

POSIT (UK) MTF

Participant Manual

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Contents

1. Introduction	2
2. Participant requirements	2
3. Governance	2
4. Information covenant	2
5. Market making	3
6. MTF notifications	3
7. Participant notifications	3
8. Complaints process	3
9. Participant suspension/ termination	3
10. Fees and charges	4
11. Tax	4
12. Connectivity/ technology	4
13. Trading hours and days	4
14. Market segments	4
15. Instrument universe, discovery/ formation, crossing, order type and attributes, tick size, erroneous trades	7
16. Order to trade ratios	8
17. Fair and orderly trading	8
18. Clearing and Settlement	9

1. Introduction

This document is designated a Manual in accordance with the POSIT (UK) MTF Rulebook (the **Rulebook**). This Manual (the **Participant Manual**) explains the policies and procedures used by Virtu ITG UK Limited, the Operator of POSIT (UK) MTF (**the Operator**). This Participant Manual supplements the POSIT (UK) MTF Rulebook. To the extent there is any inconsistency between this Participant Manual and the POSIT (UK) MTF Rulebook, the POSIT (UK) MTF Rulebook shall take precedence.

Information contained in this Participant Manual is subject to change at any time. The latest version of the Participant Manual is available at www.virtu.com (the **Website**).

Unless otherwise defined herein, terms defined in the POSIT (UK) MTF Rulebook shall have the same meaning in this Participant Manual.

2. Participant requirements

Any participant that meets the application requirements set out in the Rulebook may become a participant in the MTF by submitting to the Operator the following documents and/ or tests, as applicable:

- a) a signed agreement with the Operator;
- b) conformance testing for each segment that the participant expects to trade which includes, without limitation, connectivity and end to end order handling (for example submission, order amendments and executions) between the participant and the MTF;
- c) a Legal Entity Identifier for the relevant legal person proposing to become a participant;
- d) the independently verified regulatory status, the domicile of the participant (to consider potential transactions reporting requirements) and an AML risk assessment and relevant KYC due diligence checks completed;
- e) documentary evidence of effective oversight and control of the proposed participant activities on the MTF, including evidence that the proposed participant is able to take adequate measures to ensure it does not pose a risk to the fair and orderly trading on the MTF; and
- f) as may be requested, any credit or financial information for designating a trading limit to that participant.

3. Governance

In accordance with the MTF Rulebook, participants are required to ensure that their employees, officers or other related persons accessing the MTF are fit and proper, have a sufficient level of trading experience, knowledge, ability and competence. Participants must have and maintain internal procedures and controls to ensure the competency of their employees, officers and other such related persons who access the MTF on behalf of the participant. Subject to applicable rules and regulations, the Operator is not required to provide any support or service for participants to meet their obligation to maintain such internal procedures and controls.

Participants shall provide to the Operator details of the person(s) appointed to be a contact person in relation to:

- a) ensuring compliance with the Rulebook, Manuals and Guidance;
- b) technology, operations, legal and finance function matters; and
- c) requesting changes to the trading profile of the relevant participant, such as order or trade cancellations.

Participants shall immediately notify the Operator of any changes to persons who are points of contact for any of the mentioned functions.

4. Information covenant

Participants must maintain retain records of any activity undertaken pursuant to their membership in POSIT (UK) MTF for at least 5 years. Such records must be kept in a legible and durable format and be made available to the Operator on demand.

5. Market making

In accordance with the MTF Rulebook, any participant that is engaged in pursuing a market making strategy is subject to the Operator's assessment and required to enter into an agreement with the Operator to post firm and competitive prices on a regular and predictable basis in the relevant financial instruments admitted to trade on the MTF. The Operator may suspend or withdraw the relevant participant's right and/ or obligation to undertake any such market making strategies in the MTF in the event of market disruption which may impact the fair and orderly trading in the relevant financial instrument(s) in the MTF. Where required the Operator will publish on the Website the required quote sizes, prices and amount of time (the Market Making Obligation) that participants subject to a market making agreement must meet during the relevant MTF hours of operation in order to be in compliance with such agreements. During the MTF hours of operation, the Market Making Obligation will apply only after the first transaction in the primary market of the relevant financial instrument on that particular day on which the MTF and that relevant primary market is open for business. Also, the Market Making Obligation will not apply in relation to a specific financial instrument between the period that the relevant financial instrument is subject to a suspension from trading and the first transaction, in each case, in the primary market of that financial instrument.

6. MTF notifications

The Operator shall publish from time to time on the Website new or revised interpretations, supplements or amendments to the Rules, Manuals or Guidance. Removals or additions of a financial instrument to the POSIT (UK) MTF Universe will also be published on the Website.

The Operator is under no obligation to notify participants of pending market events or corporate actions which may impact the price of a financial instrument included in the MTF Universe.

7. Participant notifications

All notifications to the Operator by participant(s) should be made at least five working days (each such working day must be a day on which POSIT (UK) MTF is open for business) prior to the effective date of any known material change to the participant that is required to be notified to the Operator under the Rules, Manuals and/ or Guidance. Any issue that arises and which would impact a participant's ability at any time to comply with its obligations under the Rules, Manuals and/ or Guidance must be notified immediately to the Operator.

8. Complaints process

All complaints should be processed in accordance with section 16 of the POSIT (UK) MTF Rulebook. Where the relevant participant deems necessary or where the matter relates to the conduct of another/ other participant(s), complaints should be sent to the Chief Compliance Officer either at [compliance- \(UK\)\(\[eu@virtu.com\]\(mailto:eu@virtu.com\) or](mailto:compliance-(UK)@virtu.com) at the postal address which can be found on the Website.

9. Participant suspension/ termination

In accordance with the Rulebook, the Operator may suspend, restrict or terminate a participant's access and rights to the MTF. The Operator will seek to notify the affected participant at the address, email and/ or telephone numbers notified by that participant for its compliance function and chief executive officer.

The Operator is under no obligation to notify the relevant participant before suspending or restricting the participant's right to place orders, execute transactions or receive other MTF services.

10. Fees and charges

Participants shall pay all applicable fees, charges and any other costs for the provision of the various services provided by the Operator of POSIT (UK) MTF. All such fees, charges and other costs relating to POSIT (UK) MTF services are available at the Website.

All such fees and charges will be charged by the Operator in Great Britain Pound Sterling (£), on a monthly basis, using such foreign exchange rates as the Operator determines in its sole discretion. Participants can request details of the foreign exchange rates applied from time to time.

The Operator reserves the right to charge interest on any amount due to the Operator from the date on which payment was due to the date of actual receipt at such rates as may be specified from time to time on the Website.

11. Tax

Fees, charges and other costs relating to the provision of the various services provided by the Operator may also be subject to sales tax/ value added tax and/ or other applicable taxes.

Purchases of certain securities on the MTF may also be subject to stamp duty, levies, financial transaction taxes and/ or other forms of taxation. The Operator does not provide tax advice and nothing in the Rules, Manuals or Guidance can be construed as providing any such advice to participants. Participants must obtain their own advice in relation to any tax liability or exemptions that they may be entitled to claim or obtain.

12. Connectivity/ technology

The technology and infrastructure requirements which are necessary to connect to and operate on POSIT (UK) MTF, including connectivity requirements, FIX specification and market data specifications are published on the technology and connectivity Guidance available on the Website.

13. Trading hours and days

Where a primary market of a given financial instrument is closed on a business day, POSIT (UK) MTF will be closed for that instrument.

If a primary market for a financial instrument suspends trading, the trading in such financial instrument in POSIT (UK) MTF will also be suspended.

A schedule of the trading hours for open business days for each POSIT (UK) MTF segment is available through Guidance which is available for review at the Website.

14. Market segments

POSIT (UK) MTF has an Equities Dark Segment and an Equities Periodic Auction Segment.

POSIT (UK) MTF only takes orders for such financial instruments as listed in the POSIT UK MTF Universe (which can be found at the Website).

Execution is not guaranteed in POSIT (UK) MTF and, in the absence of any further statement, direction or instruction in this Participant Manual or Guidance, unexecuted orders may be withdrawn from POSIT (UK) MTF or left in the system for participation in the next POSIT (UK) MTF match in the relevant segment.

In the interests of improving liquidity, the Operator may give general information about the amount and general size of orders as well as disclosing the countries in which they are traded and general sector information. Participant's identities are not disclosed before or after the match, save as required by any applicable law or regulation.

a) Equities Dark Segment

POSIT Now

- POSIT Now matches orders continuously during the POSIT Now trading hours (please see User Guidance which is available for review at the Website).

- Within the relevant day's trading session, unmatched orders will participate in successive matches until:
 1. any specified expiration time or time in force instruction on the order;
 2. the order is fully filled;
 3. cancellation of the order (by the participant or the Operator); or
 4. the end of that day's trading session. Any orders unmatched at the end of the trading session will be cancelled.
- When availing of the pre-trade transparency Reference Price Waiver ("RPW") available under Article 4(1)(a) of Regulation (EU) No 600/2014 ("MiFIR"), POSIT Now crosses at the midpoint of the primary market best bid and offer ("PBBO") for a given financial instrument.
- Orders that benefit from a size that is equal to or greater than the thresholds set out in Table 1 of Annex II of Commission Delegated Regulation (EU) 2017/587 may enter the system as a large in scale order ("LIS"), availing of the pre-trade transparency Large-in-Scale Waiver available under Article 4(1)(c) of MiFIR, and can match at any permissible price point within the PBBO, subject to adherence to the tick size regime.
- Following a partial execution of an LIS order, and where the residual size of the relevant order is less than the LIS threshold set out in Table 1 of Annex II of Commission Delegated Regulation (EU) 2017/587, such residual order will in all instances remain available for matching in the system and continue to be non-displayed. Execution of the residual will be possible at any permissible price point within the PBBO, subject to adherence to the tick size regime.
- Orders are matched on a **Price / Size / Time Priority** basis.
 1. Price meaning nearest to the prevailing primary market mid price;
 2. Size meaning largest in quantity of shares; and
 3. Time meaning received the earliest.

POSIT Close

- POSIT Close matches occur during the POSIT Close trading session (for session times, please see the POSIT (UK) MTF User Guidance), once the closing price on a financial instrument's primary market of listing has been established on trade date.
- Unmatched orders will participate in successive matches until:
 1. any specified expiration time or time in force instruction on the order;
 2. the order is fully filled;
 3. cancellation of the order (by the relevant participant or the Operator); or
 4. the end of that day's matching window. Any orders unmatched at the end of the trading session will be cancelled.
- POSIT Close crosses at the official closing price (Closing Price) of a financial instrument's venue of primary listing.
- All orders, irrespective of size, are pegged to the close price.
- Orders are matched on a pro rata basis to the size of each order, but subject to the trading constraints attached to the orders entered in the match. In the event that no orders can be matched due to such trading constraints, then orders are matched in order of priority: Size (from largest to smallest) and order entry Time (from earliest to latest).
- Following a partial execution of an LIS order, and where the residual size of the relevant order is less than the LIS threshold set out in Table 1 of Annex II of Commission Delegated Regulation (EU) 2017/587, such residual order will in all instances remain available for matching in the system and continue to be non-displayed. Execution of such residuals will be possible against other pegged Closing Price orders entered into the system.
- Participants may elect to submit a self-match order type. Self-match orders will only execute against a participant's own orders. From a market integrity and market abuse perspective, when utilising the self-match functionality, participants must be cognisant of the need for an underlying change of beneficial ownership to occur. The Operator monitors such activity within the venue, will engage with participants at its discretion to discuss their use of the self-match functionality and reserves the right to terminate a participant's membership of the venue where it suspects the self-match functionality is being misused. Participants are expected to engage in a timely and transparent manner with the Operator when questioned about their use of the self-match functionality and may be requested to attest, in writing, to the veracity of their use of same.

c) Equities Periodic Auction Segment

The Equities Periodic Auction Segment is a system that provides transparency of price and volume information on a short-duration prior to trade execution. The Equities Periodic Auction Segment is a separate segment from all other MTF segments and orders in the Equities Periodic Auction Segment do not cross with orders in the Equities Dark Segment or the Equities RFQ segment.

The Equities Periodic Auction Segment is available to run auctions at any time during the segment's trading hours (please see Guidance which is available for review at the Website).

An auction in a particular financial instrument is only triggered when there is a potential match identified in a buy and a sell order in a particular financial instrument. An indicative auction uncrossing price and volume will be publicly disseminated. The indicative auction uncrossing price and volume will be calculated on the basis of a price determination rule. An uncrossing price at the end of an auction in a particular financial instrument will be calculated using the same price determination rule. The relevant financial instruments will be allocated to participants using an allocation algorithm.

The auction matching period (the auction duration) consists of a fixed call period plus a random call period per financial instrument (see User Guidance for more information). The fixed call period is a specific period of time for orders to enter the auction system once the auction has started. The random call period is an additional maximum period of time after the fixed call period for the auction. The random call period reduces the risk of market manipulation where the exact time of when the auction match will occur cannot be pre-determined.

The fixed call period and the maximum amount of time for the randomised period will be specific per financial instrument and will be made public at the start of each Equities Periodic Auction Segment trading day, prior to the relevant start time of the trading day's first auction. The fixed call period and the maximum amount of time for the random period per financial instrument will be added to the POSIT (UK) MTF Universe reference data file.

15. Instrument universe, discovery/ formation, crossing, order type and attributes, tick size, erroneous trades

a) Instrument Universe

POSIT (UK) MTF only accepts orders into the system's segments for financial instruments that are listed in the '**POSIT UK MTF Universe**' section of the technology and connectivity Guidance available on the Website.

b) Order and Trade Types

POSIT (UK) MTF supports the types of orders listed in the technology and connectivity Guidance available on the Website.

The order types are supported by POSIT (UK) MTF in terms of the key attributes that determine their behaviour and handling. Those key attributes are also listed in the technology and connectivity Guidance available on the Website.

c) Erroneous Orders and Cancellation

A participant must submit a request to cancel an executed trade as soon as possible and, in any event, prior to the settlement of the relevant executed order. The Operator may, having obtained the consent of the party or parties to the relevant participant's match, agree to the cancellation of the relevant match. Neither the Operator nor its affiliates shall have any responsibility or liability for the failure of a participant to cancel an order.

Without prejudice to the generality of the foregoing, the Operator may, if in its sole discretion it determines that circumstances warrant, cancel a clearly erroneous order or transaction regardless of whether or not a participant has requested such a cancellation.

d) Minimum Tick Increment

POSIT (UK) MTF tick increments are made available via the POSIT (UK) MTF Universe reference file available on the Website.

17. Fair and orderly trading

a) *Pre-trade Risk Controls*

All participant orders are subject to pre-trade risk controls that minimally include maximum order size, limit price control and, daily aggregated value limit. Orders that breach the relevant parameters and thresholds will be rejected back to the participant. The parameters and thresholds are subject to change at the sole discretion of the Operator and without prior notification. The parameters and thresholds will be provided to participants upon request.

b) *Post-Trade Risk Controls*

All participant orders and executions are subject to the Operator's market surveillance framework that seeks to identify behaviours that are indicative of market abuse. The surveillance framework considers behavioural patterns directly in the MTF as well as the broader prevailing market and the impact on the MTF in a cross market surveillance context. All participants are required to respond to queries from the Operator as pertains to their trading strategies and methodologies.

c) *Volatility Mechanisms*

The following volatility mechanisms are applicable by segment.

i) Equities Dark Segment

If the primary market of a relevant financial instrument is in a call/volatility auction then, crossing in this segment will be suspended until such time as the relevant financial instrument in its primary market is back in a continuous auction phase.

ii) Equities Periodic Auction Segment

If the primary market component of the relevant financial instrument is in a call or volatility auction phase, the segment will cease to publish indicative auction prices and will cease to uncross until such time the primary market (of the relevant financial instrument) has resumed in a continuous auction phase.

If the price formation methodology determines an indicative price and uncrossing volume that is outside of the European Best Bid Offer the segment will not publish an indicative price or proceed with an uncrossing until such time the methodology has reverted to prices inside of the European best bid/ offer).

18. Clearing and Settlement

The rights and obligations between two participants to a transaction executed on the MTF shall continue in force between those two participants prior and after settlement.

Transactions on the MTF will be settled in accordance with the settlement calendars of the primary market of the relevant financial instrument.

The Operator reserves its rights to suspend or extend a settlement period in relation to all or a particular transaction in a relevant financial instrument in order to comply with applicable rules, regulations and regulatory notices or instructions.

All financial instruments which are delivered in settlement of a transaction in the MTF must be free of charges or any other encumbrance of any kind.

The rights and obligations between two participants to a transaction executed on the MTF shall continue in force between those two participants prior and after settlement.

Transactions on the MTF will be settled in accordance with the settlement calendars of the primary market of the relevant financial instrument.

The Operator reserves its rights to suspend or extend a settlement period in relation to all or a particular transaction in a relevant financial instrument in order to comply with applicable rules, regulations and regulatory notices or instructions.

All financial instruments which are delivered in settlement of a transaction in the MTF must be free of charges or any other encumbrance of any kind.