



## Cboe BIDS Australia Overview

August 24, 2022



## Strategic Overview

**Vic Jokovic**, *Chief Executive Officer, Cboe Australia*

**Stephen Berte**, *President, BIDS Trading*



## BIDS Trading Features

**Murrough O'Brien**, *APAC Head of Sales, BIDS Trading*



## Questions & Answers

**Vic Jokovic**

**Stephen Berte**

**Murrough O'Brien**

**Jim Lee**, *Chief Operating Officer, BIDS Trading*

**Mike Aikins**, *Vice President, Operations and Technology, Cboe Australia*



## Questions

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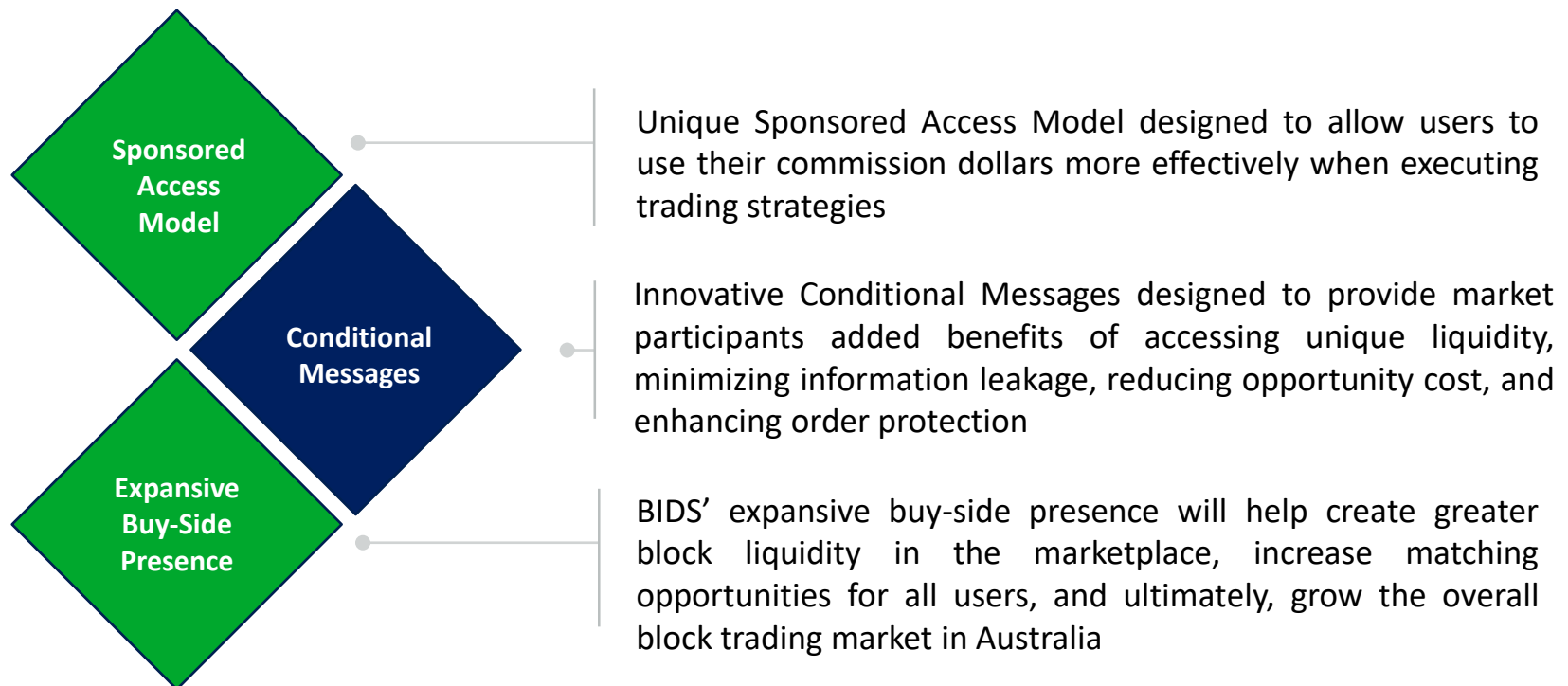
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## Bringing BIDS to Australia represents the exciting next generation in the evolution of block trading for Australian market participants



**Vision is to grow BIDS into a global, multi-asset, institutional block trading platform to deliver block trading capabilities to all major countries that global buy-side participants want exposure to**



## **A leader in the ATS space**

- BIDS has grown to become the largest block trading venue for U.S., UK, EU and Canadian equities
- BIDS Trader, a proprietary front-end interface, is used by more than 475 global asset managers to route orders to the BIDS ATS in the U.S., UK, EU and Canada



## **Global block trading network**

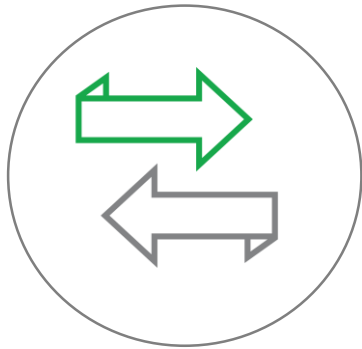
- BIDS and Cboe have established a fantastic track record and are now looking to expand to Australia and Japan, pending regulatory approval
- Planned expansion into Australian equities will help provide BIDS customers around the world with trading access in a new market, while bringing a differentiated network of global buy-side investment managers and sell-side constituents to the Australian equities trading ecosystem

## Settle trades and pay commission dollars through our unique Sponsored Access Model



- Eligible institutional buy-side dealers (“Sponsored Users”) that have taken the relevant steps to be granted sponsored access by an institutional broker (“Sponsoring Participant”) will have the ability to send Conditional Messages directly to Cboe BIDS Australia platform through the BIDS Trader front-end GUI
- To become a Sponsoring Participant, a Cboe Australia Participant will be required to execute a new “Sponsoring Participant Agreement” with Cboe
- Conditional Messages can be invited to firm-up into orders. At firm-up, the Sponsored User will be required to select a specific Sponsoring Participant to be responsible for the order
- BIDS will provide a new risk management gateway and portal, powered by BIDS technology, to assist the Sponsoring Participant in carrying out their regulatory, supervisory and risk-control obligations
- Risk control responsibilities will remain at the Sponsoring Participant level, but BIDS will verify that every Sponsoring Participant has set static limits of their choosing for each Sponsored User

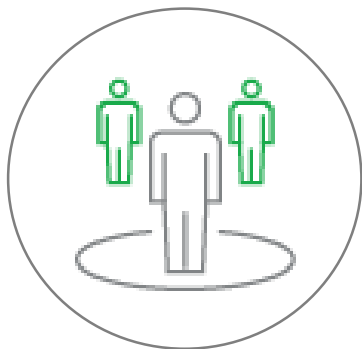
## Search for liquidity in multiple venues and avoid the risk of over-execution



- Conditional Messages are similar to IOIs and allow a user to send a non-firm intention to trade that sits uncommitted until the user is invited and is willing to firm-up the Conditional Message into an order
- This invitation to firm-up is only transmitted to the user when contra liquidity is found in the order book
- Once the order is automatically invited to trade, duplicate orders in other venues are then cancelled so the same order is not filled more than once
- With Conditional Messages, we typically see that:
  - average execution sizes are larger
  - over 80% are executed at the midpoint (which helps minimize information leakage)
  - Block trades save traders an average of 6 basis points

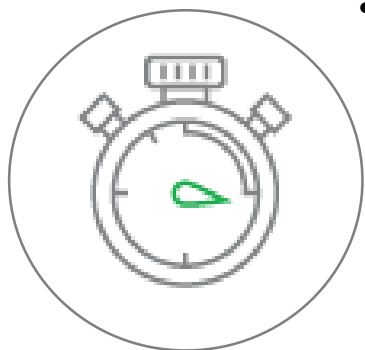


## Executing an order on Cboe BIDS Australia



- The Conditional Message is submitted via FIX to the Cboe BIDS Australia system for sell-side participants or via the BIDS Trader application for buy-side Sponsored Users
- The Cboe BIDS Australia platform interacts with buy-side and sell-side to firm-up the Conditional Message
- A Sponsoring Participant is selected by the buy-side trader to execute the transaction and the trade is executed on-exchange by Cboe Australia
- Firm orders and trades will be reported to ASIC in “real-time” by Cboe Australia
- The trade is reported through the Cboe Australia PITCH market data feed as either a BIDS block trade or BIDS price improvement trade in real-time

## New invitation sequencing and time limits for proposed Conditional interactions



- Three types of Conditional interactions will be offered:
  1. Participant-to-Sponsored User (electronic-to-human)
    - Invitation sent to a Sponsored User using the BIDS Trader interface with up to 30 seconds to firm-up
    - Once firmed-up, an invitation will go to the contra-side Participant, which will have one second to respond
    - A compliance mechanism is designed to help limit human traders from abusing the 30-second window.
  2. Participant-to-Participant (electronic-to-electronic)
    - Synchronous invitations
    - One-second time limit
  3. Sponsored User-to-Sponsored User (human-to-human)
    - Synchronous invitations
    - 30-second time limit for both sides

# Permitted Trades, Minimum Size Threshold and Conditionals Compliance Mechanism



## Permitted Trades

- BIDS supports Block Trades and Trades with Price Improvement
- For Block Trades, BIDS allows executions at or between the NBBO
- For Trades with Price Improvement, BIDS allows executions only at midpoint

## Minimum Size Threshold

- There is a minimum threshold of \$20,000 for Conditional Messages and orders to enter the book and partially traded orders that fall below this threshold will be cancelled back

## Conditionals Compliance Mechanism

- BIDS will be implementing a Conditionals Compliance Mechanism to monitor and take action against users that habitually fail to firm-up their invitations
- The precise form is still being settled and is subject to ASIC approval

## Single integration for global securities through BIDS Trader creates efficiency



### Seamless and Efficient

- Front-end GUI easily integrates with traders' OMS or EMS
- One-click, direct access to the BIDS order book through a single port of entry, allowing users to place messages into the BIDS order book that takes full advantage of available liquidity and order features as easily as possible
- Allows the buy-side to represent uncommitted orders passively in BIDS (as Conditional Messages). When a match occurs, BIDS will send an invitation to the trader
- The trader can then elect to change volume, price and/or Sponsoring Participant before they trade
- Used by more than 475 global asset managers

## Go-Live



### Timeline

- Launch of Cboe BIDS Australia planned for February 27, 2023, subject to regulatory approval

## Migration Microsite



**[cxa.cboe.com](https://cxa.cboe.com)**

- Find all materials and information related to technology migration

## Customer Assistance



**Technical Support  
Team**

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- +61 2 8078 1700

# Q&A

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