

Self-Trade Prevention

Introduction

This document explains the functionality of and access to the optional self-trade prevention feature of Japannext PTS trading services. It describes trading service's configuration and usage of application messages relevant to self-trade prevention.

Order entry protocol specifications are available for download from our website:
<http://en.japannext.co.jp/library>.

For further information and inquiries please send an email to: ito@japannext.co.jp.

Overview

The self-trade prevention feature is intended to prevent orders with the same Market Participant Identifier (MPID) from executing against one another. Trading venues make use of several mechanisms to avoid self-trading. The mechanisms used by Japannext PTS are:

- Cancel oldest
- Decrement

Orders which are canceled due to self-trade prevention will be flagged with a protocol specific cancel reason.

Trading Service Configuration

Self-trade prevention at Japannext PTS is configured on a per MPID basis and is available for all order entry protocols. An MPID is a unique numeric identifier assigned by SBI Japannext to the client. Clients should specify an assigned MPID on entry of orders which should be subjected to self-trade prevention. It is possible to use different MPIDs on a single order entry port.

In order to obtain an MPID participants have to submit an application to SBI Japannext. Additional MPIDs can be requested.

When requesting a new order entry port or updating the configuration of an existing port please specify any MPIDs intended to be used.

Functionality

Self-Trade Prevention – Cancel Oldest

Whenever an incoming order would execute against a resting order with the same MPID, the remaining balance of the resting order will be canceled back to its owner. Attempted entry of the incoming order will then be resumed.

This mechanism does not restrict the use of order modifiers, for example immediate orders.

Example:

MPID A enters an order to buy 1000 shares at a price of 100.1.

Match Step	Incoming Buy Order Balance	Matching Sell Orders		Action
		Order	MPID	
1	1000	100@100	B	Executed 100@100
2	900	200@100.1	C	Executed 200@100.1
3	700	200@100.1	A	200@100.1 shares to sell canceled back
4	700	500@100.1	D	Executed 500@100.1
5	200			Remaining 200@100.1 shares posted

Self-Trade Prevention – Decrement

Whenever an incoming order would execute against a resting order with the same MPID, if both orders are of the same size then they both will be canceled back to their owners, otherwise the smallest order will be canceled back and the larger order decremented by the size of smallest order. Attempted entry of the incoming order will then be resumed.

This mechanism does not restrict the use of order modifiers, for example immediate orders.

Example:

MPID A enters an order to buy 1200 shares at a price of 100.1.

Match Step	Incoming Buy Order Balance	Matching Sell Orders		Action
		Order	MPID	
1	1200	100@100	B	Executed 100@100
2	1100	200@100.1	C	Executed 200@100.1
3	900	200@100.1	A	200 shares to buy decremented from the order 200@100.1 shares to sell canceled back
4	700	500@100.1	D	Executed 500@100.1
5	200			Remaining 200@100.1 shares posted

Usage**OUCH Order Entry**

Clients should set the Firm field of the Enter Order Message to an issued MPID. The specified value will be reported back in the Accepted Message.

In case of self-trade prevention, a Canceled Message with Reason code set to M (Order expired during match) will be sent back to the order owner. Optionally clients may apply to instead receive an AIQ Canceled Message with specifics of the prevented trade.

If the specified MPID is not permitted on the port, a Rejected Message with Reason code set to L (MPID not allowed for this port) will be sent.

FIX Order Entry

Clients should set the ClientID (109) field of the New Order Single message to an issued MPID. The specified value will be reported back in the Execution Report – Order Accepted message.

In case of self-trade prevention, an unsolicited Execution Report – Order Canceled message will be sent back to the order owner.

If the specified MPID is not permitted on the port, an Execution Report – Order Rejected message with the OrdRejReason (103) field set to 99 (Other) will be sent.

Drop Copy Feed

Copies of unsolicited Execution Report – Order Canceled messages due to self-trade prevention will be reported downstream with the ExecRestatementReason (378) field set to 100 (Trade prevention).