

AFME QUESTIONNAIRE

* Please note that our answers only reflect the current status and we cannot take any liability.

#	Topic/Question	Answer*
A Communication and collaboration		
1	What are your plans for communicating MiFID II updates to your members and participants during 2016/17?	In July 2016 we already communicated the system release dates when all MiFID II / MiFIR requirements will be rolled out to clients, so that clients do know about the implementation roadmap and can prepare themselves accordingly. The T7 trading system release will go live on the 4 December 2017, and Xetra release 17 will be launched on 20 November 2017. The T7 release items were published 24 May 2017, while Xetra release 17 announcement was made 27 March 2017, both in conjunction with the standard and well-established release communication. A detailed communication calendar has been published. In November 2016 we performed a roadshow in the cities, where the majority of our clients' bases are located (i.e. London, Frankfurt, Amsterdam and Paris). During this roadshow we explained the regulatory requirements in detail. In June 2017 we published a circular on 'Member reference data and enhancement of order records'. Further we conducted client consultations on specific topics (e.g. on Market Making in May and June 2017). We intend to send out further circulars in Q3 2017 to inform members on MiFID II related items. Besides we engage with our clients on a bilateral basis to provide them with updates and to answer questions. Until the end of this year we will also continuously provide information via our website: http://www.xetra.com/xetra-en/newsroom/current-regulatory-topics/mifid-two-and-mifir
2	How are you collaborating with cross exchange groups to develop a consistent approach to the solutions required by MiFID II?	We participate in industry working groups and closely align with FESE members as well as other venues via FIX to align as much as possible. For example as an industry we have agreed to implement the short code solution.
3	How are you providing Independent Software Vendor's with MiFID II specific updates & workshops?	We inform our ISVs with specific updates on MiFID II. See answer to question 1.
4	When do you plan to have your changes for MiFID II requirements ready? Will these become mandatory on Jan 3rd 2018 or earlier?	The XETRA Release will be on 20 November 2017 and the T7 Release on 4 December 2017. We will provide more information with regard to non-IT related requirements throughout the year (e.g. publication on 'Member reference data and enhancement of order records' in June 2017; additional circulars are planned).
B Treatment of confidential information		
1	Can you confirm that confidential personal client information can be sent and received over an interface separate to the order interface, thus will not require encryption being on the same private data circuit, can be sent post trade and will not be leveraged for commercial purposes?	Yes.
C Due Diligence		
1	What efforts are you making towards an industry standard on our due diligence approach?	According to RTS 7, Article 7, trading venues are obliged to gather due diligence information from their trading members. Once per year every trading member on FWB has to complete a due diligence questionnaire. Once the conceptual phase will be finalized, the MiFID II/ MiFIR questionnaire will be made available in our member section in order to provide our trading members in a most convenient way the possibility to fulfil compliance with regard to the due diligence requirements according to RTS 7, Article 7.
2	Will your due diligence be standardised every year?	See answer above.
D Regulatory data and data management		
1	Will you follow short codes on your FIX or native interfaces and will it cover the following fields	
1.1	Member/participant, Client ID codes, DEA orders, Investment Decision ID and Execution Decision ID	Yes, we will implement short codes. Members have a 5-char short code already today (member ID) with no changes expected. The following fields have to be delivered as short code: Investment Decision ID; Execution Decision ID; Client ID, according to the FIX Trading Community standards. Regarding DMA, no short ID code is needed. Use the TraderID "DMA" for marking your DMA flow.
2	Provision of Regulatory Data	
2.1	What are your plans for collecting regulatory data pertaining to Trading Capacity - (e.g. AOTC, DEAL, MTCH)	AOTH = Agent account DEAL = Prop and Market Making account MTCH = Riskless Principle account
2.3	What are your plans for collecting regulatory data pertaining to Non-Executing Brokers?	We do not have the role "non-executing" broker in continuous trading.
2.4	Will you return any/all of these details back on order and/or execution events?	Investment ID, Execution ID and Client ID in their short code version will not be printed on the execution information. These can be found in the report TC540.
3	Provision of data from Exchanges to investment firms	
3.1	What are your plans for providing market participants with passive/aggressive flags?	We will provide market participants with a passive / aggressive flag. For more information please refer to circular 60/17 (http://www.xetra.com/blob/3067522/d412f0eba61659efb19cabff0ff7a356/data/060_17e.pdf)
3.2	What are your plans for providing market participants with the Waiver ID on executions?	This is currently not planned. Please note that only executions in Xetra Best, for which we use the negotiated trade waiver, will count towards the double volume cap.

3.3	What are your plans for providing market participants with Event time and to what precision/format?	Event times in the transaction and market data interfaces will be provided in UTC and we will keep the existing event times and formats in the Xetra and T7 trading systems to minimize impact on members.
3.4	What are your plans for providing market participants with Triggered circuit breaker flags?	Deutsche Boerse already has in place volatility safeguards and provides the information via our Newsboard and the market data feed with the Vola Indicator Type (ASCII Character String).
4	Is there any additional order/trade/control information you expect from participants or will pass back that is not listed above?	A Liquidity Provision Flag will be provided for members to categorize their flow during order entry. Handling is the same as for all other fields provided by the firm.
5	Halting of Algorithms:	
5.1	Will the trading venue support withdrawal or halting of algorithms according to the Algo ID sent and how will this work?	The obligations are laid down in RTS 6, which is applicable for investment firms and not for trading venues. The provisions for trading venues can be found in RTS 7, especially Art. 10. Therefore, we don't see an obligation of the trading venue. We will provide the already implemented safety functionality, which allows to stop members, traders or pull orders based on member or trader level. RTS 7 does not stipulate that venues have to provide functionality to stop individual algos. RTS 6, adds the relevant text for investment firms (IF) requires IFs to have such functionality on their end, which is a logical consequence, as only the IF has a possibility to also ensure correctness of algo flagging.
5.2	Will you have a kill switch at the Algo ID level and how would it work?	There is no need for venues to provide this functionality. However, we do provide a kill switch called emergency trading stop: The emergency trading stop role enables risk control functions to stop trading for a user or the entire business unit, and automatically delete orders and quotes. The emergency trading stop role can be added to supplement any other role, as long as the user level is set to supervisor. The emergency trading stop role is assigned to an entire market, not a product assignment group. Participants must have at least two users with the emergency trading stop role in order to stop a user or business unit from trading; stop trading functions use the four-eyes principle as a safeguard.
6	Will there be a way for firm to extract all their order and execution details for the day to feed into their surveillance systems and how will it work?	There will be the same reports as of today, delivered after the overnight batch.
7	Will you require a registered list of people to contact to invoke kill functionality?	The central coordinator or admin are permitted to assign traders the role to do so for them and/or others. The central coordinator/admin can have the role only.
8	What are your plans for harmonising instrument tick sizes against a central standard and will you still have your specific tick size rules?	We will implement the tick size table from RTS 11 annex for shares, ETFs and DRs. For ETFs that are exempt from the regime and ETCs and ETNs we will define our own tick sizes. We are currently in the process of doing so. For all other instruments there will be no change. More information will be provided latest in early Q4.
9	Will you continue to publish your own data concerning tick sizes?	The tick size regime is mandatory. Hence for shares, DRs and ETFs we have to implement it. See also response to number 8.
13	Do you intend to inform members of progress (per instrument, per waiver) towards the 4% volume cap and if so, how?	We will no longer have XETRA Mid-point (based on reference price waiver). We will still offer XETRA Best (negotiated trade waiver). We intend to inform but are still in the process of analysis.
15	How will negotiated trades be rejected for instruments that have been suspended due to the dark volume caps?	On DBAGs cash platforms the Negotiated Trade Waiver is only used for DBAGs Xetra Best offering. In case the usage of the waiver is not allowed anymore Xetra Best flagged orders would be sent to the central limit order book of XETRA, i.e. there would be no rejections.
16	For any instruments prevented from trading under the Double Volume Cap constraints, will you be informing members of an expected date at which trading will be re-enabled?	We intend to communicate only status changes, i.e. in case an instrument is disabled or enabled for Xetra Best. Details of the communication process still need to be determined.
17	Do you intend to inform members of the waivers available per instrument on each given trading day and whether the use of any particular waivers has changed vs the previous day?	We intend to communicate only status changes, i.e. in case an instrument is disabled or enabled for Xetra Best. Details of the communication process still need to be determined.
18	What are your plans with regard to formalising and making public the instruments traded on your venue(s) (particularly with regard to explicitly identifying the admission of multi-listed instruments from non-EEA markets)? Where the admission/listing of such instruments will drive participant and investor obligations in respect of the Trading Obligation and trade/transaction reporting.	According to RTS 23, venues need to inform their NCA or where the NCA outsourced, ESMA about all their active instruments on a daily basis. This information is provided already today towards the respective NCA under Art. 4 Market Abusive Regulation (MAR). All our members receive the list of tradable instruments using our reference data system. We assume ESMA will make public a complete list of all instruments traded on venues and also provide more insight into the "related" aspect in due course. As regards FWB, the instruments traded on Xetra are publicly available at http://www.deutsche-boerse-cash-market.com/dbcm-en/instruments-statistics/all-tradable-instruments , for download and/or searching/browsing. Depending on the publication of reference data by ESMA, the structure of this list might be amended.
E Algorithms and Algorithmic Testing		
1	What certification will be required for algorithms and can you confirm that you will not block new Algo IDs before retrospective self-certification? AFME preference would be the self-certification of algorithms that can be retrospectively validated. What will be the grace period for retrospective self-certification?	Certificates have to be uploaded into our member section, latest EoD. DBG is currently working on this internally and will provide more information at a later stage. We expect members to have uploaded according data at the EoD the latest. Please refer to the FSE circular 60/17 for more information (available on: http://www.xetra.com/xetra-en/newsroom/current-regulatory-topics/mifid-two-and-mifir).
2	Testing Environments	
2.1	What are your plans for supporting test instruments on the market?	None. We will not offer test symbols in production. This would clearly contradict our responsibility to ensure effective separation of the testing environment from production, as stipulated in Art. 10(3) of the Commission Delegated Regulation C(2106) 4387 final as of July 14th, 2017 (RTS 7).

2.2	Will you provide test symbols in the live market?	We will not offer test symbols in production. This would clearly contradict our responsibility to ensure effective separation of the testing environment from production, as stipulated in Art. 10(3) of the Commission Delegated Regulation C(2106) 4387 final as of July 14th, 2017 (RTS 7).
2.3	Do you plan any enhancements to your existing testing environment and how will these work?	We will provide cloud simulation for T7 and have the advanced simulation for Xetra in addition for the period when our usual simulation environment is running new release software. These already comply today with the MiFID requirements. For more information about our cloud service, please go to page: http://www.xetra.com/xetra-en/technology/t7/cloud-simulation
3	Many members may use third party vendors for market data. How will testing of market data consumption be tested in regards to algo trading?	This will be as usual, previous to releases. Available for testing in the simulation environment.
4	Stress Testing	
4.1	Will testing environments mirror production to enable high volume stress testing?	Yes, to the most possible extend. We provide a subset from every class of instruments we offer in production.
4.2	Will you be providing a test system to facilitate your own and investment firms stress testing requirements?	No, we won't, but you can test everything in our simulation.
4.3	How often will the stress testing cycle occur? Available daily? Repeated every hour?	We will provide more details at a later stage. We are currently evaluating this.
4.4	Will there be any auto order generators or other tools deployed, if so how will they operate?	We will provide more details at a later stage. Tools that are currently used to generate orders in test systems will also be used in the future.
5	How will maximum order volume checks work, will these be security specific or generic?	The maximum order volume check will apply on a trader level. The check will apply to all securities that the trader is allowed to trade.
6	What post trade checks, if any, will you implement?	We already have in place a clearing member stop button for both Xetra and T7 which can warn members and stop positions when certain limits are reached. The positions are also monitored by our risk department and market supervision. The clearing member stop button generates: a) two warnings on limits the member determines and b) a stopping of the order activity on another pre-set limit.
7	What circuit breakers do you have implemented?	Volatility safeguards are in place on Xetra and detailed in our Trading Model (http://www.xetra.com/blob/2449728/9c92a1e153f7db3edb6ad230295dcffc/data/market-model-equities.pdf , pages 35-43)
7.1	Are you considering altering these or adding new ones?	The volatility safeguards currently in place on Xetra shall be compliant with MiFID II requirements and hence if at all, shall only marginally be modified. Eurex Bonds will implement volatility safeguards as requested by the regulation; those safeguards are still in the process of being defined.
7.2	How will trading venues support members monitoring our DEA or Algorithmic orders triggering circuit breakers?	The obligation to monitor algos is bound to the member firm and stipulated in RTS 6. Therefore we currently do not plan to do so.
8	What are your plans with respect to supported "kill switch" functionality?	Firstly, on T7, we have an Emergency Mass Deletion option which involves: - Market wide deletion of all orders and quotes - Performed via specific user/trader when this is assigned to his role or the central coordinator can do it - Trader can delete all orders/quote or central coordinator can do this for all traders - When this role is assigned any user level can delete all quotes for the entire business unit Secondly, on both Xetra and T7 there will be a clearing member stop button which generates: a) two warnings on limits the member determines, and b) a stopping of the order activity on another pre-set limit. Moreover, the market supervision dept. can act on the member's behalf.
9	What precautionary/absolute measures will venues operating a dark pool put into effect to ensure trading remains below the dark volume cap?	FWB does not plan to operate a dark pool.
F	DEA Impacts	
1	What information regarding trading controls and organisation will you require from members in relation to sponsored access and how will you provide real time alerts?	We only provide DMA and order routing, no current plans for sponsored access.
2	For DMA/SMA trading, what additional enrichment will you be making to exchange drop copies to facilitate new data requirements for MiFID?	We only provide DMA and order routing, no current plans for sponsored access.
G	OTR/Market Making	
1	What are your plans for collecting regulatory data pertaining to Liquidity Provision Flags?	Members have to flag according to their investment strategy. It is within their responsibility to flag correctly.
2	How will you monitor compliance with the market making measures, will this monitoring also include alerting for when market making levels are being approached? If so, how will you inform members of a need to register as a Market Maker?	It is the duty of the investment firm to notify the trading venue if market making strategy is planned in any instrument and to sign the market making agreement. Market surveillance of Frankfurt Stock Exchange will proactively monitor the trading behaviour of members to identify potential market making strategies on a random basis. The aim is to approach the members in case they have not registered as Market Maker as requested by Exchange Rules. There will be no trading reports provided to members who have not signed the market making agreement. For all registered market makers we will provide daily and month-to-date performance reports to help them to monitor their compliance with the market making terms.
3	What are your plans for implementing OTR controls?	We will provide three reports a day to the members.

3.1	At what level will you set these and how will you apply the controls?	By providing information, three times a day via report. The OTR will be calculated per member, ISIN and day.
3.2	Will OTR be applied at a trader, session or membership level?	The OTR will be applied per member and ISIN. The activity of all traders active in one ISIN is compiled to one OTR value.
3.3	What tools/MIS will you produce for members to monitor OTRs and will you plan for daily as well as monthly reports?	There will be three intraday reports comprising the following: 1) OTR measures up to that point in time per ISIN 2) the parameters and 3) generated quantities per trader per ISIN.
3.4	What obligations will you put on members (if any) to monitor the OTR?	No formal obligations, but members have to ensure they comply with the OTR limits.
3.5	Do you have any access linked to OTR that would block trading or prevent access to the market?	No, we don't have any access linked to OTR that would block trading or prevent access to the market.
H	HFT	
1	Will you define where a member is using infrastructure intended to minimize network and other types of latencies, and what level will this definition be at (i.e. Member, connection etc.)?	It is obviously to the regulators to define the exact definition here. We currently work with the assumption that in our infrastructural setup only a 10GB connection in co-location is able to minimise latency. All other connection do have latency penalties which contradicts the definition of minimisation.
2	Will you monitor firms for use of HFT trading technique (when it is fully defined)? This will help firms to assess HFT status	We will calculate the intraday message rate and provide this via report called TL900. We will do this for members with a 10Gb connectivity only. The report is provided on the common report engine (CRE) as of today.
3	What are your plans for providing monthly estimates of the average messages per second taking into account the preceding 12 months?	See above. We will provide this report (TL900) every morning for the consecutive day, comprising the message rate for the total traded instruments and on an per ISIN basis. The ratios will be provided as daily, month-to-date and yearly values.