

RTS 27

THE AQUIS EXCHANGE RTS ANALYTICS TOOL

Aquis Exchange has developed an analytics tool to help institutions to access the available RTS data in machine readable form. This information, when overlaid as an additional support to existing post-trade analysis tools, can be an important complementary diagnostic in determining Best Execution.

WHAT IS RTS 27

RTS 27 is a Regulatory Technical Standard issued by ESMA with the intention of providing market participants with an overview of comparable liquidity and execution data sets to support their Best Execution processes. Compliance with RTS 27 is intended to provide greater transparency and investor protection.

All European Trading Venues and Systematic Internalisers (SIs) across all asset classes have an obligation to publish RTS 27 data. Currently, the Aquis Exchange analytics tool comprises RTS reports for equity markets only. Reports must be published quarterly with publication no later than 3 months after the end of each quarter.

DATABASE IS STANDARDISED & MACHINE READABLE

Data should theoretically be made available and downloadable in machine readable format. However, the format of data reports submitted from different Trading Venues and SIs varies considerably. Aquis Exchange has invested considerable time and resource to 'clean' the data from some 20 execution venues and now has a standardised, machine readable, database that should permit valid comparison of execution venues over time.

RTS 27 reports are comprised of 9 separate tables. To begin with, Aquis Exchange has concentrated its analysis on Likelihood of Execution (Table 7), although Costs (Tables 4 and 5) and Average Executed Price (Tables 3 and 4) should also be considered. It should be noted that current Table 7 data demonstrates a positive bias towards SIs due to tick size differences. This should be corrected in upcoming reports following recent updated ESMA guidance on tick sizes, however, this factor should not be ignored when conducting historic analysis.

Due to the large quantity of data, ESMA has selected four sample time periods to reference. These are: 9.30, 11.30, 13.30 and 15.30 UTC. This poses certain problems, particularly in the Summer, when for example 15.30 UTC = 17.30 CEST or 16.30 BST, which is the closing time of most of the European markets pre auction. The depth of order books is particularly thin at this time and valid data/analysis can be compromised. In addition, markets such as Copenhagen and Oslo are already closed and there is no data point at 15.30 UTC available at all.

COMPLEMENTARY TOOL FOR TCA

Despite the above-mentioned limitations within the data, which Aquis Exchange has already raised with the regulators, RTS 27 remains a regulatory standard that imposes mandatory contribution and provides an overview of available execution venues. Aquis Exchange, therefore, considers that when overlaid as an additional support to existing post-trade transaction cost analysis (TCA) tools, RTS 27 can be an important addition to Best Execution analysis for buy-side and sell-side institutions.

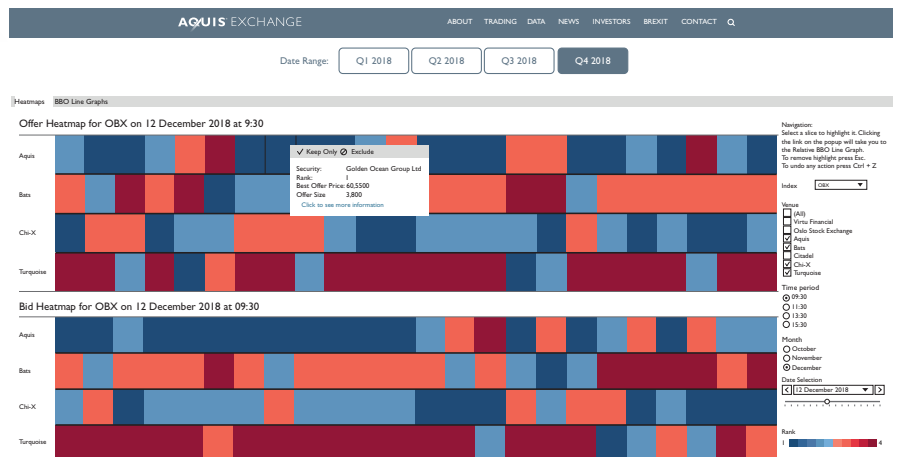
THE AQUIS PORTAL

Aquis Exchange has created a portal for third parties to be able to access its two RTS 27 analytical tools: Heatmap and Relative Best Bid and Offer Graph. Below are sample screenshots and brief descriptions of the tools. These can be accessed by visiting www.aquis.eu site and navigating to the Data section, then to RTS 27 Data Analytics and lastly by clicking the Access RTS Analytics button.

HEATMAP

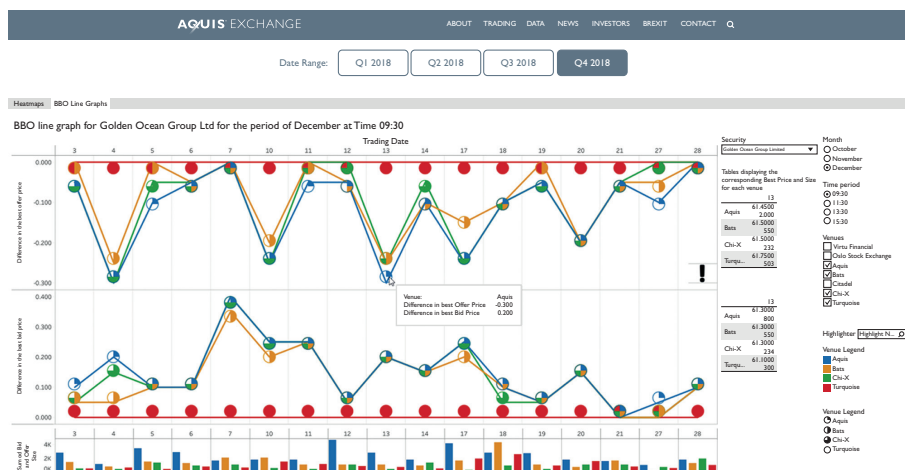
The heatmap image (pictured right) shows a comprehensive overview of the prices of securities in the specific indices across the various venues. Users have the ability to filter by index, time and day. Venues can be added or removed as required.

Securities are displayed in alphabetical order and the best bid and offer prices are ranked with a blue/red colour scale, with blue as 'best' and red as 'worst'. If prices are tied, then these are ranked according to order size.



The Relative Best Bid and Offer Graph is available per security when the pop-up (shown above) is clicked.

RELATIVE BEST BID AND OFFER GRAPH



The graph (pictured left) allows the user to conduct a more in-depth investigation into each security by comparing the best bid and offer on each venue. Securities can be searched via the 'Security' bar with the option of filtering by time or month. Venues can be added or deleted by clicking on the legend.

Prices are plotted relative to each other. The venue that has the least best bid/offer price for the majority of the time, over a month, is set as the base value and any differences

from this are plotted on the graph. In general, the higher the bid line, the better the bid price for that execution venue and conversely, the lower the offer line, the better the offer price for that venue relative to the other venues selected.

CONTACT DETAILS

Sales

For sales enquiries, please email sales@aquis.eu or call +44 20 3597 6311

Communications

For press and marketing enquiries, please email marketing@aquis.eu

Aquis Exchange PLC, 77 Cornhill, London EC3V 3QQ, UK

Aquis Exchange is authorised and regulated by the UK Financial Conduct Authority and France's Autorité des Marchés Financiers to operate Multilateral Trading Facility businesses in the UK and in EU27 respectively.