

USER GUIDE 360T SEF



DEUTSCHE BÖRSE
GROUP

TEX MULTIDEALER TRADING SYSTEM

USER GUIDE 360T SWAP EXECUTION FACILITY
FOR THE MARKET TAKER

14 JANUARY, 2019

1 INTRODUCTION

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank” or the “Act”) was signed into U.S. federal law. The Act made changes to the financial regulatory environment in America as a way of promoting financial stability by, among other things, improving accountability and transparency in the financial system. Within the Act, Title VII concerns regulation of the over-the-counter swaps markets, which requires certain OTC derivative and FX instruments to be traded on a regulated SEF.

360 Trading Networks Inc. (360T) offers a SEF venue for such transactions captured under this definition. At present, this applies to FX options and FX non-deliverable forward and Swap (NDF and NDS) instruments traded by persons identified as U.S. entities or which fall under the definitions within the Act. 360T’s SEF services will enable clients to comply with their own Dodd Frank regulatory obligations and will retain the ability for clients to trade with greater transparency and enhanced control at every stage of the trading lifecycle.

Once a client is considered by 360T to be SEF relevant, users can only trade NDF, NDS and FX Options on the SEF. U.S. clients and entities trading with U.S. clients are blocked from trading these instruments if not enabled on the SEF. The required forms have therefore to be complete as well as the administrative information within the 360T administration tool.

This user manual describes the functionality available for the Market Participant trading as Market Taker under the 360T Swap Execution Facility (“360T SEF”). This means on one side the administrative functions to complete in the system prior to being able to trade under the 360T SEF, as well as the actual trading of the transactions falling under the regulation.

The 360T SEF platform is embedded in the 360T trading platform, so that an entity defined as trading NDF/NDS and FX Options under the SEF can still trade all other products under the non SEF platform. This user manual only describes the SEF relevant part. Please refer to the general 360T user manuals for all non SEF business.

All SEF related items (platform functions, entity names, products etc.) are displayed in green color in the user interface and “SEF” in superscript.

For US participants, the provider list will only contain the counterparties which have also signed the SEF participation agreement and set up the SEF reporting parameters. Thus, you will make sure that you comply with the rules defined by the regulator.

For non US participants, the provider list can include US and non US counterparties. By showing the SEF label, the requester will be informed that a trade done with such provider will be reported under the regulation.

The following table shows under which conditions a trade will be considered as done on the SEF or done off the SEF.

Requester	Provider	SEF / OFF SEF
Is US Person	Is US Person	SEF
	Is not US Person	SEF
Is not US Person	Is US Person	SEF
	Is not US Person	OFF SEF

For all cases marked as SEF above, the following prerequisites must be fulfilled:

- Company has provided 360T with its LEI
- Company is SEF enabled by 360T
- SEF Reporting parameters have been keyed in both for Company and Traders.

2 SEF REPORTING PARAMETERS

Under the Dodd Frank Act regulation, required transaction creation data must be reported to a Swap Data Repository (SDR). In addition, data is reported to the National Futures Association (NFA) in order to conduct trade practice and market surveillance on behalf of the 360T SEF. The data transmitted to the SDR and the NFA are trade execution parameters as well as activity data in general about who is trading and what is traded. For this, some participant specific data needs to be completed by the company and users.

Once the SEF participation agreement has been signed with 360T, users will have been named to 360T's support services and given the according Administration rights to complete required parameters.

The functionality "SEF Data" to enter the required data can then be found under the Administration menu.

Required fields are displayed in bold letters. As long as a field is shown in red colour the data is incomplete and can't be saved.

Each company and user set up by 360T's services on the platform is already associated to a country. Depending on that information, some fields might not be required. For example, if you are a UK entity but have signed the SEF participation agreement in order to be able to trade with US participants, then you will not be required to enter a SSN.

Once all data has been provided, the user will see all SEF enabled banks when opening a product definition for an NDF, NDS or FX Option.

If the data is incomplete, the user will not be able to trade on the SEF.

After completion of the SEF User data form, a trader can be disabled from SEF trading by setting the value of the "SEF enabled" field to "false".

Note that disablement of SEF trading only takes effect after the trader logs out and back into the application.

3 TRADING NDF/NDS AND FX OPTIONS AS REQUEST FOR QUOTE ON THE SEF

Once SEF specific reporting data is defined, NDF, NDS and FX Options can be traded with the banks that have also completed the SEF on-boarding.

3.1 NDF

Non deliverable forwards are outright contracts for non-convertible foreign currencies, which are cash-settled by using the difference between the agreed forward rate and the spot rate on the fixing date, which is usually 2 working days before the settlement date.

The workflow supported in 360T's SEF only concerns the execution of the NDF. Once NDF will be subject to clearing, further information will be completed in this manual. The settlement of the NDF always takes place offline between the counterparties.

An FX Non deliverable forward (NDF) product definition is opened after selecting the product NDF in the product selection area and after clicking on a price in one of the FX Live Pricing.

The product definition screen will already include predefined data corresponding to the selection in the live pricing screen. For example, the currency pair and the effective date correspond to that selection.

In order to effect a transaction, a user must specify the relevant currencies and the notional amount to be traded. The minimum notional amount that can be specified is the relevant currency's smallest monetary unit. The maximum notional amount is restricted to a fixed digit length determined by 360T based upon credit and market risk considerations. 360T may change these parameters at any time. Users can access these parameters through the Trading System.

The Fixing Date will automatically be populated by the Trading System based on the spot date convention of the relevant currencies, and is generally two days before the value date.

The Trading System will automatically send the requester's RFS to the liquidity providers selected in advance by the requester on a disclosed basis. There is no minimum or maximum number of liquidity providers to whom RFS may be sent.

3.2 NDS

Non-deliverable swaps traded on 360T SEF can be considered as two linked non-deliverable forwards with opposite actions.

The workflow supported in 360T's SEF only concerns the execution of the NDS. Once NDF will be subject to clearing, further information will be completed in this manual. The settlement of the NDS always takes place offline between the counterparties.

An FX Non deliverable swap (NDS) product definition is opened after selecting the product NDS in the product selection area and after clicking on a price in one of the FX Live Pricing.

The product definition screen will already include predefined data corresponding to the selection in the live pricing screen. For example, the currency pair and the effective periods correspond to that selection.

In order to effect a transaction, a user must specify the relevant currencies and the notional amount to be traded. The minimum notional amount that can be specified is the relevant currency's smallest monetary unit. The maximum notional amount is restricted to a fixed digit length determined by 360T based upon credit and market risk considerations. 360T may change these parameters at any time. Users can access these parameters through the Trading System.

The Fixing Date will automatically be populated by the Trading System based on the spot date convention of the relevant currencies, and is generally two days before the value date.

The Trading System will automatically send the requester's RFS to the liquidity providers selected in advance by the requester on a disclosed basis. There is no minimum or maximum number of liquidity providers to whom RFS may be sent.

Different liquidity providers may be selected for different currencies. A requester can override this functionality if desired in order to select different liquidity providers on a trade by trade basis. Notification of execution is sent to the counterparties to a transaction, but is not sent to all users of the Trading System.

3.3 FX Options

360T supports requests in first generation options, calls and puts and combinations of 2 options (zero premium or standard risk reversal or a request with two legs), European and American style.

Option pricing can be requested for live pricing or with a separate spot delta hedge.

The premium value date is defaulted to the spot date for the currency in which the premium is to be paid, but can be changed by the user. The exercise date is automatically generated by the Trading System and is 1 or 2 business days before the relevant delivery date, depending on the spot date convention for the relevant currency pair.

The minimum notional amount that can be specified is the relevant currency's smallest monetary unit. The maximum notional amount is restricted to a fixed digit length determined by 360T based upon credit and market risk considerations. 360T may change these parameters at any time. Users can access these parameters through the Trading System.

The Trading System will automatically send the requester's RFS to the liquidity providers selected in advance by the requester on a disclosed basis. There is no minimum or maximum number of liquidity providers to whom RFS may be sent.

Different liquidity providers may be selected in advance for different currencies. A requester can override this functionality if desired in order to select different liquidity providers on a trade by trade basis. Notification of execution is sent to the counterparties to a transaction, but is not sent to all users of the Trading System.

3.3.1 Plain Vanilla FX Option / FX Risk Reversal / Zero Cost / Strategy option

In addition to plain vanilla, it is possible to request combinations of 2 options.

Pre-configured strategies to create a standard risk reversal or a zero-cost option are accessible over the menu Transaction.

To request a zero-premium option, the user requests the strike for the first option of the combination and the bank will quote the strike of the second option.

In case of a standard risk reversal, the user will request a given strike for both options and the bank will quote the premium, similar to plain vanilla options

Further freely configurable combinations of two plain vanilla options can be requested via the menu Transaction, FX Options, Option Strategies. The product definition is similar to the risk reversal product definition, except that any combination of 2 options can be defined.

4 COMPETITIVE BIDDING AND TRADE EXECUTION

Once a product definition is complete, clicking to Send will send the request for quote stream to the swap dealers defined in the provider list.

Depending on the type of product, on the currency pair, the requested amount and tenor, prices will typically be returned immediately or within a few seconds. Very illiquid products or products requiring manual intervention on the market maker side might take much longer. In such cases, it might be necessary to extend the request time, which can be configured at the bottom right of each product definition.

The provided quotes are automatically sorted by best price on top. By clicking on the Counterpart column, the sorting can be changed to alphabetical sorting.

In case of 2-way requests, the quotes will be sorted by best spread on top (or in other words best bid and best offer).

By placing the mouse over a provided price, the details of the price (if available) and the P&L compared to the best price will be displayed in a tooltip.

A pre-trade mid-mark market rate (PTMMM) can be visualized over the tooltip as well.

The execution of the trade is triggered by clicking (or double-clicking depending on the user settings) on one of the displayed price.

Upon confirmation of the bank, a ticket automatically shows up, displaying all details of the executed trade, including competitive bids.

The Trading System will display a competitive bidding analysis which demonstrates whether an execution was done at the best price. It shows a full list of the quotes of all requested banks, sorted by best to worst and including a P&L compared to the best quote. It also includes banks that were requested but did not reply with a quote.

Optionally, a post-trade tab is displayed on the trade ticket, in order to complete the trade with customer specific fields required to book a trade post-trade in the requester's back end system.

5 SPECIAL EXECUTION MODES

Two special execution modes are possible in the Trading System.

5.1 Multiple Executions

The objective of the multiple execution mode is to split a large trade amount to several banks. The request will then be executed in a row with several of the pricing banks.

If the Allow multiple execution was selected on the Transaction tab of the product definition, once the first bid is executed, the competitive bidding screen remains open, while the remaining banks continue to price. Further executions are then possible, until the user clicks on Finish, which then stops the request to the remaining banks.

5.2 Rollover and Early Settlement of Trades

NDF trades can be rolled over via the context menu in the dealblotter using the right mouse click or over the menu on the right of the dealblotter.

Rolling over an NDF automatically generates a new NDS based on the parameters of the rolled deal: near date of the NDS corresponds to the far date of the original deal; the same notional is assumed but can be modified. The request is then not only sent to the bank of the original rolled transaction, but simultaneously to other market makers as a new request for quote.

6 SEF ORDER BOOK

The SEF Order Book allows the SEF enabled users to place limit orders that can be viewed by all other users registered as SEF Participants with 360T.

All users can view all orders placed in the SEF Order Book. Execution is only possible between entities that have a counterparty relationship with each other.

Orders displayed in black can be executed. Orders displayed in grey with obfuscated Company name are only indicative, as they originate from market participants without a relationship to the entity looking at the order book.

Orders for NDF, NDS and FX Options are supported in the SEF Order Book. In order to place an order on the SEF Order Book, a user must specify the relevant product, currencies and the notional amount to be traded. The minimum notional amount that can be specified is the relevant currency's smallest monetary unit. The maximum notional amount is restricted to a fixed digit length determined by 360T based upon credit and market risk considerations. 360T may change these parameters at any time. Users can access these parameters through the Trading System.

360T does not automatically match orders and the execution remains under the control of the market participants. If an order is displayed as tradable (in black), the user can execute it without placing an opposite order in the user interface but by marking it, opening the context menu over the right mouse click and then selecting Execute; or by opening it with a double-click and then clicking the Execute button.

The SEF Order Book and the Request for Streamed quotes (RFS) process interact in the following way:

If a RFS matches one or several orders in terms of: Action, Currency Couple, Effective Date and Maturity Date, Fixing Reference/Expiry and the notional is equal to the amount in the Limit Order and also the notional currency is the same as in the limit order then the **best executable** limit rate will be displayed in the competitive bidding window. In addition, the **best indicative** limit rate will also be displayed in the RFS window if it is better than or equal to the best executable limit rate. A rate is considered indicative (non executable), if no relationship to the company submitting the limit order exist.

Limit orders cannot be partially filled.

All orders placed in the SEF order book expire at the end of the trading day, i.e. at 5pm New York. A placed order can be canceled or amended by any user in the same company as the user who has entered the order.

7 CONTACTING 360T

Global Support

Phone: +49 69 900289-19

Fax: +49 69 900289-29

E-Mail: support@360t.com

EMEA

Germany

360 Treasury Systems AG

Grueneburgweg 16-18

D-60322 Frankfurt am

Main Phone: +49 69 900289-0

Fax: +49 69 900289-29

Americas

USA

360 Trading Networks, Inc.

521 5th Avenue, 38th Floor

New York, NY 10175

Phone: +1 212 776 2900

Asia Pacific

Singapore

360T Asia Pacific Pte. Ltd.

One George Street

#07-04 One George

Singapore 049145

Phone: +65 6325 9970

Fax: +65 6536 0662