



MTS MARKETS: MTS CASH, MMF REPO AND BONDVISION

FREQUENT QUESTIONS AND ANSWERS RELATED TO THE EVENT OF NO AGREEMENT ON FINANCIAL SERVICES BEING REACHED BETWEEN THE EUROPEAN UNION AND THE UNITED KINGDOM BY THE END OF 2020 (“NO-DEAL BREXIT”)

(September 16, 2020)

In October 2019, MTS S.p.A. (and its subsidiary EuroMTS Limited) published this Q&A to support market participants’ contingency planning. The United Kingdom formally withdrew from the European Union on 31 January 2020 and the agreement governing this withdrawal introduced a transition period that is due to end on 31 December 2020. Following these developments, MTS has now updated this Q&A again to support contingency planning for the end of the transition period as set out below.

Please note that the information provided herein are based on the situation at 16, 2020 and reflects the authorisation regime (such as the ROIE) granted so far to MTS. As we all know the negotiations between the European Union and the United Kingdom are still on-going and therefore the scenario could be subject to changes in the coming months.

Q1: *I’m a EU27 Credit Institution/Investment Firm currently trading on BondVision UK from my London based branch office how will I be affected?*

A1: Even in case of no-deal Brexit, you may continue to operate on BondVision UK¹. However, you should notify EuroMTS Ltd., through the Membership Declaration form, that you have informed the FCA that you will be using the Temporary Permission Regime (TPR) following the departure of the UK from the European Union.

It will be your responsibility to carry out the Transaction Reporting obligation to the Financial Conduct Authority for the trades executed on markets operated by EuroMTS Ltd.

Q2: *I’m a EU27 Credit Institution/Investment Firm currently trading on BondVision UK from my office in a EU27 country, how will I be affected?*

A2: Even in case of no-deal Brexit, you may continue to operate on BondVision UK². However, you should notify EuroMTS Ltd., through the Membership Declaration form, that you have informed the FCA that you will be using the Temporary Permission Regime (TPR) following the departure of the UK from the European Union³.

EuroMTS Ltd. will carry out the Transaction Reporting obligation to the Financial Conduct Authority for the trades executed on markets operated by EuroMTS Ltd. You will have to provide EuroMTS Ltd. all the information required for completing the Transaction Reporting; i.e.

¹ It is your duty to ensure that you are in compliance with your home country regulations. Please be aware that EuroMTS may not be permitted to offer its services in certain countries.

² See footnote 1 above

³ Provided certain requirements are fulfilled, the Overseas Persons Exclusion (“OPE”) might also be available



the Short Selling Indicator will be required on all quotes, orders and RFQs. You should also check with MTS whether you have previously uploaded all the required MIFID info (National IDs, Algo IDs for Investment Decision and Order Execution).

Q3: *I'm a UK Credit Institution/Investment Firm currently trading on BondVision Europe (an MTF operated by MTS SpA from Italy), how will I be affected?*

A3: Even in case of no-deal Brexit, UK participants will still have access to the BondVision Europe MTF managed by MTS SpA. MTS SpA is authorised by the FCA as a Recognised Overseas Investment Exchange (ROIE), therefore it can continue allowing UK based firm to access its EU based trading venues. We invite UK based participants to carefully consider and comply with Consob Communication no. 8/2020 of 23 July 2020 "Expiration of the transition period of the UK withdrawal agreement - Instructions to British investment firms providing investment services and activities in Italy" available at

<https://bit.ly/2RtF8SY>;

and with Bank of Italy Communication: Instructions to UK intermediaries operating in Italy after the Withdrawal Agreement (29 April 2020), available at:

<https://bit.ly/3jjConm>

Q4: *I'm a UK Credit Institution/Investment Firm currently trading on one of the MTS Interdealer Markets operated by MTS SpA from Italy (i.e. MTS Italy, MTS Cash Domestic MTF, EBM MTF), how will I be affected?*

A4: Even in case of no-deal Brexit, UK participants will still have access to the MTS Interdealer Markets managed by MTS SpA. MTS SpA is authorised by the FCA as a Recognised Overseas Investment Exchange (ROIE), therefore, MTS SpA will avail itself of the Overseas Person Exclusion to continue allowing UK based firm to access its EU based trading venues. We invite UK based participants to carefully consider and comply with Consob Communication no. 8/2020 of 23 July 2020 "Expiration of the transition period of the UK withdrawal agreement - Instructions to British investment firms providing investment services and activities in Italy" available at

<https://bit.ly/2RtF8SY>

and with Bank of Italy Communication: Instructions to UK intermediaries operating in Italy after the Withdrawal Agreement (29 April 2020), available at:

<https://bit.ly/3jjConm>

Q5: *Can I trade from a UK registered Branch Office of a non EU Credit Institution/Investment Firm on BondVision Europe or on any market operated by MTS S.P.A after 31 December 2020*

A5: As per the current status quo and according to the TUF article 67, even in case of no-deal Brexit, UK registered Branch Office on non-EU credit institution/Investment Firm will not be allowed to trade on BV Europe MTF or on any market operated by MTS S.p.A.



Q6: *Can our EU27 and UK entity both trade on the same MTS Interdealer Market? If so, will both entities be charged any applicable fixed fee?*

A6: The possibility of having both the EU and the UK entities trading on the same MTS Cash Market may depend on the specific Market Rules and, where applicable, on the decision of the relevant DMO. This is always possible on the MTS MMF (Repo) Market.

Fees are charged on a member code and legal entity basis. If both of your EU27 and UK legal entities are participants of the same Interdealer cash market, any applicable fixed fee will be charged to both in accordance with the fee schedule available on our website.

Q7: *Can our EU27 and UK entity both trade on the same BondVision MTF? If so will we be charged double membership fees?*

A7: Yes, both the EU27 and the UK entities can trade on the same BondVision MTF, provided the caveat reported at Q1, Q2, Q3 and Q5.

As per the BondVision fee schedule published on our website, Section A specifies that if either one company or a number of companies belonging to the same group (i.e. they are all controlled directly or indirectly by the same parent owning more than 50% of the share capital) joins BondVision in one or more of the following markets: BondVision Europe MTF, BondVision UK MTF or BondVision US ATS, the Membership Fee will be payable only once.

Q8: *In case both our EU27 and UK entity will be active on an MTS Cash Market as market maker, will they both be subject to the market making agreements?*

A8: Yes, they will both have to comply with the relevant market making agreements. If they are Primary Dealers with the relevant DMO they should check directly with the DMO the obligation as Primary Dealer.

Q9: *I've seen the technical bulletin (CMF Cash - TTSB 723v2 - BV and CMF - Brexit Contingency - Short Selling Indicator for MTS Transaction Reporting 16/09/2019) on the use of the short selling indicator, who is this directed at? Am I required to populate this flag on every RFQ?*

A9: Yes, if you are a UK based Credit Institution/Investment Firm operating on BondVision Europe MTF you are required to populate this flag on every RFQ in order to allow to the trading venue to perform the transaction reporting duties.

Yes, if you are a EU27 based Credit Institution/Investment Firm operating on BondVision UK MTF you are required to populate this flag on every RFQ in order to allow to the trading venue to perform the transaction reporting duties-



Q10: *I've seen the technical bulletin (CMF Cash - TTSB 723v2 - BV and CMF - Brexit Contingency - Short Selling Indicator for MTS Transaction Reporting 16/09/2019) on the use of the short selling indicator, who is this directed at? Am I required to populate this flag on every CMF cash quote, order and RFQs?*

A10: Yes if you are a UK based Credit Institution/Investment Firm operating on any EU Cash Market operated by MTS SpA you are required to populate this flag on every CMF cash quote, order, Mid Price order and RFQ in order to allow to the trading venue to perform the transaction reporting duties.

Q11: *I've seen the technical bulletin (CMF Cash - TTSB 723v2 - BV and CMF - Brexit Contingency - Short Selling Indicator for MTS Transaction Reporting 16/09/2019) about the association of the Country of the branch supervising the person to National IDs using the MiFID IDs registration functionality, is this bulletin directed to me?*

A11: Yes if you are a UK based Credit Institution/Investment Firm operating on a market operated by MTS SpA this bulletin is directed to you because you are not subject to EU MiFIR when trading on EEA trading venues.

Yes, if you are a EU27 based Credit Institution/Investment Firm operating on BondVision UK MTF this bulletin is directed to you because you are not subject to UK MiFIR when trading on UK trading venues.

Q12: *I'm a dealer on BondVision EU, will I be able to trade with UK Buyside after 31 October? (vice versa for BV UK and EU dealer)*

A12: Yes, even in case of no-deal Brexit, UK participants will still have access to the MTFs managed by MTS SpA. MTS SpA is authorised by the FCA as a Recognised Overseas Investment Exchange (ROIE), therefore, MTS SpA will avail itself of the Overseas Person Exclusion to continue allowing UK based firm to access its EU based trading venues.

Q13: *I am a dealer on BondVision UK, will I be able to trade with EU Buyside after 31 December 2021?*

A13: Yes, even in case of no-deal Brexit, EU Buyside may continue to operate on BondVision UK⁴. However, EU Buyside should notify to EuroMTS Ltd., through the Membership Declaration form, that they have informed the FCA for using the Temporary Permission Regime (TPR) following the departure of the UK from the European Union⁵.

Q14: *I'm a UK Credit Institution/Investment Firm and I would like to operate on a Market operated by MTS SpA in a no-deal Brexit scenario, what information does MTS need for carrying out the Transaction Reporting on my behalf?*

⁴ See footnote 1 above

⁵ See footnote 3 above



A14: You should check with MTS whether you have previously uploaded all the required MIFID info (National IDs, Algo IDs etc..) and you should make sure to populate the short sell flag in the sell transactions.

Q15: *I'm a EU27 Credit Institution/Investment Firm and I would like to operate on a UK MTF operated by EuroMTS Ltd., without having a UK branch, in a no-deal Brexit scenario, what information does EuroMTS Ltd. need for carrying out the Transaction Reporting on my behalf?*

A15: You should check with MTS whether you have previously uploaded all the required MIFID info (National IDs, Algo IDs etc..) and you should make sure to populate the short sell flag in the sell transaction.

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