

MTS OVERVIEW OF CONTROLS ARRANGEMENTS

DOCUMENT SUMMARY	
POLICY SUMMARY	This document provides an overview of the MTS' arrangements for Pre-Trade controls as required by Art. 48(4) of MiFID II and Art. 18 and 20 of RTS 7; Orders to Transaction Ratios in order to comply with Art. 48(6) of MiFID II and RTS 9, Circuit Breakers as prescribed in the ESMA guidelines and Art. 48(5) of MiFID II in order to prevent disorderly trading; and Throttling Mechanisms as required by Art. 18(3)g of RTS 7.
SCOPE	This document covers the markets operated by MTS SpA and EuroMTS Limited.
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1. INTRODUCTION AND SCOPE

The document provides an overview of the processes in place for the regime regarding Pre-Trade Controls and Orders to Transaction Ratios, the process for Circuit Breakers in addition to the Throttling Mechanisms, for the markets managed by MTS S.p.A (“**MTS**”) and EuroMTS Limited¹ (“**EMTS**”).

Further technical details of each of the arrangements are described within the internal operational procedures of the firm.

Additional information on other arrangements of the markets is available within the relevant Market Rules or in the Technical Portal.

2. PRE TRADE CONTROLS

MTS applies price collars and controls on the maximum size of incoming orders and quotes to BondVision UK and the Cash Markets managed by MTS S.p.A and EuroMTS Ltd to prevent disorderly trading.

2.1 PRE TRADE CONTROLS - SUMMARY OF FUNCTIONING

MTS distributes the price collars values to Participants, per ISIN, within the Reference Data file as Minimum/Maximum Quotation Limit. The value in these fields will be the price/yield at which the Pre-Trade Price Control Threshold has been set.

The thresholds will be applied to allow for an acceptable margin of change to a reference price from the previous trading day.

For price negotiated bonds, the threshold will be calculated as $\pm\%$ from the reference price.

For Yield negotiated bonds, the threshold will be calculated as \pm basis points from reference yield.

MTS will continue to monitor and refine the methodology used to set the thresholds.

MTS retains the ability to amend these thresholds intra-day, and any amendment would be reflected in a change to the value communicated in the Reference Data file.

With regards size controls, MTS will apply a maximum quantity limit. This limit will be applied in order to prevent extraordinarily large interest being submitted. This limit serves to protect participants from mistakes and prevent disorderly market moves.

MTS will REJECT incoming orders/quotes, both new & edits, that do not satisfy these pre-defined thresholds.

Ongoing review and calibration of parameters for pre trade controls is undertaken on the basis of specific internal procedures.

¹ EuroMTS limited manages the following markets: EBM, BondVision UK, MTS Cash Domestic MTF and all the Segments, currently MTS Austria, MTS Czech Republic, MTS Germany, MTS Greece, MTS Hungary, MTS Ireland, MTS Israel, MTS Netherlands, MTS Portugal, MTS Slovenia, MTS Spain, MTS UK.

3. ORDERS TO TRANSACTION RATIOS

MTS calculates the ratio of unexecuted orders to transactions for each participant and for every financial instrument traded on the trading venue.

3.1 ORDERS TO TRANSACTION RATIOS - SUMMARY OF FUNCTIONING

MTS will calculate the ratio of unexecuted orders to transaction for each of our participants at the end of every trading session both in terms of numbers and volumes

The order to transaction ratios will be calculated for each Participant, market and instrument and compared to the relevant threshold set by the relevant trading venue. For every Participant a daily performance will be calculate.

The thresholds set by the trading venue are available to Participants within the Regulatory Specification document on the MTS website.

The results of the calculation of the ratios per Participant are available within the MTS Data Website via a specific report.

Ongoing review and calibration of parameters for Order to Transaction ratios is undertaken on the basis of specific internal procedures.

4. CIRCUIT BREAKERS

MTS has in place methods to halt trading in volatile market conditions.

4.1 CIRCUIT BREAKERS - SUMMARY OF FUNCTIONING

MTS will automatically temporarily halt or constrain trading in an Instrument when excessive price movements are observed on that market. In exceptional cases, MTS will be able to cancel, vary or correct any transaction.

Taking into account the historical price movements, MTS will set thresholds of acceptable price change. These thresholds will be defined and observed, in both a static and dynamic manner.

Relative to a reference price captured from the previous trading day, a threshold will be set such that trade outside of the limits would cause the bond to be automatically suspended.

Further to this, each traded price will be measured versus the last relevant Cash Market traded price, where an example exists within a recent timeframe. Trade too far from the last trade would also cause the bond to be suspended.

The observation and maintenance across the 2 metrics will allow for MTS to constrain trading within an acceptable range, both inter and intra-day.

Calibration of parameters for Circuit Breakers is undertaken on the basis of specific internal procedures.



5. THROTTLING

MTS provides for throttling mechanisms in order to ensure capacity and resilience in extreme market conditions.

5.1 THROTTLING MECHANISM

MTS adopts flow control mechanisms, in order to throttle the number of message transactions (e.g. orders, quotes, etc.) that can be submitted by market participants to the market platforms. The throttling mechanisms are directed to individual members exceeding the assigned system capacity, and an equal-treatment criteria is adopted among members.