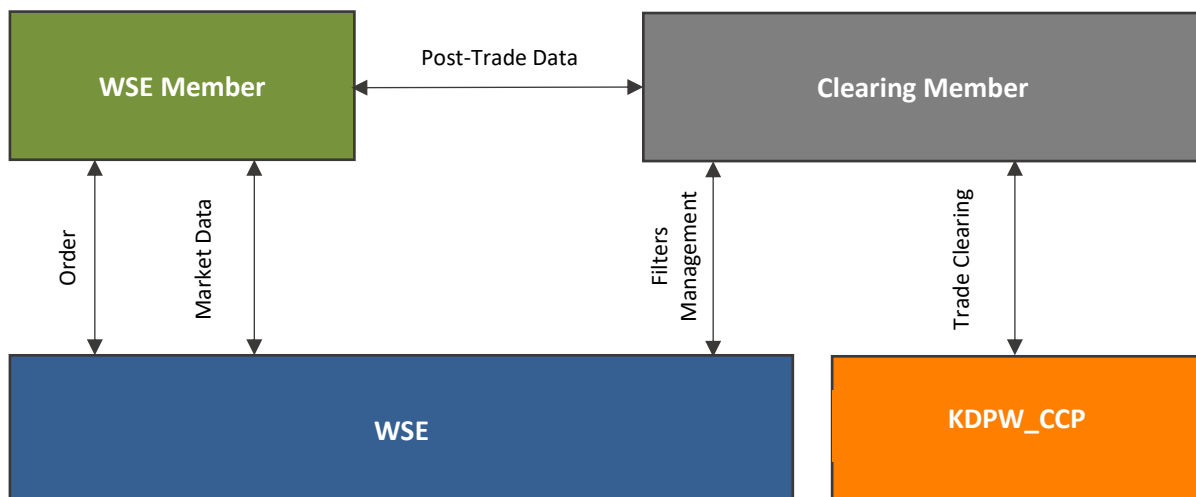**RMA (Risk Management Access)**

RMA is a service for Clearing Members (CM) which provides dedicated access to the UTP trading system, through which clients can:

- ✓ defining, changing and cancelling limits on orders of Exchange Members cleared by Clearing Members;
- ✓ blocking of new orders of an Exchange Member in instruments listed in the cash and/or derivatives market ("kill switch");
- ✓ cancellation of previously placed orders of an Exchange Member cleared by the Clearing Member (on activation of the kill switch functionality).
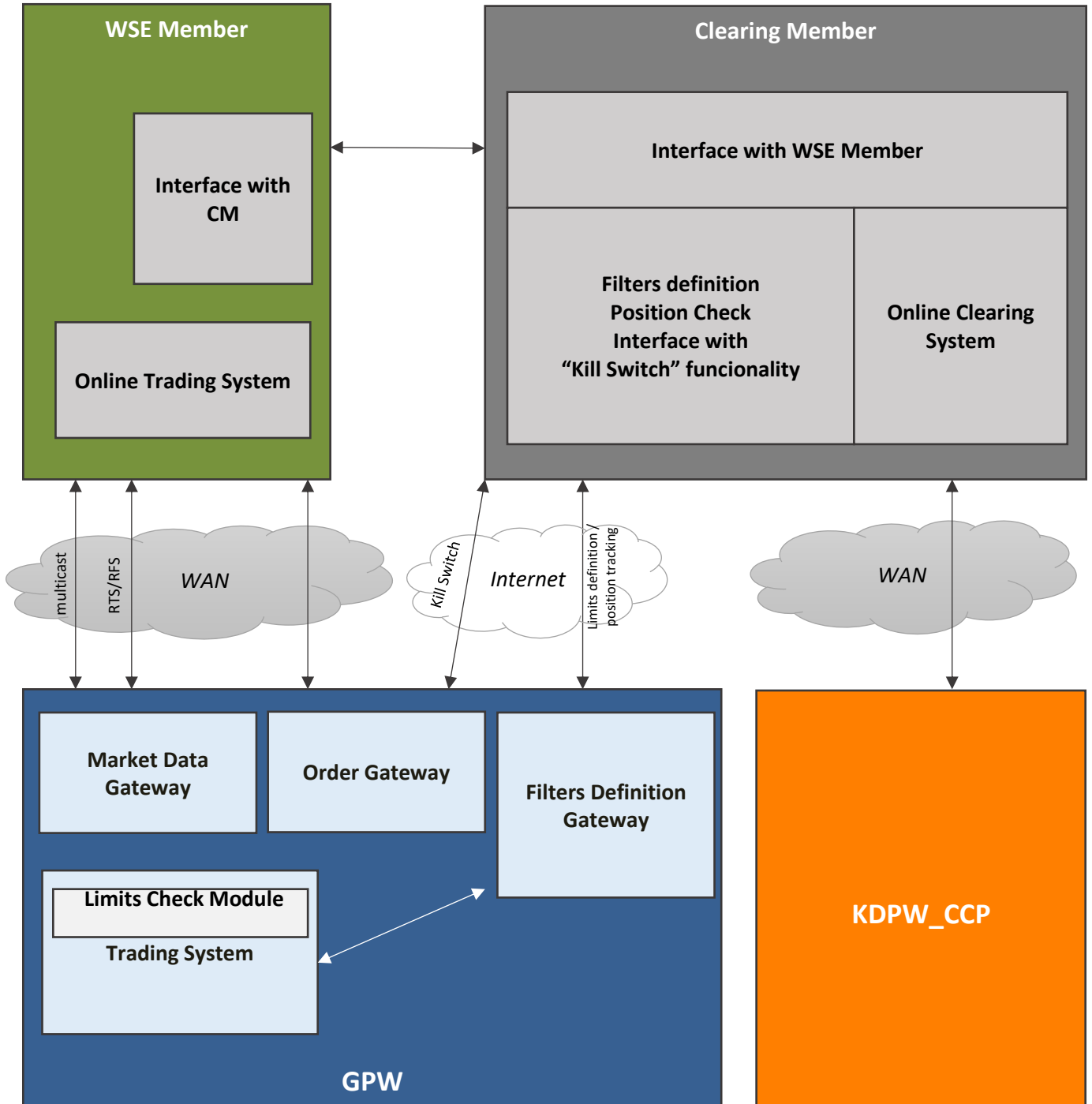
Pre Trade Risk Management & Kill Switch functions can be used under the following conditions:

- ✓ **Controlled:** Exchange Member **controls:** Clearing Member with Exchange Member authorization;
- ✓ **Monitored and controlled:** the same Member Exchange.

General scheme:

Access scheme:

WSE Member	**Clearing Member**

Diagram elements:

- **WSE Member** (green box)
  - Interface with CM
  - Online Trading System

- **Clearing Member** (grey box)
  - Interface with WSE Member
  - Filters definition / Position Check / Interface with "Kill Switch" funcionality
  - Online Clearing System

- Connections: multicast, RTS/RFS, *WAN*; Kill Switch, *Internet*, Limits definition / position tracking; *WAN*

- **GPW** (blue box)
  - Market Data Gateway
  - Order Gateway
  - Filters Definition Gateway
  - Limits Check Module — Trading System

- **KDPW_CCP** (orange box)

Description of the access architecture:

The general architecture of the solution provides access to the service, where a Clearing Member uses the application available in the web browser to access a defined system of pre-trade risk limits (order control parameters).

The Clearing Member uses the application to define filters on orders submitted through dedicated access to services of the Warsaw Stock Exchange by the Exchange Member for which the participant is the Clearing Member (no interference with the submission of orders of the Exchange Member for which another participant is the clearing member).

Filters are defined separately for instruments traded on the cash market in Trading Unit 1 (TU1) and for instruments traded on the derivatives market in Trading Unit 2 (TU2).

Technical description of the service:

Filters are defined using an application available on the website, which interacts with the Exchange Member's system using the FIX protocol. In the RMA service, the application sends and receives dedicated pre-defined FIX messages used to:

- ✓ define filters;
- ✓ change filter parameters;
- ✓ cancel filters;
- ✓ cancel orders of controlled Exchange Members according to criteria defined by the Clearing Member;
- ✓ block selected Exchange Members.

The relationship between the Exchange Member and the controlling Clearing Member is defined by GPW on the basis of appropriate formal and technical documents provided by KDPW_CCP under the GPW Agreement with the Exchange Member.

Access of Clearing Members to the RMA service allows them only to provide the RMA service including the Kill Switch functionality. Such access neither authorises nor allows Clearing Members to submit or modify orders or to conclude transactions on behalf of Exchange Members. Access of Clearing Members does not allow Clearing Members to view orders submitted by Exchange Members or view details of transactions concluded by Exchange Members. Access is only provided to information on the degree of utilisation of limits set by the Clearing Member.

→ **Defining and monitoring limits**

A Clearing Member can define the following limits for an investment firm it clears:

limit	per instrument	for all instruments
Side Authorization	✓	–
Daily Long Position	✓	✓
Daily Short Position	✓	✓
Daily Order Quantity	–	✓
Daily Order Value	–	✓
Maximum Bid Quantity Per Order	✓	–
Maximum Ask Quantity Per Order	✓	–
Maximum Bid Value Per Order	✓	–
Maximum Ask Value Per Order	✓	–
Price on Buy versus Best Ask	✓	–
Price on Sell versus Best Bid	✓	–

According to the table above, the individual limits can be defined for an account (Account (1) tag in FIX) for:

✓ an instrument;
✓ all instruments (global limit);
✓ both variants above simultaneously (whichever limit is met first will apply).

Clearing Members can also monitor the degree of utilisation of limits on an on-going basis in the web application. To update the status of limits and present it in the GUI (graphical user interface), the application sends queries in FIX messages (at the request of the user and/or at a pre-set frequency, which is a parameter). The complete description of FIX messages is available in WSE FIX CDE Message Specifications v. 4.3

→ **Limits and accounts**

The number and the names of accounts controlled with limits should be agreed between KDPW_CCP and the Clearing Member and between the Clearing Member and the Exchange Member. Global limits are defined for a market segment (TU1 and TU2) for transactions concluded by an Exchange Member. Limits are defined within TU1 or within TU2 (their utilisation is checked separately).

→ **Cancelling orders**

Clearing Members may cancel all orders submitted by Exchange Members cleared by the Clearing Members (separately for each Exchange Member) using the Kill Switch functionality. To cancel orders, the RMA service sends a FIX message (Order Mass Cancel Request (q)) to the GPW trading system including the selection criteria of orders to be cancelled.

The message includes the following selection criteria of orders to be cancelled: mandatory ClassID (9945) or Symbol (55) and optional CancelByLocationID (9960), Side (54), TechnicalOrdType (9941), Account (1), Rule80A (47). Based on these selection criteria, the RMA application can cancel all orders submitted by an Exchange Member with a single command.