


Chapter 24

Commission Delegated Regulation (EU) 2017/584



Article 18 Prevention of disorderly trading
conditions(Article 48(4), (5) and (6) of
Directive 2014/65/EU)

(1) Trading venues shall have at least the following arrangements in place to prevent disorderly trading and breaches of capacity limits:

- (a) limits per member of the number of orders sent per second;
- (b) mechanisms to manage volatility;
- (c) pre-trade controls.

(2) For the purposes of paragraph 1, trading venues shall be able to:

- (a) request information from any member or user of sponsored access on their organisational requirements and trading controls;
- (b) suspend a member's or a trader's access to the trading system at the initiative of the trading venue or at the request of that member, a clearing member, the CCP, where provided for in the CCP's governing rules, or the competent authority;
- (c) operate a kill functionality to cancel unexecuted orders submitted by a member, or by a sponsored access client under the following circumstances:
 - (i) upon request of the member, or of the sponsored access client where the member, or client is technically unable to delete its own orders;
 - (ii) where the order book contains erroneous duplicated orders;
 - (iii) following a suspension initiated either by the market operator or the competent authority;
- (d) cancel or revoke transactions in case of malfunction of the trading venue's mechanisms to manage volatility or of the operational functions of the trading system;

(e) balance entrance of orders among their different gateways, where the trading venue uses more than one gateway in order to avoid collapses.

(3) Trading venues shall set out policies and arrangements in respect of:

(a) mechanisms to manage volatility in accordance with Article 19;

(b) pre-trade and post-trade controls used by the venue and pre-trade and post-trade controls necessary for their members to access the market;

(c) members' obligation to operate their own kill functionality;

(d) information requirements for members;

(e) suspension of access;

(f) cancellation policy in relation to orders and transactions including:

(i) timing;

(ii) procedures;

(iii) reporting and transparency obligations;

(iv) dispute resolution procedures;

(v) measures to minimise erroneous trades;

(g) order throttling arrangements including:

(i) number of orders per second on pre-defined time intervals;

(ii) equal-treatment policy among members unless the throttle is directed to individual members;

(iii) measures to be adopted following a throttling event.

(4) Trading venues shall make public their policies and arrangements set out in paragraphs 2 and 3. That obligation shall not apply with regard to the specific number of orders per second on pre-defined time intervals and the specific parameters of their mechanisms to manage volatility.

(5) Trading venues shall maintain full records of their policies and arrangements under paragraph 3 for a minimum period of five years.