

Name of Exchange: ATHEX

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A. Communication and Collaboration

A.1. What are your plans for communicating MiFID II updates to your members and participants during 2017?

We have published in our website the technical specs for Members, system vendors and data vendors and we have announced the exact project time plan.

A.2. How are you collaborating with cross exchange groups to develop a consistent approach to the solutions required by MiFID II?

We follow them closely (FIX, "short code" team).

A.3. How are you providing Independent Software Vendor's with MiFID II specific updates & workshops?

Please see A.1.

A.4. When do you plan to have your changes for MiFID II requirements ready? Will these become mandatory on Jan 3rd 2018 or earlier?

The Go-Live is planned for 11/12/2017.

The UAT is opened from 16/10/2017.

B. Treatment of Confidential Information

B.1. High Priority Question - Can you confirm that confidential personal client information can be sent and received over an interface separate to the order interface, thus will not require encryption being on the same private data circuit, can be sent post trade and will not be leveraged for commercial purposes?

The Members' portal will be separate from the existing interface and will ensure security/confidentiality aspects.

C. Due Diligence

C.1. What efforts are you making towards an industry standard on your due diligence approach?

We follow existing global ISO standards. We currently have ISO for business continuity (ATHEXGroup has deployed an integrated Business Continuity Management System – BCMS- according to the ISO22301:2012 International Standard and has been certified from Lloyd's RQA) and currently working for implementing the ISO in security (ISO 27001).

Regarding Members' due diligence, we have a process (which the ATHEXGROUP members are aware of from our 2016 process).

C.2. Will your due diligence be standardised every year?

For ATHEX we currently have standardised for business continuity according the ISO System and re-auditing takes place annually by Lloyd's RQA. We also have the usual annual audit tests (external audit, IT audit, IT penetration etc).

Regarding Members' due diligence we have a risk based assessment of our members' compliance, standardised annually through an electronic process (e.g. secure access to our ticketing system / service desk for the compliance officer of the Members) .

D. Regulatory Data and Data Management

D.1. High Priority Question - Will you follow short codes on your FIX or native interfaces and will it cover the following fields:

D.1.1. Member/Participant

We are planning to make use of the short codes in accordance to the industry standard. No checks or rejections will be carried out for that Mifid field (except for the NULL value rejection). We will be providing with a secure, robust access to our database in order to be able to enrich fields after the eod of the trading session.

D.1.2. Client ID codes

We are planning to make use of the short codes in accordance to the industry standard. No checks or rejections will be carried out for that Mifid field (except for the NULL value rejection). We will be providing with a secure, robust access to our database in order to be able to enrich fields after the eod of the trading session.

D.1.3. DEA Orders

We will allow flagging of DEA orders but there is not going to be any mapping of short to long coding.

D.1.4. Investment Decision ID

We are planning to make use of the short code in accordance to the industry standard. No checks or rejections will be carried out for that Mifid field (except for the NULL value rejection). We will be providing with a secure, robust access to our database in order to be able to enrich fields after the eod of the trading session.

D.1.5. Execution Decision ID

We are planning to make use of the short code in accordance to the industry standard. No checks or rejections will be carried out for that Mifid field (except for the NULL value rejection). We will be providing with a secure, robust access to our database in order to be able to enrich fields after the eod of the trading session.

D.2. Provision of Regulatory Data:

D.2.1. What are your plans for collecting regulatory data pertaining to Trading Capacity - (e.g. AOTC, DEAL, MTCH)?

We intend to create new field for order entry by the member firm. It will be available both on the execution report to the Member and the transaction report fields populated by the trading venue.

D.2.2. What are your plans for collecting regulatory data pertaining to on/off venue post-trade indicators for trade reports?

We intend to

- create new fields for order entry by the Member firm in certain cases (see question for D4 below) and
- create new fields and populate them automatically as ATHEX in case they apply to our trading system orders.

In both cases the information will be conveyed back both through Execution Reports and the population of the relevant transactions fields.

D.2.3. What are your plans for collecting regulatory data pertaining to non-executing brokers?

We are planning to make use of a short code for entry by the Member firm.

No checks or rejections will be carried out for that Mifid field (except for the NULL value rejection). We will be providing with a secure, robust access to our database in order to be able to enrich fields after the eod of the trading session.

D.2.4. Will you return any/all of these details back on order and/or execution events?

We intend to return these details back to the Member on order confirmation and Execution Reports.

D.3. Provision of data from Exchanges to investment firms:

D.3.1. High Priority Question - What are your plans for providing market participants with passive/aggressive flags?

We intend to return passive or aggressive indicator back on execution confirmation through the Execution Report. At the same time the relevant RTS fields will be populated accordingly.

D.3.2. What are your plans for providing market participants with the Waiver ID on executions?

We intend to return relevant to ATHEX Waiver ID back on execution confirmation through the Execution Report. At the same time the relevant RTS fields will be populated accordingly.

D.3.3. High Priority Question - What are your plans for providing market participants with event time and to what precision/format?

We intend to return UTC short time format back on execution confirmation (meaning no date but only time).

AFME preference would be a concise, faster format. AFME are in support of the FIX proposals on the formatting of market data.

D.3.4. What are your plans for providing market participants with triggered circuit breaker flags?

Triggered circuit breaker flags are currently sent to market participants.

D.4. Is there any additional order/trade/control information you expect from participants? Will you pass back any information not listed above?

From our current analysis and feedback we are planning to create the following NEW FIELDS in the ORDERS (and we will supply it back the info in the Execution Report). Short codes will be used in accordance to the industry standards.

RTS#	Generic description	field#	field name
RTS 1	Trade FLAG	11	ALGO
RTS 1	Trade FLAG	17	DUPL
RTS22	Buyer details	7	Buyer identification code
RTS22	Buyer Decision Maker	12	Buyer decision maker code
RTS22	Seller details	16	Seller identification code
RTS22	Seller Decision Maker	21	Seller decision maker code
RTS22	Transaction details	29	Trading capacity
RTS22	Trader, algorithms, waivers and indicators	57	Investment decision within firm
RTS22	Trader, algorithms, waivers and indicators	59	Execution within firm
RTS24	A. Identification of relevant parties	2	Direct Electronic Access (DEA)
RTS24	A. Identification of relevant parties	3	Client identification code
RTS24	A. Identification of relevant parties	4	Investment decision within firm
RTS24	A. Identification of relevant parties	5	Execution within firm
RTS24	A. Identification of relevant parties	6	Non-executing broker
RTS24	B. Trading Capacity and liquidity provision	7	Trading capacity
RTS24	B. Trading Capacity and liquidity provision	8	Liquidity provision activity

D.5. Halting of Algorithms:

D.5.1. Will you support withdrawal or halting of algorithms according to the Algorithm ID sent and how will this work?

Withdrawal or halting of algorithms will not be controlled at the level of Algorithm ID. Instead, controls are available at the level of Member ID and User ID.

D.5.2. Will you have a kill switch at the Algorithm ID level and how would it work?
See D.5.1

D.6. Will there be a way for firms to extract all their order and execution details for the day to feed into their surveillance systems and how will it work?

We intend to make available all order and execution details through real time confirmations (execution reports) and end of day gross transaction reports, downloadable from a secured access point of our website.

D.7. Will you require a registered list of people to contact to invoke kill functionality?

Only the registered members' personnel are contacting the exchange for such issues (On Behalf Of Trader – OBOT services).

D.8. What are your plans for harmonising instrument tick sizes against a central standard and will you still have your specific tick size rules?

We intend to be fully harmonised with the central standard.

D.9. Will you continue to publish your own data with regards to tick sizes?

We intend to keep our own tick size regime for non-equity instruments trading through our trading system.

D.10. How are you unbundling your market data products? For instance, to publish independently instrument trading stats and phases (e.g. auction data vs continuous phase data)?

We will offer additional data products on a commercial basis.

D.11. What MiFID II specific changes are you introducing to your market data feeds - additional static data fields, real-time data fields, format changes, tick sizes?

Market data feeds will be updated according to MIFID II requirements.

D.12. Do you plan to include the ISO requirement in your market data?

We have already implemented MMT v1.0 and the following ISO standards that are required by MiFID II/MIFIR.

They will also be present in the MMT v3.02 implementation.**D.13.** Do you intend to inform members of progress (per instrument, per waiver) towards the 4% volume cap and if so, how?

For the time being we don't expect to have such a waiver approved from ESMA falling under volume cap.

D.14. When an instrument is suspended due to exceeding the 4% or 8% cap, will you continue to accept the reporting of negotiated trades provided the size exceeds LIS?

For the time being we don't expect to have such a waiver approved from ESMA falling under volume cap.

D.15. How will negotiated trades be rejected for instruments which have been suspended due to the dark volume caps?

For the time being we don't expect to have such a waiver approved from ESMA falling under volume cap.

D.16. For any instruments prevented from trading under the Double Volume Cap constraints, will you be informing members of an expected date at which trading will be re-enabled?

For the time being we don't expect to have such a waiver approved from ESMA falling under volume cap.

D.17. Do you intend to inform members of the waivers available per instrument on each given trading day and whether the use of any particular waivers has changed compared to the previous day?

We do not intend to make use of waivers that dynamically change from day to day.

D.18. What are your plans with regard to formalising and making public the instruments traded on your venue(s) (particularly with regard to explicitly identifying the admission of multi-listed instruments from non-EEA markets)?

Where the admission/listing of such instruments will drive participant and investor obligations in respect of the Trading Obligation and trade/transaction reporting. We shall make public the instruments trading on our venue to our members and relevant competent authority.

D.18.1. Will you rely purely on RTS 23/FIRD notification, or will you publish lists of instruments in a publicly available place?

We intend to make public the instruments trading through the use of our specifications on our venue through our web site.

E. Algorithms and Algorithmic Testing

E.1. High Priority Question - What certification will be required for algorithms and can you confirm that you will not block new Algorithm IDs before retrospective self-certification?

AFME preference would be the self-certification of algorithms which can be retrospectively validated.

We will require the member to submit to the exchange a certification indicating that the internal necessary algo tests on our UAT have been concluded successfully.

Moreover, we confirm no blocking but we will not allow retrospective algo certification.

E.1.1. What will be the grace period for retrospective self-certification?

No grace period is granted.

E.2. Testing Environments

E.2.1. What are your plans for supporting test instruments on the market?

The UAT environment mirrors the production environment (ISINs, parameters, trading methods & rules etc). Hence, the UAT environment is no inferior at all compared to the production environment.

E.2.2. Will you provide test symbols in the live market?

No.

E.2.3. Do you plan any enhancements to your existing testing environment and how will these work?

Please see the answer to E.2.1

E.3. Many members may use third party vendors for market data. How will testing of market data consumption be tested in regards to algorithmic trading?

We do not intend to make any changes regarding the current testing environment.

E.4. Stress testing

E.4.1. Will testing environments mirror production to enable high volume stress testing?

Yes.

E.4.2. Will you be providing a test system to facilitate your own and investment firms stress testing requirements?

Yes. Please also see the answer to E.2.1

E.4.3. How often will the stress testing cycle occur? (*Available daily? Repeated every hour?*)

Could be on a Daily basis or even shorter, or in whatever frequency the market needs/asks.

E.4.4. Will there be any auto order generators or other tools deployed, if so how will they operate?

We can have auto orders / transaction generators, parametrized in a way to accommodate the specific needs of every testing session.

E.5. How will maximum order volume checks work, will these be security specific or generic?

It is effectively generic as we have in place pre-trade risk limits per order, per Clearing Account and that account is part of the information provided to the Trading member for each order and trade separately. It is also re-calculated real-time. Specifically a maximum order volume threshold will be in place by 3/1/2018.

E.6. What post trade checks, if any, will you implement?

See above, there already pre-trade checks as well as static and dynamic limits per instrument.

E.7. What circuit breakers have you implemented?

Volatility interrupters by using static and dynamic ranges per instrument, as well as absolute daily price fluctuation limits.

E.7.1. Are you considering altering these or adding new ones?

We do assessment of all parameters for the above implementation and if we see a need we proceed to necessary adjustments (last change 30 January 2017).

E.7.2. How will you support members monitoring DEA or algorithmic orders triggering circuit breakers?

We inform through Execution Reports (real-time) the member regarding the non-execution of the order due to Volatility Interrupter triggering.

E.8. High Priority Question - What are your plans with respect to supported "kill switch" functionality?

ATHEX has mechanisms available to disconnect customer connections and cancel orders, either automatically through optional configuration or by the market operator

E.9. What precautionary/absolute measures will venues operating a dark pool put into effect to ensure trading remains below the double volume cap?

n/a

F. DEA Impacts

F.1. What information regarding trading controls and organisation will you require from members in relation to sponsored access and how will you provide real time alerts?

These provisions are already mentioned in our Rulebook:

«ATHEX shall assign a unique SMA client identification code through which the latter shall transmit orders to the system, separately from the other orders of the Member. ATHEX shall monitor the orders sent to the system through the unique SMA codes assigned to Member clients.»

F.2. For DEA/SMA trading, what additional enrichment will you be making to exchange drop copies to facilitate new data requirements for MiFID?

We will issue all the above in the technical spec. As a rule of thumb we will provide both Execution Reports and population of transactions reporting / order keeping in parallel.

G. Order to Trade Ratio/Market Making

G.1. What are your plans for collecting regulatory data pertaining to liquidity provision flags?

We intend to create new field for order entry by the member firm (see D4 above) for limit orders and automatically create such flag for quotes.

G.2. How will you monitor compliance with the market making measures? Will this monitoring also include alerting for when market making levels are being approached? If so, how will you inform members of a need to register as a Market Maker?

We will monitor market making activity and in case of market making levels being approached the relevant firm will be contacted. We shall make public the procedure that will be followed.

G.3. What are your plans for implementing OTR controls?

ATHEX trading venue will calculate order to trade ratios as required by the regulation and monitor members' activity. Initially, no obligations will be put to members.

G.3.1. At what level will you set these and how will you apply the controls?

We intend to apply controls per instrument class level.

G.3.2. Will OTR be applied at a trader, session or membership level?

We intend to apply OTR per member level.

G.3.3. What tools/MIS will you produce for members to monitor OTRs and will you plan for daily as well as monthly reports?

We will inform our members upon breaching the relevant OTR.

G.3.4. What obligations will you put on members (if any) to monitor the OTR?

Initially, no obligations will be put to members.

G.3.5. Do you have any access linked to OTR that would block trading or prevent access to the market?

Initially, no obligations will be put to members.

H. High Frequency Trading

H.1. Will you define where a member is using infrastructure intended to minimize network and other types of latencies, and what level will this definition be at (i.e. member, connection etc)?

We will not define where a member is using infrastructure intended to minimize network and other types of latencies.

H.2. Will you monitor firms for use of HFT trading technique?

This will help firms to assess HFT status.

We will provide support for HFT self-assessment by providing average messages per second information upon request from our members.

H.3. What are your plans for providing monthly estimates of the average messages per second taking into account the preceding 12 months?

Please see H.2