MMT Technical Committee

Market Model Typology Initiative
Frequently Asked Questions

Version 1.1

MMT Technical Committee

CHANGE HISTORY

Version	Date of Change	Description of Change
1.0	26 Oct, 2011	First public draft for release
1.1	16 Jan, 2012	- Minor correction to issue description of Q6 in "Venue-Specific Issues": changed "In rows 22 and 23" to "In two of the rows". - Updated name of "MMT Initiative Trade Flag Mapping Guide" in "Additional Documentation"

ADDITIONAL DOCUMENTATION

The following additional documentation is available from the MMT Technical Committee (MMT TC):

• *MMT Initiative Trade Flag Mapping Guide*

• *MMT Initiative Guide*

• *MMT Initiative Mapping Matrix*

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INTRODUCTION

This document provides details of issues that have arisen and questions that have been asked during the Market Model Typology (MMT) initiative project and which may be useful to all interested parties.

All issues are divided into the following categories:

- **General Issues** These issues are of general relevance to the MMT Initiative.
- **Venue-Specific Issues** These issues are concerned with mappings from specific venues and may include descriptions of any data discrepancies.

The following fields are provided for each issue:

- **Issue** This field provides a description of the issue or question.
- **Solution** This field provides a description of the solution or response to the question as agreed by the MMT Technical Committee

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GENERAL ISSUES

Q1. "GIVE-UP", "GIVE-IN", "EX-DIVIDEND" AND "CUM-DIVIDEND" TRADES

Issue Details	
Issue	Can "Give-Up", "Give-In", Ex-Dividend" and "Cum-Dividend" trades be facilitated within regulated market trade reports, or simply applied to a relevant OTC transaction?
Solution	As per Paragraph 24 of the *Technical Advice CESR/10-882*, the recommended use of explicit trade flags for "Give-Up", "Give-In", Ex-Dividend" and "Cum-Dividend" is only relevant to OTC transactions. In line with this view, the MMT initiative only requires mapping to these explicit trade flags for relevant OTC transactions. The MMT initiative does not provision their mapping for trades reported within a regulated trading environment.

Q2. REFERENCE PRICE AND LIS ORDER EXECUTIONS

Issue Details	
Issue	Dark Trades – How should reference price order executions and Large in Scale (LIS) order executions be flagged in the MMT?
Solution	It is clear from Article 29 in the latest Technical Advice that ESMA recommends that both of these execution types should be flagged as Dark Order Transactions. However, the MMT TC agreed that there is a need to further differentiate the pre-trade environment which facilitates these executions. The generic understanding of the MMT TC is that LIS Hidden Orders interact with LIT and other LIS Hidden Orders on a (Hybrid or Integrated) CLOB. Whereas, (mid-point) reference price Dark Orders interact on a separate (sometimes Virtual) dark book where only these orders interact. As per EMSA Technical Advice, Dark Executions should be flagged 'D' so we have introduced the Dark Trade type at Level 3.1, which should be applied to both Dark Executions resulting from LIS Hidden Order Trades and (mid-point) Reference Price Dark Order executions. The differentiation between the two types of execution will be made at MMT Level 1 by applying the correct Market Mechanism: • Level 1 for (mid-point) Reference Price Dark Order executions – Dark Order Book • Level 1 for LIS Hidden Order Executions – CLOB For example, we would expect the following attributes assigned at Levels 1 to 3 in the MMT Questionnaire: *LIS Hidden Execution (On Hybrid CLOB):* • Level 1 = CLOB • Level 2 = Continuous • Level 3 = Dark Order Execution *Reference Price Dark Execution:* • Level 1 = Dark Order Book • Level 2 = Continuous • Level 3 = Dark Order Execution

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Q3. 'X' AGENCY CROSS TRADES

Issue Details	
Issue	Use of the 'X' Agency Cross Trade flag in the MMT Initiative.
Solution	It is the understanding of the MMT TC that this flag is meant to be applied explicitly within the OTC trading environment and refers to trades executing on Broker Crossing Systems. It is not meant to denote a trade facilitated via a Central Limit Order Book that naturally crosses as part of the activity of that book, i.e. when buy order from client 1 trades against a sell order from the same client but enters into the book earlier and consequently could have interacted with other clients.

Q4. CESR/ESMA RECOMMENDED OTC TRADE CONDITIONS

Issue Details	
Issue	There was much industry discussion during the consultation phase regarding the use of explicit OTC trade conditions for "Give-Up", "Give-In", Ex-Dividend" and "Cum-Dividend" trades. It was widely agreed that these trade conditions would fall under 'Technical Trades' rather than require explicit flags. However, Paragraph 24 of the *Technical Advice CESR/10-882* continues to explicitly recommend their use.
Solution	The MMT initiative must remain agnostic to such discussion and will include the recommendations made in the *Technical Advice CESR/10-882*. The MMT initiative works separately to any industry discussion and has no power of regulation itself. It has no choice but to agnostically adhere to the recommendations and amend the MMT initiative in line with any revised recommendation that may or may not result from such industry discussions.

Q5. TRADE TYPE DEFINITIONS

Issue Details	
Issue	In order to identify the type of some of the trades on a market, it is necessary to derive these trade type definitions from another message or field attribute. For example, one can only differentiate an auction trade from a continuous trading trade via a phase declaration in a phase change message. How do we indicate this in the MMT Questionnaire?
Solution	Pending the upgrade of data feeds to explicitly incorporate MMT trade type codes, it is perfectly acceptable to indicate rules for deriving the type of trade in the MMT Questionnaire. Add a column that explains the message and field that should be analysed in the column heading and, for each of the trades that you add in the rows below, describe which value or values for that message field would indicate that type of trade.

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VENUE-SPECIFIC ISSUES

Q1. NYSE EURONEXT EXCEPTION TO THE AGENCY CROSS RULE

Issue Details	
Issue	NYSE Euronext do not flag natural cross, however they do offer the possibility for a client to enter guaranteed cross trades (rule 4402 of our rule book: a transaction originating from buy and sell orders from the same member which does not interact with orders in the CLOB but whose price is constrained by prices of such orders).
Solution	An Agency Cross would not be regarded as occurring via the Central Limit Order Book (CLOB). However, NYSE Euronext appear to be an exception to the rule in this case and therefore we see CLOB at Level 1 and the Cross Trade attribute marked at Level 3.3.

Q2. NYSE EURONEXT DATE AND TIMESTAMPS

Issue Details	
Issue	The only difference between two of the NYSE Euronext 242 messages was that one had a "Non-Immediate" publication mode whereas the other had an "Immediate" publication mode; it was not possible to differentiate between them in the UTP-MD data feed.
Solution	It is possible to use date and timestamps to differentiate the messages. NYSE Euronext have added two extra columns to their questionnaire to indicate how both the original date and time are declared ("DateOriginalDecl" and "TimeOriginalDecl") therefore enabling the user to determine that the trade is delayed. The comparison should be between this timestamp as defined in the source feed, and the time that the message was received by the vendor. If the time is greater than three minutes, the trade should be marked as "Non-Immediate". If the trade arrived in less than three minutes since the timestamps in the data feed, the trade should be marked as "Immediate".

Q3. BUDAPEST SE CLOB ENTRIES

Issue Details	
Issue	In the Budapest SE mappings, there is no flag to differentiate between the plain vanilla order entries in the Central Limit Order Book (CLOB).
Solution	For informational purposes, the Budapest SE have added a field in the proprietary area to include the Timestamp rule to differentiate between the different trades. In terms of MMT levels, the four CLOB entries will default to the majority case of trade reports: • L1 Central Limit Order Book • L2 Continuous Trading • L3.1 Plain-Vanilla Trade • L3.2 No Negotiated Trade • L3.3 No Crossing Trade • L3.4 New Trade

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Q4. BUDAPEST SE "OFF BOOK" MARKET MECHANISM

Issue Details	
Issue	The first trade in the Budapest SE mappings has a Market Mechanism of "Off Book" and a Trading Mode of "Continuous Trading".
Solution	These trades are considered "Off Book" by the Budapest SE because they are not executed on a quote-driven or order-driven book. A separate order book is available for such orders while the trades are included in the trading list. Negotiated deal orders can be entered continuously, parallel with the main trading session and orders are matched automatically in the trading system.

Q5. FRANKFURT XETRA BEST TRADES

Issue Details	
Issue	Why are Frankfurt Xetra BEST trades flagged as "Off book" although they result from close interaction with Xetra's CLOB?
Solution	Xetra BEST orders in fact result in two related trade categories: one with the Xetra BEST Executor and an "offsetting" one between Xetra BEST Executor and CLOB orders. The latter are flagged as plain vanilla CLOB trades whereas the former ones have no direct and multilateral CLOB interaction. Only those that carry the proprietary Xetra BEST ('XB') flag and under MMT will be flagged as "Off book".

Q6. SIX SWISS EXCHANGE MDI TRADE CANCELLATIONS

Issue Details	
Issue	In two of the rows of the SIX Swiss MDI mappings, the MMT Matrix Level fields are listed as "Implied via Trade Identifier (for Cancellation/Amendment)" however there are no references back to the original trades and therefore it is not possible to discover what the original values are.
Solution	This reflects the current specification of MDI as a low latency pre-trade feed. SIX Swiss will conduct a gap analysis between current MDI data granularity and the MMT standard.

Q7. BUCHAREST SE AUCTION TRADES

Issue Details	
Issue	The Bucharest SE feed uses TAG 131 = 0 (Auction) to denote both Continuous and Auction Trades, however, there is some confusion generated by the meaning of 'auction'. For the Bucharest SE feed the term "auction" actually means any trade concluded during an auction trading phase *or* during continuous trading phase and there is no way to differentiate between auction trades and continuous trading trades.
Solution	The agreed default for trades marked TAG 131 = 0 is 'Central Limit OrderBook' at MMT Level 1 and 'Continuous Trading' at MMT Level 2.

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Q8. BUCHAREST SE DEAL TRADES

Issue Details	
Issue	The Bucharest SE feed uses TAG 131 = 1 (Deal) to denote Off Book Trades. Deal trades are privately-negotiated transactions outside the exchange between two clients. In addition, Deal trades have to be consistent with market rules (price tunnel, tick size, trading schedule), are reported automatically and are included in daily trading summary.
Solution	Deal trades are classified as 'Off Book' at MMT Level 1 and 'Trade Reporting (On Exchange)" at MMT Level 2.