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# Questions & Answers

## MidPrice for cash dealers

### Orderly price discovery and execution with pre-trade anonymity.

A Q&A session with Silvia Di Giovanni, Head of Cash Interdealer Markets at MTS and Anthony Sarno, Cash Interdealer Markets at MTS

#### 1. What is MidPrice?

At MTS we pride ourselves on listening to our clients and providing them with the innovative technology and new functionalities they need to enhance their fixed income trading operations.

MidPrice is a piece of functionality that we have developed for our MTS Cash interdealer platform to offer participants an orderly method of price discovery and the ability to anonymously execute trades based on real market rates.

It allows dealers to work large orders efficiently without moving the market by trading on the median average of the bid and offer rates for a wide range of fixed income securities.

#### 2. How does it work?

When trading in the MidPrice order book, the size and side of a quote is not visible pre-trade, making it the perfect execution venue for larger trades.

The MidPrice is calculated from the MTS order book as  $\text{Bid} + ((\text{Ask}-\text{Bid}) * 50\%)$ , and is derived from real market prices being quoted to a diverse community of counterparties in the MTS Cash interdealer market. This results in the most robust midprice being generated in this landscape.

The MidPrice order book protects participants from executing trades at undesired ticket sizes by allowing them to set a Minimum Executable Size that must be met or exceeded for an execution to occur. An order can be left at midprice with or without a limit price.

We also offer an additional trading method called MidPrice Fixing, which allows for executing a trade at a "Fixed" midprice, eg. the midprice of 11:00 CET is tradable until 11:05 CET.

#### 3. How does it benefit dealers?

MidPrice was developed to offer dealers an orderly method of price discovery and execution using a rate derived from real market prices in our interdealer market.

Its benefits include full pre-trade anonymity, the ability to work large orders without moving the market, access to a wide community of counterparties ensuring depth of pricing, and protection against executing at an undesired ticket size by defining a Minimum Execution Size.

#### 4. Why is it appropriate for today's market?

The functionality allows participants to take advantage of the narrow spreads that have been a common theme in the European government bond markets in recent months. As bid and offer prices tighten, trading on the midprice becomes a very attractive execution strategy for both buyers and sellers of government debt.

MidPrice functionality on the MTS Cash platform allows participants to engage with each other anonymously on one of the most liquid electronic markets for European fixed income products.

In addition, our reference bid and reference offer prices also adhere to strict anti-gaming rules, ensuring orderly electronic market conditions for all participants.

#### 5. How easy is it for new participants to start using the MidPrice functionality?

We always work in close collaboration with our customers to develop solutions that will deliver both innovation and efficiency to the markets we facilitate. Cost-effective accessibility is a key consideration in achieving this goal.

We have therefore made the MidPrice functionality available either as part of the user-friendly and feature-rich MTS Cash GUI, or via a participant's chosen ISV, removing the need for any investment in software or integration.



**Silvia Di Giovanni**  
Head of Cash Interdealer Markets,  
MTS

Silvia Di Giovanni has been with MTS for over 10 years and, as Head of Cash Markets, she is currently responsible for managing and growing the interdealer network.

Before joining MTS, Silvia covered multiple roles within the fixed income space ranging from short term interest rates broking at Icap and Dawnay Day at the beginning of her career to the position of fixed Income Sales to help growth of the Italian market in Europe for Spear Leeds and Kellogg and Van Der Moolen to managing Asset Under Management (AUM) for Cassa Lombarda in Rome.



**Anthony Sarno**  
Cash Interdealer Markets  
MTS

Anthony has worked with MTS for over 5 years in total during two different periods which started in client services. After an external move into a sales role at a company specialising in the analytics of securitised products, Anthony returned to MTS in the data department for a sales and vendor management role. Since then, Anthony progressed swiftly into a senior sales role covering top buy side accounts for the B2C market (BondVision) and has now joined the team responsible for managing and growing the interdealer market.

During his time at MTS, Anthony's achievements include the introduction of important market data policies and creating the MTS Buy Side forums which have been regularly attended by many of the top buy side firms in Europe.

## About MTS Group

MTS markets provide the professional trading environment for the interdealer marketplace, enabling primary dealers from across the globe to access unparalleled liquidity, transparency and coverage.

The MTS Repo platform delivers an order driven market for the electronic transaction of repo agreements and buy/sellbacks. ACM is an electronic auction platform that uses the MTS Repo technology to enable cash-rich investors to enter into secured money market investments via the tri-party repo mechanism.

MTS further facilitates the dealer-to-client bond market through BondVision, a most trusted and efficient electronic bond trading market, delivering exceptional access for institutional investors direct to the market makers, while MTS Credit delivers an electronic market for a wide range of multi-currency non-government bonds.

Through our US broker dealer, we provide US institutional investors with real-time pricing and the ability to trade electronically with all the major European dealers on the BondVision US platform.

MTS Data is sourced directly and exclusively from the MTS interdealer market and includes benchmark real-time data, reference data, reference prices, historical data, providing the benchmark data source on the fixed income market.

MTS Indices provide the first independent, transparent, real-time and tradable eurozone fixed income indices, based on tradable prices from MTS. MTS indices are tracked by (and can be traded via) around 40 ETFs in addition to numerous structured products.

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