



NEW

MidPrice for Cash Dealers

A customer driven vision

At MTS we pride ourselves on listening to our clients and providing them with the innovative technology and new functionalities they need.

We have developed and deployed the following new functionalities for the interdealer market:

- ✦ MidPrice for cash dealers
- ✦ Striker price/yield for cash dealers

The benefits that the new functionalities will bring to the interdealer market are:

- ✦ Provide a venue for big size execution
- ✦ Allow traders to work orders without "moving the market"
- ✦ Attract natural liquidity from the OTC market

What is MidPrice Crossing?

The MidPrice Order Book is a New Order Book where the size and side of the quotes is not visible pre-trade. However, the executable price is always available as the MidPrice is calculated from the MTS Order Book as $\text{Bid} + ((\text{Ask}-\text{Bid}) * 50\%)$.

Reference Prices:

The MTS Best Bid and MTS Best Offer from which the MidPrice is calculated for the MidPrice Order Book trade executions. The Reference Bid and Reference Offer Prices adhere to anti-gaming rules:

- ✦ Minimum levels of depth in bid and in offer
- ✦ Maximum b/o spread of reference prices
- ✦ Best Bid and Best Offer prices chosen if they have been in the MTS Order Book for a minimum time

Minimum Execution Size (MES1):

This is the size set by the Governance that has to be met or exceeded for an execution to occur. Participants can choose a higher Minimum Execution Size (MES2).

MidPrice Crossing:

The mode of trading in MidPrice Order Book when Orders match against one another using as Execution Price the MidPrice.

- ✦ Orders only match at MidPrice
- ✦ No interaction with the MTS Order Book
- ✦ Orders/trades are tagged as MidPrice orders/trades
- ✦ MidPrice crosses occur continuously as soon 2 Fill-and-Store orders or a Fill-and-Store order and a Fill-or-Kill order with opposite side and compatible size enter the MidPrice Order Book

Bid			Ask		
Size	Yield	Price	Price	Yield	Size
10		106.28	106.3		10
10		106.25	106.32		10
12.5		106.23	106.34		30
25		106.2	106.36		50

Mid Price: 106.29 Mid Yield: 2.496
Last Price: Last Yield: Last Size:
 Last Time: Total Size:

1 – MidPrice active as anti-gaming rules are met. Light off as MidPrice book empty

Section: GEM - MTS Germany Class: DEM
Instrument: DBR 3.250 04/01/20 - DE0001135390

BID ASK

Mid Price: 106.295 Limit Price: 106.3

Size: 10 Min Size: 10

New Suspended

FTESTA Bid

Close

2 – MidPrice order

Class Descr.	Section	ISIN	Descr.	Size	Yield	Price	Price	Yield	Size	Price	Yield	Update Time
GERMAN BONDS	GEM	DE0001135143	DBR 6.250 04/01/30	14.5		143.43	143.78		25	143.605	3.206	11:39:09
GERMAN BONDS	GEM	DE0001135390	DBR 3.250 04/01/20	10		106.25	106.32		10	106.285	2.496	11:35:23

3 – “Light on” to alert participants that orders are present in the book – no info about size and/or side

Bid			Ask		
Size	Yield	Price	Price	Yield	Size
10		106.28	106.3		10
10		106.25	106.32		10
12.5		106.23	106.34		30
25		106.2	106.36		50

Mid Price: 106.29 Mid Yield: 2.496
Last Price: Last Yield: Last Size:
 Last Time: Total Size:

GEM - DBR 3.250 04/01/20

Mid Price: 106.29 Limit Price: 106.29

Order Size: 10 Confirm Size: 10

Hit Lift Close

4 – Trades are executed when an opposite FAS or FOK order enters the book

Section: GEM - MTS Germany Class: DEM
Instrument: DBR 3.250 04/01/20 - DE0001135390

BID ASK

Mid Price: 106.29 Limit Price: 106.3

Size: 10 Min Size: 10

New Suspended

FTESTA Bid

Close

The limit price protects the trader from executing trades at an “undesired” level although still at MidPrice

Available markets

The new MTS Cash MidPrice functionality is currently available to market makers in German bonds.

From September 2010, MTS Cash MidPrice will also be available to other markets, pending approval of Issuers and Regulators.

For more information or to request a demo, contact:

E: cash@mtsmarkets.com T: +44 (0)20 7797 4100 W: www.mtsmarkets.com

Powered by MTS

All information contained herein, including texts, photographs, graphics and logos and any other material, is for informational purposes only and is the intellectual property of MTS SpA and/or its subsidiaries (such entities, severally or jointly, “MTS”). Redistribution, reproduction or modification of this information is prohibited. MTS does not accept any liability for any loss or damage, howsoever caused, arising from any errors, omissions or reliance on any information contained in this material. MTS, MTS Markets, BondVision, EuroMTS and other trademarks and logos are registered marks owned by MTS. All rights reserved.

For further regulatory information and disclaimers, please see www.mtsmarkets.com