



London Stock Exchange Derivatives Market

Third Party Execution for Reporting Brokers in SOLA

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Third Party Order execution in SOLA

*This document summarises the **Third Party Order execution functionality for Reporting Brokers** on the London Stock Exchange Derivatives Market (**LSEDM**) trading platform (**SOLA**) including a description of the functionality and the workflow..*

1.0 Introduction

London Stock Exchange Derivatives Market (**LSEDM**) trading platform (**SOLA**) allows for Members registered in the capacity of “**Reporting Broker**” to arrange a Block trade between two or more counterparties (not including itself) and electronically initiate the execution process in SOLA through the Third Party Order execution functionality.

This is an **alternative to the manual Trade Reporting process** for Reporting Brokers, and particularly useful for Members that are Inter-Dealer Brokers. LSEDM’s front-end solution, **BTS**, allows users to its Third Party Order Manager to create and manage such trades.

Only LSEDM Members registered in the capacity of **Reporting Brokers**¹ will be allowed to report trades through the Third Party Order execution facility or the manual Trade Reporting process for products listed on LSEDM.

2.0 Description of functionality

Through the Third Party Order execution functionality, Reporting Brokers will be able to submit a request proposing a “Cross/ Committed” trade to be executed between multiple counterparties. In particular:

- Reporting Brokers can enter a Third Party Order in **up to four legs**;
- Reporting Brokers can independently specify **for each leg** of the Third Party Order:
 - The **financial instrument** (e.g. Option or Future), including standard and/or flex series;
 - The **price** and **size**;
 - The **counterparty**;
 - **Buy** or **Sell**.
- The Reporting Broker must include its Trader ID in the Third Party Order.

Once the Third Party Order is entered by the Reporting Broker, each counterparty will receive a notification message without disclosing the names of the other counterparties (only the name of the Reporting Broker will be visible). Once notification has been received, the counterparties will be able to submit acceptance of its Leg of the Third Party Order, or reject it. In case of rejection from one of the counterparties, acceptance by any other counterparty of the Third Party Order will be inhibited. Pending legs will remain in the system till the end of the trading day until they are all accepted. The Third Party Order will be registered and sent to clearing only on acceptance of all of the counterparties.

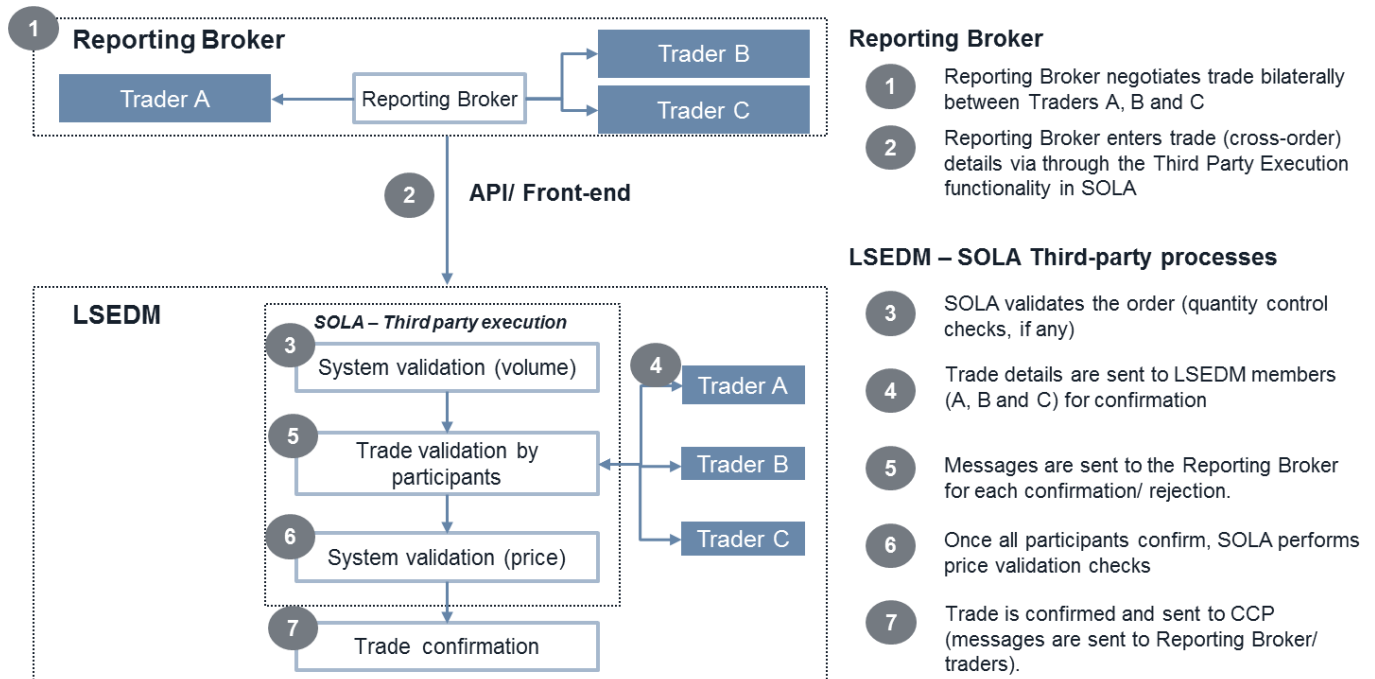
The market model applied to the Third Party Order functionality for each leg mirrors the one for Block trades, such as price and quantity validation. Third Party Orders with legs involving Standard series that are registered will always be published. Third Party Order legs in Tailor-Made (Flex) instruments will be Hidden.

¹ To register in the capacity of a “**Reporting Broker**”, Members should contact membership@lse.com or LSEDM.sales@lse.com. Further details on how to register are provided in Section 4 of this document.

3.0 FOR TRADERS AND DEVELOPERS: Workflow for Third Party Order execution

LSEDM's SOLA API allows market participants to send Bundled Orders through their FIX/ SAIL protocols, and front-end developers to build their own Third Party Order Entry and Monitoring modules. Traders and developers need to use the Third Party Order message, for further details, please see the [LSEDM Technical Documentation](#) ([SAIL Specification](#) and the [FIX Specification](#).)

A description of the workflow for using the Third Party Order execution functionality is given below:



4.0 How to register as a Reporting Broker

- **Existing Members with access to LSEDM:** request the Reporting Broker capacity by sending an email to LSEDM Membership (membership@lseg.com).
- **LSE Members with no access to LSEDM:** complete the *Member Change of Profile Form – Derivatives* form.
- **Non-Members:** complete the short form membership application for Reporting Brokers. This can be requested from LSEDM Membership (membership@lseg.com).

5.0 For further information contact:

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