
REQUEST FOR CROSS – FREQUENTLY ASKED QUESTIONS

1. Why do I have to enter the leg details of a strategy for the Request For Cross (RFC), while this is not the case when trading in the Central Order Book (COB)?

In the COB, market participants send orders to the market. The RFC is a wholesale functionality so technically market participants do not send orders to the functionality, but instead send trades or trade halves. The Initiator of an RFC always has to specify the leg details of a strategy. These details must be consistent between the separate legs and the strategy.

Example:

A customer wants to submit an RFC in the YOOBM Sep16 160.00 Mar17 160.00 Call spread at a price of 8.00 for 250 lots.

The price difference between the two legs must be consistent with the strategy price. If the Mar17 160.00 Call is priced at 18.00, the Sep16 160.00 Call must therefore be priced at 10.00.

For a call spread of 250 lots, both legs will therefore have the same quantity.

Note that there are other recognised strategies that have different quantities for the respective legs, like Butterflies, Ratio Spreads, Volatility strategies, etc.

A list of all Euronext recognised strategies can be found [here](#):

www.euronext.com/regulation/organization-of-trading > [Euronext Derivatives Markets](#) > [Annexe 2 to Notice n° 5-01 Trading Procedures: Recognised Strategies](#)

When a member responds to a Strategy RFC, there are two choices:

- 1) the field **NoLegs** is populated with the actual number of legs, in which case the leg details should be specified and must be consistent with the strategy details;
- 2) the field **NoLegs** is populated with value '0', meaning that the leg details are ignored and only the strategy details are validated.

2. Do Central Order Book orders interact with the RFC?

Only for Commodity options, COB orders will participate in the RFC when their Minimum Volume is greater than or equal to the Reactor Minimum Volume and their price do allow to match with the RFC Initiator. The same conditions will apply to COB orders that participate in the RFC as those for RFC Reactors. The eligible COB orders will be added to the RFC Reactor order book at the moment the RFC Response Period ends. COB orders and Reactors will be stored together in the order book with Price – Time logic. Please note that implied COB orders do not participate in the RFC.

3. I sent an RFC as initiator, but when the RFC Response Period ended I had not crossed any volume, and only one side traded. Why wasn't the Pickup percentage applied?

The Pickup percentage is only applicable when the price of the RFC Reactor is equal to the price of the RFC Initiator. Whenever the price of the RFC Reactor improves on the price of the RFC Initiator, the Pickup percentage is not applied.

4. Can I still use the Request for Quote (RFQ) functionality now that the RFC is in place?

There is a difference between implementation on commodities and financial options. For commodities, the RFQ can still be used for price discovery, but users are not permitted to submit an RFQ and cross orders afterwards. It is mandatory to use the RFC for pre-negotiated cross trades. For financial derivatives, RFC is in addition to current RFQ and crossing rules

5. I have submitted an RFC as Initiator, but made a mistake. Can I cancel the RFC?

No, cancellation of RFC Initiator orders will not be possible when they are queued. Once an RFC is activated, the RFC cannot be cancelled by the Initiator. RFC responses can be cancelled within the RFC Response Period.

6. Why don't I receive a separate message stating that my unmatched RFC quantity is cancelled after the RFC period ends?

Any unmatched volume is automatically cancelled by the Matching Engine. The final Execution Report (8) contains the unmatched quantity, if any, in the field called **LeavesQty (Tag 151 for FIX)**.

7. What is published to the market upon initiation and during the RFC Response Period?

When an RFC on an instrument is received, the market is notified that a cross has been initiated. For equity and index options, this includes the size of the order and the intended execution price level. At the end of the response period of the active RFC, for equity and index options all response orders will be made public, aggregated by price.

8. Can I respond to my own RFC?

Initiating members are able to respond to their own RFC but the response has to come from an ITM different from the one that has sent the initial RFC.

9. Can an RFC result in executions at different price levels?

Yes, in the case where RFC responses match at a different price to the initiating trade. The reactor orders that improve the RFC Initiator price first match against the RFC. Then, remaining RFC responses with a price equal to the RFC Initiator price are matched with the RFC Initiator remaining Bid and Ask quantities according to a FIFO rule. Finally, remaining RFC Initiator quantity is matched as a cross trade. It is therefore possible to see trades at different price levels following an RFC.