

# Morgan Stanley MTF

## Order To Trade Ratio Policy: December 2018

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### 1. Definitions

1.1. Capitalised terms not defined herein shall have the meanings ascribed in the Morgan Stanley MTF Rulebook .

### 2. Background

2.1. The Morgan Stanley MTF has systems, procedures and arrangements in place designed to ensure that algorithmic trading systems cannot create or contribute to disorderly trading conditions and this includes limiting the ratio of unexecuted Orders to Transactions.

2.2. During each daily trading session on Morgan Stanley MTF, Participants are required not to exceed the maximum Number Ratio and Volume Ratio of unexecuted Orders to Transactions as set by the Operator.

2.3. The Operator will calculate the Number Ratio and the Volume Ratio on a per Participant and per Security basis.

2.4. The Operator will monitor Participants in order to detect when either Ratio is breached.

### 3. Number Ratio

3.1. The “**Number Ratio**” is calculated as follows: (total number of Orders / total number of Transactions) -1.

3.2. The maximum Number Ratio is 20,000

3.3. In the case of no Transactions the ratio will be considered equal to the numerator.

3.4. The Number Ratio shall only be applied by the Operator where the number of orders sent per participant on each Security is greater than 60,000

#### **4. Volume Ratio**

4.1. The “**Volume Ratio**” is calculated as follows: (total Volume of Orders / total Volume of Transactions) -1.

4.2. The maximum Volume Ratio is 1,000,000

4.3. The Volume Ratio will be applied by the Operator where there are greater than 5 Transactions in scope.

#### **5. General**

5.1. The Operator will monitor compliance with the Number Ratio and the Volume Ratio and will take such action as it deems necessary where such Ratios are breached in order to prevent disorderly trading conditions.

5.2. Such actions may include requests for information from the relevant Participant in relation to the circumstances of the breach of the Ratio, or such disciplinary action as is deemed appropriate in accordance with Rule 17 of the Morgan Stanley MTF Rulebook.

5.3. The Operator will monitor market conditions and may adjust the maximum Number Ratio or Volume Ratio if it deems this necessary. The Operator will communicate the new maximum Number Ratio and Volume Ratio to Participants by a Participant Notice.