

Member Portal User Manual

Market Maker Registration

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1.0 Introduction

1.1 Purpose

The purpose of this document is to inform member firms of the London Stock Exchange (“the Exchange”) (excluding LSEDM Derivatives) and Turquoise Global Holdings Limited (“Turquoise”) how to use the Member Portal to register for Market Making Agreements and setup the monitoring configuration and instruments covered under the agreements. This document covers:

- MiFID II Market Making Agreement;
- The monitoring setup for member firms; and
- How to register instruments

2.0 Market Making Agreement

Member firms who are engaged in algorithmic trading to pursue a market making strategy can sign-up to a Market Making Agreement through the member portal. From the dashboard shown in Figure 1 member firms can access the Market Making Agreement through the “Market Making – Algorithmic Trading” section.

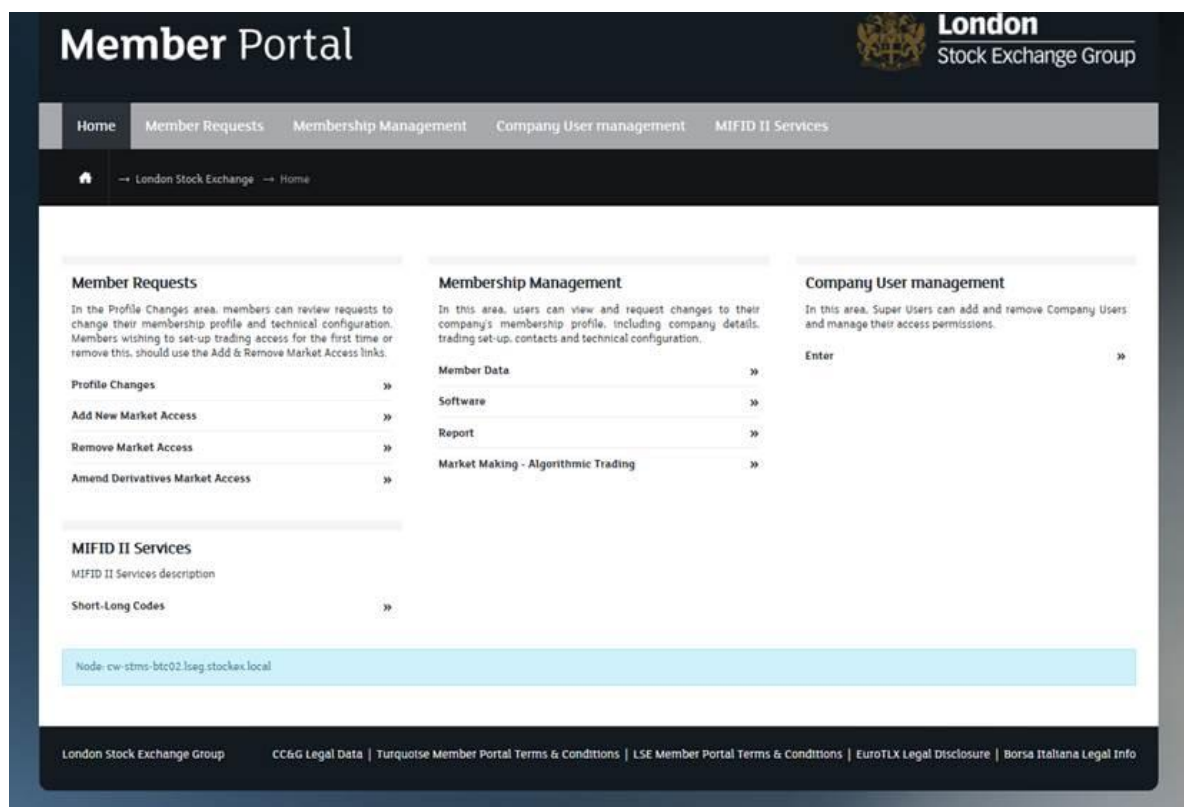


Figure 1

In this section member firms can sign-up to the Market Making Agreement and manage the setup for monitoring and register the instruments in which the member firm is pursuing a market making strategy. This can be managed by selecting the appropriate link shown Figure 2.

The Market Making Agreement can be signed electronically in the member portal and the agreement can become effective from any calendar date in the future. Please note that it is not possible to register desks for monitoring and instruments without having first signed up to the Market Making Agreement.

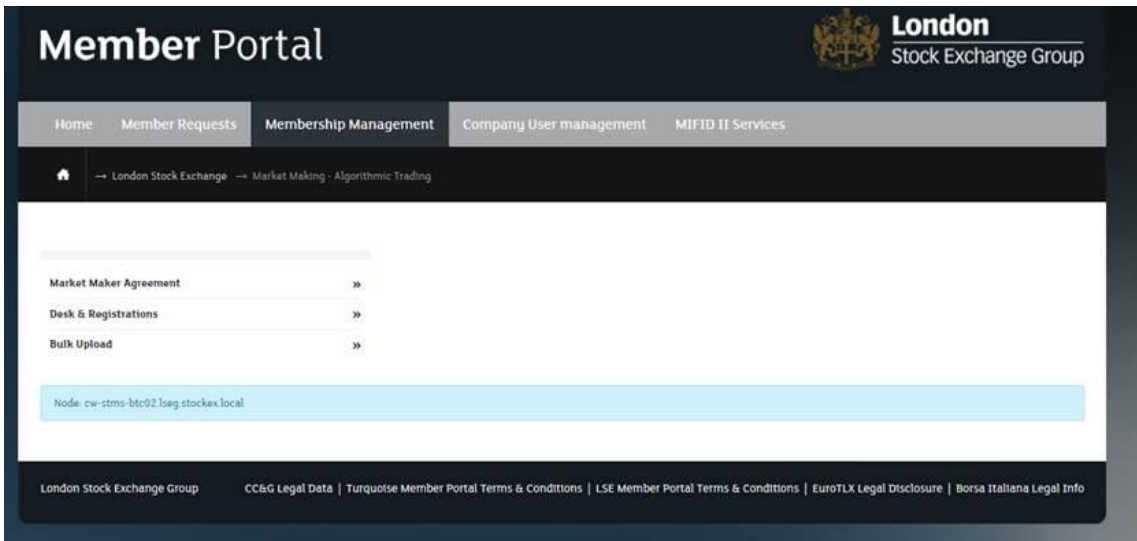


Figure 2

The Market Making Agreement can be cancelled at any time by clicking on the 'Cancellation request' button in the top left of the Market Maker Agreement screen. Please note that cancelling the Market Making Agreement will remove all related configurations for Desks and Instrument Registrations.

3.0 Setting up desks for monitoring

Once a member firm has agreed to the Market Making Agreement it is possible to setup how the member firm wishes to be monitored for the purposes of flagging orders/quotes to meet the requirements of Commission Delegated Regulation (EU) 2017/578 (RTS 8). The concept of “desks” has been created in the MiFID II market making monitoring tool (“monitoring tool”) in order to provide firms with a number of different configurations for monitoring to suit their business requirements. This section provides an overview of the three different types of configuration for flagging orders/quotes.

Member firms should use the “Desk & Registrations” link in Figure 2 to create and modify desks. From this page (as shown in Figure 3) it is also possible to download a list of all desks and instrument registrations by selecting the “Market Making Registration” button, view previously created desks and add new desks.

Member firms can set up multiple desks for the same Member ID if required; instruments can be registered for more than one desk.

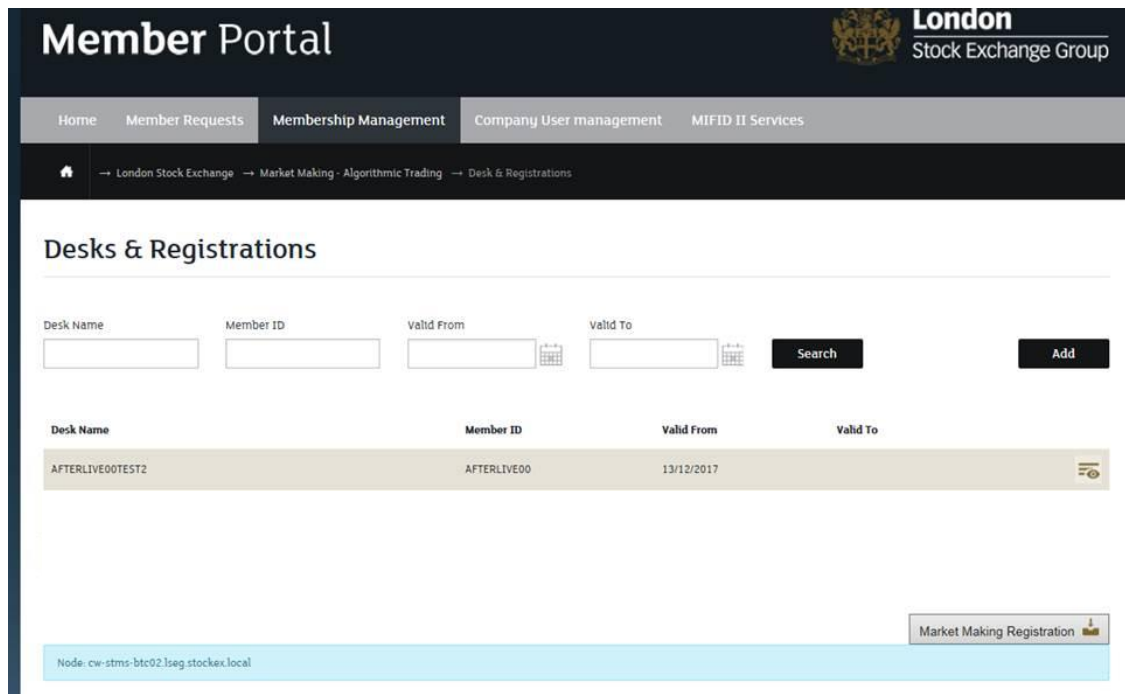


Figure 3

3.1 Using a connection ID

A member firm can create a desk to include one or several connections IDs (“Trader Group IDs”) to flag the relevant orders/quotes that should be monitored in order to meet the requirements of RTS 8. If this configuration is chosen, the monitoring tool will only consider orders/quotes sent through the connection IDs allocated to this desk.

In Figure 3 member firms should use the “Add” button to create a new desk. Member firms must provide a name for each desk that is created and select the Member ID of the firm. A preview of the desk name will be created when these two fields are complete.

The member firm must also select a “Valid From” date for the creation of the desk. This date can only be the current or next calendar day. Please note that the “Valid From” date for a desk can be different to the date that a market making agreement will be effective from. The “Valid To” field is non-mandatory and can be left blank.

Member firms must then select whether all orders/quotes will be monitored or only orders/quotes flagged with the LP flag. In Figure 4, all orders/quotes are selected to be monitored.

Finally the member firm must then select which connection ID(s) should be allocated to this desk. As shown in Figure 4, member firms can tick the connection ID(s) to be included in the desk. A “Valid From” date for the connection ID is a mandatory field for the creation of the desk. The date chosen must be the current or next calendar day.

Figure 4 provides an example of this configuration. Once the configuration has been setup, clicking the “Next” button which will save the desk and move to the instrument registration page for this desk. More detail is provided in Section 4.0.

The screenshot shows a 'New Desk' configuration window. The 'Desk Name (*)' field contains 'TEST2'. The 'Member ID (*)' dropdown is set to 'AFTERLIVE00'. The 'Desk Name Preview' shows 'AFTERLIVE00TEST2'. The 'Valid From (*)' date is '13/12/2017'. The 'Valid To' field is empty. In the 'Orders to be considered' section, the 'All orders' radio button is selected. Under 'Trader Group IDs(*)', a list includes 'All', 'AFTE000F' (checked), and 'AFTE001N'. To the right of this list, there are 'Valid From (*)' and 'Valid To' fields, with '13/12/2017' entered in the first. At the bottom, a blue bar shows the 'Node: cw-stms-btc02.1seg.stockex.local'. 'Next' and 'Cancel' buttons are at the bottom right.

Figure 4

3.2 Populating the Liquidity Provision flag

Member firms can choose to flag orders/quotes for the purposes of RTS 8 by populating the Liquidity Provision (LP) flag on order/quote entry. The Monitoring Tool will only consider orders/quotes that have the LP flag populated for the purposes of meeting RTS 8 requirements. This configuration option still requires the member firm to setup a desk in the Member Portal and register the instruments to be monitored in.

As stated in section 3.1, member firms will need to provide a desk name, select a Member ID and choose a “Valid From” date. For this configuration, member firms must check the “Liquidity Provision tagged orders” option in the “Order to be considered” section.

It is then possible to choose which connection ID(s) to allocate to this desk. For the purposes of this example configuration, all connection IDs have been selected. Please refer to Figure 5 for an example of this configuration setup. It is important to note that

when a desk is created selecting all connection IDs the suffix “ALL” will automatically be added to the desk name. Please note that if all connection IDs are selected then it will not be possible to edit the connection IDs attributed to that desk at a later stage.

Once the configuration has been setup, clicking the “Next” button which will save the desk and move to the instrument registration page for this desk. More detail is provided in Section 4.0.

The screenshot shows a web form titled "New Desk" with the following fields and options:

- Desk Name (*)**: Text input containing "TESTDESK".
- Member ID (*)**: Text input containing "DRAFT010".
- Desk Name Preview**: A preview box showing "DRAFT010TESTDESK_ALL".
- Valid From (*)**: Date input containing "12/12/2017".
- Valid To**: Empty date input field.
- Orders to be considered:** Two radio buttons: "Liquidity Provision tagged orders" (selected) and "All orders".
- Trader Group IDs(*)**: A dropdown menu with "All" selected.
- Footer**: A light blue bar with the text "Node: cw-stms-btc02.lseg.stockex.local".
- Buttons**: "Next" and "Cancel" buttons at the bottom center.

Figure 5

3.3 Using a connection ID and populating the LP flag

Member firms may choose to flag their orders/quotes using a combination of the configurations described in section 3.1 and 3.2. A member firm would follow the same steps as described above. This time the member firm would check the “Liquidity Provision tagged orders” option in the “Order to be considered” section and choose the connection IDs that belong to the newly created desks. In this configuration the


monitoring tool will only consider orders/quotes sent from the nominated connection IDs that are sent with the LP flag populated.

The screenshot shows a 'New Desk' configuration window. The 'Desk Name (*)' field contains 'TEST3'. The 'Member ID (*)' dropdown is set to 'AFTERLIVE00'. The 'Desk Name Preview' shows 'AFTERLIVE00TEST3'. The 'Valid From (*)' date is '12/12/2017'. The 'Valid To' field is empty. Under 'Orders to be considered', the 'Liquidity Provision tagged orders' radio button is selected. The 'Trader Group IDs (*)' section has three entries: 'All' (unchecked), 'AFTE00F' (checked), and 'AFTE01N' (unchecked). The 'AFTE00F' entry has a 'Valid From (*)' date of '12/12/2017' and an empty 'Valid To' field. A status bar at the bottom displays 'Node: cw-stms-btc02.lseg.stockex.local' and 'Next' and 'Cancel' buttons.

Figure 6

Once the configuration has been setup, clicking the “Next” button which will save the desk and move to the instrument registration page for this desk. More detail is provided in Section 4.0.

3.4 Desk modification and cancellation

Member firms can modify and cancel desks in the “Desks & Registrations” section by clicking the icon  shown in Figure 3. The next page will then display the details of the previously created desk. As shown in Figure 7 member firms will then be able to modify or cancel the desk selecting the appropriate option.

It is not possible to modify a desk that has been created with the option all connection IDs selected. In this instance a member firm would have to cancel the desk and setup a new desk with all connection IDs.

Desk details ✕

Modification request Cancellation request

The desk identifies the trading codes that are to be used for the purpose of the market making agreement. A member can set-up multiple desks under the market making agreement and an instrument can be registered for more than one desk for the member firm. If a desk is configured for all Trader Group IDs for a Member ID, the Trader Group IDs included in the Desk cannot be modified in the future.

Desk Name (*)

Member ID (*)

Desk Name Preview

Valid From (*)

📅

Valid To

📅

Orders to be considered:

Liquidity Provision tagged orders All orders

Trader Group IDs(*)

<input type="checkbox"/> All			
<input checked="" type="checkbox"/> AFTE000F	Valid From (*)	<input style="border-bottom: 1px solid #ccc;" type="text" value="13/12/2017"/>	Valid To <input style="border-bottom: 1px solid #ccc;" type="text"/>
<input type="checkbox"/> AFTE001N			

Next Cancel

Figure 7

4.0 Registering Instruments

There are two methods for a member firm to register the instruments in which they are pursuing a market making strategy; selecting the instrument(s) after creating a desk, or using the bulk upload functionality.

4.1 Selecting individual instruments

Once a desk has been created and saved as detailed in Section 3.0, the member firm will be directed to the Instrument Registration page (shown in Figure 8). Member firms can either choose to individually register instruments for the newly created desk or they can press the “Save” button in Figure 8 and use the bulk upload function (see section 4.2).

Instrument Registration

The instrument registration screen displays the instruments that will be monitored for the purpose of the market making agreement. In order to modify instrument registrations, member firms must first modify their Desk by selecting 'Modification request' on the Desk details page. Please note:

- The possible valid_From dates will be the current business day or the following business day.
- Instrument registration will not be possible prior to the first trading date of an instrument symbol.
- The deadline for adding instrument registrations for the current working day will be 5pm London time, any registrations received after this time will be monitored from the following working day.
- When an instrument is deleted or its symbol changes, member firms will be de-registered in that instrument automatically.

Symbol: Name: Valid From:

ADD ALL SYMBOL SELECTED **REMOVE ALL SYMBOL SELECTED**

Selectable Symbol			Selected Symbol	
Symbol	Name	Instr. live date	Symbol	Name

Figure 8

Member firms can search for instruments using the symbol search function located at the top of the page. Figure 9 provides an example of search for an instrument using the symbol "LSE". For instruments admitted to trading on London Stock Exchange, the field symbol refers to the TIDM; the mnemonic code is allocated by the Exchange and used to identify a tradable instrument (i.e. VOD). For instruments admitted to trading on Turquoise, the field symbol refers to a unique financial instrument using the common symbology naming scheme; a string that consists of the Primary market symbol, plus an identifier for the Primary market (i.e. VODI).

The results of the search will be displayed below. Instruments can then be selected by clicking the "Add" button next to the instrument and setting the "Valid From" date. Please note that when registering an instrument the "Valid From" date must be the current or next calendar day and is a mandatory field. The "Valid To" date can be set during the initial registration for an instrument or it can be set at a later date when the member firm wishes to deregister the instrument.

Instrument Registration

The Instrument registration screen displays the Instruments that will be monitored for the purpose of the market making agreement. In order to modify instrument registrations, member firms must first modify their Desk by selecting 'Modification request' on the Desk details page. Please note:

- The possible valid_From dates will be the current business day or the following business day;
- Instrument registration will not be possible prior to the first trading date of an instrument symbol.
- The deadline for adding instrument registrations for the current working day will be 5pm London time; any registrations received after this time will be monitored from the following working day.
- When an instrument is deleted or its symbol changes, member firms will be de-registered in that instrument automatically.


Symbol: LSE Name: LONDON STOCK EXCHANGE Valid From: [Calendar Icon] **Search**

ADD ALL SYMBOL SELECTED **REMOVE ALL SYMBOL SELECTED**

Selectable Symbol			Selected Symbol		
Symbol	Name	Instr. live date	Symbol	Name	
LSE	LONDON STOCK EXCHANGE GROUP PLC	15/05/2006	LSE	LONDON STOCK EXCHANGE GROUP PLC	[Minus Icon]
LSE1	LONDON STOCK EXCHANGE GROUP PLC	25/10/2012		Valid From(*)	18/12/2017 [Calendar Icon]
				Valid To:	[Calendar Icon]

Save **Cancel**

Figure 9

If a member firm wishes to add or remove instruments at a later stage to an already created desk, the member firm can do this by viewing the desk configuration by clicking the icon  shown in Figure 3 in the “Desks & Registrations” section. The desk configuration will be displayed as shown in Figure 7. The member firm should then click the “Modification request” button and then click next to the access the instrument registration screen shown above in Figure 9.

4.2 Bulk upload

The bulk upload functionality can be accessed from the “Market Making – Algorithmic Trading” home screen (as shown in Figure 2). This functionality allows member firms to upload a csv file to register all the instruments for which they are pursuing a market

making strategy. The member portal contains a template file that can be downloaded. There are four columns in the template file;

- Desk Name (mandatory)
- Symbol (mandatory)
- Valid From (mandatory)
- Valid To (optional)

When a file is uploaded, validations will be performed to check if the Desk Name and the Symbol are valid, and that the “Valid From” date is either the current or next calendar day. If any of these fields are incorrect an error file will be produced with the reasoning behind the lines of data which failed (see Figure 10). Changes can then be made and the file can be re-uploaded. If changes are not made then only the lines with correct data will be processed. The status of the file would be set as “Published with errors” as shown by the example upload record UP4701 in Figure 10.

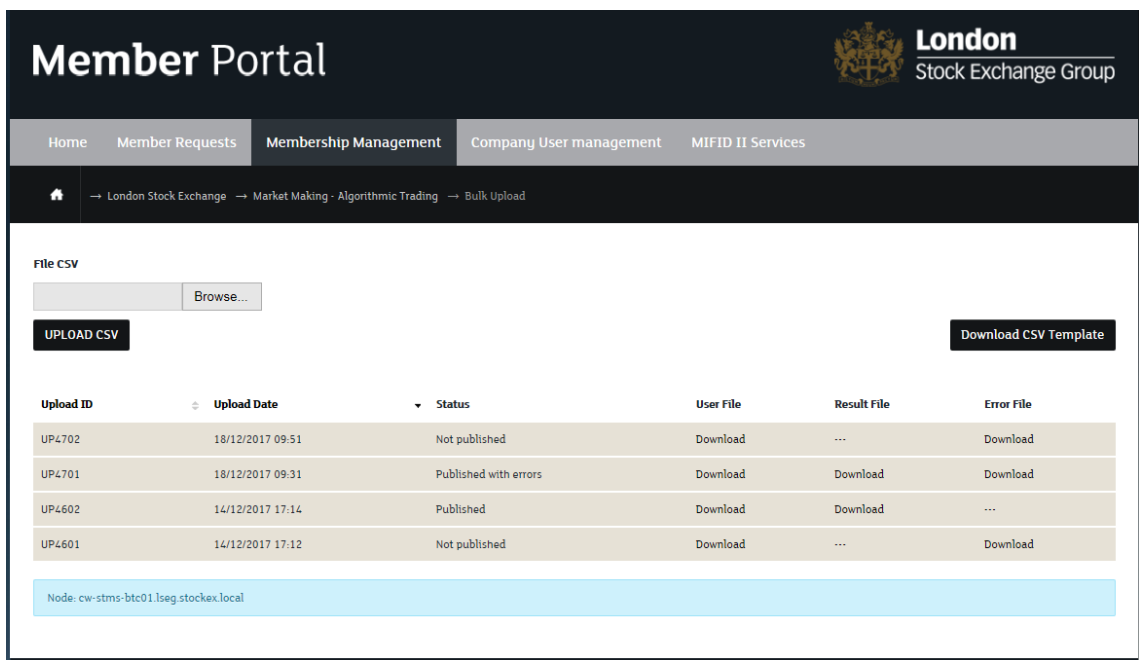



Figure 10

The bulk upload functionality should only be used to register new instruments and deregister existing instruments. Once an instrument has been registered for a desk, it should not be included in the bulk upload file with a new “Valid From” date. This would generate an error message for this line of data as the symbol is already active.

4.3 De-registering an Instrument

A member firm can de-register from an instrument by modifying the instruments registered to a desk in the member portal or using the bulk upload functionality. A member firm can de-register an instrument in the “Desks & Registrations” section by clicking the icon  shown in Figure 3. The member firm should then click the “Modification request” button and then click next to the access the instrument registration screen shown below in Figure 11. The instrument can then be de-registered by setting the “Valid To” date. The valid to date cannot be a date in the past.


Instrument Registration ✕

The Instrument registration screen displays the instruments that will be monitored for the purpose of the market making agreement. In order to modify instrument registrations, member firms must first modify their Desk by selecting 'Modification request' on the Desk details page. Please note:

- The possible Valid_From dates will be the current business day or the following business day.
- Instrument registration will not be possible prior to the first trading date of an instrument symbol.
- The deadline for adding instrument registrations for the current working day will be 5pm London time, any registrations received after this time will be monitored from the following working day.
- When an instrument is deleted or its symbol changes, member firms will be de-registered in that instrument automatically.

Symbol

Name

Valid From 




Search

ADD ALL SYMBOL SELECTED **REMOVE ALL SYMBOL SELECTED**

Selectable Symbol

Symbol	Name	Instr. live date

Selected Symbol

Symbol	LSE	Name	LONDON STOCK EXCHANGE GROUP PLC	
Valid From(*)	<input type="text" value="18/12/2017"/>			
Valid To	<input type="text"/>			

Node: cw-stms-btco1.lseg.stockex.local

Save

Cancel

Figure 11

The bulk upload functionality can also be used to de-register an instrument. An instrument can be de-registered by populating the “Valid To” column when a new file is uploaded. As detailed in section 4.2, an error file will be produced displaying any errors when a bulk upload is completed. Member firms can use this feedback file to verify that the de-registration of an instrument has been successful.

Disclaimer

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