

Operating Instruction N° 17/2022

CALCULATION OF THE RATIO OF UNEXECUTED ORDERS AND TRADES

Sociedad de Bolsas has approved Circular 1/2021, of March 17, on the operating Rules of the Stock Exchange Interconnection System, to bring together in a single normative text, the regulatory rules of trading in the Stock Exchange Interconnection System, for the sake of greater clarity.

In section 11 of the aforementioned Circular, Sociedad de Bolsas indicated the measures applied in the trading of securities in the Stock Exchange Interconnection System for the control of the flow of orders introduced during the trading session.

Among those measures, Sociedad de Bolsas has provided for the calculation of the ratio of unexecuted orders and trades, in accordance with Article 3 of Commission Delegated Regulation (EU) 2017/566, as regards regulatory technical standards on the ratio between unexecuted orders and trades to prevent anomalies in trading conditions, proceeding now to detail the calculation methodology provided for in the aforementioned article.

First. Measures for order flow control. Calculation of the ratio between unexecuted orders and trades (OTR)

Sociedad de Bolsas, to ensure that algorithmic trading systems cannot generate anomalies in trading conditions or contribute to such anomalies, has adopted measures to detect and, where appropriate, limit the ratio between unexecuted orders and trades.

To this end, Sociedad de Bolsas must calculate the ratio between the number of unexecuted orders and trades that correspond to each of its market members about each financial instrument traded on the market to effectively ensure that this proportion does not lead to excessive volatility of the respective financial instruments.

The calculation shall be made daily, at the close of the trading session.

Second. Methodology for calculating the ratio (OTR) between unexecuted orders and trades

1. For the purposes of calculating the ratio, Sociedad de Bolsas shall apply in accordance with the first paragraph of Article 3 of Delegated Regulation (EU) 2017/566 of 18 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as regards regulatory technical standards on the ratio of unexecuted orders to trades to prevent anomalies in trading conditions.

2. A market member shall be deemed to have exceeded the maximum ratio between its unexecuted orders and its trades as calculated by the Stock Exchange Company at the end of the trading session, if that Member's trading activity in relation to a specific financial instrument, taking into account all phases of trading, including auctions, exceeds one or both the proportions (ratio) obtained in accordance with the provisions of the previous section.

Third. Maximum Ratio (OTR)

For the purposes provided for in this Operating Instruction, Sociedad de Bolsas determines the maximum ratio, by volume and by the number of trades, to identify those members of the market that reach the calculated ratios.

By number of orders			
Segment	Floor	Maximum for Members	Maximum for Specialists
Equities	1	100.000	500.000
Warrants	1	100.000	1.000.000
ETFs	1	100.000	1.000.000

By volume of titles			
Segment	Floor	Maximum for Members	Maximum for Specialists
Equities	1.000	1.000.000	10.000.000
Warrants	1.000	1.500.000	150.000.000
ETFs	1.000	1.500.000	30.000.000

Fourth. Reports

Sociedad de Bolsas will inform market members that reach a figure equivalent to 80% of the ratio calculated by volume and by number of trades.

Fifth. Entry into force

This Operating Instruction shall apply from the day of its publication.

This is hereby notified to the general public for all appropriate purposes

Madrid, April 29, 2022

Trading and Supervisory Committee
COORDINATOR

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