

AQSE Conformance Test Script

April 2024

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1 Purpose of Document

This document sets out the test scripts for the supervised, pre-live testing of the systems, software packages, and networks of the participant prior to connection to the AQSE trading system.

The purpose of the test is to verify:

- Participant's understanding of how the AQSE Trading Rules have been implemented on its systems; and
- that the end user's systems and networks can connect and function appropriately.

1.1 Document Audience

This document is written for:

- Market makers wishing to submit trade reports and quotes to AQSE

1.2 Structure of Document

The document outlines the tests that Participant must complete with the AQSE Regulation team prior gaining access to the production environment.

This document should be read in conjunction with the references outlined in Table 1, Reference.

1.2.1 Table 1 Reference

| Description | Reference |
|--------------------|---|
| AQSE trading rules | https://aquis-public-files.s3.eu-west-2.amazonaws.com/aqse/pdfs/Document+Library/Trading+Rules+-+December+2020+(Final)+v+1.2.pdf |

2 Testing Prerequisites

2.1 Accredited Software

ISV systems that connect and send transactions to AQSE are required to pass the AQSE "Accreditation Test". The purpose of the accreditation testing is to ensure that an end to end test has been applied - testing all the key functions and validations appropriate to each ISV's implementation of the AQSE Trading Rules.

Market makers are advised to check with AQSE and their ISV as to whether their software provider has passed such a test.

2.2 Market Maker Testing

Market makers are required to ensure that they have conducted sufficient testing on the accredited software prior to commencement of the AQSE conformance test.

3 Quote Processing

3.1 Table 2 Quote Processing Tests

| Test Case Ref | Test | Pass/Fail | Comments |
|---------------|---|-----------|----------|
| 2.1 | Open quotes for the stocks in which you are a registered market maker | | |
| 2.2 | Update all quotes entered in test 2.1 above | | |
| 2.3 | Participant to increase and decrease quotes by 1 tick size | | |
| 2.4 | Close quotes | | |

3.2 Table 3 Quote Validation Tests

| Test Case Ref | Test | Pass/Fail | Comments |
|---------------|---|-----------|----------|
| 3.1 | Change a quote by an amount that is not equal to the tick size | | |
| 3.2 | Open quotes, request AQSE to close and then attempt to close quotes | | |

3.3 Table 4 Suspension Processing

| Test Script Ref | Test | Pass/Fail | Comments |
|-----------------|--|-----------|----------|
| 4.1 | <p>Test Pre-requisite: AQSE suspends a security which the market maker is quoting in</p> <p>Market maker receives notification of suspension. Market maker to confirm which stock has been suspended</p> | | |
| 4.2 | <p>Market maker required to enter a new quote for the suspended security, this should be rejected</p> <p><i>For those participants where the suspension message did not automatically withdraw their quotes, an attempt to update their quote should cause their quotes to be withdrawn</i></p> <p>Note - This is for the purpose of the test only to demonstrate the functioning of the system and should cause your quote to be closed. Under the AQSE rules, marker makers should close their quotes on receipt of a suspension message</p> | | |

4 Trade Report Tests

4.1 Submitting Trade Reports

4.1.1 Table 5 Trade Reporting Tests

| Test Case Ref | Test | Pass/Fail | Comments |
|---------------|---|-----------|----------|
| 5.1 | Enter a buy and sell trade in a security for which you are registered with counterparty who is another registered market maker | | |
| 5.2 | Enter a buy and sell trade in a security for which you are registered with a AQSE market maker who is NOT registered in the stock | | |
| 5.3 | Submit a trade report for a suspended security | | |
| 5.4 | Submit a cross trade for two of your clients in a security you are registered. | | |
| 5.5 | Enter a buy trade in a fixed income security where the counterparty is a broker | | |
| 5.6 | Enter a sell trade in a fixed income security where the quantity is less than 1 | | |
| 5.7 | Enter a trade with a client in a security you are registered in. | | |
| 5.8 | Enter a sell trade in a security for which you are NOT registered with a AQSE Market maker who is NOT registered in the stock. | | |
| 5.8a | Enter a sell trade in a security for which you are NOT registered with a AQSE Market maker who IS registered in the stock. | | |
| 5.9 | Submit a Portfolio trade report (if applicable to your firm's business). | | |
| 5.10 | Submit a trade report for an earlier date and time. | | |

4.2 Amending/Cancelling Trade Reports

The purpose of the following tests is to ensure that the market maker is able to cancel and amend trade reports previously entered onto the system.

4.2.1 **Table 6 Amending/Cancelling Trade Reports**

| Test Script Ref | Test | Pass/Fail | Comments |
|-----------------|--|-----------|----------|
| 6.1 | Market maker can amend a trade – amend price, quantity, counterparty and settlement date | | |
| 6.2 | Market maker can cancel a trade | | |

5 Validation

5.1 Validation Rules

The following tests verify the validation rules applied to trading and quotes. For each of the tests below errors should be generated and the trade report or quote should be rejected.

5.1.1 Table 7 Validation Tests

| Test Case Ref | Test | Pass/Fail | Comments |
|---------------|--|-----------|----------|
| 7.1 | Submit an ordinary trade report for a stock in which the broker dealer is not registered as a market maker – e.g. ISIN Vodaphone | | |
| 7.2 | Open quote in a security you are not registered in. | | |