

CIRCULAR
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Category:

Regulatory

Attachments:**Attachment 1:**
Self Trade Prevention
Functionality Policy**Attachment 2:**
Self Trade Prevention
Functionality FAQ**Summary of content:**Self Trade Prevention
Functionality (“STPF”)**For more information
please contact:**Phil Redman
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Effective **Friday 01 November 2013**, ICE Futures Europe (“the Exchange”) is implementing a Self Trade Prevention Functionality (“STPF”) Policy. The STPF resides within the ICE Platform and provides various configurations to prevent self-trading of orders at different levels, as described below.

All Proprietary Traders which have direct market access to the ICE Platform and which also use algorithmic trading applications will be required to use STPF at the Authorised Trader ID level by 01 November 2013 or such other date as the Exchange specifies.

In this context, a “Proprietary Trader” is an entity (company or individual) that trades for its own account and does not trade for customer accounts. Further, a direct market access user shall include Member and non-Member firms accessing the ICE Platform (under the terms of the Electronic User Agreement or the Direct Access Interface Development and Maintenance Agreement).

All prevention criteria configurations are set up by ICE User Administration upon request. For those traders for which STPF is mandatory, they may not opt out or otherwise override the use of STPF at the Authorised Trader ID level. ICE User Administration will be contacting the Proprietary Traders that are required to establish the required Authorised Trader ID configurations to assist them.

Other market participants are encouraged to use STPF at a level that is appropriate to the nature of their trading operations and organizational structure.

The STPF, once set up will apply globally to all ICE markets and ICE Exchanges on which a market participant is active and cannot be varied by Exchange or Market and cannot be turned on and off by Market or Exchange.

The Exchange intends that the mandatory use of STPF at Authorised Trader ID level will be extended over time to cover all Proprietary Traders and commercial/merchant entities other than those which trade for customer/client accounts.

A description of the STPF functionality is provided below, and further information on the STPF is provided in the attached STPF Policy and FAQ, which can also be found on:

https://www.theice.com/futures_europe.ihtml

Description of Functionality

The STPF resides within the ICE trading engine and provides various automated configurations to prevent self-trading of orders entered by the same firm or related firms; under the same Authorised Trader ID or the same account; or within the same Authorised Group ID. The functionality has the ability to be applied at any of the following levels:

Company ID – At this level, STPF can be employed on an inter-company or intra-company basis. The inter-company STPF prevents self-trading by different companies with common ownership (i.e. under a common parent company) whereas intra-company STPF prevents self-trading within a single company. Firms wishing to use this type of STPF must ensure that Company IDs, are properly populated for all orders.

Authorised Group ID – At this level, a company can create Group IDs for the purpose of preventing self-trading by members of a group (within a single entity or related entities) that have access to or knowledge of each other's orders. The Authorised Group ID (Fix Tag 144/right side) is created by the participant and is passed to the Exchange on each order message. Firms are responsible for ensuring that Authorised Group IDs are sufficiently comprehensive to include all relevant traders.

Those firms that have traders utilizing WebICE IDs will need to provide the ICE User Administration team with the names and WebICE IDs of the users they want grouped together and the ICE User Administration team will create and assign the Authorised Group IDs as requested by the firm.

Authorised Trader ID – At this level, STPF prohibits self-trading under the same Authorised Trader ID. For WebICE users, this would be the unique User ID assigned by ICE. For orders submitted to the Exchange through a FIX connection, the Authorised Trader ID is submitted in Tag 116 to the right of the pipe delimiters.

Account – At this level, STPF prohibits self-trading for the same account. The account must be an exact match.

Note that STPF does not apply to derived orders from spreads or other strategies that trade across outright orders. Only outright-to-outright orders and spread to same spread orders will be prevented from self-trading.

Application of STPF to Orders

The STPF permits selection of any one of the following actions to occur when the matching engine detects a potential self-trade:

Reject Taking Order (RTO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, the incoming bid/offer (or "Taking Order") will be automatically rejected.

Reject Resting Order (RRO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, the resting bid/offer (or "Resting Order") will be automatically cancelled.

Reject Both Orders (RBO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, both the Taking Order and Resting Order will be automatically cancelled.

If the resting order has the top priority in the order book, and would result in a self-trade against the entire quantity of the inbound opposing order, then the appropriate RTO, RRO, or RBO functionality will be employed, and the relevant order (RTO; RRO) or orders (RBO) will be

cancelled entirely. However, if the resting order is not the top priority order for the full volume of the inbound order, then any partial fills across unrelated parties will be permitted to occur prior to cancellation of the balance of the inbound order.


Questions

Market participants with any queries regarding the STPF functionality and whether or not the requirement to use STPF at the Authorised Trade ID level is applicable to them, should contact Phil Redman, Director of Market Oversight, +44 (0)20 7065 7702, phil.redman@theice.com or Tanya Owens, Compliance Manager, +44 (0)20 7065 7790 or by email to: tanya.owens@theice.com or consult with their own legal advisors.

Market participants with questions about the functionality itself or how to set up their desired configuration should contact ICE User Administration at +1 (770) 738 2101, Option 1 then Option 3, or by email at iceuseradministration@theice.com.

Please ensure that the appropriate staff within your organization are made aware of the contents of this Circular.

Signed:



Patrick Davis
Company Secretary