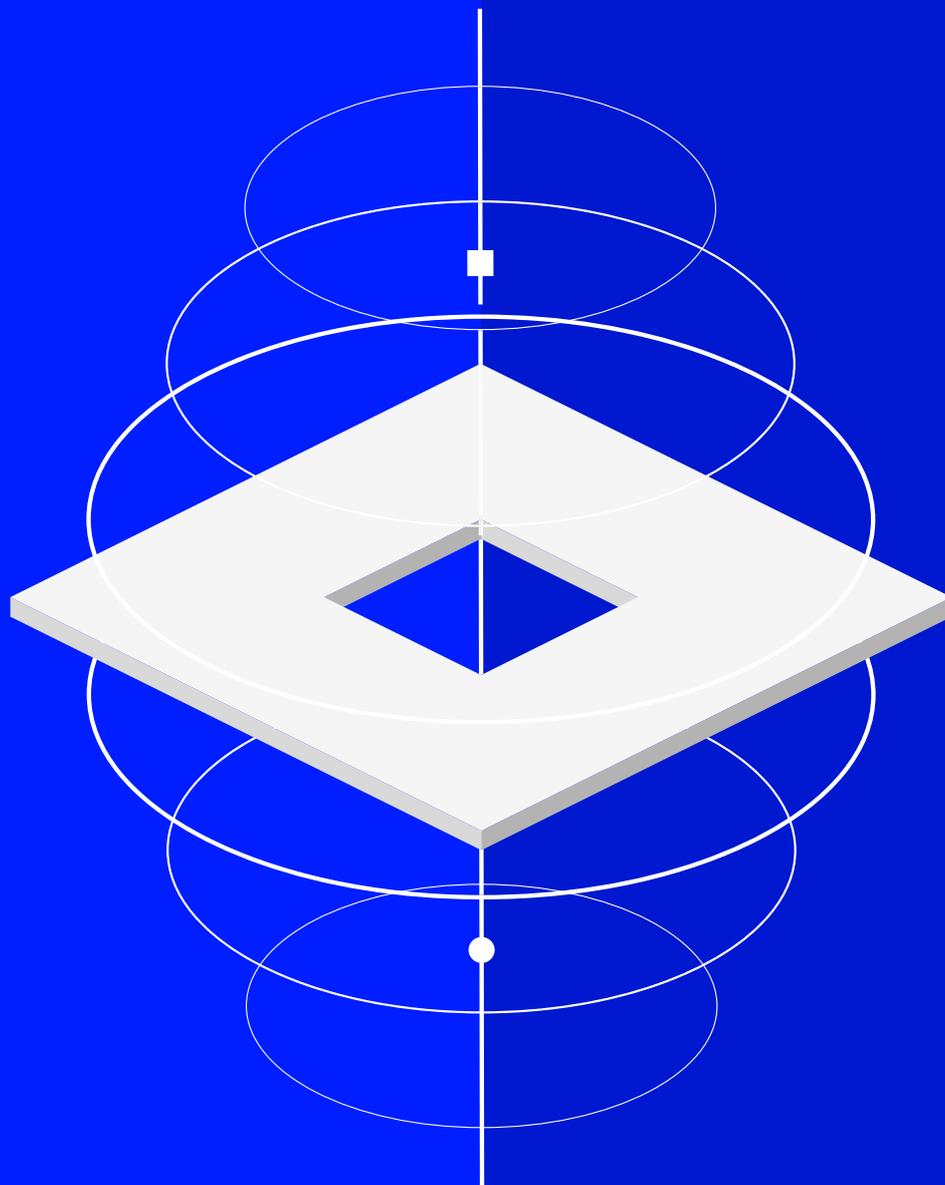


RFQ 2.0



TRANSFORM THE WAY YOU TRADE



LONDON
STOCK
EXCHANGE

RFQ 2.0 Transform the way you trade

London Stock Exchange's RFQ 2.0 will revolutionise the ETF trading landscape, offering auto-complete RFQ functionality with an innovative order book sweep and CCP clearing built in, all under one exchange. It helps investors get better execution outcomes by accessing different types of liquidity instantly and in one place.

How does it work?

Access RFQ 2.0 using your existing London Stock Exchange order book connectivity. The functionality allows execution directly on London Stock Exchange's main market, achieving a "best full fill price" in a fully automated environment.

A tailored conditions-based execution model fits neatly into **brokers'** "execution offering". ETF **investors** will choose "London Stock Exchange RFQ" order routing via the normal equity execution channels.

Auto-complete has simplified RFQ trading, turning the multi-click model into a 'one click' "send & trade" approach. By not limiting the addressable liquidity pool to RFQ quotes only, RFQ 2.0 seeks to improve on the quote responses (i.e. risk prices) by trading against lit & hidden liquidity on the order book – **achieving a better execution price where possible.**



**LONDON STOCK EXCHANGE
ORDER BOOK VALUE TRADED IS
OVER £700M A DAY, OF WHICH
ALMOST 9% ARE HIDDEN
EXECUTIONS. RFQ 2.0 WILL
AUTOMATICALLY SWEEP THE
ORDER BOOK LIQUIDITY POOL.**

*RFQ 2.0 is a Request for Quote model with an order book sweep

*Jan-June 2022, ETF & ETC/N trading segments

**Order book sweep is only applicable for the Sub-Large In Scale "Anonymous to All" auction RFQ model

Key Benefits



Leverage bilateral relationships in an exchange environment – request to trade with your chosen trusted liquidity providers in a centrally cleared model, reducing operational risk & complexity.*



CCP clearing delivers post trade operational efficiency and is ideally suited to the upcoming implementation of CSDR.



Innovative order book sweep combines both RFQ and order book liquidity into one single best execution trading event.



Counterparty risk management and balance sheet efficiency, offering an alternative to bilateral trading with liquidity providers.



Harmonised Exchange Market Supervision, improving market monitoring and surveillance.



TCA friendly, empowering more holistic analysis.

RFQ 2.0 is central to the evolution of the market – improved execution quality analytics and smart order routing offer greater automation and increased liquidity as more ETF investors and market makers adopt the platform.

LONDON STOCK EXCHANGE IS REVOLUTIONISING THE REQUEST FOR QUOTE MARKET.

“

CSDR will bring significant operational change and increased regulatory rigour around security settlement discipline. RFQs incorporating CCP clearing instead of bilateral models are ideally suited to this new trading landscape.

Michael Stanley

Head of ETP Product Development
& Product Management,
London Stock Exchange

*Large In Scale model, including polling using the optional, fully automated, liquidity provider ranking functionality

ETF RFQ Trading Landscape



RFQ 2.0

As ETF algo usage grows, RFQ 2.0 further enhances the exchange offering by enabling different types of liquidity to meet in one place. RFQ requests can now be filled by passive orders resting on exchange, giving increasing confidence to traders using both the RFQ order type and passive algo orders.

Sub LIS Anonymous-to-all RFQ Auction Model with Order Book Sweep

REQUESTOR

Auto-complete RFQ for Instrument A

If auto-complete RFQ conditions are met, then request will automatically execute at “Best Full Fill Price”

“**Best Full Fill Price**” is calculated based on best price outcome across all LP and order book available volume

TIMER

LP'S

Quote Request sent to Instrument A's LP's

LP'S

RFQ Quote Response sent to accept the RFQ

- LP's can respond in less than full request size
- Multiple LP's can form the “Best Full Fill Price”

ORDER BOOK

Order book liquidity is put in direct competition with RFQ quote responses

CCP

Trade. All trade counterparties are notified of the end of the process.

LIS Names Winner Takes All RFQ

REQUESTOR

Auto-complete RFQ for Instrument A

LP'S

Quote Request sent to Instrument A's LP's

LP'S

RFQ Quote Response sent to accept the RFQ

TIMER

If auto-complete RFQ conditions are met, then request automatically **executes against best available LP quote**

CCP

Trade. All trade counterparties are notified of the end of the process.



Meet the team



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