

## 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@quis.eu](mailto:sales@quis.eu) and [compliance@quis.eu](mailto:compliance@quis.eu).

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### **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 SAS (Aquis SAS) in Paris. The application is in progress and we are planning with the relevant French competent authorities to have this entity authorised by January 2019.

## 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 Autorité des marchés financiers (AMF) and we expect that Aquis SAS will be under French national law. A copy of the new Rulebook, subject to regulatory approval can be provided upon request.

### **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). In the event that non-EU firms are permitted to hold membership of Aquis SAS, 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 (or their UK entity, if already connected to Aquis with an EU entity) to Aquis Exchange PLC from now. Membership documents are online at [www.aquis.eu/trading/document-library](http://www.aquis.eu/trading/document-library)

Draft documents for Aquis Exchange SAS (subject to regulatory approval) can be provided upon request via [sales@aquis.eu](mailto:sales@aquis.eu)

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

The key items that will be required from new Membership applicants 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)
- KYC documents
- Clearing permission email/Statement of Authority from CCP(s)
- Completion of technical certification with Aquis Support, **or** an email from an authorised person at the applicant firm to request exemption from certification. If requesting exemption from certification, the applicant must declare and ensure that they will use exactly the same trading systems as those which their other legal entity has already certified with Aquis Exchange PLC.

**7. Do Members, vendors and market data recipients of Aquis Exchange PLC need to sign a separate Direct Data Licence or Data Distribution Licence with Aquis Exchange SAS?**

No, firms that have signed a Direct Data Licence or a Data Distribution Licence with Aquis Exchange PLC do not need to sign a new data licence with Aquis Exchange SAS. Affiliates of the firm that has the data agreement in place with Aquis Exchange PLC will be covered by the existing agreement.

**8. Will it be possible for an EU (non-UK) entity to be a Member of Aquis Exchange PLC?**

We believe this will be possible until at least December 2020, in line with the FCA's guidance on the temporary permissions regime for inbound passporting, at <https://www.fca.org.uk/brexit/temporary-permissions-regime>.

**9. Will it be possible for a UK entity to be a Member of Aquis Exchange SAS?**

In order to offer investment services to retail and professional clients in France, a UK participant must have a branch in France. However, based on current guidance, we believe a UK entity can be a Member of Aquis Exchange SAS if they only trade on behalf of clients located outside the EU or on a proprietary basis.

## TECHNOLOGY & INFRASTRUCTURE

### 10. 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 SAS. 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 SAS 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)
<b>Continuous Trading and MaC</b>	AQXE	AQEU
<b>Auction on Demand</b>	AQXA	AQEA

### 11. How will Members' orders be sent to the applicable order book?

Market access will be configured by Aquis at a trading port level and via new IP addresses and port ranges. Member port ranges can be obtained by contacting [support@aqis.eu](mailto:support@aqis.eu). For FIX clients, the TargetCompID to access Aquis will remain AQX for order entry. For FIX DropCopy, the SenderCompID will remain AQX\_DROP.

### 12. How will Aquis manage its security reference file?

Aquis will continue to publish a single security file each day. In preparation for Brexit, an additional field will be added to this file to show which operating MIC each security is assigned to:

Field Name	Data Type	Valid Values
Operating_MIC	String	AQXE – Non EU27 instruments AQEU – EU27 instruments

This change is visible in the Test environment security reference file, with all EU27 securities showing AQEU as the operating MIC.

### 13. 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.

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

Aquis SAS 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.

**15. Will there be any changes to Aquis’ market timings and trading hours?**

No. Aquis SAS will mirror the same timings used by Aquis PLC, e.g. Members can log in from 06:15 (UK time) which would be 07:15 (CET). Similarly, continuous trading for both entities would still be between the hours of 08:00 and 16:30 (UK time).

**TRADING COSTS AND STATISTICS**

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

Each entity will be charged a basic subscription fee for each Membership it holds. This will cover each entity’s allocation of trading ports and drop copy sessions. However, Aquis will combine the message counts for legal entities under the same parent Membership, across both Aquis PLC and Aquis SAS.

**LIQUIDITY PROVISION**

**17. 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.

**18. How can liquidity provision obligations in selected securities be transferred from one Member entity to another?**

Each Member should upload their own list of securities for liquidity provision, to Aquis Exchange via FTP. The file format requirements for DLPs to upload their list of selected stocks for liquidity provision are as follows:

The Member’s market making security list should be in ‘.csv’ format and uploaded to that Member’s specific ‘uploads’ directory. This file should be named ‘DLP\_security\_list.csv’. The file should contain the following columns:

Aquis Security Id	UMTF
<i>Integer</i>	<i>String (6)</i>

## Example Data

2003,VODI

767,FURa

## CLEARING & SETTLEMENT

### 19. 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.

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

Members will need to check this with their GCM.

## MARKET DATA

### 21. 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 in the Production environment:

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

In anticipation of the possibility that Aquis will need to split its order books (as per Question 10), Aquis will re-shuffle the arrangement of countries on each of these market data splits, as follows:

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

This new configuration of feed splits is now available in the Test environment.

### 22. Will there be any changes to symbology, and how will Aquis' market data be published by the data vendors?

Aquis' market data will continue to be available from the distributors listed at [www.aquis.eu/trading/connect-to-aquis-exchange/market-data](http://www.aquis.eu/trading/connect-to-aquis-exchange/market-data). Aquis Exchange will continue to support the Uniform Symbology (UMTF codes) as well as ISIN and RIC codes. For Bloomberg and Refinitiv (formerly known as Thomson Reuters), securities made available for trading on Aquis Exchange SAS will be assigned new code suffixes – 'QE' for Bloomberg and '.AQE' for Refinitiv.

Members should contact their data vendors directly for information on any other changes that may be expected.

## TIMELINES

### 23. 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.

Details of the changes that are or will be available in the Test environment can be found in the table of timelines at the end of this document.

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 (please refer to the required membership documents in question 6). Similarly, for future upgrades and enhancements, Aquis are happy for just one of the entities to certify on behalf of both. Nonetheless, all Members are advised to conduct testing from the perspective of each of their entities.

### 24. When does Aquis intend to split its order books and implement the new MIC codes?

Subject to the outcomes of the Brexit negotiations and timelines, the new operating MIC for Aquis SAS will be applied to all EU27 securities as of 1<sup>st</sup> April 2019. In the event that all Aquis Members are ready to switch prior to this date, Aquis can accommodate an earlier date.

To allow Members to conduct initial 'production proving' or pilot trades, Aquis intends to transfer a few, less liquid, EU27 securities to the new operating MIC on 4<sup>th</sup> March.

This will be communicated by Member Notice closer to the time. As per question 12, firms will be able to see which operating MIC each security is assigned to, via the security file.

Action/Change	Expected Date	Status
Onboarding of new Member entities to Aquis Exchange PLC	Ongoing	In progress
<a href="#">Addition of 'Operating_MIC' field name to security file in Test environment</a>	17 <sup>th</sup> October 2018	Done
<a href="#">Order book splits, new MIC codes and new market data splits available in Test environment</a>	26 <sup>th</sup> November 2018	Done
Aquis Exchange SAS membership documents available for review	January 2019	Available in draft format
Market data splits updated in <b>Production</b> environment	4 <sup>th</sup> February 2019*	
Addition of 'Operating_MIC' field name to security file in <b>Production</b> environment	4 <sup>th</sup> March 2019*	
Early transfer of one security per EU27 country to AQEU (Aquis SAS), to allow pilot trades in Production	4 <sup>th</sup> March 2019*	
Order book splits fully applied in Production	1 <sup>st</sup> April 2019*	

\* Changes will be made after close of business on the Friday before these dates, taking effect on the Monday morning.