

LastUpdate12/2014

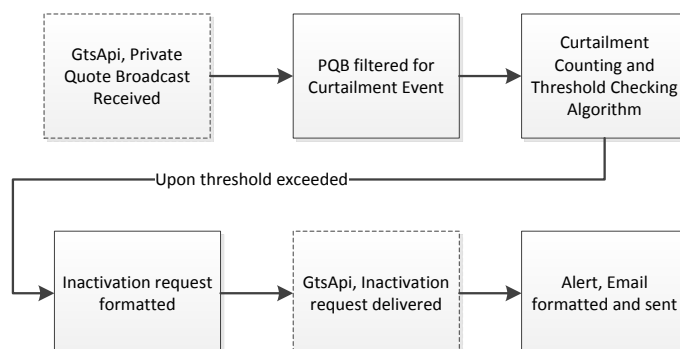
## Background

T7 has a feature called Market Maker Curtailment or “speed bump” that protects MMs from too many trades occurring in a single product. Market Makers have requested a similar feature that protects them when many trades occur in a short time period across the whole market.

This application should assist MMs by preventing catastrophic loss due to automated or human errors. The MWSB application leverages the current per-product Market Maker Protection feature and the OFI Quote Activation MOPS Request message.

## Procedure

- 1) Currently MMs specify certain quantities and a time periods as parameters for each product. If the limit is exceeded within the product, within the time frame, then the quotes are inactivated.
- 2) Inactivation both removes the MMs quotes and ensures that new quotes are not active in the market. The MMs must send a reactivation request for the specified product to reactivate the quotes.
- 3) The Market-Wide Speed Bump (**MWSB**) is different in that **contracts are not counted but rather number of pre-determined curtailments**. If the number of curtailments exceeds the market wide parameters for this market maker, then all products for this MM are inactivated.
- 4) Each MM has parameters already set when the Business Unit is created. The Member Access group maintains these parameters in Reference Data Front end (RDfE).
- 5) MWSB runs as a set of adapters. Each instance of the adapter represents one group of Market Maker Business Units and logs to a gateway with a user belonging to each Business unit.
- 6) Each session subscribes to the Private Quote Broadcast on which curtailment information is delivered.
- 7) All MWSB adapters in a particular BSI share a single MOPS user which logs on to an OFI and submits a Quote Activation Message.
- 8) The adapter ignores and discards any quote event that does not have a quote event type of “Suspended” and a Quote Event reason of “Market Maker Protection.”
- 9) If the adapter has “Suspended” and a Quote Event reason of “Market Maker Protection” a product/instrument wide curtailment has occurred. Only these events contribute to the MWSB business logic processing.
- 10) Once those messages are received it removes the curtailment records which have a timestamp older than the configurable time window. It checks the size of the queue, if it is greater than the configured amount allowed it enters an inactivation transaction and sends an MPT Alert and an alert email.



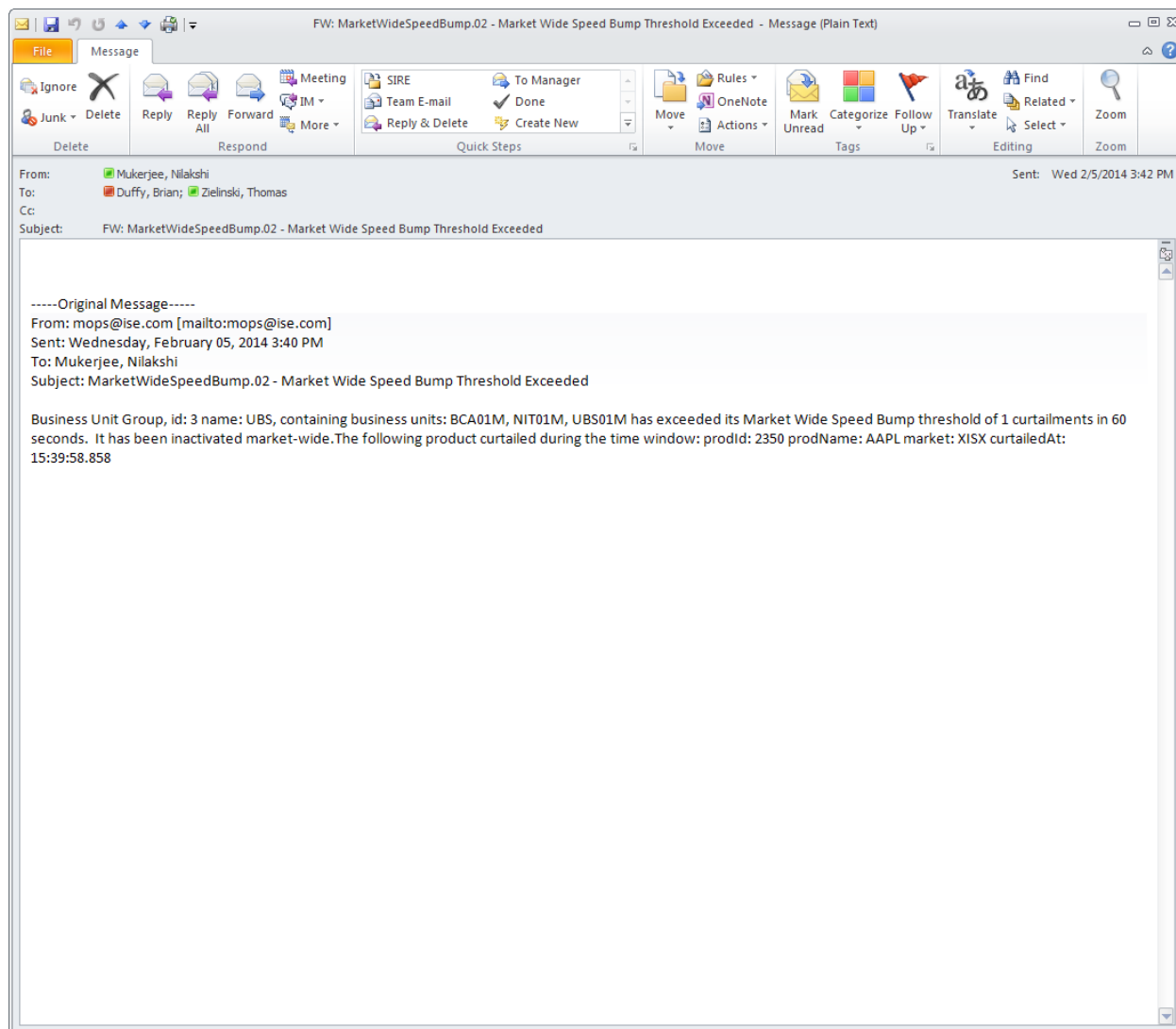
11) MMs will see a similar message to the below.

No.▼	Timestamp	Direction	Name	Type	Channel
29	2014-02-05 13:04:27.167191	in	ATQuoteSideRecordMessage	OFITransmission	OFI BAT3 (51.3
30	2014-02-05 13:04:27.197324	in	ATDealMessage	OFITransmission	OFI BAT3 (51.3
31	2014-02-05 13:04:27.208286	in	ATDealItemMessage	OFITransmission	OFI BAT3 (51.3
32	2014-02-05 13:04:27.221353	in	ATDealItemMessage	OFITransmission	OFI BAT3 (51.3
33	2014-02-05 13:04:27.235695	in	ATTradeMessage	OFITransmission	OFI BAT3 (51.3
34	2014-02-05 13:04:27.246446	in	ATTradeItemMessage	OFITransmission	OFI BAT3 (51.3
35	2014-02-05 13:04:27.260956	in	ATTradeItemMessage	OFITransmission	OFI BAT3 (51.3
36	2014-02-05 13:04:27.280968	in	ATIBBORecordMessage	OFITransmission	OFI BAT3 (51.3
37	2014-02-05 13:04:32.777370	in	ATIDNumberInfoRecordMessage	OFITransmission	OFI BAT3 (51.3
38	2014-02-05 13:04:32.787740	in	ATSuccesfulAddOrderResponseMessage	OFITransmission	OFI BAT3 (51.3
39	2014-02-05 13:04:32.952099	in	ATTransactionMarketRecordMessage	OFITransmission	OFI BAT3 (51.3
40	2014-02-05 13:04:33.064140	in	OFIBroadcastMessage	OFITransmission	OFI BAT3 (51.3
41	2014-02-05 13:04:33.082535	in	BCExchangeTradeStatusMessage	OFITransmission	OFI BAT3 (51.3
42	2014-02-05 13:04:33.189653	in	OFIBroadcastMessage	OFITransmission	OFI BAT3 (51.3
43	2014-02-05 13:04:33.199278	in	BCExchangeTradeStatusMessage	OFITransmission	OFI BAT3 (51.3
44	2014-02-05 15:35:02.470706	out	LogonReq	ISEFIXTransmission	ISEFIX (51.3.6)
45	2014-02-05 15:35:02.495761	in	LogonResp	ISEFIXTransmission	ISEFIX (51.3.6)
46	2014-02-05 15:35:21.121726	out	MMPParameterDefinitionRequest	ISEFIXTransmission	ISEFIX (51.3.6)
47	2014-02-05 15:35:21.146995	in	MMPParameterDefinitionRequestAck	ISEFIXTransmission	ISEFIX (51.3.6)
48	2014-02-05 15:35:21.174246	in	MMPParameterDefinitionRequestAck	ISEFIXTransmission	ISEFIX (51.3.6)
49	2014-02-05 15:43:47.963870	out	QuoteActionRequest	ISEFIXTransmission	ISEFIX (51.3.6)
50	2014-02-05 15:43:47.970044	in	QuoteActionReport	ISEFIXTransmission	ISEFIX (51.3.6)
51	2014-02-05 15:43:47.988215	in	QuoteActionReport	ISEFIXTransmission	ISEFIX (51.3.6)

#### Message Details

Name	Value	Type
QuoteActionReport		ISEFIXTransmission
timestamp	2014-02-05 15:43:47.988215	Timestamp
comment		String
channel	ISEFIX (51.3.65.51:10406)	Channel
messages		MessageList
QuoteActionReport		QuoteActionReport
ResponseHeader		ResponseHeaderCo
MassActionType	Release(2)	MassActionType
MassActionScope	Market_Segment(9)	MassActionScope
MassActionResponse	Rejected(0)	MassActionResponse
MassActionRejectReason	50168	MassActionRejectReason
Text	'QUOTE_ACTIVATION_IS_LOCKED'	Text
MarketID	'XISX'	MarketID
MarketSegmentID	'2350'	MarketSegmentID
ProductComplex	Simple_Instrument(1)	ProductComplex
NotAffectedMarketSegmentGip		NotAffectedMarketSegmentGip

- 12) Market Operations will receive an email audit trail from the member for reference.
- 13) MktOps should announce to the room a MWSB has been triggered.



14) The MPT alert generates a flaming envelope and produces an audible voice alert.

The alert contains the following:

- BU Name
- Market Name
- Time of inactivation
- Curtailment Threshold
- Curtailment Threshold Time Interval
- Alert ID
- Alert Timestamp
- Acknowledged
- Acknowledged Timestamp
- Acknowledged By
- Performed Action
- Comments

Alerts

Alert Timestamp

☐ Enable Time Range

02/05/2014 07:00:00:AM

02/05/2014 04:15:00:PM

☐ Ack

☐ Not Ack

☒ All

Comment text:

Max Num Alts:

1000

MM Protect

MW Speed Bump

Obvious Error

Market Halt

Kill Switch

Locked Order

CI Near Capacity

Link Hand Unavail

ME Complex

Mkt Order Not Trade

Order Dev

Size Dev

Bus Event

QCC No Stock

PMM Change

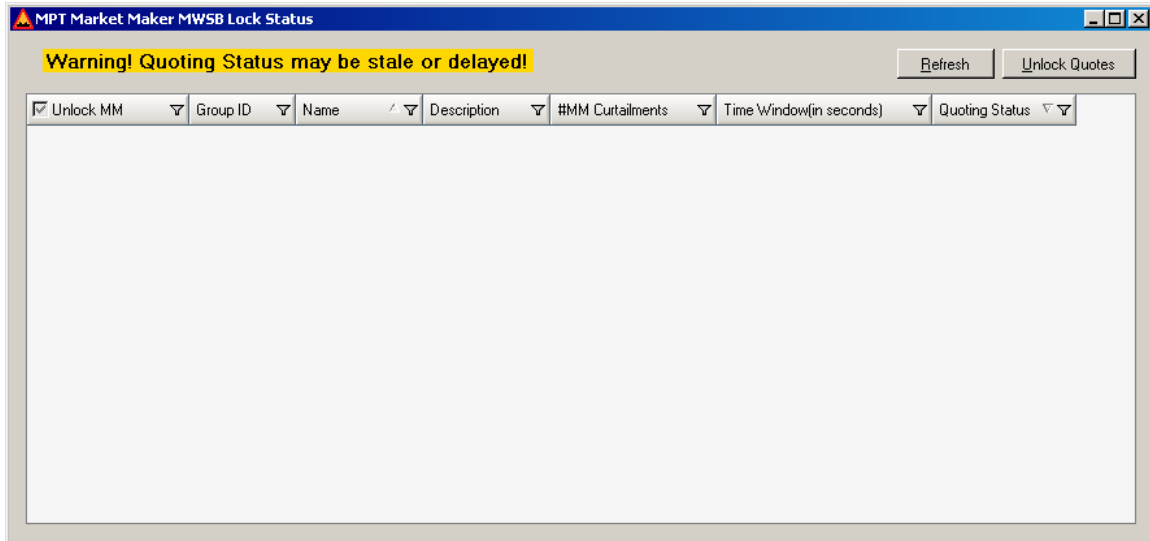
Not Match

MW Speed Bump

Drag a column header here to group by that column.

Alert Timestamp	Instance	Group Name	InstType	BU Names
=	A	A	A	A
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STOCK_COMBINATION	UBS01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STOCK_COMBINATION	UBS01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STANDARD_COMBINATION	UBS01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STANDARD_COMBINATION	UBS01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	CLEARING_INSTRUMENT_OPTION	UBS01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	CLEARING_INSTRUMENT_OPTION	UBS01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STOCK_COMBINATION	NIT01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STOCK_COMBINATION	NIT01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STANDARD_COMBINATION	NIT01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STANDARD_COMBINATION	NIT01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	CLEARING_INSTRUMENT_OPTION	NIT01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	CLEARING_INSTRUMENT_OPTION	NIT01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STOCK_COMBINATION	BCA01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STOCK_COMBINATION	BCA01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STANDARD_COMBINATION	BCA01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	STANDARD_COMBINATION	BCA01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	CLEARING_INSTRUMENT_OPTION	BCA01M
01/31/2014 11:31:04:000	MarketWideSpeedBump.01	UBS	CLEARING_INSTRUMENT_OPTION	BCA01M
02/05/2014 03:47:01:000		UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 03:45:27:000	MarketWideSpeedBump.01	UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 03:45:27:000	MarketWideSpeedBump.02	UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 03:44:33:000		UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 03:39:58:000	MarketWideSpeedBump.02	UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 03:39:58:000	MarketWideSpeedBump.01	UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 12:55:57:000	MarketWideSpeedBump.01	UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 12:55:57:000	MarketWideSpeedBump.02	UBS		BCA01M,NIT01M,UBS01M,
02/05/2014 10:59:47:000		CDX		CTC01M,JPM01M,OPV01M,NIT30M,

- 15) Once MWSB is activated for a MM, that MM is required by design to contact Market Operations to un-lock MWSB and allow MMs to reactive their quotes across the market. The purpose of this is a second check to protect the MM and avoid any further trading issues.
- 16) MktOps will need to maintain the MWSB Owner/Contact List for each particular MM. Working with Business Development, Access Management and Technology Member Services; this will be maintained on the existing MktOps phone contact list and the MktOps Wiki.
- 17) Once it is verified the member contacting the ISE to reactivate their quotes is the proper authorizing contact, MktOps will need to manually unlock the market maker to give them the ability to reactivate their quotes.
- 18) Locate the main MPT window and select the “Unlock Quote” button.



- 19) The MktOps user can take action on an alert by selecting the user that is locked.
- 20) Select “Unlock Quotes.”
- 21) Confirm with the MM that are able to re-quote.
- 22) Verify quotes in the market and send trade recaps if needed.
- 23) Record this activity in the Screen popup.

**Flow chart**