

Cboe + BIDS

Who are BIDS?

Established in 2006, BIDS is a registered broker-dealer and the operator of the BIDS Alternative Trading System (ATS), which was designed to bring counterparties together to anonymously trade large blocks of shares. BIDS is the largest block-trading venue by volume* in the U.S. BIDS Trading resolves the classic paradox of the block trader – the need to find legitimate trading counterparties without prematurely revealing trading intentions.

*A block is defined as 10,000+ shares in the U.S.

Who are Cboe Europe Equities?

Cboe Europe Equities (Cboe) is Europe's largest stock exchange by value traded, trading approximately 25% of all equities in the region each day. Cboe offers trading in more than 5,500 stocks across 15 major European markets, over one platform. Cboe is a Recognised Investment Exchange (RIE) based in London and is regulated by the UK Financial Conduct Authority.

Globally, Cboe operates the second largest stock exchange in the U.S., two U.S. equities options markets and one of the leading global FX trading platforms, called Hotspot. The firm also trades the largest volume of ETFs of any stock exchange, anywhere in the world.

What exactly does the arrangement entail?

Cboe has licenced the BIDS technology to power Cboe LIS. The arrangement makes sense given BIDS highly-regarded software and channel distribution amongst the buy-side community, combined with Cboe's infrastructure and post-trade connections.

General Product/Service/Connectivity/Pricing

What is Cboe LIS?

Cboe LIS (Large in Scale) is a large in scale indications of interest (IOI) negotiation and execution platform that allows market participants to negotiate large blocks in European equities without revealing their intentions to the wider market.

Cboe has licenced BIDS technology to offer Cboe LIS. Cboe LIS has leverage BIDS' highly-regarded software and buy-side channel distribution, combined with Cboe's back-end infrastructure required for trade execution, clearing and settlement.

What is an IOI?

An "Indication of Interest" is a buyer's conditional, non-binding interest in buying a security in the stock market. IOIs enable participants to query available liquidity in the market without having to place visible orders on an order book. Cboe LIS allows for users to submit IOIs. The initial IOI is a non-actionable IOI. When a potential match is found, the firm will be invited to "firm up" their IOI, giving them the opportunity to confirm an actionable IOI.

What exactly is "Large in Scale" and how is it defined?

Under MiFID II rules, ESMA will define LIS for each particular stock.

What are the benefits of using Cboe LIS?

Cboe LIS is designed to provide buy-side traders with protection against information leakage surrounding their IOIs through several unique features:

- First, Cboe LIS provides buy-side traders control of their IOI until it is firmed up, which is different to some other block trading platforms operating in Europe today.
- Additionally, information disclosure and interaction is controlled by the trader via customisable trading tools, including minimum block size and counterparty scorecarding and filtering based on past trading behaviour, allowing users to customize their experience.
 - Scorecards identify potential counterparties based on their past trading behaviour in key areas.
 - Filters filter out traders with undesirable behaviour.
 - Minimum block size is determined by the trader (subject to meeting MiFID LIS thresholds) on a security-by-security basis. No counterparty with a size less than the specified minimum receives information about the IOI.

How exactly does Cboe LIS work? How do I connect to Cboe LIS?

Buy-side:

Cboe LIS seamlessly integrates with a buy-side trader's Order Management System (OMS) and Execution Management System (EMS) platform, so buy-side traders interested in utilising Cboe LIS can do so in a manner in which they are accustomed to through their existing BIDS Trader GUI.

BIDS is the front-end user management system that integrates with buy-side OMS/EMS systems. The front-end allows firms to submit, amend and cancel IOIs and agree to the final terms of the transactions once the transaction has been negotiated.

The Cboe LIS platform works in a simple and straightforward process:

1. Customers submit IOIs via Cboe LIS to identify potential matches
2. The BIDS software interface interacts with buy-side and sell-side to firm up the trade
3. A Designated Broker is selected to execute the actionable IOI.
4. The trade is agreed and executed on-exchange through the Cboe Recognised Investment Exchange (RIE)
5. The trade is sent through for clearing under the Cboe interoperable clearing model
6. The trade is reported through the CXE market data feed as off-book trades in real time

Sell-side:

EU sell-side clients connect directly to Cboe LIS via their existing physical connections. They can then serve as the designated broker when the buy-side chooses to execute their IOI.

What symbols are available for trading on Cboe LIS?

All of the 5,500+ symbols in the Cboe Europe Equities universe (equities, DR's and ETFs) will be available for trading on Cboe LIS.

What is the MIC code for Cboe LIS?

The MIC code is LISX.

What are the trading hours for Cboe LIS?

8am – 4.30pm London time

What is the cost to use Cboe LIS?

Our pricing is competitive, transparent and publicly available on our website in the [Price List section](#) of the Document Library.

Is Cboe LIS a dark pool?

No. Cboe LIS is a large in scale indications of interest (IOI) negotiation and execution platform. Once a trade is agreed, it is then executed on-exchange via Cboe. The trade is then sent to clear under the Cboe interoperable model and reported through the CXE market data feed as off-book trades in real time.

What IOI types are available on Cboe LIS?

The different IOI types are outlined in the FIX specification available on our website in the [LIS section](#) of the Document Library.

Technical

Is Cboe LIS a separate order book, or integrated with an existing order book at Cboe?

Cboe LIS is not a new order book. Cboe LIS is a trade negotiation facility. All negotiated IOIs are matched on-Exchange through the Cboe RIE and executed on the Cboe system via the Cboe CXE order book. The trade is then sent through to clearing and reported through the CXE market data feed as off-book, on-exchange trades in real time.

How does matching happen in Cboe LIS? How is the trade price discovered?

Additional information on matching and trade price discovery will be outlined in the [Cboe LIS Service Description](#).

What risk management controls will Cboe LIS have in place to assist brokers?

Cboe LIS will have a number of risk management tools available to Designated Brokers to manage their customer exposure. As part of the process of recognising the interaction of buy-side customers with Designated Brokers (via introducing brokers if necessary), Designated Brokers will set risk limits for buy-side customers.

Is there a minimum IOI size?

All IOIs will be required to be LIS, so as to benefit from the relevant pre-trade transparency waiver.

Can any sell-side firm become a Designated Broker on Cboe LIS?

While it is expected that many of the existing sell-side participants will become Designated Brokers, it is important to note that it will not be restricted to these brokers. Any sell-side firm will be able to become a Designated Broker. This will extend to many sell-side firms throughout Europe not currently members of Cboe.

How does clearing work?

Cboe offers Designated Brokers a choice of three separate CCPs: EuroCCCP NV, LCH.Clearnet Ltd and SIX x-clear AG. Through this choice they are able to benefit from netting with their order book activity on Cboe and other European stock markets.

Regulatory

What legal/contractual arrangements are required for different Cboe LIS participants?

Following is an overview of the legal/contractual agreements required for each participant:

Buy-side firms

- › Cboe LIS Service Request Form (EU buy-side only)
- › Connectivity Agreement (only if accessing BIDS software directly via FIX)

Sell-side firm

- › Cboe Europe Equities Participant Agreement (Firms will leverage existing agreements, if they have one in place)
- › Cboe LIS Executing Broker Addendum
- › Cboe LIS Participant Addendum
- › Cboe Europe Equities Connectivity Agreement (only if accessing BIDS software directly via FIX)

Designated Broker

- › Cboe Europe Equities Participant Agreement (Firms will leverage existing agreements, if they have one in place)
- › Cboe LIS Addendum

Will trades done on Cboe LIS be subject to the dark pool caps in MiFID II?

No, trades done on Cboe LIS are not subject to the dark pool caps as all trades will be required to be LIS, thus standing outside of the caps.

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