

AQUIS EXCHANGE BREXIT FAQs

This document is a guide to Aquis Exchange's (Aquis') plans for Brexit, for trading Members, vendors and CCPs. Aquis is in the process of creating its new EU-based legal entity in Paris, although some of the plans mentioned in this document are dependent on the outcomes of the Brexit negotiations.

The document will be updated if further guidance becomes necessary. Questions may be directed to your Aquis account manager or by emailing sales@aqis.eu and compliance@aqis.eu.

1. How does Aquis Exchange intend to operate in the event of a hard Brexit? Where will Aquis Exchange's EU entity be based?

Aquis is creating a new legal entity, Aquis Exchange SA (Aquis SA) in Paris. The application process has been started and we are planning with the relevant French competent authorities to have this entity authorised by the end of 2018.

COMPLIANCE

2. Will the Rulebook for Aquis' EU entity be the same as Aquis PLC's Rulebook?

We do not expect there to be any major differences. However, the Rulebook is subject to regulatory approval from the AMF and we expect that Aquis SA will be under French national law.

3. What are the regulatory reporting requirements for Aquis' new entity?

Aquis will be required to report all EU27 trades to the AMF and/or ESMA. Transaction reporting arrangements will need to be made by the Member to the relevant Competent Authority (CA). Aquis will transaction report for Members based in a third country.

4. Will Members need to upload a separate short-code mapping file for each of their legal entities and a separate file to both Aquis Exchange PLC and Aquis Exchange SA?

Aquis can accept these as one file for both entities if this is preferred. Alternatively, Aquis can set up an additional FTP login so that each set of mappings can be segregated and sent separately.

However, the need for a clean separation remains a possibility should flow be entirely segregated in the event of a hard Brexit. Aquis remains ready to accommodate this setup as part of our Brexit plans should that become a necessity for our Members.

Any duplication of processes will use exactly the same technological setup as we currently have for the delivery of short codes, as detailed in the Trading Platform Guide.

If the Member has any information barrier requirements between its own two entities, then Aquis recommends that the Members opt to upload a separate file for each legal entity so that Aquis can separate them clearly in the database and avoid any GDPR issues.

5. Can the same traders trade for multiple Member entities? Do traders need to be physically based in the country of the legal entity for which they trade?

Aquis does not have any specific rules on where the trading contacts must be based. Members are responsible for checking and adhering to their own regulatory requirements.

ONBOARDING

6. How and when can Members start onboarding to Aquis' new legal entity?

Members can start to connect their EU entity to Aquis Exchange PLC from now. Membership documents are online at www.aquis.eu/trading/document-library

If required, Aquis can then transfer the relevant membership over to Aquis SA.

The key documents that a new Member would need to complete are:

- Member Participation Agreement
- Member Application Form
- Direct Data Licence and Market Data Order Form (If receiving market data directly from Aquis)
- Liquidity Provider Addendum (if intending to act as a Liquidity Provider)

TECHNOLOGY & INFRASTRUCTURE

7. How does Aquis intend to split its order books and securities?

Subject to regulatory approval, Aquis intends to make UK and Swiss securities available for trading via Aquis Exchange PLC, and EU27 securities available for trading via Aquis SA. Aquis Exchange PLC currently has two order books:

- i) Continuous trading and Market at Close (MaC);
- ii) Auction on Demand (AoD) order book;

Post-Brexit, Aquis SA would also offer two order books, with their own unique MIC codes.

Aquis has reserved new MICs for its EU entity. These are AQEU (for the EU operating MIC) and AQEA (as the segment MIC for the EU Auction on Demand service).

	Aquis Exchange PLC (UK + Swiss securities)	Aquis Exchange SA (EU27 securities)
Continuous Trading and MaC	AQXE	AQEU (to be confirmed)
Auction on Demand	AQXA	AQEA (to be confirmed)

8. Where will Aquis' market infrastructure be located?

Aquis plans to maintain its existing datacentre set-up in the UK (Equinix LD4 as Primary and Interxion LN1 as Secondary/DR site). Both Aquis legal entities will be accessible from these datacenters.

Members may choose to use their existing connectivity to access both Aquis entities, or may request separate connectivity.

Aquis will assign separate trading ports/sessions for each of a Member's legal entities.

9. Will there be a new trading interface for the new entity?

Aquis SA will use the same technical specifications as the existing Aquis platform. Members who use the same technical systems to access both Aquis entities will not need to re-certify if they have already completed this previously. Nonetheless, all firms are still advised to make use of the Aquis Test environment on behalf of their new entities. For those Members who will use a different system or wish to re-certify, the certification tests will be the same as those for the existing Aquis platform.

10. When will the new entity's test environment be available?

Since Aquis will use the same technical specifications across both entities, we intend to maintain just one test environment, which is available immediately. We believe this will also make things easier for Aquis members, who can start testing from now. Upon request, Aquis can assign separate test ports for Members to use for their new entity.

Aquis will confirm shortly, via Member Notice, when the new venue MIC codes are also added to the test environment.

If a Member with multiple trading entities will use the same trading system for both of their entities, then they will not need to re-certify. Similarly, for future upgrades and enhancements, Aquis are happy for just one of the entities to certify on behalf of both.

TRADING COSTS AND STATISTICS

11. Will each legal entity be charged a separate subscription fee?

No, for billing purposes Aquis will combine the message counts for legal entities belonging to the same parent company. Details of the invoicing process will be confirmed closer to the time.

LIQUIDITY PROVISION

12. Can the requirements of Aquis' Liquidity Provider Scheme be shared across legal entities/memberships?

Aquis expects that each legal entity will need to have its own DLP agreement with Aquis.

Our interpretation of MiFID II is that liquidity provision must be monitored on a legal entity level, per instrument. If both of a Member's legal entities intend to trade the same stocks, we do not think it will be possible to combine the liquidity provision for both of the Member's entities. However, if each of the Member's legal entities will only trade the stocks from their own jurisdiction, then there is no need for liquidity provision monitoring to be combined.

Aquis does not expect any overlap between the stocks that it offers for trading via each of its own legal entities.

CLEARING & SETTLEMENT

13. Will there be any impact on the clearing and settlement process for trades on Aquis?

Aquis does not expect any changes to how trades are cleared and settled. Indications from all three of Aquis' existing CCPs (EuroCCP, LCH and SIX x-clear) are that they will remain interoperable. However, each new entity that becomes a Member of Aquis will need to have its own clearing arrangements with its chosen GCM(s) and CCP(s). The CCP(s) will need to send Aquis a separate clearing permission for the new entity, even if both of your legal entities use the same clearing set-up.

14. Can executions be cross-netted between the UK and the EU?

Members will need to check this with their GCM.

MARKET DATA

15. Will there be any feed content changes as part of Aquis' Brexit plans?

Aquis' market data technical specifications will remain the same for both Aquis entities. Aquis currently offers the following four market data splits:

- Split 1 (LSE/DUB): UK
- Split 2 (ENXT): Belgium, France, Netherlands, Portugal
- Split 3 (XET): Germany
- Split 4 (Others): Austria, Denmark, Finland, Italy, Norway, Spain, Sweden, Switzerland

In the event that Aquis must split its order books (as per Question 7), it is expected that Aquis will also re-shuffle the arrangement of countries on each of these market data splits.