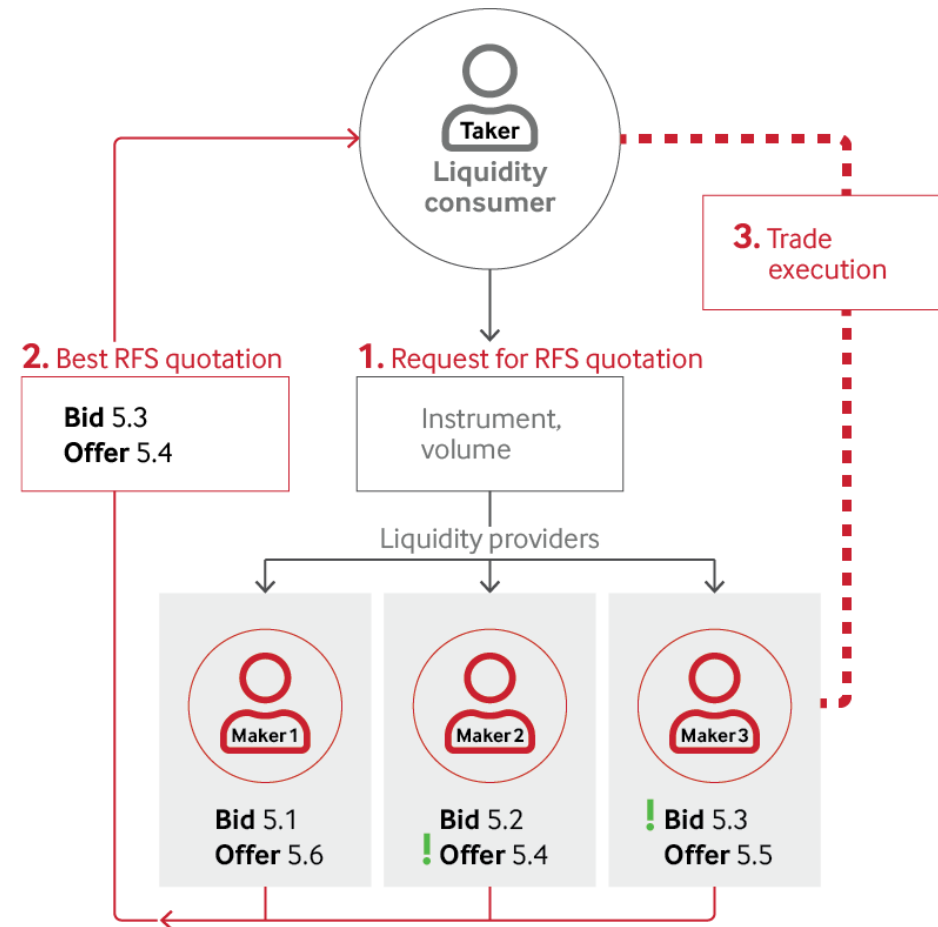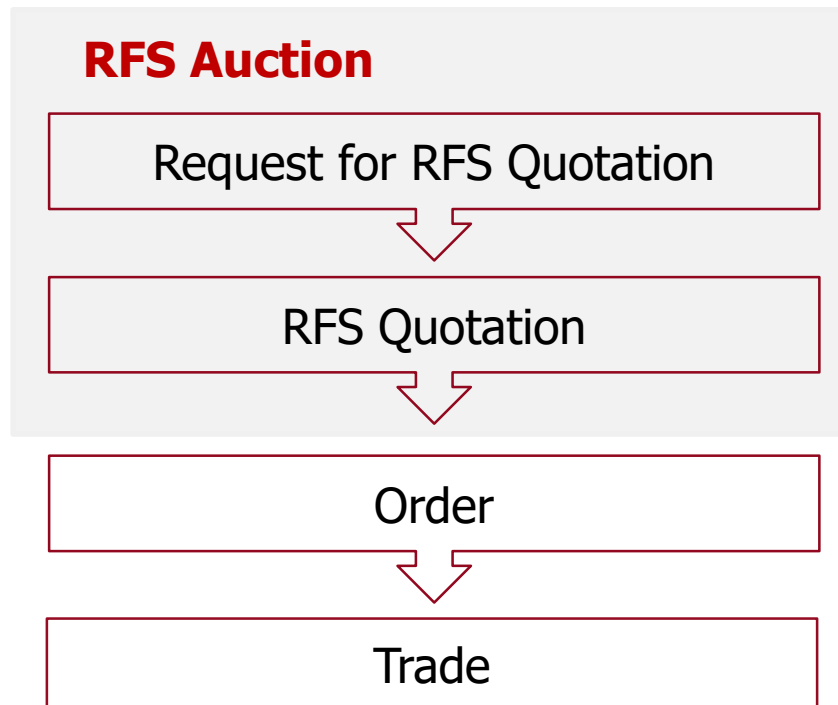**MOSCOW EXCHANGE**

Request for Stream on MOEX's Derivatives Market

REQUEST FOR STREAM SERVICE

RFS (Request for Stream) quotation system is the new execution venue for block trading on the MOEX's derivatives market available for all instruments. Liquidity consumer (LC) and liquidity provider (LP) are the two sides of RFS auctions.

RFS SERVICE ADVANTAGES

New Execution Venue For Block Trades

- The minimum volume of the request is set depending on the underlying asset
- Partial execution is not acceptable, an entire order executes at a single price
- There is no market impact, the order is executed outside the order book
- Liquidity provider may reject the order, if the automatic confirmation of the RFS quotation is not set (last look option)

Liquidity

- RFS quotes may the better than quotes in the order book
- There is no fee for requests for RFS quotations
- Funds are not blocked until the RFS quotation is confirmed

Anonymity

- Requests for RFS quotation and RFS quotations are anonymous: the information about liquidity providers is not disclosed to the liquidity consumer, the information about the liquidity consumer is not disclosed to liquidity providers; liquidity providers are not able to view other quotes submitted.
- Liquidity consumer may not disclose the direction of trade in the request for RFS quotation
- Trades are executed with the central counterparty

RFS AUCTION PARTICIPANTS

Liquidity Consumer (LC)

– a trading participant initiating a **RFS auction** through submitting a **request for RFS quotation**

- All trading members and their clients can initiate streams as LCs
- LC may initiate multiple RFS auctions simultaneously
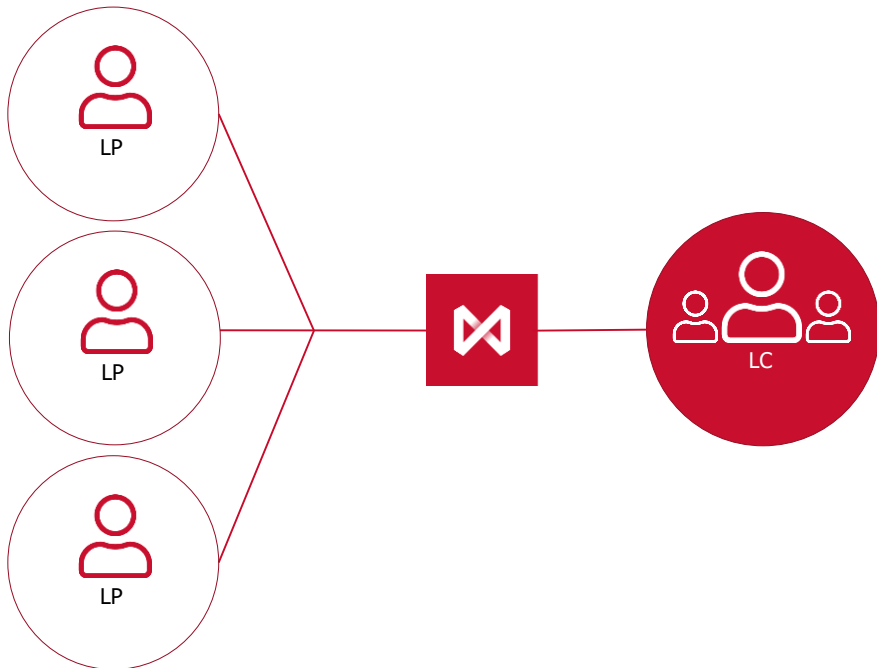
Liquidity Provider (LP)

– a trading participant submitting **RFS quotations** during RFS auctions

- All trading members and their clients can participate in RFS auctions as LPs after submitting the **application** to the Exchange
- LP status is assigned to client sections of the 3rd level
- All LPs receive notifications about RFS auctions
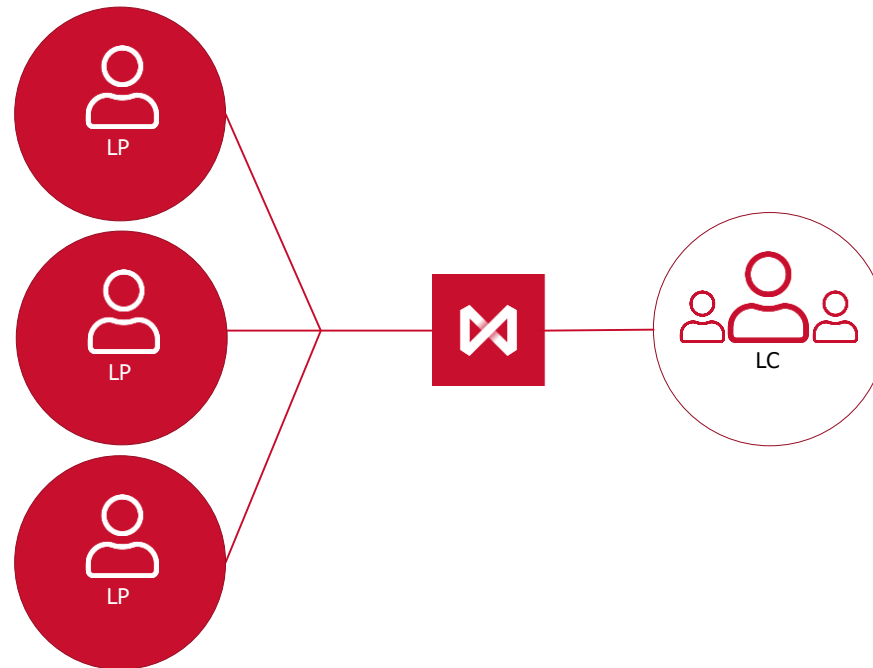
RFS AUCTION PROCESS

1. Request for RFS quotation submission

LC initiates the RFS auction by submitting the request for RFS quotation

A request shall contain the contract code, volume, direction (buy and/or sell), auction duration

LC may specify the **minimum lifetime of the RFS quotation** and set the indication of **automatic confirmation** of the RFS quotation

2. RFS quotations submission

All LPs receive notifications about the request for RFS quotation

LPs send RFS quotations with the requested volume, LC gets the **best quote**

LP may specify the **RFS quotation lifetime**, during which LC can accept it

LP can not cancel the RFS quotation and move the bid price lower or the ask price higher during the **minimum lifetime of the RFS quotation** set by LC (speed bump)

3. RFS quotations confirmation

LC **accepts** the RFS quotation with specified price, volume, direction. LP has 0.2 seconds to **confirm** the RFS quotation (last look) or it will be confirmed immediately if the automatic confirmation of the RFS quotation is set in the request for RFS quotation and/or in the RFS quotation

Counterparty's collateral requirements are assessed

RFS orders are registered in the Register of orders, the trade is cleared by the central counterparty

REQUEST FOR RFS QUOTATION MAIN PARAMETERS

|	
Instrument	The code of a contract or a calendar spread
Volume	The number of contracts no less than the minimum volume set by the Exchange depending on an underlying asset
Direction	"Buy"; "Sell"; "Buy and Sell" In case of a two-sided quote ("Buy and Sell"), LC shall specify the direction "Buy" or "Sell" in the electronic message on accepting the RFS quotation.
Auction duration	A period of time during the trading session, within which LPs provide RFS quotations. The auction may be terminated earlier by LC. Possible values: "Till the end of the session", "30 seconds", "60 seconds", "90 seconds", "120 seconds".
Minimum lifetime of the RFS quotation (speed bump)	A period of time during the RFS auction, within which LP can not cancel the submitted RFS quotation, move the bid price lower or the ask price higher. Possible values: "None", "0.2 seconds"; "0.5 seconds"; "1 second"; "3 seconds".
Automatic confirmation	"Automatic confirmation" flag means that after LC sends an electronic message on the RFS quotation acceptance, the RFS quotation is automatically confirmed by the system (LP has no last look).

RFS QUOTATION MAIN PARAMETERS

Instrument	The code of a contract or a calendar spread in accordance with the request for RFS quotation
Volume	The number of contracts in accordance with the request for RFS quotation
Price	Bid and/or ask price in accordance with the request for RFS quotation
RFS quotation lifetime	A period of time since the RFS quotation was submitted, within which LC may confirm it if such RFS quotation is the best (by default, till the end of the RFS auction). If the value is established, it shall be no less than the minimum lifetime of the RFS quotation set in the request for RFS quotation.
Automatic confirmation	"Automatic confirmation" flag means that after LC accepts the RFS quotation, the RFS quotation is automatically confirmed by the system (LP has no last look). The flag should be included if it is set in the request for RFS quotation. If there are several RFS quotations with the same price, a quotation with an automatic confirmation will be the best.

RFS QUOTATION FEATURES

LC receives the best RFS quotation in the stream according to the following priority:
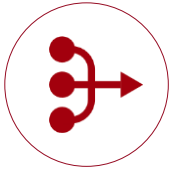
1. Price (the highest bid / the lowest ask price)
2. Automatic confirmation
3. Registration time
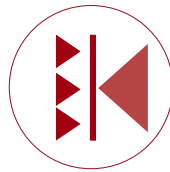
Matching is made between LC and LP.
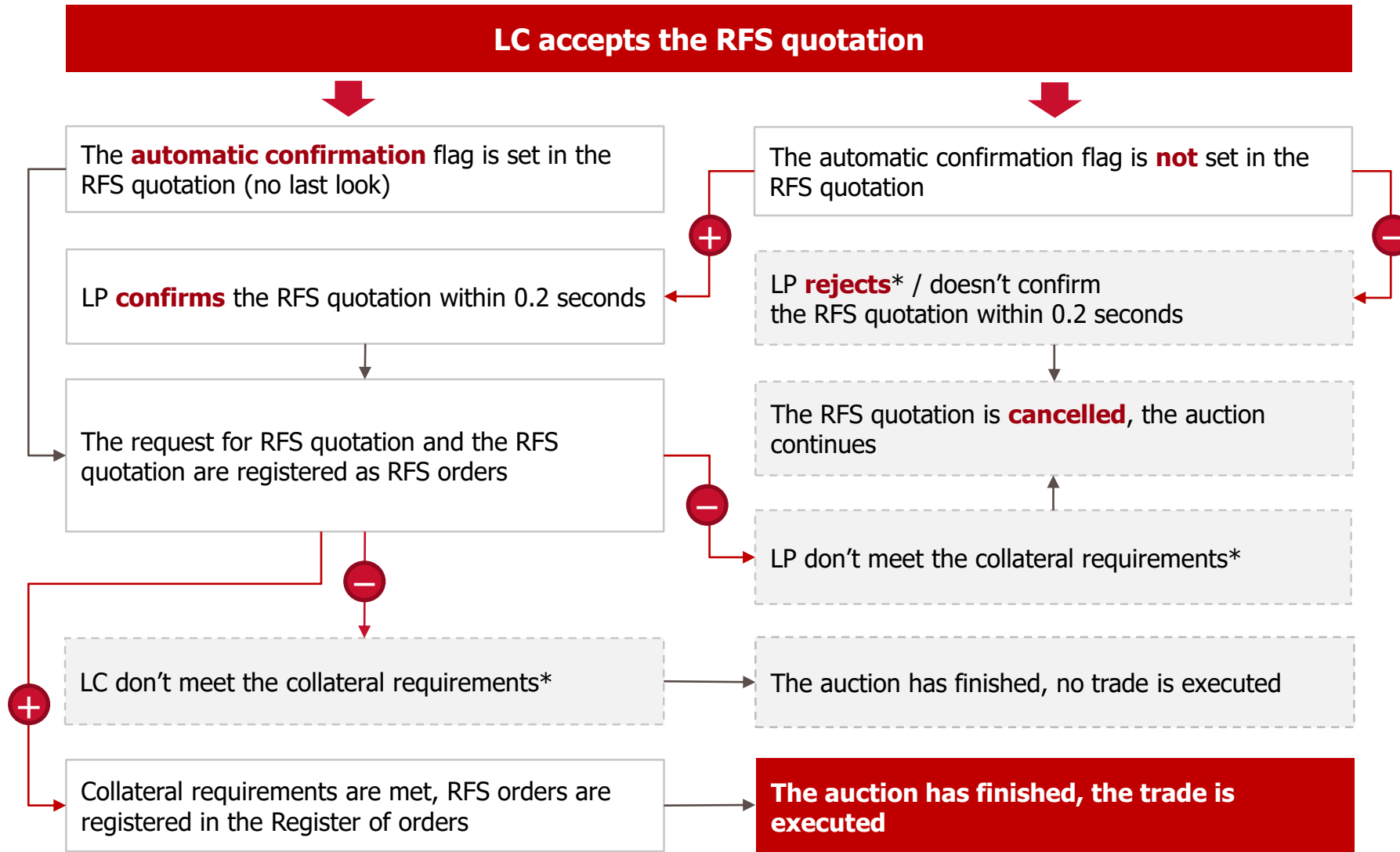LPs are not able to view other RFS quotations submitted.

LPs can move and cancel RFS quotations, but it is not possible to cancel the RFS quotation and move the bid price lower or the ask price higher during the minimum lifetime of the RFS quotation.

The request for RFS quotation is placed with the all or none condition. RFS quotations have the same volume as the request for RFS quotation.

RFS QUOTATION ACCEPTANCE

LC accepts the RFS quotation

The **automatic confirmation** flag is set in the RFS quotation (no last look)

The automatic confirmation flag is **not** set in the RFS quotation

+

LP **confirms** the RFS quotation within 0.2 seconds

LP **rejects*** / doesn't confirm the RFS quotation within 0.2 seconds

−

The request for RFS quotation and the RFS quotation are registered as RFS orders

The RFS quotation is **cancelled**, the auction continues

−

LP don't meet the collateral requirements*

−

LC don't meet the collateral requirements*

The auction has finished, no trade is executed

+

Collateral requirements are met, RFS orders are registered in the Register of orders

The auction has finished, the trade is executed

* In case of refusal to confirm quotes and failures to meet the collateral requirements, penalties are applied to the participant in the form of withdrawing quotes and a ban on adding new quotes for this instrument for a certain time.

MINIMUM VOLUME OF TRANSACTIONS

Minimum Volume of the Request for RFS Quotation and RFS Quotations:

Underlying Asset	Volume in Contracts
Si	1500
RTS	1000
BR	3000
SBRF	3000
Other	500

Trades resulted from RFS auctions don't affect the settlement prices of intra-day and evening clearing sessions.

QUOTE CONFIRMATION MONITORING SYSTEM

The monitoring system is designed to maximize the percentage of confirmed quotes.
The Exchange uses a **10-level scheme** of thresholds with a range between 1 and 10.
It allocates penalty points to a trading participant for every quote rejection and/or erroneous transaction.

The amount of penalty points is increased by one when:
- RFS quotation has not been confirmed by LP
- Collateral requirements are not met by LC or LP

What measures may be applied:
- RFS quotations are cancelled
- New RFS quotations are forbidden for a definite period of time (time-out)

The amount of penalty points is decreased by one every 60 sec in absence of quote rejections, erroneous transactions and time-out.

Level	1	2	3	4	5	6	7	8	9	10
Quote Cancellation	no	no	yes	yes	yes	yes	yes	yes	yes	yes
Time-out (mm:ss)	00:00	00:00	00:00	00:10	30:00	600:00	600:00	600:00	600:00	600:00

REPORTS

- Information on submitted **requests for RFS quotation** is presented in the new report **requests_XXYY.csv**
  - The report is sent to the liquidity consumer and liquidity providers participated in the same RFS auction
  - The report is provided after the main clearing session in **IQSYYYYMMDD.zip**

- Information on **confirmed RFS quotations** is included in the IQS report **ind04_XXYYY.csv**
  - The field <trading_mode> values: <iqs> or <rfs>

- Information on executed **trades** is included in the report **indlink_XXYY.csv**
  - The field <trading_mode> values: <iqs> or <rfs>

- The field <LP_code> with the liquidity provider code is included in the report **clientsXX00.csv**

TEST AND CERTIFICATION

Trading Environment:

[ROUTEINFO]

;IQS

direct.5=91.203.252.35:6005

direct.6=91.203.252.35:5010

direct.7=91.203.252.35:5015

;RFS

direct.8=91.203.252.35:6005

direct.9=91.203.252.35:6010

direct.10=91.203.252.35:6015

Test Environment (T1):

[ROUTEINFO]

;IQS

direct.4=spectra-t1.moex.com:5005

direct.5=spectra-t1.moex.com:5010

direct.6=spectra-t1.moex.com:5015

;RFS

direct.7=spectra-t1.moex.com:6005

direct.8=spectra-t1.moex.com:6010

direct.9=spectra-t1.moex.com:6015

It is required to pass the **certification procedures** in the test environment in order to participate in RFS auctions (2-3 working days).
Technical support: help@moex.com, +7 (495) 232-3363, +7 (495) 363-3232 (3377)

For more information see the document OTC_P2Gate_ru.pdf: ftp://ftp.moex.com/pub/OTC/RFS_IQS/prod/OTCGate/Docs/

MOSCOW
EXCHANGE

THANK YOU!

Derivatives Market Department

+7 495 363-32-32

derivatives@moex.com