

Turquoise Plato Block Discovery™

**Evolving alternative block
matching opportunities**



London
Stock Exchange Group

Introduction

5–45

seconds:
Random-timed
Turquoise Plato
Uncross™ at
PBBO Midpoint

Turquoise Plato™ offers a differentiated and quality approach to dark trading attracting larger sized institutional buy-side orders.

- Matches orders pegged to the midpoint Primary Market best Bid and Offer of the respective European Exchange
- **Size priority** and user-defined **Minimum Execution Size** (MES) are key features. Size priority in the matching logic is different to other public dark pools which employ time priority.

Turquoise Plato Uncross™

Turquoise Plato Uncross™ is the buy-side friendly, randomised, midpoint uncrossing, for larger and less time-sensitive passive orders.

- Participants benefit from **size priority** in the matching logic of the Turquoise Plato™, which leads to improved fill rates for larger block orders and reduces the impact of interacting with smaller orders, therefore enhancing the attractiveness for institutional flow
- Participants can define their own **Minimum Execution Size (MES)**, and each individual trade must match or exceed the MES, thereby reducing the end to end cost of trading by removing the post trade inefficiencies of being filled by a number of smaller orders.

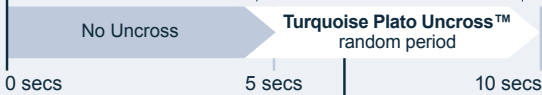
A Start of first Turquoise Plato Uncross™ for liquid security



B 1st Turquoise Plato Uncross™ occurs

8.7

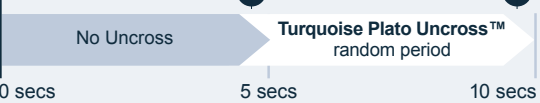
C Start of second Turquoise Plato Uncross™



2nd Turquoise Plato Uncross™ occurs

6.3

D Start of third Turquoise Plato Uncross™



Event summary:

A Start of random timer for Turquoise Plato Uncross™ event to occur between 5 and 10 seconds.

B Turquoise Plato Uncross™ occurs randomly at 8.7 seconds (within random uncrossing period of 5 and 10 seconds).

C Start of next random timer for Turquoise Plato Uncross™ event to occur between 5 and 10 seconds.

D Points A to C above are repeated, with a new random Turquoise Plato Uncross™ period.

Turquoise Plato Block Discovery™

Turquoise Plato Block Discovery™ provides mechanism for brokers to interact with existing liquidity in Turquoise Plato Uncross™ – benefits from randomised timing, protected from interaction with time sensitive flow.

Robust reputational scoring to prevent misuse of the system

Turquoise Plato Block Discovery™ explained

- Turquoise Plato Block Discovery™ is a new service, which further enhances the Turquoise Plato™ by facilitating the trading of larger block orders by matching block Indications. On identifying potential matches, the service will require participants to send firm qualifying block orders to **Turquoise Plato Uncross™**, maximising available liquidity for customers of both services
- Existing users of **Turquoise Plato Uncross™** can also elect to explicitly ‘opt-in’ a firm resting order for **Turquoise Plato Block Discovery™** thereby increasing the opportunity to match in size subject to MES and improve available liquidity for both services
- Robust reputational scoring and surveillance will monitor the conversion of Block Indications into firm orders to optimise the use of the service
- Turquoise Plato Block Discovery™ system defined minimum indication size of 25% Large-In-Scale, size priority in the matching logic and user defined minimum execution size in the Turquoise Plato™ also encourages larger sized orders and further improves execution quality
- Participants of **Turquoise Plato Block Discovery™** need to be a member of Turquoise MTF, where all trades are matched, and they need to sign a separate Service agreement.

“Turquoise Plato Block Discovery™ facilitates the trading of larger block Orders by matching Block Indications.”

Integrity of Turquoise Plato Block Discovery™

Surveillance mechanisms ensuring execution quality

Turquoise Plato Block Discovery™ Service is an explicit opt-in on an Order-by-Order basis

- Request to firm up, Order Submission Request contains **no explicit information** about nature or identity of the counterparty Order. Receipt of an OSR only implies Participant could match against its Minimum Execution Size.

Automated Reputational Scoring
Event Reputational Score is calculated each time an OSR is sent

- Firm Qualifying Block Order must be at least “as tradable” as original Block Indication to which OSR related i.e. same stock and side with Limit Price no more passive than Block Indication and MES no higher than on BI. Must also have valid Time in force and Execution Instruction be sent within the permitted time
- Initial Event Reputational Score of 50% assigned to each firm Qualifying Block Order (the firm up)
- Up to 50% then added based on Quantity of firm Qualifying Block Order relative to that of related BI at time OSR generated, for maximum Event Reputational Score of 100%
- **Failure to submit Qualifying Block Order will result in reputational scoring of zero.**

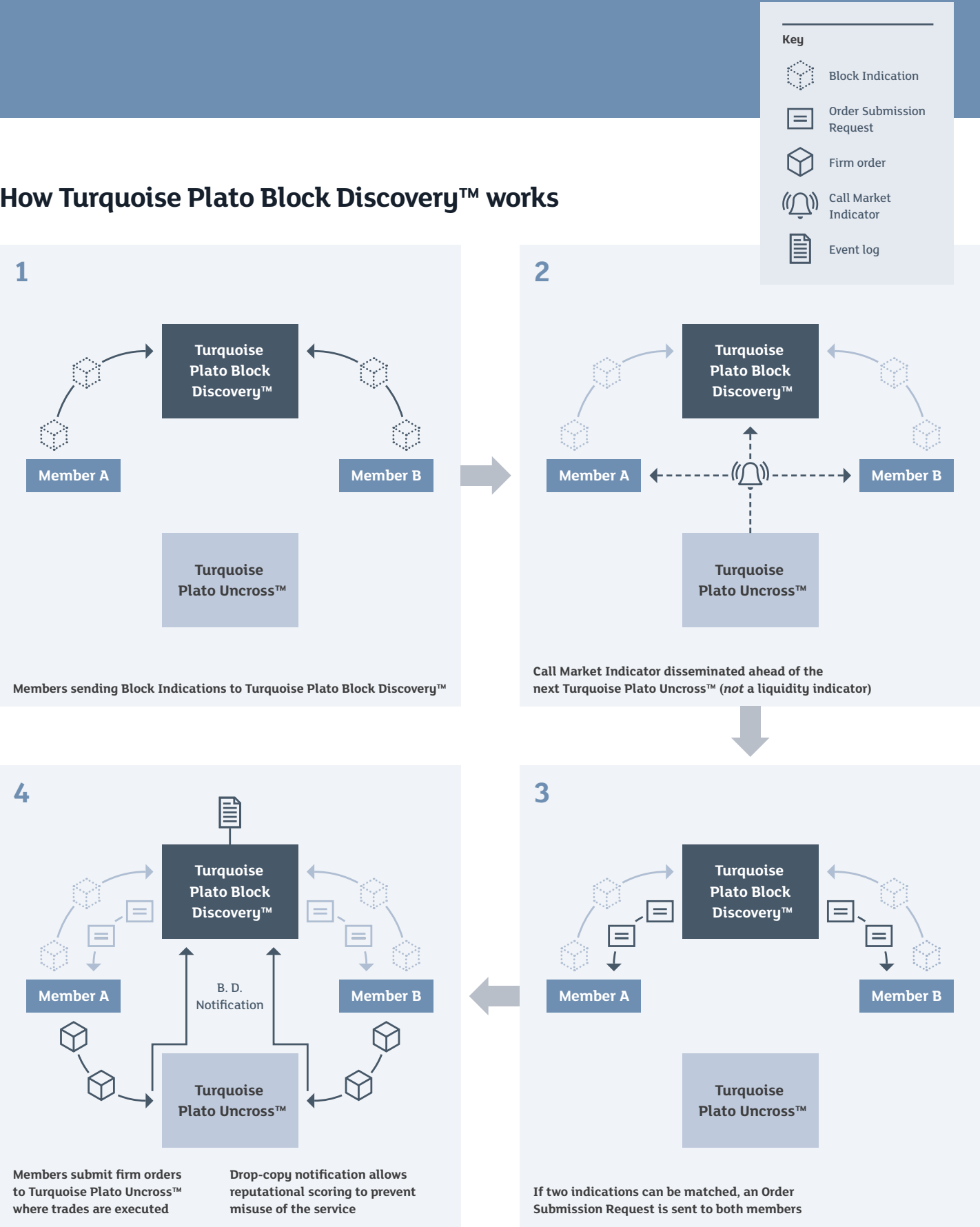
Composite Reputational Score maintained based on last 50 OSRs sent using event recency weighting

- Automatic exclusion from service if user’s Composite Reputational Score falls below a **pre-defined threshold**
- **Re-admittance to service only permitted once reason for exclusion identified and remedied**

Surveillance undertaken by LSE

- Monitoring of price movements ahead of Turquoise Plato Uncross™ events
- Suspected manipulation of Reference Price will be referred to FCA

How Turquoise Plato Block Discovery™ works



Contact information

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please contact the
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About Turquoise Global Holdings Limited

Turquoise Global Holdings Limited ("TGHL") is an investment firm authorised by the FCA. Majority owned by London Stock Exchange Group, its shareholders also include twelve leading investment banks. TGHL operates a multilateral trading facility ("Turquoise") with two distinct order books for complementary liquidity: Turquoise Lit – includes hidden orders, and Turquoise Plato™ – with Size priority and User-defined Minimum Execution Size (MES) – for Continuous Midpoint matching and the innovation Turquoise Plato Uncross™, Smart Periodic Auctioning with Sell-side access that is Buy-side friendly due to Size priority and the Random timing of the uncrossing, which discounts interaction with more time sensitive flow.

With one efficient connection and one rulebook, Turquoise enables a member to trade European securities of 18 countries, including equities, Depository Receipts, and ability to trade ETFs. Users of Turquoise benefit from fully risk-managed clearing solutions, including a choice of fully interoperable Central Counter Parties (CCPs), and industry-leading market surveillance to ensure fair and orderly operations.

Membership is open uniformly to qualified firms, with members ranging from the largest global banks and brokers to institutions with local, regional and sector focus, and specialist trading and market-making firms.





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