

# Trading venue outages: A framework for standard protocols in fixed income 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 9 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.
3. Updating their market status on a regular basis (even if the issues are not yet ascertained) and at least every 30 minutes, depending on the severity of the incident.
4. Providing a notice before re-opening the market following an outage. The notice period should give the market participants sufficient time to prepare for opening, taking the trading protocols used into account.
5. Offering an order book purge to every trading participant in cases where the integrity of orders has been compromised.
6. Considering trades for which an acknowledgement has been sent as valid (unless conducted under improper conditions).
7. In the event the closing of the market is affected, the time for closing the market can be postponed until a certain point to be defined by the trading venue.
8. If the market publishes an official closing price, and the ordinary algorithm for defining the official closing price may not be used, the market should publish information on how the official closing price will be calculated.
9. Trading venues commit to run a post-mortem analysis and to explain the sequence of events and share conclusions and detailed mitigating procedures via appropriate communication channels like follow-up bilateral calls.