

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 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 various mechanisms to avoid self-trading. The mechanisms supported at Japannext PTS are:

- Cancel newest
- Cancel oldest
- Decrement

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

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 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.

To obtain an MPID clients must submit an application to Japannext. Additional MPIDs can be requested. An order entry port must be configured with the MPIDs intended to be used.

Functionality

Cancel Newest

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

Example:

An order with MPID A enters 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 shares
2	1100	200@100.1	C	Executed 200 shares

Match Step	Incoming Buy Order Balance	Matching Sell Orders		Action
		Order	MPID	
3	900	200@100.1	A	Canceled back 900 shares to buy order owner 200 shares remain on sell side
		500@100.1	D	500 shares remain on sell side

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.

Example:

An order with MPID A enters 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 shares
2	1100	200@100.1	C	Executed 200 shares
3	900	200@100.1	A	Canceled back 200 shares to sell order owner
4	900	500@100.1	D	Executed 500 shares
5	400			Remaining 400 shares posted on buy side

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 smaller order will be canceled back and the larger order decremented by the size of the smaller order. Attempted entry of the incoming order will then be resumed.

Example:

An order with MPID A enters 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 shares
2	1100	200@100.1	C	Executed 200 shares
3	900	200@100.1	A	Canceled back 200 shares to sell order owner Decrement 200 shares from buy order
4	700	500@100.1	D	Executed 500 shares
5	200			Remaining 200 shares posted on buy side

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 in the Accepted Message.

In case of self-trade prevention, a Canceled Message with the Reason field set to M (Order expired during match) will be sent 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 the Reason field 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 in the Execution Report – Order Accepted message.

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

FIX Drop Copy

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