



## General MTS Domestic Market Rules

These General MTS Domestic Market Rules are applicable to MTS Austria, MTS Germany, MTS Greece, MTS Ireland, MTS Netherlands, MTS Slovenia and MTS Spain. The General MTS Domestic Market Rules should be read in conjunction with the relevant applicable Annex for each MTS Market and forms the rulebook for each MTS Market.

### **SECTION I – DEFINITIONS**

In this Market Rules the following expressions have the following meanings:

“Best Price”	has the meaning determined under Article 17.
“Capital”	shall mean Tier 1 regulatory capital or the equivalent, as defined under the Capital adequacy regime of the Participant’s home state regulator.
“Central Counterparty or CCP”	means a central counterparty as the Company shall select as listed in Article 3 of the relevant Annex to these General MTS Domestic Market Rules.
“CCP Contract”	means a contract entered into through the System by two CCP Participants on a CCP Eligible Security that will be immediately novated and replaced by two transactions with the CCP becoming the seller to the buyer and the buyer to the seller.
“CCP Participant”	means a Participant who is a member, either direct or indirect, of a CCP and lodged with the Company the CCP application form to participate in the System as a CCP Participant.
“CCP Eligible Securities”	means all Eligible Securities that have been specified by the relevant CCP as eligible for a CCP Contract.





“Committee”	means the duly appointed committee referred to in Article 7 of the relevant Annex to these General MTS Domestic Market Rules and which operates in accordance with the relevant procedures approved by the Company.
“Company”	means the board of directors of EuroMTS or a duly appointed representative of EuroMTS.
“Double-Sided Quote”	means a Quote to buy and a Quote to sell.
“Eligible Securities”	means all the securities issued or in the process of being issued by the government indicated in Article 13 of the relevant Annex to these General MTS Domestic Market Rules and compliant with the criteria indicated in the same article.
“Fair Market Value”	has the meaning ascribed to it in Article 24 of these General MTS Domestic Market Rules: “Trade Cancellation Procedures.”
“FSA”	means the Financial Services Authority in the United Kingdom.
“Group”	in relation to an entity, shall mean that entity’s ‘group undertakings’ (such term taking the meaning ascribed to it in section 1161 of the UK Companies Act 2006).
“Live Data”	means information relating to Tradable Securities in respect of which not more than 15 minutes have elapsed from the time that such information was transmitted by the System to the Participants.
“Major Market Incident”	or “MMI” has the meaning ascribed to it in Article 24 of these General MTS Domestic Market Rules.
“Market Average”	means the average Spread and quotation times of Market Makers active on the System.





"Market Maker"	means a Participant authorised by the Company to trade on the System through Orders and/ or Quotes, subject to the obligations and commitments established under these Market Rules.
"Market Rules"	means these General MTS Domestic Market Rules and regulations (including the relevant Annex) as may be made, amended or replaced from time to time by the Company.
"Mid-Price"	means the price for a Tradable Security calculated by the System that a Participant may make an Order to buy or sell.
"Minimum Mid-Price Execution Size"	has the meaning ascribed to it under Article 20 of these General MTS Domestic Market Rules.
"Order"	means the acceptance, whether whole or partial, of a Quote, transmitted via the System and processed immediately by the System.
"Participant"	means all participants accepted by the Company to participate in the System.
"Price"	in respect of the sale of a Tradable Security traded on the System means the amount representing the percentage of the nominal amount of the Tradable Security payable in respect of such sale (excluding accrued interest unless otherwise provided in the relevant Annex), which may also be expressed by reference to yields unless explicitly stated otherwise.
"Price Taker"	means an institution authorised by the Company to take part (exclusively by means of Orders) in the trading of securities on the System, in accordance with these Market Rules.





“Quote”	means the double-sided or single-sided offer to buy or sell a Tradable Security via the System with specification of the quantity and the Price quoted and the security that is intended to trade.
“Quoting Commitments”	means the commitment of a Market Maker to Quote on the System as set out in Article 14 of these Market Rules.
“Single-Sided Quote”	means a Quote to buy or a Quote to sell.
“Spread”	means the arithmetic difference between the price of an offer to buy (Bid) and of a connected offer to sell (Ask) expressed as a percentage; it is expressed in cents for Tradable Securities and it determines the Quoting obligations for Market Makers as set out in Article 9 of these Market Rules.
“System”	means the screen based system organised and administered by the Company for the trading of certain Eligible Securities.
“Tradable Securities”	means Eligible Securities which can be traded on the System by Participants through Quotes and/ or Orders.
“Trading Day”	means a day on which Tradable Securities may be traded on the System.
“Trading Hours”	means the hours of the Trading Day during which Tradable Securities may be traded on the System.

## **SECTION II – GENERAL PROVISIONS**

### **Article 1 - Market Rules**

1. The object of the Market Rules is to regulate the organisation and operation of the System.
2. The Market Rules and its Annexes are made and may be amended or replaced from time to time by the Company in its sole and absolute discretion.





3. Except in the case of emergency, any amendment to the Market Rules will be notified to Participants at least ten (10) Trading Days prior to the amendment taking effect by any means that the Company considers appropriate, provided that such notification shall at least include electronic notification through publication on the System. In the case of emergency, the Company/ Board will provide as much notice as possible to the Participants of any such amendment.
4. References herein to an Article or to an Annex shall mean an Article of or an Annex to, the Rules respectively.
5. The Market Rules shall be governed by and construed in all respects in accordance with the laws of England and Wales.

### **SECTION III – ADMISSION AND RESIGNATION**

#### **Article 2 - Participant Types**

Each MTS Market independently distinguishes between categories of Participants. Further explanations of the Participants within each MTS Market are provided in the relevant Annex.

The Company shall maintain lists of those institutions which are, for the time being and from time to time, Participants on the System.

#### **Article 3 - General Conditions for admission**

1. The following institutions may be admitted to trading on the System:
  - a. European Union and non-European-Union banks authorised to perform the services envisaged in Annex I, Directive 2006/48/EC; or
  - b. European Union and non-European-Union investment firms authorised to perform the service envisaged Article 4, Directive 2004/39/EEC.
2. An institution which at the request of the Company, lodges with the Company a completed application in the form specified by the Company may be admitted to trading on the System provided that it satisfies the following requirements:
  - a) It is authorised to deal in financial instruments in the relevant MTS Market;
  - b) Be authorised and able to act as a principal for bi-lateral and cleared post trade services and belong, either directly or via an agent, to the clearing and settlement institutions specified in Article 3 of the Annex for the relevant MTS Market and have suitable links with such institutions for the settlement of trades on the System;
  - c) It is a fit and proper person to be a Participant (including, without prejudice to the generality thereof, that it has an adequate organisation to be a Participant;





- d) It has Capital of at least Euro 30 million or the equivalent or has in place guarantees to the satisfaction of the Company in an amount of not less than such sum. For the purpose of satisfying this requirement, institutions may include in its calculation the Capital of its ultimate holding company;
- e) be authorised to deal in investments as a principal or deal on own account without any regulatory limitations other than standard limitations;
- f) input on the System a Quote and/or an Order in its own name and for its own account and not provide third-party access save with the specific consent of the Company;
- g) be able to evidence that every individual or user ID transacting on the System is authorised by the Participant to trade as a principal on behalf of the applicant and has been assigned adequate proprietary risk limits;
- h) only use the data and information supplied to or derived from the System for trading on the System; and
- i) guarantee that nothing and no one within the applicant's business is allowed or technically able to redistribute, internally or externally, the data and information supplied or derived from the System, save with the specific consent of the Company.

The Company will only accept an application for membership based on its own evaluation of the applicant meeting the general objective criteria above. The Company will have sole discretion, in assessing whether or not an application will be accepted. No application will be accepted if it jeopardises the proper functioning or orderly trading of the System and/or its electronic markets and/or if it would adversely affect the reputation of the Company or the System and/or if filed for purposes different from trading on the System.

#### **Article 4 - Additional conditions for admission for Participants**

Additional conditions imposed upon types of Participant within each MTS Market are provided in the relevant Annexes.

#### **Article 5 - Admission procedure for Participants**

Institutions referred to in Article 3 of these General MTS Domestic Market Rules that wish to be admitted to trading on the relevant MTS Market as a Participant must submit to the Company a completed written application form in the form specified by the Company, for the particular category/ies of Participant. When required by the relevant application form the Market Maker shall also specify for which category of securities and/or in which segment it intends to carry out its activities.





#### **Article 6 - Resignation procedure for Participants**

Any Participant may resign from membership in the relevant MTS Market(s) by giving not less than 3 months notice in writing to the Company.

Resignation from the System shall have no effect on the rights and obligations of the resigning Participant in respect of contracts concluded on the System prior to the effective date of such resignation.

#### **Article 7 - Committee**

The rules in relation to each MTS Market Committee are provided in the relevant Annex.

### **SECTION IV – UNDERTAKINGS**

#### **Article 8 - Undertakings**

Each Participant shall undertake to the Company and all other Participants from time to time:

- a. to notify the Company, without delay, of any interruption in trading due to a software or hardware failure, or an interruption in connectivity;
- b. to comply with the Market Rules;
- c. to act with fairness and honesty;
- d. to act with due skill, care and diligence;
- e. to respect and comply with the established operating procedures for the System;
- f. to refrain from any act that may jeopardise the proper functioning of the System or undermine the integrity of trading on it;
- g. not to enter into trades on the System other than for proper trading purposes;
- h. to continue to belong to a clearing and settlement institution in accordance with Article 3 of these General MTS Domestic Market Rules;
- i. to be responsible for the acts and omissions of its employees and agents and ensure those assigned to its trading activities on the System are competent and appropriately trained;
- j. a) to keep confidential and not to disclose any information or data supplied to or derived from the System, save as may be required by a regulatory body or court having jurisdiction over the Participant or to members of the same Group as the Participant which have entered into a confidentiality agreement with the Company in a form approved by the Company. The obligation of said agreement being no less onerous than the obligations specified in these General MTS Domestic Market Rules;  
b) agreeing and acknowledging that all rights, title and interest in, and to any work in any medium which incorporates or in the compilation of which there was used, any information or data entered by it on the System shall as between it and the Company be the property of the





- Company or its licensees, to grant to the Company the right to exploit the same and not to make any claim to any right, title or interest or to any payment in respect of the same;
- k. to pay not later than the due date all fees payable to the Company for utilisation of the System;
  - l. to deal with the Company in an open and co-operative manner;
  - m. to have and maintain in its home State all necessary regulatory authorisations, approvals and consents for trading on the System;
  - n. to notify the Company, without delay, of any material change to the information supplied in its application to the Company;
  - o. notwithstanding suspension, exclusion or resignation it will comply with any requirements of the Company with regard to the execution of any outstanding contract entered into by it on the System;
  - p. to safeguard passwords and other security credentials in accordance with the established operating procedures of the System and not to allow unauthorised access to the System;
  - q. to effect trades on the System in its own name and not to act for a third party save for a company in its Group;
  - r. to respect and accept the outcome of checks by the Company referred to in Section VIII – SUPERVISION AND SANCTIONS, of these Rules;
  - s. to effect or procure timely settlement of each of its trades on the System in accordance with the relevant contract;
  - t. to ensure continuing fulfilment of the conditions referred to in Articles (insert article re admission) – including, but not limited to, the Capital requirement specified.
  - u. if requested by the Company, to demonstrate at least once a year, their continuing satisfaction of the conditions for admission referred to in Article 3 and 4 of these General MTS Domestic Market Rules. The Company may require the presentation of any data, information or documents useful to this purpose, including certifications from auditing companies; and
  - v. to notify the Company immediately in case of a breach of any of the undertakings in Articles 8 (and Article 9 where applicable) of the General MTS Domestic Market Rules.

#### **Article 9- Additional Undertakings of specific Participants**

Specific additional undertakings of Participants in each MTS Market are provided in the relevant Annexes.

### **SECTION V – TRADING**

#### **Article 10 - General System Operations**

1. The Company shall adopt all acts necessary for the proper functioning of the System.





2. The Company shall determine the formats of the operative and informational computer screen pages of the System and may change the formats from time to time.
3. The Company shall promptly inform Participants of any of its actions that effect the operation of the System.

#### **Article 11 - Opening Hours and Days**

1. Unless provided differently in the Annexes for specific MTS Markets Trading Days on the System are defined by the TARGET calendar.
2. Unless provided differently in the Annexes for specific MTS Markets, the Trading Hours (CET) of the System are:

**7.30 a.m. – 8.00 a.m.:** “Pre-Market phase”, during which only Market Makers are operative; during this time period they can insert and change their Quotes, Market Makers can view only their own Quotes.

**8.00 a.m. – 8.15 a.m.:** “Offer phase”, during which all Participants can operate, on the basis of the user profile assigned to them; it is possible to send Orders. During this time period the automatic matching of Quotes is not active.

**8.15 a.m. – 5.30 p.m.:** “Open Market phase”, during which all Participants can operate on the basis of the user profile assigned to them. The automatic matching of Quotes is active until the market closes.

**5.30 p.m. – 7.30 a.m.:** “Closed Market phase”, during which the market is completely inoperative. During this period, Participants can only send and receive messages, examine statistics concerning the day’s negotiations, receive reports, lists and indices.

#### **Article 12 - Suspension and postponing of operations**

The Company may, among other things:

1. at any time suspend the operation of all or part of the System if it determines that normal market conditions do not apply;
2. for the purpose of improving the functioning of the System, postpone the start of trading for the entire System or for single types or categories of financial instrument, or prolong trading beyond the scheduled closing time;
3. temporarily suspend trading for the entire System or for individual types or categories of financial instrument, in case of serious technical malfunction or other exceptional circumstances.





#### **Article 13 - Selection of Eligible Securities, Tradable Securities**

1. All Eligible Securities issued by the issuer will automatically be selected for trading on the System as Tradable Securities, unless the Company decides otherwise.
2. The minimum quoting and trading quantities for Tradable Securities in each MTS Market shall be determined by the Company and are set out in the relevant Annexes for each MTS Market. The Company shall communicate any change in the minimum Quote and Order quantities contained in the relevant Annex via email transmission with an advance notice of five (5) Trading Days from the day the change will come into effect.
3. The Company shall endeavour to review the selection of Tradable Securities at least once every month.
4. Securities that are in the process of being issued and for which the issuer has made an official announcement may be traded on an as-if-and-when-issued basis from the day on which the announcement has been made to the day on which those securities will have been effectively issued.

#### **Article 14 - Quoting Commitments**

Please refer to the Annex for the relevant MTS Market for the Quoting commitments of Participants within each Market.

#### **Article 15 - Suspension of Quoting Commitments on Tradable Securities**

1. Market Makers are not obliged to comply with their respective undertakings as mentioned in Article 14 on such days, if any, as set out in the relevant Annex for each specific MTS Market.
2. The Company may suspend Quoting Commitments of a Tradable Security with immediate effect if, in its opinion, in relation to that Tradable Security, normal market conditions have ceased to apply. The suspension may also be decided after a Market Maker has made a specific and reasonable request for suspension.
3. The Company may lift a suspension of Quoting Commitments of a Tradable Security if, in its opinion, the cause of the suspension no longer applies.

#### **Article 16 - Assignment of Securities to Market Makers**

1. The Company shall, on the basis of the criteria specified within each of the Annexes for the relevant MTS Market, assign Securities among the Market Makers (who are not registered as Primary Dealers) and may, from time to time change that assignment, but no more regularly than on a monthly basis.
2. The Company shall notify each Market Maker of the Securities assigned to it, pursuant to the additional undertakings of Market Makers listed in Article 9 of these General MTS





Domestic Market Rules, not less than 2 Trading Days prior to the obligation to make Double-Sided Quotes in such Securities by electronic notification. Participants shall not be entitled to require information as to which Securities have been assigned to other Market Makers.

3. A Market Maker is entitled (but not obliged) to make Double-Sided Quotes in relation to any Tradable Security on the System that has not been assigned to it.

#### **Article 17 - Quotes**

1. Only Market Makers may make Quotes in the System.
2. Each Quote must be made in at least the relevant minimum trading amount as set out in Article 13.3 of the relevant Annex for each MTS Market.
3. Quotes may be modified at any time, but a Participant is obliged to conclude all contracts, at the Price quoted and up to the volume offered, for those Orders which have been confirmed by the System prior to reception of such modification.
4. Quotes relating to each Tradable Security are ordered by the System according to 'Best Price' and, subordinate to that, according to time of entry. At the end of each Trading Day, Quotes still registered in the System shall be automatically cancelled.
5. Market Makers may enter into the System both buy and sell Quotes prior to the start of trading; such Quotes will not be displayed to other Participants until the start of trading.

### **SECTION VI – CONTRACTS**

#### **Article 18 - Trades**

Trades shall be executed by Participants in their own name and on their own account.

#### **Article 19 - Types of Contracts**

1. The Company shall determine the types of contract by means of which each Tradable Security may be traded on the System.
2. Tradable Securities may be traded on the System by Participants in accordance with the applicable rules for each MTS Market (as such term is determined by the Company). Only contracts conforming to normal market practice (as such term is determined by the Company) may be traded on the System.





3. The types of contracts which each Tradable Security may be traded on the System are:
  - a. Spot buy contracts; or
  - b. Spot sell contracts

#### **Article 20 - Conclusion and registration of contracts and Mid-Price crossing**

1. Contracts are concluded by the matching, according to procedures laid down by the Company in Article 21 of these General MTS Domestic Market Rules, of a Quote and an Order or of two Quotes. The contract shall be deemed to be concluded at the time when the System displays on the screen the matching referred to above.
2. When a contract is entered into through the System by two CCP Participants on a CCP Eligible Security will be immediately novated and replaced by two transactions with the CCP becoming the seller to the buyer and the buyer to the seller.
3. A Quote that has received a partial Order shall be considered an effective Quote for the residual portion, retaining the time priority originally assigned to it, in conformity with the rules established by Article 21 of these General MTS Domestic Market Rules.
4. In addition to the input of Quotes, and the matching of Quotes and Orders, or the matching of two Quotes as set out in the preceding sections, where there is:
  - a. a higher level of liquidity in a certain security (as determined by the Company from time to time); and
  - b. where the functionality is available (as set out in the system pages)the System will calculate a "Mid Price" between the prevailing bid offer spread. Participants may put in a single sided Quote at this Mid-Price. These Quotes will only be automatically matched to Orders at this Mid-Price.
5. Quotes on "Mid-Prices" will be subject to a different minimum execution size ("**Minimum Mid-Price Execution Size**") which will be set by the Company (and set out on the system pages). Participants may enter Quotes with a higher execution size than the Minimum Mid-Price Execution Size, but not a lower size.
6. All the contracts concluded on the System shall be registered by the Company in real time. Each contract shall have a unique identification number and will be registered including:
  - a. the names of the contracting parties, unless they are CCP contracts;
  - b. type, object and time and date of conclusion of the contract;
  - c. quantity and Price.
7. All transactions on the System are recorded and archived





#### **Article 21 - Procedures for the conclusion of contracts**

1. Orders are made by indicating the quantity and the "exclusion price". The "exclusion price" indicates the Price up to which the Participant which sends the Order is willing to execute the contract. An Order is carried out automatically up to and including the "exclusion price".
2. The matching of an Order with Quote(s) that result in the conclusion of a contract occurs until the desired quantity is reached or no further matches are possible given the exclusion price.
3. The execution procedure is as follows:
  - a. The "Best Price" of the moment is applied;
  - b. Should there be more Quotes at the "Best Price", then the matching occurs according to when the Quotes were inserted, starting from the least recent, to the most recent;
  - c. If applying the above mentioned criteria the entire quantity of the Order is not fulfilled, then the succeeding Price to the "Best Price" is applied and so on.
4. The provisions contained in this Article 21 are also applied for the conclusion of contracts by the matching of Quotes.
5. It is at the Participants' discretion whether or not to accept Orders that are less than the minimum trading quantities as specified in Article 13 of the relevant Annex for each MTS Market.

#### **Article 22 - Clearing and Settlement of contracts**

1. In accordance with the procedures and regulations set by those clearing and settlement institutions involved with the System, the execution of contracts shall take place according to these of these General MTS Domestic Market Rules and the provisions set out in the relevant Annexes for each MTS Market.
2. Participants agree to give the Company the right to transmit settlement instructions on their behalf to the clearing and settlement institutions or the Central Counterparty as specified in the relevant Annexes for each MTS Market.

#### **Article 23 - Settlement Cycle**

The Settlement Cycle within each MTS Market is described in the specific Annex for each MTS Market.

#### **Article 24 - Cancellation of trades**

##### **1. Bilateral Cancellation**

Cancellation of trades shall be performed by the Company upon request of both counterparties communicated to the Company by email provided that such communication is received prior to the closing of the Market or immediately afterwards.





## 2. Unilateral cancellation request

1. If the trade cancellation is requested by only one counterparty to a trade, the following procedure shall apply:
  - a. The cancellation request shall be notified to the Company by telephone or email within 15 minutes of the execution of the trade. In any case it must be confirmed by email. Upon the receipt of the notification, the Company shall immediately contact the trade counterparty with respect to such cancellation.
  - b. If the counterparty agrees with such cancellation request within 15 minutes of receipt, the request shall be treated as a bilateral cancellation request and shall be executed by the Company.
  - c. In the event that the other counterparty does not respond within 15 minutes or it disagrees with the trade cancellation request the Company shall ascertain whether a unilateral cancellation can be performed.
  - d. In order to qualify for unilateral cancellation a trade must be proved beyond doubt to deviate considerably from the Fair Market Value of the relevant security at the time of execution as per sub-section e. below.
  - e. Ascertaining Fair Market Value:
    - I. The Company shall ascertain the Fair Market Value of the security in question by immediately requesting to five Participants five (5) firm two-way inter-dealer electronic quotes for that instrument at the time of execution of the trade.
    - II. The five Participants consulted are appointed by the Market Committee and exclude either party of the disputed transaction (the "Selected Participants").
    - III. The Selected Participants shall respond to a request in relation to Fair Market Value within 15 minutes by return email.
    - IV. The Company will discard the bid/offer quote containing the highest bid and the bid/offer quote containing the lowest offer and calculate, truncating the result to the third decimal and then rounding to the second decimal, the average of the remaining





bid prices and the average of the remaining offer prices, which will determine the Fair Market Values.

- V. Starting from the Fair Market Values, the Company will then calculate the relevant spread (average bid offer spread).
- f. Once Fair Market Value is ascertained, the trade price in question will be considered to be inconsistent with the Fair Market Value if it deviates by more than 50% of the average bid offer spread from the Fair Market Value of the bid or offer, whichever is relevant.

In detail:

**Error sale** (*i.e.* cancellation request is made by the seller):

The transaction will be cancelled when the trade price is lower than the fair bid price by more than 50% of the above defined spread at the time of the execution of the trade.

**Error purchase** (*i.e.* cancellation request is made by the buyer): The transaction will be cancelled when the trade price is higher than the fair ask price by more than 50% of the above defined spread at the time of the execution of the trade.

*Example:*

*Instrument A 2.500 1 February 2013*

The following Best bid-offer prices were on the best page – 107.15/110.25 - Seller aggresses bid at 107.15 and then reports it as an error trade (being an error sale).

Following a poll of five market participants, the five bid/offer quotes are as follows:

- 108.60/109.60
- 108.50/109.65
- 107.90/109.50
- 108.25/109.30
- 108.30/109.20

The bid/offer quote with the highest bid and the bid/offer quote with the lowest offer are disregarded leaving the following:





108.50/109.65

107.90/109.50

108.25/109.30

Then the average bid and the average offer are calculated starting from the three remaining bid and offer prices. The result is truncated to the third decimal and rounded to the second decimal:

**Avg Bid**=  $(108.50 + 107.90 + 108.25)/3 \Rightarrow 108.22$  truncated to the 3rd and rounded to the 2nd decimal which determines the Fair Bid Market Value.

**Avg Offer** =  $(109.65 + 109.50 + 109.30)/3 \Rightarrow 109.48$  truncated to the 3rd and rounded to the 2nd decimal which determines the Fair Offer Market Value.

Therefore the remaining values are 108.22/109.48 generating an **average bid/offer spread** of 126 cts

The following bid and offer limits are obtained by applying the 50% deviation margin to the average bid/offer spread (126 cts):

107.59/110.11

The sale executed at 107.15 will be cancelled as the low parameter is 107.59 i.e. all sales < 107.59 may be cancelled should that be requested by the seller in the present example.

- g. If the relevant reported trade is proven to be off the Fair Market Value based on the criteria listed above, the Company shall perform the unilateral cancellation of the relevant trade.
  - h. The Company will inform the counterparties to the relevant trade via telephone (confirmed by e-mail) of its decision to cancel unilaterally the requested trade within 45 minutes from the notification of the trade cancellation request.
  - i. In the event of CCP-Contracts, where the counterparties of the trade are non disclosed, the Company is entitled to reveal the identities in order to resolve the trade dispute, if deemed useful to resolve the trade dispute.
2. In the event of a Major Market Incident, the Company shall cancel the trades affected by such MMI. In connection with such cancellation, the Company shall also be entitled to take into account trades entered into outside of the MMI period but affected by the incident. The Company shall also be entitled to determine whether trades entered into during the MMI





period have remained unaffected by such MMI. The Company may at its discretion consult the Participant whose trades have been or may be affected by an MMI.

The Company shall inform the Participants and the supervisory authorities in a timely manner of the occurrence of an MMI and shall specify the time of the commencement and end thereof. The parties of the trades subject to cancellation shall be notified within the close of the trading day, unless force majeure prevents such notification.

3. The Company shall on its initiative cancel trades or correct data relating to securities whose issuance has been announced but has not occurred yet or where the volume of the issuance is significantly lower than announced.
4. For the purposes of these Rules, Major Market Incident ("MMI") means one of the following events:
  - a. the improper functioning of the System so that all or a significant number of Participants is unable to trade in a secure manner without being exposed to material market risks (i.e., if they cannot determine their positions with certainty, may not submit quotes, are unable to see the list of best Prices or see wrong Prices in the best page, or are unable to perform, in whole or in part, the market making activity);
  - b. the security or integrity of the System is compromised or subject to an imminent risk, or the Company is unable to see or control the System using standard measures.
5. The occurrence of a MMI is identified by the Company. The duration of a MMI shall run from the time when the first impact on the System occurred and shall last until the Company determines that the normal conditions of the System have been restored. In the event of a MMI, the Company shall take the most appropriate measures, including the suspension of trading on the relevant market or segments thereof.

#### **Article 25 - Law governing contracts**

Laws of England and Wales shall be the laws governing all contracts concluded on the System.

### **SECTION VII – PROVISION OF INFORMATION**

#### **Article 26 - Provision of Information to Participants and the public**

1. The Company shall make available to Participants such information as it deems necessary for the correct performance of trading activities and for the execution of the contracts concluded





on the System. All information made available via the System to a Participant that pertains to other Participants shall be made available in anonymous form.

2. For each Tradable Security on the System, the Company shall make available to each Participant admitted to the System, in real time, the following information:
  - a. Price and quantity of buy and sell Quotes (quantity summed per Price level);
  - b. Price, quantity, and time of the most recently concluded contract of the Trading Day;
  - c. low-, high-, and weighted average Price and volume for each hour during the Trading Day;
  - d. low-, high-, and weighted average Price and volume for the current Trading Day and the previous Trading Day;
  - e. low- and high Price and total volume traded during the period the security is a Tradable Security; and
  - f. for each Participant, the itemised list of all the contracts it has concluded on the current Trading Day.
3. For each Tradable Security traded on the relevant MTS Market, the Company shall make available to each Participant in real time the current status of all the Quotes it has entered.
4. The Company shall make available to each Participant, via the System, the following tables, updated daily:
  - a. complete table of the identification codes of each Tradable Security, including the settlement date for concluded contracts; and
  - b. a complete table, with identification codes, of all Participants and descriptions.
5. For each Tradable Security, the Company may make available publicly Live Data related to the Price and quantity of the best buy and sell Quotes.

#### **Article 27 - Provision of Information to the authorities**

The Company shall supply to the FSA (or any successor thereto) data and information on the contracts concluded and the activities carried out by Participants on the System and all other data, information, acts or documents as so requested by the FSA or required for the Company to comply with its obligations to the FSA.

#### **Article 28 - Provision of Information to the issuer**

The Company may submit, up to the extent requested, all data and information related to:

- I. the quoting activity within the System; and
- II. the activities carried out by Participants on the relevant MTS Market.





## **SECTION VIII – SUPERVISION AND SANCTIONS**

### **Article 29 - Verification of regular course of trading**

1. The Company shall monitor the behaviour of Participants during the Trading Hours and verify compliance with the Market Rules.
2. The Company may perform, amongst other things, the following activities:
  - a. verify, through the System's information flow, compliance with the undertakings referred to in Articles 8 and 9 of these General MTS Domestic Market Rules and where doubts in this regard arise, shall promptly request clarification from the Participant involved, who shall supply such clarification in the shortest possible time;
  - b. verify proper updating of the archives, the procedures and all else necessary to the orderly conduct of trading;
  - c. monitor the functioning of the System's technical structures and transmission networks;
  - d. perform technical checks with regard to the anomalous nature of certain trades as per Article 24 of these General MTS Domestic Market Rules;
  - e. handle incorrect Price input in the entry of Quotes and Orders into the System as per Article 24 of these General MTS Domestic Market Rules;
  - f. require Participants to provide the relevant data and information, as well as the transmission of relevant documents; and
  - g. for the sole purpose of checking Participants' fulfillment of the undertakings as set out in Articles 8 and 9 of these General MTS Domestic Market Rules, carry out inspections at said Participants' premises.
3. Other than what is necessary for computerized, screen-based trading and for the provisions of Articles 26, 27 and 28 of these General MTS Domestic Market Rules, the Company shall keep confidential all information acquired in the course of its activities of managing and monitoring the market. Information available on the System can only be accessed via special passwords assigned by the company to Participants.

### **Article 30 - Breach of Participant undertakings**

When a Participant which is in breach of one or more of the undertakings contained in Article 8 (and 9 where applicable) of these General MTS Domestic Market Rules , or where there are reasonable grounds for presuming that even one of the undertakings referred to in Article 8 (and 9 where applicable) of these General MTS Domestic Market Rules is no longer satisfied, the Participant shall be liable to one of the following sanctions, depending on the nature and seriousness of the action and of any previous breaches committed by the same Participant:





- a. a written censure;
- b. a fine of between Euro 2,000 and Euro 20,000;
- c. suspension from trading;
- d. deletion from the relevant list of Participants;

#### **Article 31 - Failure to honour Quoting Commitments**

1. Where a Market Maker fails to honour its Quoting Commitments in accordance with Article 9 of these General MTS Domestic Market Rules for two (2) consecutive months, the Company shall issue such Market Maker with a written warning of the failure.
2. Following the issuance of a warning notification outlined in Article 31.1 of these General MTS Domestic Market Rules (above) where the Market Maker in questions fails to honour its Quoting Commitments in accordance with Article 9 of these General MTS Domestic Market Rules for two (2) consecutive months on a second occasion, the Company shall have the right to automatically modify the Market Makers profile to that of Market Taker, such that it shall be able to participate in the System as a Price Taker only.

#### **Article 32 - Procedure in respect of Article 30 (Breach of Participant Undertakings)**

1. When the Company is of the opinion that a Participant has committed one of the types of conduct indicated in Article 30 of these General Domestic MTS Market Rules, the Company shall communicate to the Participant a written notice describing the breach with which it is charged and inviting it to submit an explanation.
2. Within ten days of the communication of the notice referred to in Article 31.1 of these General MTS Domestic Market Rules, the Participant involved may file with the Company defensive briefs and documents and may ask to be heard.
3. Once the filing deadline referred to in Article 32.2 of these General MTS Domestic Market Rules has expired, the Company, having heard the Participant involved if the latter has so requested, and examined any defensive briefs and documents filed, shall adopt one of the sanctions referred to in Article 30, if it considers that the breach of which the Participant is charged has in fact taken place; otherwise, it shall declare the sanction proceeding concluded. The Company may consult the Committee at any point during these procedures.
4. The decision pursuant to Article 32.3 shall be communicated in writing to the Participant involved.
5. A decision pursuant to Article 32.3 that orders the application of a sanction shall specify the form by which such decision shall be publicised, including always electronic notification





through publication on the System. Such publicity can be omitted when the sanction applied is that of written censure.

6. Without applicability of the provisions in this Article 32 and Article 33 below, in all cases in which it shall prove necessary in order to safeguard the System and its correct and reliable functioning as well as in cases of special urgency when there are reasonable grounds to believe that a Participant has committed serious infractions or is in a state of suspected insolvency, the Company may order, as a precautionary measure, the immediate suspension of the Participant involved from trading. The period of precautionary suspension cannot ordinarily exceed twenty Trading Days. In any event, the preliminary suspension order referred to above shall cease to be effective upon the decision taken pursuant to Article 32.3 being communicated to the Participant.
7. Save as provided by Article 32.6, sanctions take effect on the date on which they are notified to the Participant.
8. For the avoidance of doubt, the Company may impose the sanctions described in Article 31.2 automatically, and the procedures outlined in this Article 32 do not apply to a Market Maker's failure to respect its Quoting Commitments.

#### **Article 33 - Adoption and enforcement of sanctions**

1. The sanctions referred to in Article 30 shall be imposed by the Company, at the conclusion of the proceedings referred to in Article 32 by the Company or by a delegate appointed by the Company.
2. The Company, after consultation with the Committee, shall impose sanctions using non-discriminatory criteria.
3. The suspension of a Market Maker may not exceed two (2) months.
4. The suspension shall be revoked when the reasons for it have been eliminated.
5. In any case sanctions shall not invalidate measures adopted by the authorities for the purposes of ensuring the execution of contracts still open.

#### **Article 34 - Automatic suspension from trading**

Subject to the procedures set forth in Article 32 and 33 of these General MTS Domestic Market Rules, the Company shall have the right to automatically suspend a certain Participant from trading:

1. when it shall ascertain the absence of the continuing fulfilment of even one of the conditions referred to in Article 3 of these General MTS Domestic Market Rules (except for 3.2.c);
2. when it shall ascertain the absence of the continuing fulfilment of even one of the undertakings referred to in Article 3.2.c of these General MTS Domestic Market Rules and





- proof of replenishment of Capital has not been provided to the Company, within three months from notification referred to in Article 32.1 of these General MTS Domestic Market Rules;
3. where the Participant has been suspended from activity or from trading by the competent authorities, or such competent authority instructs the Company to suspend its trading on the System, or its relevant clearing and settlement institution advises the Company that it has suspended the Participant's account; or
  4. automatically takes or is subject to the following actions:
    - a. makes a UK voluntary arrangement with its creditors or becomes subject to an administration order;
    - b. has a receiver appointed over any of its property or assets, or an encumbrancer takes possession;
    - c. goes into liquidation; or
    - d. takes or is subject to any action similar to that specified in Article 34.4.a-c above in any jurisdiction.

## **SECTION IX – FINAL PROVISIONS**

### **Article 35 - Liability**

1. The Company reserves the right to terminate the System at any time.
2. The Company shall have no liability (save for a refund of the pro-rata part of any prepaid fees) to any Participant in respect of any suspension or termination of the System.
3. In the absence of wilful misconduct and/or gross negligence on its part, the Company shall have no liability to any Participant or any other person with respect to any action taken or omitted to be taken in connection with providing the services contemplated by these Market Rules. Further, the Company shall have no liability to any Participant or any other person for consequential, indirect or unforeseeable loss or damage.

### **Article 36 - Disputes**

1. Any dispute or issue arising out of or in connection with the Membership Documentation, including any question regarding its existence, validity, termination, form, interpretation and the obligations deriving there under, including the participation to the markets and the acts consequent thereto and the application and interpretation of the Rules, shall be referred to and finally resolved by arbitration under the London Court of International Arbitration, which Rules are deemed to be incorporated by reference into this clause.

The number of arbitrators shall be three.

The seat, or legal place, of arbitration shall be London, United Kingdom.

The language to be used in the arbitral proceedings shall be English.

The governing law of the contract shall be the substantive law of England and Wales

