



## MTS Technology and Innovation

Interview with Fabrizio Cazzulini, CTO at MTS.

### **Q1. What technological upgrades have you made over the last few years to support your customers through challenging market conditions?**

As a business, we continually invest in both the technology underpinning our platforms and in enhancing the trading functionality within them, ensuring that in all market conditions MTS has the infrastructure and technology to deliver market needs.

We started the migration to our current technology in 2005, at which time we believe we were ahead of the curve in adopting a Linux-based system for a large electronic marketplace. This has since become the status quo for companies providing trading systems, as it allows a good deal of flexibility and scope for evolution and upgrades.

In 2009 we migrated and consolidated BondVision, our multi-dealer to client market, onto the same platform used for MTS Cash. This resulted in a unique system that is capable of supporting completely different market models such as quote-driven markets, order-driven markets and markets based on Request For Quote negotiations. This flexibility is unique to our system, and it allows us to configure different users' profiles to suit their role on the market. Because of the quality of our technology we can deliver this level of personalisation without having a negative effect on performance. In turn, sell-side dealers can benefit from having a single access point to our interdealer markets and BondVision.

More recently, we have enhanced BondVision with the addition of two key features. Single Dealer Pages now give investors transparent price discovery on individual banks' non-government bond quotes and access to privileged liquidity for clients. The addition of the MultiLeg feature enhances the RF(C)Q functionality further by enabling execution of up to twenty orders at the same time, and allowing clients to inform liquidity providers of their level of interest.

We have also continually updated and enriched the technology for the MTS Cash and MTS Repo markets. For example, we have recently added the MidPrice feature to the MTS Cash market, giving dealers a new order book where the size and side of the quotes is not visible pre-trade.

On the MTS Repo market, in addition to the traditional "click-to-trade" model, we have introduced support for RFQ negotiations and OTC registrations, making it easier than ever to trade repos on our





platform and leverage on its extensive STP capabilities. We have enhanced the GUI and connectivity and added a messaging facility, opening a new communication channel between dealers and investors.

Whilst delivering all these enhancements on the front end of our platforms, in the background we have been working hard to tune the underlying technology, continuously reduce latencies and increase capacity, ensuring the best trading experience possible for all our users.

## **2. What is your roadmap for product and technology enhancements in the near future?**

We are continually developing our technology to meet the evolving needs of individual customers in these changing market conditions, and have a number of specific enhancements scheduled for the remainder of the year.

Among these is an upcoming release for our cash market facility (MTS Cash and BondVision) that will further fine-tune the underlying technology, improve the platform's market governance tools and facilitate better management capabilities. This release will be largely transparent and hassle-free for the end user.

By the end of Q4 we will have released a new version of the cash market facility, benefitting both the interdealer markets and BondVision. This will include an ultra-low latency facility allowing tick-by-tick information distribution.

Alongside these enhancements we will also be running a capacity update to support the addition of flows from newly added instruments.

## **3. How robust is the technology that the MTS platform is built on? Do you stress test the system?**

All our systems are underpinned by the most robust, stable and proven technology available, and this is reflected in their high level of performance and the confidence our customers have in us.

Our technology team, with the support of several IT partners, performs extensive stress testing prior to each market release. Test cases cover a wide number of scenarios such as high numbers of simultaneous connections at the same market access points and large volumes of simultaneous transactions and order traffic, ensuring the platforms shows always graceful degradation under much more pressure than in normal market conditions.





#### **4. How does your technology enable your customers to improve their trading efficiency and keep costs to a minimum?**

We pride ourselves on working in close collaboration with our customers to develop solutions that will deliver both innovation and efficiency to the markets we facilitate.

From a trading standpoint, we now offer a wider variety of execution methods on our platform to support our customers' diverse range of trading strategies. Rich functionality, together with excellent performance, increases liquidity and helps to reduce the cost of execution for our market participants.

In terms of integration, we have put a lot of effort into ensuring third party systems are compatible with our market and continue to do so. We are steadily on-boarding and integrating new order management systems to optimise buy-side connectivity with our system. Automatic registration of trades and STP integration also means a reduction in errors, cancellations and other issues that have an effect on customers' efficiency and profitability.

Being a multi-network facilitator, we favour competition amongst network vendors with the ultimate goal of reducing costs for participants to access services that are as efficient as possible. In addition, our choice to use open technology means that any new updates or releases are delivered with marginal cost or inconvenience to our customers.

In addition to our trading platforms, we also manage MTS Indices, which serve as the reference for numerous financial instruments, and we run a fully-fledged data warehousing facility so that we can provide our users with a comprehensive range of reporting services.

#### **5. As regulatory requirements continue to grow, how do you support your customers in meeting best practice?**

In these changing market conditions, we pride ourselves on supporting participants on both the buy- and sell-side to meet demands from global regulatory authorities for improvements in risk management and compliance with new and pending regulations. In addition, our customers can have peace of mind in the knowledge that we undergo regular internal and external audits by our board and the Bank of Italy respectively.

Our BondVision platform facilitates a market regulated by the Bank of Italy and Consob, whilst the Cash platform facilitates both the MTS regulated market (MTS Italy, MTS Portugal) and MTF, both of





which are supervised directly by the relevant authorities. We have carried out considerable work to ensure that data flows are integrated with the various local regulatory bodies. This provides users with a high level of transparency and regulatory compliance.

Additionally, we offer a range of post-trade processing, reporting, portfolio and risk management tools, combined with robust technology and expert customer support empower customers to set best practice in this field and further comply with regulatory frameworks such as MiFID.

We also provide a range of post-trade analytical services that enable customers to measure the benefits generated from electronic trading for compliance purposes.

