

# BNP PARIBAS SECURITIES (ASIA) LIMITED

## ALTERNATIVE LIQUIDITY POOL GUIDELINES

Public Information

### CORPORATE & INSTITUTIONAL BANKING

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**BNP PARIBAS**

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# 1. INTRODUCTION

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This document sets out the alternative liquidity pool guidelines of BNP Paribas Securities (Asia) Limited (“BNPP Sec Asia”) when handling transactions in cash equities (“the Disclosures”).

BNPP Sec Asia provides electronic trading services to its clients, including its affiliates which take principal or riskless principal positions. Such services enable the access to, and execution of trades via, alternative liquidity pools (“ALPs”), or commonly known as dark pools, operated by other service providers or affiliates of BNPP Sec Asia (collectively referred to as “Third Party ALPs”). The Third Party ALPs can be used by clients, authorized front officers of BNPP Sec Asia (executing on behalf of clients), and affiliates of BNPP Sec Asia (collectively referred to as “users”).

Currently in Asia-Pacific region, BNPP Sec Asia offers access to and interactions with ALPs operated by third party providers in Australia, Hong Kong and Japan.

BNPP Sec Asia does not own and/or operate any of the ALPs provided to users.

## 2. USER RESTRICTIONS AND CONTROLS

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### 2.1. ELIGIBILITY

In accordance with paragraphs 19.2(f) (i) to the Code of Conduct for persons licensed by or registered with the Securities and Futures Commission (“the Code”), eligible users that may access the Third Party ALPs shall be “qualified investor” as defined as a person within the meaning of paragraphs (a) to (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance. Eligible clients **must opt in** before orders are routed to the Third Party ALPs for the first time.

BNPP Sec Asia reserves the right to limit or prohibit the access of Third Party ALPs via its electronic trading services at its own discretion, currently BNPP shall be routing orders of clients qualifying as institutional professional investors.

### 2.2. OPT-OUT ARRANGEMENTS

Users can opt-out of access to and interactions with ALPs at any time by contacting their BNPP Sec Asia sales and trading representatives or Cortex Equities team.

### 2.3. REGULATIONS AND RESTRICTIONS

Each user must comply with all legal and regulatory requirements applicable to the user in connection with the access to and interactions with Third Party ALPs, including but not limited to:

- A user must not knowingly prearrange a specific trade with oneself or another user.
- A user must not short sell, covered or naked, in Hong Kong on the Third Party ALPs.
- A user must comply with regulation requirements of corresponding markets on short selling, including the prohibition thereof.
- A user must not engage in activities that may interfere with the operations of a fair and orderly market.

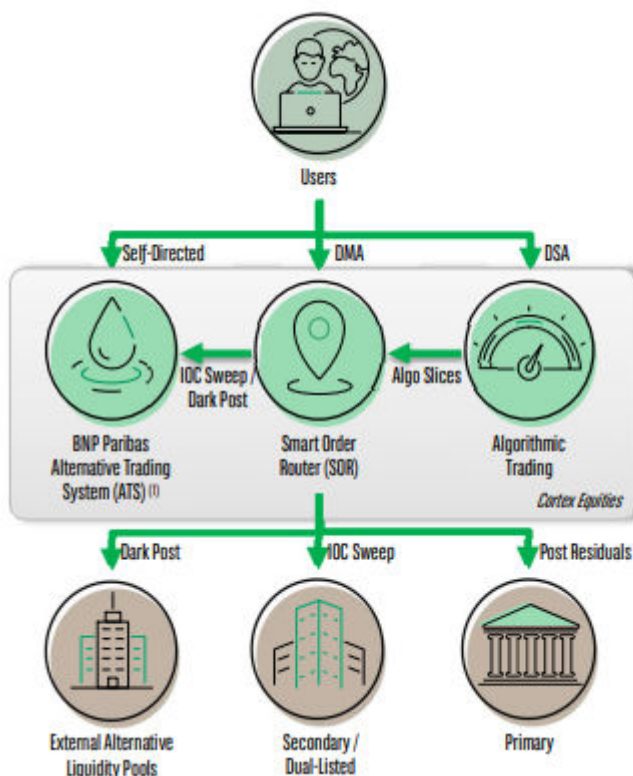
# 3. FUNCTIONAL DETAILS

## 3.1. ALP ACCESS ROUTES

Users can access ALP via three different routes:

- Direct Strategy Access (DSA). Orders sent to algorithmic trading strategies will send individual slices, via Smart Order Router (SOR), to ALPs, secondary / dual-listed exchanges, and/or primary exchange, based on different factors including but not limited to client preference, prevailing and historical market information, and the trading objectives of the strategies.
- Direct Market Access (DMA). Orders sent to DMA will go through Smart Order Router, which may first send slices to ALPs and secondary / dual-listed exchanges, and/or primary exchange, based on different factors including but not limited to client preference, prevailing and historical market information, and the trading objectives of the strategies.
- Self-Directed Access. Orders are sent directly to BNP Paribas Alternative Trading System (“BNPP ATS”) electronically based on user’s own trading instructions. BNPP ATS is owned, controlled, and operated by BNP Paribas Securities (Japan) Limited (“BNPP Shoken”), an affiliate of BNPP Sec Asia, in Japan. BNPP ATS deals in stocks traded on Japan Exchange. The trading infrastructure is located in BNPP Shoken’s data centers in Japan.

For the details of DMA, DSA and SOR, please refer to the respective training and marketing materials.



(1): Japan only.

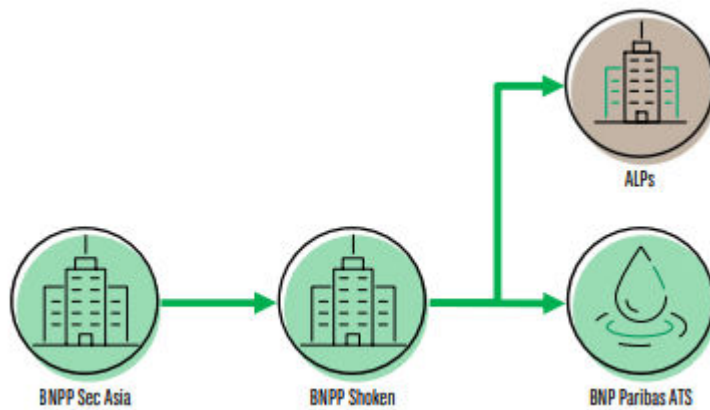
## 3.2. ENTITY RELATIONSHIP

BNPP Sec Asia offers access to and interactions with Third Party ALPs in Australia, Hong Kong and Japan. BNPP Sec Asia does not own nor operate any of the ALPs provided to users.

Australia / Hong Kong



Japan



## 4. BEST EXECUTION

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The handling and executions of orders in ALPs fall under the scope of BNP Paribas Securities (Asia) Limited Order Handling and Execution Policy, which is available at:

[BNP Paribas Securities \(Asia\) Ltd - BNP Paribas CIB](#)

# 5. THIRD-PARTY ALTERNATIVE LIQUIDITY POOLS

## 5.1. ALP REGULATIONS

Third Party ALPs observe and are expected to adhere to the applicable rules and regulations, including but not limited to operating mechanism, matching criteria, and classification and prioritisation of orders. Third Party ALPs operate as a legal entity separate to and independent of BNPP Sec Asia.

In particular, Third Party ALPs may classify and prioritise orders according to the local regulation under which they operate, which may be different from the Code of Conduct for Persons Licensed by or Registered Institutions with the SFC. For example, a principal order of BNPP Sec Asia may be classified as an agency order by the Third Party ALP operator.

BNPP ATS in Japan provides additional sub-categories for users to elect whether to interact with different types of flow beyond the classifications defined by the local rules and regulations.

## 5.2. ALP GUIDELINES

Below are the guidelines of Third Party ALPs which BNPP Sec Asia has access to. Such guidelines may be revised from time to time by the respective providers. Users should refer to the relevant guidelines for any amendments or updates.

Market	Venue	Type	ISO 20022 MIC (FIX Tag 30)	Link
Australia	ASX Centre Point	Exchange ALP	ASXC	<a href="#">Link</a>
	Cboe Australia Mid-Point	Exchange ALP	CXAP	<a href="#">Link</a>
	Goldman Sachs - SIGMA X AUSTRALIA <sup>(1)</sup>	ALP	SIGA	<a href="#">Link</a>
	Instinet - BlockMatch Australia <sup>(1)</sup>	ALP	BLXA	<a href="#">Link</a>
	JP Morgan - JPM-X - Australia	ALP	JPMX	<a href="#">Link</a>
	Liquidnet System <sup>(1)</sup>	ALP	LIQU	<a href="#">Link</a>
	Virtu Posit - Asia Pacific	ALP	XPST	<a href="#">Link</a>
Hong Kong	Liquidnet System <sup>(1)</sup>	ALP	LIQU	<a href="#">Link</a>

	Citi Match – HK <sup>(1)</sup>	ALP	CGMH	<a href="#">Link</a>
	CLSA Crossing Engine <sup>(1)</sup>	ALP	CLHK	<a href="#">Link</a>
	Instinet CBX/BlockMatch <sup>(1)</sup>	ALP	ICBX	<a href="#">Link</a>
	JPM-X <sup>(1)</sup>	ALP	JPMX	<a href="#">Link</a>
	Virtu Posit – Asia Pacific	ALP	XPST	<a href="#">Link</a>
Japan	BNP Paribas Alternative Trading System	ALP	BNPX	<a href="#">Link</a>
	Kai-X	Exchange ALP	KAIX	<a href="#">Link</a>

(1) ALP access through Virtu