

## MARKET REGULATION ADVISORY NOTICE

<b>From</b>	<i>NEX SEF Limited ("NEX SEF")</i>
<b>To</b>	<i>All EBS NDF Platform Participants</i>
<b>Subject</b>	<i>Error Trade Review Request Process</i>
<b>Rule References</b>	<i>315(b), 315(c), 315(d), 318</i>
<b>Effective Date</b>	<i>February 24, 2021</i>
<b>Notice Date</b>	<i>February 9, 2021</i>
<b>Notice Number</b>	<i>2020-05</i>

### **NEX SEF | Error Trade Review Request Process**

#### **Overview**

It is important to NEX SEF that all Participants have a rewarding experience on the NEX SEF Platform. It benefits the market participants to better understand the rules set out in NEX SEF Rulebook as well as NEX SEF processes. In order to continue to maintain an orderly and transparent market, NEX SEF is outlining its Error Trade Review Request process, pursuant to NEX SEF Rule 315(b).

#### **Error Trade Review Process**

##### *NEX SEF REVIEW REQUEST*

Participants who wish to dispute a price to a trade executed on NEX SEF and would like NEX SEF to review the transaction's price under Rule 315(b) must contact EBS Customer Support (see Exhibit A for contact information) within 8 minutes of the trade execution. To be eligible for NEX SEF Review, the trade must be in a product listed in Exhibit A.

If NEX SEF determines to review the trade price, NEX SEF will notify all Participants that the trade is under review.

##### *FAIR VALUE PRICE CALCULATION*

In reviewing the trade price, pursuant to Rule 315(c), NEX SEF will assess the fair value price at the time of the transaction under review. Please see Exhibit A for an example of how the fair value price is calculated. EBS Customer Support will ultimately notify all Participants whether the trade will stand, be adjusted, or cancelled.

##### *BILATERAL ERROR TRADE RESOLUTION*

Alternatively, Participants may settle the price dispute bilaterally pursuant to Rule 315(d), provided the Participants follow the relevant procedures outlined in Exhibit A.

#### **Counterparty Information**

Upon request, and subject to NEX SEF Rule 318, EBS Customer will provide counterparty details.

**Exhibit A**  
**NEX SEF TRADE REVIEW REQUEST – NDF**

To comply with CFTC and MiFID II rules, the SEF NDF trading offered by NEX SEF Limited through the EBS Market platform is required to have a trade review procedure to address potential erroneous trades.

Customers are required to contact EBS Customer Support within 8 minutes of the disputed trade if they wish for Rule 315(b) (Determination to Review a Transaction's Price) of the NEX SEF Limited Facility Rulebook ("Rulebook") to be invoked. Under Rule 315(c), NEX SEF will assess the fair value price at the time of the transaction under review. Please see below for an example of how the fair value price is calculated.

Subject to NEX SEF Rule 318, EBS Customer Support can provide counterparty contact details on request.

**EBS Customer Support Contact Information:**

Email: [customersupport@ebs.com](mailto:customersupport@ebs.com)

**T** UK 0800 012 8011 | **US** 8772780643 | **Japan** 00531 122527

Click here for international numbers

**Fair Value Range**

<b>Tier 1</b>	Liquid pairs or hours	0.5% from market reference price
<b>Tier 2</b>	Illiquid pairs or hours	1.0% from market reference price

**Products**

<b>ON SEF NDF</b>	<b>00:00 GMT to 10:59 GMT</b>	<b>11:00 GMT to 23:59 GMT</b>
ARS 1MS	Tier 2	Tier 2
BRL EOMS	Tier 2	Tier 2
CLP 1MS	Tier 2	Tier 2
CNY 1MS	Tier 2	Tier 2
CNY 1YS	Tier 2	Tier 2
CNY 3MS	Tier 2	Tier 2
CNY 6MS	Tier 2	Tier 2
COP 1MS	Tier 2	Tier 2
EGP 1MS	Tier 2	Tier 2
EGP 2MS	Tier 2	Tier 2
EGP 3MS	Tier 2	Tier 2
GHS 1MS	Tier 2	Tier 2
IDR 1MS	Tier 2	Tier 1
INR 1MS	Tier 2	Tier 1
INR EOMS	Tier 2	Tier 2
KES 1MS	Tier 2	Tier 2
KRW 1MS	Tier 2	Tier 1
MYR 1MS	Tier 2	Tier 1
NGN 1MS	Tier 2	Tier 2
PEN 1MS	Tier 2	Tier 2
PEN 61DS	Tier 2	Tier 2
PHP 1MS	Tier 2	Tier 1

RUB 1MS	Tier 2	Tier 2
TRY 1MS	Tier 2	Tier 2
TWD 1MS	Tier 2	Tier 1
VND 1MS	Tier 2	Tier 2
ZMW 1MS	Tier 2	Tier 2



### Calculation Example:

a. Disputed trade: USDKRW executed at 1099.00 at 12:00 GMT

b. EBS Market Trade prior to Error Trade that;

- Was completed within the preceding 5 minutes
- Was not part of the same sweep/Error Trade event
- Is not also under an Error Trade Process review
- Is eligible for Market Data publication (i.e. not Intra Floor, not mid-PD etc.)

*If b) is unavailable;*

1) EBS Market Mid immediately prior to Error Trade assuming;

- Two-way price is available

c. Relevant Tier to apply: Tier 1. 0.5% from reference rate.

d. Calculation from the 1095.00 reference:

0.5% above reference rate:  $1095 \times 1.005 = 1100.475$

0.5% below reference rate:  $1095 \times 0.995 = 1089.525$

As the executed rate of 1099.00 is within 0.5% from the reference rate this trade would not be escalated to NEX SEF Compliance function for review.

### Alternative Resolution to Price Discrepancy

Rule 315(d)(1) permits Counterparties to mutually decide to amend or cancel a trade. Counterparties doing so must: (i) report such action to the same SDR to which NEX SEF reported the original transaction, in accordance with Part 45 of the CFTC's Regulations and Rule 316; and (ii) inform EBS Customer Support in writing as soon as possible and no later than within one (1) Business Day (and maintain a record of such adjustment) as per Rule 315(d)(4) of the Rulebook.