

## **CONSULTATION ON THE AMENDMENTS TO THE NEX EXCHANGE TRADING RULES FOR MIFID II**

### **1. INTRODUCTION**

This notice provides details of the proposed amendments to the Trading Rules of NEX Exchange (“**NEX Exchange**”) to accommodate the Markets in Financial Instruments Directive (“**MIFID II**”). It is proposed that the amended rules will be effective 3 January 2017.

Member firms are encouraged to review this notice together with the draft Trading Rules, and to provide any feedback at the earliest opportunity, but not later than 1 December 2018.

A clean and marked copy of the amended Trading Rules together with a new “Trading Parameters” document referenced in the amended Trading Rules is available on the NEX Exchange website at <http://www.nexexchange.com/resources/consultations/>.

We welcome comments and feedback from market participants and interested parties on the amended rules. You may respond to this consultation by email to [regulation@NexExchange.com](mailto:regulation@NexExchange.com).

### **2. SUMMARY OF MATERIAL CHANGES**

#### **General**

To improve clarity, key parameters (for example, large in scale and deferred transparency thresholds) have been extracted from the Trading Rules and will instead appear in a separate document entitled “Trading Parameters” that will be published on our website and updated from time to time.

#### **Market Maker agreements and schemes**

In accordance with MIFID II, members which engage in algorithmic trading and pursue a market making strategy must enter into a market making agreement with NEX Exchange.

#### **Tick Size and Maximum Spread**

The new regulatory regime regarding tick sizes requires NEX Exchange to adjust tick sizes that apply to shares and ETFs with equity underlying. The tick sizes that may apply are set out in the Trading Parameters.

The maximum spread that may be submitted by a market maker will also now be published in the Trading Parameters.

#### **On-Exchange Trades**

The rules as to when a trade may be brought on-exchange have been amended to meet the new MIFIR thresholds for a trade that is large in scale (as set out in RTS 1) and to specify when a trade may be regarded as a negotiated trade and therefore eligibility for a pre-trade transparency waiver.

#### **Trade Reporting**

The deadline for the submission of trade reports has been amended from 3 minutes to 1 minute.

The content to be included in a trade report has been updated to include the reporting of LEIs; NEX Exchange trading venue MICs; and MIFID II trade type indicators.



The qualifying size of trades eligible for deferred publication have been amended to meet the new MIFIR thresholds set out in RTS 1. Further, the rules on deferred publication have been moved from Chapter 5 (Market Operations) to Chapter 4 (Trade Reporting) to improve clarity.