

# BONDVISION

## BondVision US Dealing Rules

EFFECTIVE 2022

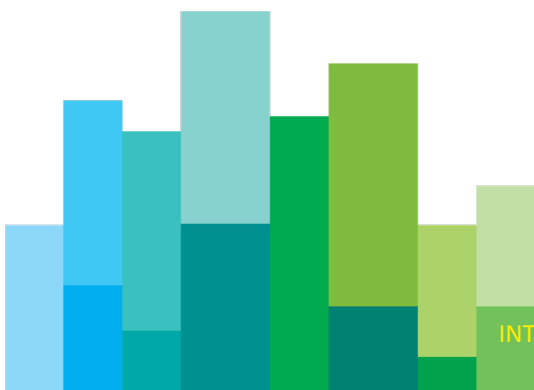


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# DEALING RULES



INTERNAL USE ONLY

## 1.1 Type of Participants

### 1.1.1 Sell-Side

A participant that is configured to stream indicative or executable prices and can reply to incoming request for quotes (RFQ) with firm quotes. The Sell-side participant retains the last look on executable prices streamed to Buy-Side participants. The Sell-Side participant shall be a broker dealer. Furthermore, a participant acting on the Sell-Side for a category of financial instruments cannot act on the Buy-Side for the same category of financial instruments.

### 1.1.2 Buy-Side

A participant that is a Qualified Institutional Buyer (QIB) or Financial Institution as defined under FINRA Rule 4512(c)(3) that is configured to send RFQs or hit/lift executable prices streamed by Sell-Side participants.

## 1.2 Type of Quotes - Sell-Side Participants Only

### 1.2.1 Indicative Quotes

The Indicative quote is generated by a Sell-Side participant and published on the system and gives an indication of the level at which a bond can be traded. A Buy-Side client cannot hit/lift an indicative quote, but only generate an RFQ.

### 1.2.2 Executable Quotes

The executable quote is generated by a Sell-Side participant and published on the system. A Buy-Side client can hit/lift an executable quote. However, executable quotes are not firm and trades may only be executed upon acceptance by the Sell-Side participant.

### 1.2.3 Firm Quotes

The firm quote may be generated by a Sell-Side participant in reply to an incoming RFQ. The Sell-Side sets the time period that the firm quote will remain live. If the



live quote time expires, the quote is no longer firm and the trade is subject to Sell-Side participant approval, meaning the quote is now "subject".

## 1.3 Type of Orders - Buy-Side participants only

### 1.3.1 Request for Quote (RFQ)

An RFQ is a request of a Sell-Side Participant to provide a quote of one or more products that can be traded on the platform. Only Buy-Side participants can send RFQs and only Sell-Side participants can reply to RFQs. A trade is generated when the Buy-Side participant agrees a firm quote or the Sell-Side participant confirms a subject quote. Both counterparties know each other's identity prior to any trade.

The following types of RFQs are supported by the system:

- **Outright Quotes** – A bid to buy or offer to sell a single instrument for a set period of time (parameter managed by BondVision).
- **Switch Quotes** – A quote consisting of two tradeable instruments where a Buy-Side participant requests a quote to buy a security and sell a security, and a Sell-Side participant can submit a correlating quote to sell a security and buy a security. These tradable instruments may be the same to facilitate portfolio switches. Switch quotes are live for a set period of time (parameter managed by BondVision).
- **Butterfly Quotes** – A quote consisting of three tradeable instruments where the Buy-Side participant requests a quote to either buy a security and sell 2 others or to sell 2 securities and buy one and a Sell-Side participant can submit a correlating quote to match the request. The involved tradable instruments must be different from each other. Butterfly quotes are live for a set period of time (parameter managed by BondVision).
- **List Quotes** – Buy-Side participants may submit up to a maximum of 50 quote requests at a time. Sell-Side participants can treat each request individually. List quotes are live for a set period of time (parameter managed by BondVision).

### 1.3.2 Executable Order (Click-to-Trade)

An Executable Order, or click-to-trade, is generated by a Buy-Side participant against Executable Quotes. Because executable quotes are not firm, trades can only be executed when the Sell-Side participant confirms the order. Both counterparties know each other's identity prior to any trade.



## 1.4 Trading Flow

### 1.4.1 Submitting and Executing an RFQ

Buy-Side participants can send RFQs only to Sell-Side participants with whom they have an active Trading Relationship. Buy-Side participants may choose to include up to 20 Sell-Side participants in an RFQ at any time.

A Buy-Side participant can submit an RFQ using a dedicated dialog box available through BondVision which can include the following information:

- CUSIP (ISIN) of the bond
- Description of the bond
- Side
- Size (nominal)
- Settlement date

Each eligible Sell-Side participant who decides to take part in the RFQ sends the Buy-Side a firm quote containing the price or yield assigned to each instrument and a time in seconds within which they undertake to automatically execute the trade at the price offered and for the required quantity. If, during the RFQ time, the Live Quote Time expires without the Buy-Side participant taking any action, the quote then transitions to an executable quote and is subject to the Sell-Side participant's acceptance. At any time, the Sell-Side participant can change the price and set a new Live Quote Time for the RFQ Quote.

For RFQ Switch Quotes and Butterfly Quotes, a Sell-Side participant is bound to quote all the legs and will execute all or nothing. For an RFQ List Quote, a Sell-Side participant is not compelled to quote all the legs. They can quote and trade only one or a subset of the legs. A Sell-Side participant who decides to not take part in the RFQ can send the Buy-Side participant an explicit notification of their refusal, or can let the auction time expire without taking any action.

Depending on the format of the RFQ and the trading strategy of the Buy-Side participant, the following events may take place:

- The Buy-Side participant accepts one of the quotes. The acceptance generates a trade and populates the blotter of both counterparties with the relevant post trade information.
- The RFQ expires (the duration varies according to the type of RFQ) and no trade is concluded.
- The Buy-Side participant closes the RFQ before it has expired.



For RFQ Outright, Switch, Butterfly and List:

- If a trade is executed between the Buy-Side participant and any of the eligible Sell-Side participants, the system notifies the other Sell-Side participants of the closure of the auction with a done away message, but it does not provide information about the level at which the trade was executed or the identity of the other Sell-Side participant.
- If the RFQ expires without the Buy-Side participant executing a trade, the system notifies the participants that the RFQ has closed due to timeout.
- If the Buy-Side participant closes the RFQ before the RFQ time has expired, the system notifies all participants that the RFQ was closed by the Buy-Side participant before its expiry.

## 1.4.2 Submitting and Executing an Executable Order

An Executable Order can be generated only against an executable quote provided by a Sell-Side participant for a specific bond and a size higher than the minimum tradable size and equal or lower than the displayed size.

A Buy-Side participant can submit the Executable Order using a dedicated dialog box available through BondVision which can include the following information:

- CUSIP (ISIN) of the bond
- Description of the bond
- Side
- Size (nominal)
- Minimum executable size
- Price/yield
- Settlement date
- Name of the counterparty

According to the side of the order, the Buy-Side client will click on the Hit (sell) or Lift (buy) button. This triggers an action for the Sell-Side participant who can accept, reject, or let the order timeout. The acceptance generates a trade and populates the blotter of both counterparties with the relevant post trade information.

## 1.5 Trade Details

BondVision maintains records of all RFQs and Executable Orders regardless if they were executed or not, which are available upon request and are limited to the transactions of the requesting party. This information is available either intraday or on a historical basis.



## 1.6 Trading Configurations

Sell-Side and Buy-Side participants can carry out various configurations via the BondVision GUI or API, including:

- Instrument Class Enablement: Sell-Side participants may enable themselves on the Instrument Classes (bonds) they want to trade.
- Trading Relationship:
  - Prior to the start of trading, Buy-Side Participants need to send Sell-Side participants a request to establish a trading relationship. Once approved, Buy-Side participants will be able to preview their list of active Sell-Side participants.
  - Upon receiving a request to establish a trading relationship, Sell-Side participants may accept and become one of the counterparties the Buy-Side participant can select in a RFQ or executable order. Once approved, Sell-Side participants will be able to preview the Buy-Side participant.
- Accounts configuration: Buy-Side participants can configure sub-accounts they will be able use to allocate transactions.

## 1.7 Trade Amendment or Cancellation

Euronext Market Services LLC can only amend or cancel a trade concluded on the BondVision platform upon receipt of a bilaterally agreed request. The request must be sent in writing (email is sufficient) by the two interested parties before the closure of the market.





