

Order Book Market

Market Appendix 1 ~~to the Venue Rulebook~~ – ~~Order Book Market~~

"Order Book Market ~~Appendix~~"

Version	Effective Date	Sections Changed	Summary Changes	Owner
	12 May 2021	Application Filing	None	CCO
V2.0	Feb 2022	Order Book Market Appendix	Change of OIS product	CCO
			Change of minimum order size	CCO

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V2.1	1 July 2023	2.3 & Definitions	Clarification of applicable regulatory regime	CCO
	1 July 2023	3.1.2, 4.1.1, 4.1.2, 5.4.2	Removal of GBP	CCO

Market Appendix 1 – Order Book Market "Order Book Market Appendix"

1. Definitions and Interpretation

The following definitions shall apply only to this Market Appendix in addition to the definitions contained in the iSwap Venue Rulebook.

Authorised Trader Desk Manager	A user of the iSwap Venue being a Member Participant's authorised employee, officer, agent, Affiliate or designee as notified to the Operator by Member Participant who has been granted certain trading permissions as set out in the Schedule.
CTD Bond	The government bond, contained in the basket of deliverable bonds defined by the relevant futures exchange, which is cheapest to deliver against the relevant Future.
Forward Rate Agreement (FRA)	An interest rate derivative in which, for a reference period in the future, one counterparty agrees to pay an agreed fixed interest rate, and the other counterparty agrees to pay a reference floating interest rate, on a notional amount in a specified currency.
Implied Order	An implied order is a tradeable order automatically generated from two or more orders.
Mid Market Trade	A Trade that occurs at the Order Book Mid
Order Book	The iSwap Venue central limit order book made available by the Operator for the submission of Orders and the Matching of Trades in accordance with this Order Book

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	Market Appendix. <u>The execution method is available to all Participants.</u>
Order Book Mid	The price level announced from time to time by the Operator for a Product, in the discretion of the Operator, set in accordance with Rule 5.14.
Overnight Index Swaps (OIS)	An Interest Rate Swap in respect of which the floating interest rate is determined by reference to an index based on overnight interbank interest rates.
YTM	Yield to maturity.

2. General

2.1 This Order Book Market Appendix sets out additional Rules for participation and trading of the Product(s) on the Order Book, to ensure the orderly conduct of business.

2.2 Where indicated, certain Rules in this Appendix have specific application to certain Products. The Rules are binding on all Participants.

2.3 All transactions on the Order Book market are subject to the Act, MiFID II and MiFIR and comply with all applicable CFTC and AFM regulation. The Order Book is available to all Participants.

2.3.2.4 Broker Participants are permitted to deal with Member Participants on the Order Book and will:

2.3.12.4.1 submit all Orders on behalf of Member Participant as soon as reasonably practicable after instructions to place the Orders are received from such Member Participant; and

2.3.22.4.2 invoice a Member Participant for whom it is authorised to act directly in relation to any applicable fees for its services.

2.3.32.4.3 Pursuant to Commission Regulation 37.202, iSwap will provide impartial access to its market(s) and market services, including any indicative quote screens or any similar pricing data displays. iSwap will maintain criteria governing such access that are impartial, transparent, and applied in a fair and ~~nondiscriminatory~~ non discriminatory manner.

3. Trading Day

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- 3.1 The Trading Day for the Product(s) is:
- 3.1.1 in respect of Product(s) denominated in Euro, 08.30 – 18.00 Netherlands time (07.30 – 17.00 UK time; 02.30 - 12.00 NY time) Monday to Friday; and

~~3.1.2 in respect of Product(s) denominated in Pound Sterling, 08.30 – 17.15 Netherlands time (07.30 – 16.15 UK time; 2:30 – 11:15 US time) Monday to Friday.~~

4. Product(s)

General

- 4.1 The Product(s) traded on the Order Book are:
- 4.1.1 IRS denominated in Euro ~~and GBP~~;
- 4.1.2 OIS denominated in Euro (~~EONIA~~) ~~and GBP (SONIA/ESTR)~~; and
- 4.1.3 FRA denominated in Euro.
- 4.2 Each Product is made up of one or more Eligible Instruments.
- 4.3 The Order Book supports outright and strategy Eligible Instruments. Strategy Eligible Instruments include spreads, butterflies, Futures Crosses and basis. Each of the Eligible Instruments traded on the Order Book shall be dealt with in accordance with the terms in this Rule 4, as applicable.

All Orders

- 4.4 Participants may only submit limit Orders to the Order Book. The types of limit Orders and durations of those Orders that may be submitted to the Order Book are prescribed in the Schedule.
- 4.5 Orders submitted to the Order Book must specify the volume, price, duration and whether it is a buy or sell Order.
- 4.6 The Order Book displays the currency and tenor of the Eligible Instrument(s).
- 4.7 All Orders can imply into other Orders, to the extent possible.
- 4.8 Implied Orders are automatically generated from outright orders into strategies, a combination of outright and strategy orders or a combination of strategy orders.

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Strategy Orders

- 4.9 The Order Book displays the size ratio of the constituent legs of Strategy Eligible Instruments.
- 4.10 All strategy Orders are submitted and Matched using the default duration ratios set by Operator. These ratios are set at the start of the Trading Day, and updated periodically by Operator during trading hours.
- 4.11 Trade sizes are rounded down to the nearest 0.1 million.
- 4.12 When entering a spread Order onto the Order Book, the Order size shall be taken to relate to the longer leg of the spread Order. When entering a butterfly Order onto the Order Book, the Order size shall be taken to relate to the middle leg of the butterfly Order.

Futures Cross Orders

- 4.13 The following sub-clauses will apply where Participants submit Futures Cross Orders onto the Order Book:
 - 4.13.1 Once a Futures Cross Order is Matched, the iSwap Venue will automatically submit the resulting Futures leg to the relevant futures exchange via TP ICAP Europe [SAS.A](#) for acceptance. Operator will provide Participants with the details of the Futures Cross Trade they have entered into once accepted by the relevant Futures exchange.
 - 4.13.2 The spread price of the Futures Cross Order is the sum of: (i) the fixed rate of an Interest Rate Swap which starts on the delivery date of the relevant Future and matures on the maturity date of the relevant CTD Bond; less (ii) the yield of the relevant Future.
 - 4.13.3 The Futures leg of the Futures Cross Trade is priced at the last traded price of such Future on the relevant futures exchange at the time of the initial Match of the Futures Cross Order. This price is multiplied by the conversion factor of the corresponding CTD Bond and then converted to a yield using the simple YTM formula (which can be replicated on Bloomberg or in Excel's =YIELD function). This gives a 5dp yield, to which the traded Interest Rate Swap spread is added giving a 5dp swap rate.
 - 4.13.4 The Operator, at its discretion, sets the ratio between the notional principal of an Interest Rate Swap leg of the Trade and the number of contracts in which its corresponding Futures leg of the Trade is executed. This is set at the start of the Trading Day and updated periodically by Operator during the Trading Day.

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5. Trading Rules

Orders

- 5.1 Authorised Persons may submit Orders onto the Order Book directly via the Order Book's Application Program Interface (API) or front end application, with all such Orders being governed by these Rules.
- 5.2 All Participant's Orders are pre-Trade anonymous other than as follows:
- 5.2.1 Member Participant can permission their Authorised Traders to view details of Orders submitted by other Authorised Traders of such Member Participant (as further detailed in the Schedule); ~~and~~).

Order Size

- 5.3 Participants shall only submit Orders that conform to the minimum order size ("**Minimum Order Size**") for Eligible Instruments. Orders that do not conform to the Minimum Order Size cannot be submitted to the Order Book.
- 5.4 The Minimum Order Size limits for Eligible Instruments in the Products are set as follows:
- 5.4.1 For IRS, OIS and FRA Eligible Instruments denominated in Euro with:
- (a) a maturity of up to and including 2 years, approximately EUR 40m;
 - (b) a maturity of between 2 years and 20 years (inclusive), the duration equivalent of EUR ~~40m~~4.9m with a maturity of ~~20~~ years; and
 - (c) a maturity of greater than 20 years, EUR ~~5m~~4.9m.
- ~~5.4.2 For all IRS Eligible Instruments denominated in Pounds Sterling, the duration equivalent of GBP 5m with a maturity of 10 years.~~
- 5.5 Notwithstanding Rule 5.3, Member Participants may instruct Operator via the Authorisation Form to configure their settings to allow Orders at 20% of the Minimum Order Size (the "**Configured Minimum Size**"), in which case a Participant's Orders may be Matched with Orders of a Participant who has an equivalent configuration. For Orders at the Configured Minimum Size Member Participants may only enter Immediate and Non Display Limit Orders.
- 5.6 The price increments of Orders for all Eligible Instruments will be 1/20th of a basis point.
- 5.7 Participants may not submit Orders with an Order size of greater than the PV01 value, as determined by the Operator.

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- 5.8 Authorised Trader Desk Managers may instruct Operator to configure their settings, on a Desk or Authorised Trader basis, so that Authorised Traders may not submit Orders with an Order size that has a PV01 value of greater than a specified limit (Hard Order Limits).

Order Matching

- 5.9 Orders shown on the Order Book will be Matched using the following criteria in order of precedence:
- 5.9.1 price;
 - 5.9.2 implied chain length; and
 - 5.9.3 time (based on the time stamped on an Order when it is shown on the Order Book).
- 5.10 All Participants' Orders are treated equally, and Orders are Matched at the price limit of the submitted Order, or better. Orders submitted to the Order Book are Matched at the best available price. Pursuant to Commission Regulation 37.202, iSwap will provide fair, open and impartial access to the SEF and the SEF market services.
- 5.11 Following a Match to the extent that any residual Order balances below either the Minimum Order Size or Configured Minimum Size remain on the Order Book, such residual Order balances will only expire once they have attempted to Match once with other Orders submitted by, or on behalf of, Member Participants.
- 5.12 Chains of implied Orders will be Matched to any chain length so that all constituent legs of a strategy Trade will be executed together or not at all.
- 5.13 Matches are not permitted between Orders from the same Authorised Trader, unless two or more of those Orders form part of an implied chain, or between Orders where the Operator is aware that Participants in combination are unable to affirm and send to clearing.
- 5.14 The Order Book Mid represents a market neutral mid-price at the time it is set. The Operator will set the Order Book Mid. The publication or absence of an Order Book Mid in a Product has no effect on Order matching, and any Order submitted at the same price as the Order Book Mid is Matched using the same criteria in Rule 5.9 as Orders submitted at any other price. If published, the Order Book Mid allows a Participant to submit an Order that will be automatically withdrawn if the Order Book Mid changes.
- 5.15 Order Work-Up - Following the conclusion of a Trade, the Participants to the Trade may be invited to submit Orders in respect of the relevant Product at the same price as the Trade but at a volume selected by the respective Participants ("Repeat Orders") for a specified period of time ("Private Work-Up Phase"). Following the Private Work-Up Phase, for a further specified time period, other Participants may

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also be invited to submit Repeat Orders (“Public Work-Up Phase”). Repeat Orders will Match during the Private Work-Up Phase and the Public Work-Up Phase. The periods for the Private Work-Up Phase and the Public Work-Up Phase will be determined by the Operator at its discretion. Notwithstanding the foregoing, for an Order Work-Up of a Required Transaction, following the conclusion of a Trade, the work-up will immediately proceed to the Public Work-Up Phase.

Offsetting Orders

5.16 Broker Participants are permitted to execute offsetting Orders as a result of pre-execution discussion onto the Order Book provided that an Order is submitted and remains on the Order Book for the following time periods before such Trade is executed:

5.16.1 15 seconds for outright Orders;

5.16.2 15 seconds for spread, butterfly and Futures Cross Orders; and

5.16.3 30 seconds for basis Orders.

5.17 Offsetting Orders are not permitted in any of the following Order types:

5.17.1 Non Display Limit;

5.17.2 Min Clip;

5.17.3 AON; or

5.17.4 Display Reserve Order.

6. Contractual Position

6.1 All Orders shown on the Order Book are firm and available to be Matched.

6.2 At the point at which an Order (other than a Futures Cross Order) submitted by Member Participant or Broker Participant on behalf of a Member Participant is Matched, the relevant Member Participants have entered into a valid, legal and binding Trade.

6.3 At the point at which the Futures leg of a Futures Cross Orders is accepted by the relevant futures exchange, the relevant Member Participants have entered into a valid, legal and binding Trade.

6.4 The Futures Leg of any Futures Crosses shall also be governed by the International Uniform Give-Up Agreement in place between the Member Participant and TP ICAP Europe [SAS.A](#).

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