



EUROGLOBALMTS MARKET RULES

Effective as 2 May 2011

EuroGlobalMTS is organised and managed by EuroMTS Limited



Article 1 - Definitions	1
Article 2 - Market Rules.....	3
Article 3 – Participant types	4
Article 4 - General conditions for admission	4
Article 5 - Admission procedure for Participants	4
Article 6 - Resignation of Participants	4
Article 7 –EuroGlobalMTS Committee.....	5
Article 8 - Undertakings of Participants	6
Article 9 - Additional undertakings of Market Makers	7
Article 10 - General System operations.....	8
Article 11 - Opening Hours and Days of the System.....	8
Article 12 - Suspension and postponing of operations	8
Article 13 - Selection of Eligible Securities, Tradable Securities.....	8
Article 14 - Suspension of Quoting Commitments on Tradable Securities.....	9
Article 15 - Assignment of Securities to Market Makers	9
Article 16 - Quotes.....	10
Article 17 - Trades	11
Article 18 - Types of Contracts	11
Article 19 - Conclusion and registration of contracts and Mid-Price crossing.....	11
Article 20 - Procedures for the conclusion of contracts	12
Article 21 - Clearing and Settlement of contracts	12
Article 22 - Cancellation of Trades.....	13
Article 23 - Law governing contracts.....	13
Article 24 - Provision of information to Participants and public	14
Article 25 - Provision of information to the authorities	15
Article 26 - Provision of information to issuers.....	15
Article 27 - Verification of regular course of trading	16
Article 28 – Breach of Participant undertakings	17
Article 29 – Failure to honour Quoting Commitments.....	17
Article 30 - Procedure in respect of Article 28	17
Article 31 - Adoption and enforcement of sanctions.....	18
Article 32 - Automatic suspension from trading.....	18
Article 33 - Liability.....	20
Article 34 - Disputes.....	20
Annex A – Eligibility and Minimum Quantities.....	21
Annex B - Contracts	21
Annex C - Trading hours (CET).....	21
Annex D - Quoting Commitments.....	22
Annex E – Relief of Quoting Commitments	22
Annex F - Clearing and settlement institutions	22
Annex G - Clearing and settlement procedure.....	22
Annex H - Settlement cycle.....	23
Annex I - Assignment of Securities to Market Makers.....	23
Annex J - Daily statistics	23
Annex K - Procedure used in the event that Participant unable to verify on its screen the Contracts executed by it on the System	24
Annex L – Trade Cancellation Procedures.....	24
Annex M – Penalty for Late Payment.....	27



SECTION I GENERAL PROVISIONS

Article 1 - Definitions

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

“Best Price”	has the meaning determined under Article 21.
“Board”	means the board of directors of the Company or a duly appointed person or committee of the board of directors of the Company.
“Capital”	shall mean Tier 1 regulatory capital or the equivalent, as defined under the capital adequacy regime of the Participant's home state regulator.
“Committee”	means the duly appointed EuroGlobalMTS Committee of that name in accordance with Article 9, and which operates according to the provisions of the document entitled “MTS EuroGlobalMTS Committee Rules”, as approved by the Company.
“Company”	means EuroMTS Limited
“Double-Sided Quote”	means a Quote to buy and a Quote to sell
“Eligible Securities”	means all Euro-denominated securities issued or in the process of being issued by a state that does not belong to the European Union.
“Fair Market Value”	has the meaning ascribed to it in Annex L: “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).
“Group A Financial Instruments”	means an Eligible Security issued by a Global State which is located in Central and Eastern Europe as so determined by the Company.



“Group B Financial Instruments”	means an Eligible Security issued by a Global State that is located outside of Central and Eastern Europe as so determined by the Company.
“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 in Annex M,
“Market Average”	means the average Spread and quotation times of Market Makers on the System, as provided?
“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 rules and regulations (including annexes) of EuroGlobalMTS 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.
“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, which may also be expressed by reference to yields unless explicitly stated otherwise.
“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 set out in Article 9 and Annex D.
“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.

“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

Article 2 - 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 by the Company in its sole and absolute discretion.
3. Participants are required to accept the terms and conditions of the Market Rules and act accordingly.
4. Any substantive amendment to the Market Rules will be notified to the Participants normally at least 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 or the Company’s dedicated web-based portal.
5. The Market Rules shall be governed by and construed in all respects in accordance with the laws of England and Wales (unless explicitly stated otherwise).



SECTION II ADMISSION AND RESIGNATION

Article 3 – Participant types

Participants are permitted to take part in trading through Quotes and/or Orders. Only Market Makers who provide quoting commitments in relation to certain Eligible Securities in accordance with these Rules are accepted by the Company as Participants.

Article 4 - 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 service envisaged in Article 4, 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. To be admitted to trading, the institutions referred to in paragraph 1 must:
 - a. belong, either directly or via an agent, to the clearing and settlement institutions specified in Annex G and have suitable links with such institutions for the settlement of trades on the System;
 - b. be a fit and proper person (including, without prejudice to the generality thereof, that it has an adequate organisation to be the specific category of Participant; and
 - c. have Capital of at least Euro 30 million or the equivalent or has in place guarantees to the satisfaction of the Board in an amount of not less than such sum. For the purpose of satisfying this requirement, the institution may include in its calculation the Capital of its ultimate holding company

The Board in its sole and absolute discretion, using non-discriminatory standards, may reject an application for admission, particularly where its acceptance could jeopardise the proper functioning of the System.

Article 5 - Admission procedure for Participants

Institutions referred to in Article 4 that wish to be admitted to trading on EuroGlobalMTS 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.

Article 6 - Resignation of Participants

Any Participant may resign from membership in the Company on EuroGlobalMTS on giving not less than 3 months notice in writing to the Company.



Article 7 –EuroGlobalMTS Committee

1. Members of the EuroGlobalMTS Committee are appointed in accordance with the EuroGlobalMTS Committee Rules. Eligible members shall be Market Makers and representatives of the Company.
2. The Board at all times shall have the authority to overrule any decision or action taken by the Committee with respect to commercial, technological or regulatory matters notwithstanding the operation of the Procedures.
3. Any decisions made by the Committee must not contravene any regulatory requirements of the FSA or any other applicable laws, or technical requirements of the System.



SECTION III UNDERTAKINGS

Article 8 - Undertakings of Participants

Each Participant shall undertake to the Company:

- 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 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;
- i.
 - 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;
 - 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;
- j. to pay not later than the due date all fees payable to the Company for utilisation of the System (in case of late payment, the Company will charge an interest on the amount due, as specified in Annex M);
- k. to deal with the Company in an open and co-operative manner;
- l. to have and maintain in its home State all necessary regulatory authorisations, approvals and consents for trading on the System;
- m. to notify the Company, without delay, of any material change to the information supplied in its application to the Company;



- n. 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;
- o. 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;
- p. 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;
- q. to respect and accept the outcome of checks by Company referred to in Section VII of these Rules;
- r. to effect or procure timely settlement of each of its trades on the System in accordance with the relevant contract;
- s. to ensure continuing fulfilment of the conditions referred to in Articles 3 and 5;
- t. to demonstrate at least once a year, their continuing satisfaction of the conditions for admission referred to in Articles 3. The Company may require the presentation of any data, information or documents useful to this purpose, including certifications from auditing companies; and
- u. to notify the Company immediately in case of a breach of any of the undertakings in Articles 8 (and Article 9 where relevant).

Article 9 - Additional undertakings of Market Makers

1. In addition to the undertakings in Article 8, each Market Maker undertakes to the Company to make Double-Sided Quotes on the System in relation to all Eligible Securities assigned to it and to do so in compliance with the provisions contained in Annex D.
2. The Company may at its discretion;
 - (a) Agree to a temporary suspension of its undertaking in 9.1 above; or
 - (b) temporarily suspend a Participant's undertaking in 9.1 above if normal market conditions do not apply or an MMI occurs; or
 - (c) temporarily amend any of the values or methods of calculation in Annex D (Quoting Commitments) , or other relevant Annex containing the Quoting Commitments if normal market conditions do not apply or an MMI occurs.
3. Each EuroGlobalMTS Market Maker shall have trading access only to those EuroGlobalMTS countries in respect of which it commits to input Quotes on the System.



SECTION IV 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 affect the operation of the System.

Article 11 - Opening Hours and Days of the System

1. Trading Days on the System are defined by the TARGET calendar.
2. The Trading Hours of the system are determined as set out in Annex C.

Article 12 - Suspension and postponing of operations

The Company may, among other things:

- a. at any time suspend the operation of all or part of the System if it determines that normal market conditions do not apply;
- b. 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;
- c. 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. An Eligible Security issued by a country outside the European Union will be selected for trading if at least eight Market Makers commit to input quotes for it,
2. Tradable Securities shall be classified in accordance with the maturities set out in Annex A.
3. The minimum quoting and trading quantities for Tradable Securities shall be determined by the Company and are set out in Annex B. The Company shall communicate via e-mail transmission any change in the minimum Quote and



Order quantities contained in Schedule A with an advance notice of five Trading Days from the day the change will come into effect.

4. The Company shall endeavour to review the selection of Tradable Securities at least once every month.
5. Any decision by the Company to select or deselect a Tradable Security shall be made public after Trading Hours and shall be announced to all Participants on the System before the commencement of trading on the next Trading Day.
6. 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 - Suspension of Quoting Commitments on Tradable Securities

1. Market Makers are not obliged to comply with their respective undertakings as mentioned in Article 9 on such days as set out in Annex E.
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 Participant 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 15 - Assignment of Securities to Market Makers

1. The Company shall, on the basis of the criteria in Annex J, assign Securities among the Market Makers.
2. The Company shall notify each Market Maker as to the Securities assigned to it pursuant to Article 9 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.



Article 16 - Quotes

1. Only Market Makers may enter Quotes in the System.
2. Each Quote must be made in at least the relevant minimum trading amount as set out in Annex B.
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 price that is best ("**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 V CONTRACTS

Article 17 - Trades

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

Article 18 - Types of Contracts

1. The Company shall determine and shall specify in Annex C 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 relying on normal market practice (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.

Article 19 - 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 20, 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. 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 20.
3. 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.

4. 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.
5. 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;
 - b. type, object and time of conclusion of the contract;
 - c. quantity and Price.
6. All transactions of Tradable Securities which are in the process of being issued, and which have been executed between the official coupon announcement and the date of issuance, will be settled on the settlement day of the issuance.

Article 20 - 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 20 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 Annex B.

Article 21 - 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 the rules set out in Annexes F and G.
2. Participants agree to give the Company the right to transmit settlement instructions on their behalf to the clearing and settlement institutions specified in Annex G.



3. In the event that a Participant is unable to verify on its screen the contracts executed by it on the System, the procedure that applies for solving the impediment is set out in Annex K.

Article 22 - Cancellation of Trades

The cancellation of incorrect operations shall be carried out by the Company according to the procedure described in Annex M.

Article 23 - Law governing contracts

Subject to the provisions of these Market Rules, or normal market practice as such practice shall be determined by the Company, English law shall be the law governing all contracts concluded on the System.



SECTION VI PROVISION OF INFORMATION

Article 24 - Provision of information to Participants and 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.
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 EuroGlobalMTS, 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. At the end of each Trading Day the Company may make publicly available on request, a report, drafted in accordance with Annex K.
6. For each Tradable Security, the Company may make available publicly in real-time, the information relating to the Price and quantity of the best buy and sell Quotes.



Article 25 - 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 26 - Provision of information to issuers

The Company may submit to the relevant issuer, 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 EuroGlobalMTS.



SECTION VII SUPERVISION AND SANCTIONS

Article 27 - 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 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 22;
 - e. handle incorrect Price input in the entry of Quotes and Orders into the System as per Article 22;
 - f. require of Participants the provision of relevant data and information, as well as the transmission of relevant documents; and
 - g. for the sole purpose of checking Participants' fulfilment of the undertakings as set out in Articles 8 and 9, carry out inspections at said Participants' premises.
3. Other than what is necessary for computerized, screen-based trading and for the provisions of Articles 24, 25 and 26 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 28 – Breach of Participant undertakings

When a Participant which is in breach of one or more of the undertakings contained in Article 8, or where there are reasonable grounds for presuming that even one of the undertakings referred to in Article 8 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 list of Market Makers;

Article 29 – Failure to honour Quoting Commitments

1. Where a Market Maker fails to honour its Quoting Commitments in accordance with Article 9 for one (1) week, 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 29.1, where the Market Maker in question fails to honour its Quoting Commitments in accordance with Article 9 for four (4) consecutive weeks on a second occasion, the Company shall have the right to suspend such Market Maker.

Article 30 - Procedure in respect of Article 28

1. When the Board is of the opinion that a Participant has committed one of the types of conduct indicated in Article 28, 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 paragraph 1, 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 30.2 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 28, 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 30.3 shall be communicated in writing to the Participant involved.
5. A decision pursuant to Article 30.3 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 30 and Article 31 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 30.3 being communicated to the Participant.
7. Save as provided by Article 30.6, 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 29.2 automatically, and the procedures outlined in this Article 30 do not apply to a Market Maker's failure to respect its Quoting Commitments.

Article 31 - Adoption and enforcement of sanctions

1. The sanctions referred to in Article 28 shall be imposed by the Company, at the conclusion of the proceedings referred to in Article 30 by the Board or by a delegate appointed by the Board.
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 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 32 - Automatic suspension from trading

Subject to the procedures set forth in Article 30 and 31 the Company shall have the right to automatically suspend a Participant from trading:

- a. when it shall ascertain the absence of the continuing fulfilment of even one of the conditions referred to in Article 4 (except 4.2.b);
- b. when it shall ascertain the absence of the continuing fulfilment of the undertakings referred to in Article 4.2.b and proof of replenishment of Capital has not been provided to the Company, within three months from notification referred to in Article 30.1;



- c. 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 was has suspended the Participant's account; or
- d. automatically takes or is subject to the following actions:
 - (i) makes a UK voluntary arrangement with its creditors or becomes subject to an administration order;
 - (ii) has a receiver appointed over any of its property or assets, or an encumbrancer takes possession;
 - (iii) goes into liquidation;
 - (iv) takes or is subject to any action similar to that specified in Clauses 32.d (i) to (iii) in any jurisdiction; or



SECTION VIII FINAL PROVISIONS

Article 33 - 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 pre-paid 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 34 - Disputes

Upon applying to participate in the System, each Participant shall agree that all disputes or issues that may arise between the Participant and the Company in relation to its participation and the acts consequent thereto, including those concerning the application and the interpretation of the Rules, shall be exclusively subject to arbitration under the Rules of the London Court of International Arbitration.



Annex A – Eligibility and Minimum Quantities

1. Eligibility Criteria

- (a) Fixed coupon-bearing Eligible Securities issued by a country that is outside the European Union.
- (b) Either:
 - i) issued within the previous two years; or
 - ii) if not originally issued within the previous two years, the Eligible Securities must have been “tapped” or auctioned for a total sum of not less than 1 billion euros during the previous two years.
- (c) principal amount outstanding of not less than euro 500 million for Group A Financial Instruments and euro 750 million for Group B Financial Instruments.

2. Minimum Quantities for Quotes and Orders

The System will reject Quotes and Orders entered for amounts lower than euro 1 million

Annex B - Contracts

Spot buy or spot sell contracts.

Annex C - Trading hours (CET)

7.30 a.m. – 8.00 a.m.: “Pre-Market phase”, during which only Market Makers, Brokers acting on behalf of Market Makers, and T-Bill Market Makers and are operative; during this time period they can insert and change their Quotes by way of the “Insertion Page”. Only own Quotes are visible.

8.00 a.m. – 8.15 a.m.: “Offer Market 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. Specifically:

- Quotes can be inserted;
- there is no automatic matching of Quotes;
- the “Best Page” is supplied and the updated aggregates are calculated;
- Participants can send Orders;
- Orders that meet the requirements and are equal to or the minimum trading quantity are accepted automatically by the System;
- Market Makers, Brokers acting on behalf of Market Makers, and T-Bill Market Makers can decide whether to accept trades for amounts under the minimum trading quantity (only in this case the matching remains on the peripheral system).

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. The System will send signalling messages to Participants before the start of the automatic matching occurs. Should there be a black-out, the System will use it to clear the automatic matching and promptly re-constitute the Best Page.

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 indexes and load new peripheral software. During this phase, there is a technical break from 8.30 p.m. to 12.00 p.m. during which the reorganisation of the files for the following day of negotiations and for the maintenance of the applications and of the systems takes place.

Annex D - Quoting Commitments

Market Makers shall commit to make Double-sided Quotes of the Tradable Securities allocated to them (in accordance with Annex I):

- (a) within the Market Average Spread plus one standard deviation; and
- (b) for at least a period of time equal to the Market Average quotation times less one standard deviation.

Annex E – Relief of Quoting Commitments

Market Makers shall be relieved from their Quoting Commitments on such days which are recognised public holidays in the particular Participant’s country of incorporation such that the Participant is not in default of its undertaking for failing to comply with its Quoting Obligation on such days.

All Market Makers shall be relieved from their Quoting Commitments on such days, that *more than half* of the Participants are exempted due to a public holiday in their country of incorporation.

Annex F - Clearing and settlement institutions

- Settlement can be done via Clearstream Banking Luxemburg or Euroclear Bank NV SA

Annex G - Clearing and settlement procedure

The System is connected to the clearing and settlement institutions via the SWIFT network. On a real time basis, the System sends instructions to these institutions on behalf of Participants.



Participants will authorise Clearstream Banking Luxembourg or Euroclear Bank NV SA to settle instructions sent by EuroGlobalMTS by executing a "Power of Attorney" – arranged by the relevant settlement institution– in favour of EuroMTS. Alternatively, a Participant may make use of a settlement agent, executing with such settlement agent an agreement in the form specified by the Company. In this latter case, the settlement agent will be requested to sign the Power of Attorney arranged by the chosen settlement institution.

A Participant shall only be permitted to use one single account to settle transactions executed on EuroGlobalMTS.

Annex H - Settlement cycle

Settlement follows the TARGET calendar: all TARGET opening days are settlement days.

- The settlement cycle for the Bond segment is T+3 with the exception of securities traded in the grey market.
- Securities traded in the grey market will be settled on the date of first settlement as determined in the issue conditions of the relevant issuer.

Annex I - Assignment of Securities to Market Makers

The Company shall allocate the securities among the Market Makers for quotation purposes in accordance with the following, and whenever it deems appropriate, amend the said allocation no more than once per month. Such allocation to the Market Makers shall be automatically made in the event of the issuance of new securities to be compulsorily quoted by all Market Makers.

The Company shall provide each Market Maker with information concerning the securities that have been allocated to it by means of an electronic notice. The Quoting Commitments for the securities detailed in the said notice shall not be enforceable until that at least 2 Trading Days have elapsed. Market Makers shall not be entitled to request any information concerning which securities have been allocated to the other Market Makers.

A Market Maker shall be entitled, but will not be obliged to, make Quotes in relation to securities which have been allocated to other Market Makers.

The Company shall make available to Market Makers for each quoted Tradeable Security, such Market Maker's average Spread and quotation times, as well as the Market Average for both parameters. For the avoidance of doubt, the Company will not make available the quoted sizes in such daily report.

Annex J - Daily statistics

The publicly available report shall be compiled at the end of each Trading Day and made available on request.

For cash trades the list shall indicate, for each type of Tradable Security:

- (a) identification code of the type of Tradable Security;
- (b) description of the type of Tradable Security;
- (c) the minimum Price;



- (d) the maximum Price;
- (e) the average weighted Price; and
- (f) the volume traded.

The Company may specify cases in which, for purposes of the calculation, transactions considered anomalous are not taken into account.

Annex K - Procedure used in the event that Participant unable to verify on its screen the Contracts executed by it on the System

In the event that a Participant is, for any reason, unable to verify on its screen the Contracts it has executed on the System, it may obtain the necessary information by requesting it from the Company. The Company will verify all the contracts executed on the System and therefore the Contracts which concern the particular Participant with such information as the identity of the Tradable Security so traded, the quantity, the Price and the time of execution and the identity of counterparty.

Annex L – Trade Cancellation Procedures

1. Bilateral cancellation request

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 by one of the parties to the Company and to the other party 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 MMI, or 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.



Annex M – Penalty for Late Payment

In the event that payment of an invoice for membership, connection or transaction fees remains outstanding for over 30 days, the Company will charge a flat interest rate of 15%, annualised on a pro rata basis.

In addition to the interest rate charge, the Company reserves the right to bring such breach of the undertakings in these Market Rules to the attention of the Committee.