

Trading venue outages: A framework for industry-wide standard protocols in ETDs markets

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The European financial market infrastructure is robust, stable and resilient, as shown by its performance during extreme market conditions. The reliability of trading systems under crisis situations is underpinned by the continuous investments of trading venues and market participants in their infrastructure. However, situations where a trading venue experiences a disruption or failure of its systems that prevents it from operating normally can happen and need to be handled appropriately.

In this paper, we propose a framework for industry-wide standard protocols to harmonise communication and outage procedures across FESE members. Complementing the 2023 ESMA Opinion on Market Outages, our 2022 framework establishes 11 principles to deal with outages, covering the notification process, the re-opening procedures and the post-outage analysis.

Our aim is to enhance market confidence, awareness, and transparency; complementing the existing regulatory framework whilst acknowledging the diversity of trading systems and the need for an industry-driven approach that reflects their characteristics. Since the publication of the principles in 2022, FESE Members have been developing and publishing their individual playbooks on outage protocols.

The members of FESE hereby commit to:

1. Publishing individual playbooks including all principles listed hereafter. Playbooks shall be reviewed and updated on a regular basis.
2. Publishing as close to real-time a market notice whenever an outage occurs, including to regulators.
3. Updating their market status on a regular basis (even if the issues are not yet ascertained).
4. Providing a notice before re-opening the market following a significant outage.
5. Ensuring a pre-opening phase prior to the resumption of trading.
6. Offering an order book or product-specific purge to every trading participant in cases where the integrity of orders has been compromised.
7. Considering trades for which an acknowledgment has been sent as valid (unless conducted under improper conditions).
8. Where applicable, in the event of opening or closing auction being affected, the time for running the opening or closing auction can be postponed until a certain point to be defined by the trading venue.
9. Where applicable, in case the opening or closing auction of the underlying instrument cannot take place for the trading session, the relevant daily settlement price is calculated according to the methodology defined by the trading venue for each derivative contract.
10. Publish clear rules for the determination of settlement prices depending on the contract underlying assets and whether there might be deviations from the usual settlement price procedure in case of an outage.

11. Run a post-mortem analysis to explain the technical issue, timeline of the incident, a description of what was done to resolve the incident, and any next steps or follow-up required via appropriate communication channels.