

Self-Trade Prevention

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Introduction

This document explains the functionality of and access to the optional **self-trade prevention feature** of **Japannext PTS** trading services, including trading service configuration and application messages relevant to self-trade prevention.

Order entry protocol specifications are available at www.japannext.co.jp/library. For further information and inquiries, contact Japannext at ito@japannext.co.jp.

Overview

The self-trade prevention feature is intended to prevent orders which have the same **Market Participant Identifier (MPID)** from executing against each other. Japannext supports the following self-trade-prevention mechanisms:

- Cancel Newest
- Cancel Oldest
- Decrement

Orders which are canceled or replaced due to self-trade prevention are flagged with a protocol-specific reason.

Service Configuration

Self-trade prevention at Japannext is configured on a per-MPID basis and is available for all order entry protocols. An MPID is a unique numeric identifier assigned by Japannext. For orders which should be subjected to self-trade prevention, ensure that all specify an assigned MPID. Note that different MPIDs may be used on a single order entry port.

To obtain one or more MPIDs, submit an application to Japannext specifying the required quantity and ensure one or more corresponding order entry ports are configured for use.

Functionality

Cancel Newest

In the case where an incoming order would execute against a resting order having the same MPID, the remaining balance of the **incoming order** is canceled back to its owner.

Example

Buy order with MPID A for 1,200 shares at 100.1.

Match step	Incoming buy order balance	Matching sell order		Action
		Order	MPID	
1	1,200	100@100	B	100 shares executed
2	1,100	200@100.1	C	200 shares executed
3	900	200@100.1	A	900 shares canceled back to buy order owner 200 shares remain on sell side
		500@100.1	D	500 shares remain on sell side

Cancel Oldest

In the case where an incoming order would execute against a resting order having the same MPID, the remaining balance of the **resting order** is canceled back to its owner. Attempted entry of the incoming order is then resumed.

Example

Buy order with MPID A for 1,200 shares at 100.1.

Match step	Incoming buy order balance	Matching sell order		Action
		Order	MPID	
1	1,200	100@100	B	100 shares executed
2	1,100	200@100.1	C	200 shares executed
3	900	200@100.1	A	200 shares canceled back to sell order owner
4	900	500@100.1	D	500 shares executed
5	400			Remaining 400 shares posted on buy side

Decrement

In the case where an incoming order would execute against a resting order having the same MPID, if both orders are of the same size, **both orders** are canceled back to their owners. Otherwise, the **smaller order** is canceled back and the **larger order** is decremented by the size of the smaller order. Attempted entry of the incoming order is then resumed.

Example

Buy order with MPID A for 1,200 shares at 100.1.

Match step	Incoming buy order balance	Matching sell order		Action
		Order	MPID	
1	1,200	100@100	B	100 shares executed
2	1,100	200@100.1	C	200 shares executed
3	900	200@100.1	A	200 shares canceled back to sell order owner 200 shares decremented from buy order
4	700	500@100.1	D	500 shares executed
5	200			Remaining 200 shares posted on buy side

Application Messages

OUCH Order Entry

Set the **Firm** field of the **Enter Order Message** to an issued MPID. The specified value is reported in the **Accepted Message**.

In case of self-trade prevention, an **Order Canceled Message** with the **Reason** field set to **M** (order expired during match) is sent to the order owner. Optionally, you can apply to instead receive an **AIQ Canceled Message** with details of the prevented trade.

If the specified MPID is not permitted on the port, an **Order Rejected Message** with the **Reason** field set to **L** (MPID not allowed for this port) is sent to the order owner.

FIX Order Entry

Set the **ClientID** (109) field of the **New Order Single** message to an issued MPID. The specified value is reported in the **Execution Report – Order Accepted** message.

In case of self-trade prevention, an **Execution Report – Order Canceled** message or an **Order Replaced** message with the **ExecRestatementReason** (378) field set to **100** (trade prevention) is sent 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) is sent to the order owner.

FIX Drop Copy

Copies of **Execution Report – Order Canceled** messages and **Order Replaced** messages resulting from self-trade prevention are reported downstream with the **ExecRestatementReason** (378) field set to **100** (trade prevention).