

Order-Transaction Ratio (OTR)

Methodology and parameter

February 2024



Internal

Overview

<p>Legal basis</p>	<ul style="list-style-type: none"> ▪ Directive 2014/65/EU*, Article 48 (6), (12 b) and the related Commission Delegated Regulation (EU) 2017/566
<p>Legal framework</p>	<ul style="list-style-type: none"> ▪ Trading venues shall calculate the ratio of unexecuted orders to transactions (OTR) effectively entered into the trading system by each investment firm () at the level of each financial instrument in the following two ways: <ul style="list-style-type: none"> ▪ in terms of volume: inserted and executed volume ▪ in terms of numbers: amount of inserted orders and transactions ▪ The OTR shall be deemed to be exceeded if at least one of the two ratios exceeds the maximum ratios set by the trading venue
<p>Objective</p>	<ul style="list-style-type: none"> ▪ Mitigation of risks of disorderly trading on exchanges and MTFs
<p>Scope (I/II)</p>	<ul style="list-style-type: none"> ▪ OTRs are calculated per investment firm, aggregating all related members. ▪ The concept considers all instruments and participants on the markets Xetra and Börse Frankfurt ▪ OTR parameters are set per market and per segment ▪ Higher limits apply for market makers, designated sponsors, retail liquidity providers and specialists ▪ Indicative Quotes are exempt

* Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014

** Commission Delegated Regulation (EU) 2017/566 of 18 May 2016

Overview

Scope (11/11)

- Compliance with OTR provisions needs to be achieved per day and per instrument
- The Trading Venue monitors member's compliance with OTR and reports violations to the Management Board of the FWB

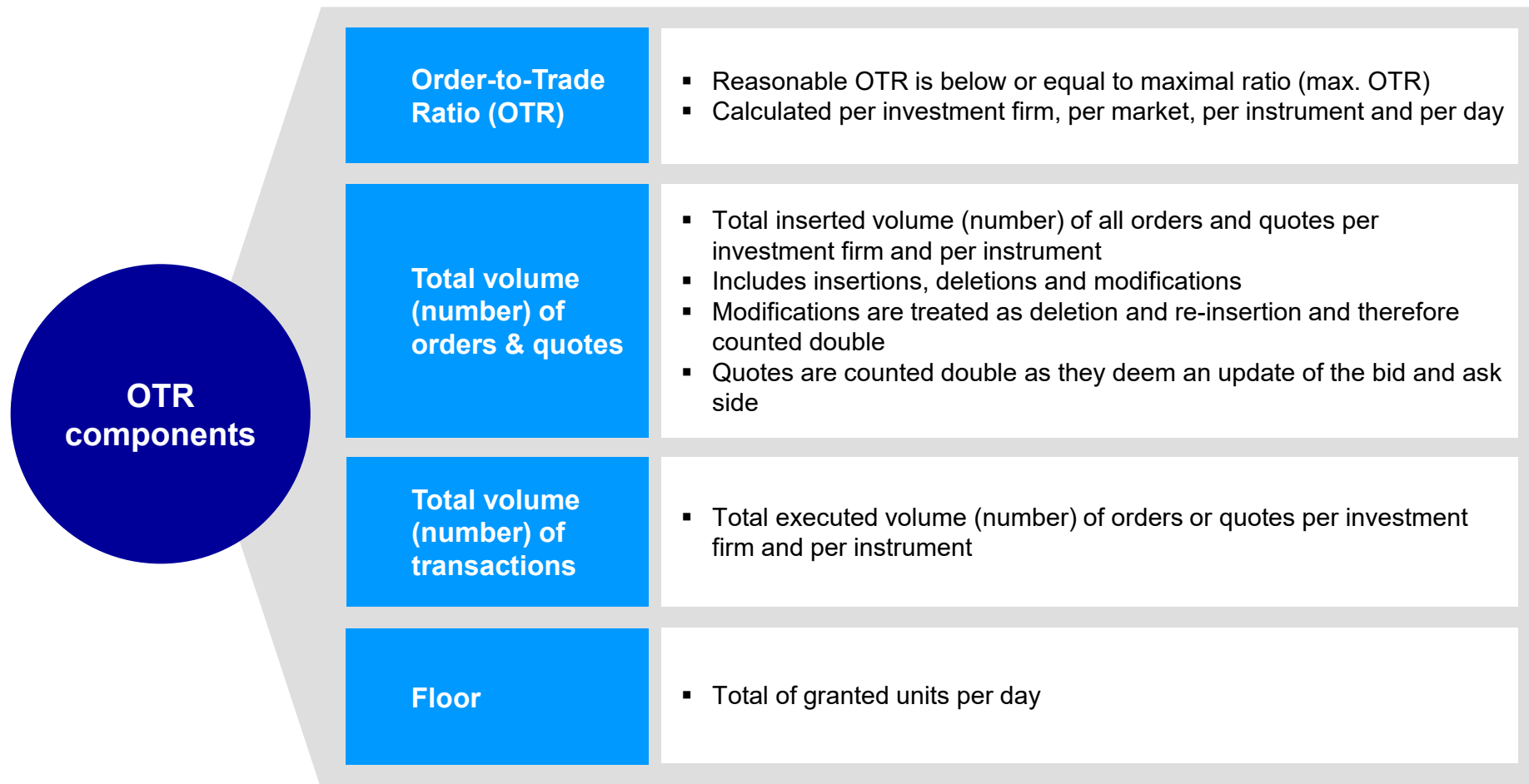
Report provision

- OTR report: TR101 – MiFID II OTR Report
- For the backends XETR and XFRA on T7 members receive three intraday reports and one final report per day in text- and XML-format. The reports are available on the Common Report Engine

Penalties

- If a trading participant or an employed person violate (either intentionally or negligently) exchange rules and regulations, which are meant to ensure orderly trading on the exchange the following penalties are possible and decided by the sanctions committee:
 - Reprimand
 - Fine up to €1,000,000
 - Exclusion of trading up to 30 trading days
- The management board can, in addition to the measures outlined above, order that the admission be suspended for a period of no more than six months if a trading participant fails to comply with the order-transaction ratio
- If a trading participant repeatedly fails to comply with the order-transaction ratio, the management board may revoke the admission

OTR Components



OTR Calculation method

MiFID II OTR regime

- Calculation and assessment on a daily basis
- Two OTR measures based on volumes and on numbers
- Contains granted floor

Volume based OTR formula

$$OTR_{vol} = \frac{\text{Total volume of orders \& quotes}}{\text{Total volume of transactions} + \text{Floor}} - 1$$

Number based OTR formula

$$OTR_{no} = \frac{\text{Total number of orders \& quotes}}{\text{Total number of transactions} + \text{Floor}} - 1$$

Parameter for number based OTR

	Segment	Floor	Max. Ratio RM ¹	Max. Ratio MM ²
XETR	DAX MDAX, SDAX, TECDAX Other German	1	100.000	1.000.000
	Americas Europe Other	1	500.000	5.000.000
	ETFs & ETPs	1	500.000	5.000.000
XFRA	Equities, other unit quoted	1	10.000	10.000
	Structured Products			
	Bonds			

1) RM – Regular Member
 2) MM – Market Maker

Parameter for volume based OTR

	Segment	Floor	Max. Ratio RM ¹	Max. Ratio MM ²
XETR	DAX MDAX, SDAX, TECDAX Other German	1.000	200.000	2.000.000
	Americas Europe Other	10.000	2.000.000	20.000.000
	ETFs & ETPs	10.000	2.000.000	50.000.000
XFRA	Equities, other unit quoted	10.000	10.000	10.000
	Structured Products			
	Bonds		1.000.000	1.000.000

1) RM – Regular Member

2) MM – Market Maker

* Floors are stated in number of shares (Exemption: Bonds and other per cent quoted structured products, stated in nominal value).