlements.

Will a Client (buyside) located outside the UK, but trading with UK based liquidity providers be required to join the UK MTF?

The Client will not be required to join. FXall expects these LP's to have off venue branches they can map this client to.