



BondVision SSO Market Rules

1. Purpose of regulations

These Regulations govern the organisation and management of the BondVision Organised Trading System (SSO BondVision) with regard to the financial instruments referred to in article 3 hereof. These Regulations set out the terms and procedures relating to the organisation and operation of the said system, and in particular:

- the terms and procedures for admission, exclusion and suspension of financial instruments from trading
- the terms and procedures for admission, exclusion and suspension of Participants from trading
- the terms and procedures for conduct of trading and the operation of the associated services
- the terms and procedures for admission of Primary Dealers
- the terms and procedures for admission of Participants
- Primary Dealers' obligations
- the procedures for investigation, publication and circulation of information.

2. Definitions

- "Application" shall mean acceptance of a Proposal transmitted through and immediately processed by the System, including acceptance of partial quantities
- "Categories of financial instruments" shall mean a set of types of financial instruments having similar characteristics
- "Participants" shall mean all parties admitted to trade in the System
- "Primary Dealers" shall mean the Participants registered in the Primary Dealers' Register kept by the Management Company of SSO BondVision
- "Price" shall mean the consideration, which may be expressed by reference to a rate, in accordance with the procedure indicated in the Provisions
- "Proposal" shall mean an offer to purchase or sell a security which expresses the desire, displayed by a Primary Dealer through the System, to enter into one of the type of contracts admitted, indicating the quantity and price offered and the type of financial instrument it is proposed to trade
- "Request for quote" shall mean a competitive request issued by Participants to Primary Dealers
- "Settlement service" shall mean the settlement and clearing services





- “System” shall mean the Screen-Based Trading System called “BondVision” connected to the Internet or Intranet, by means of which financial instruments are traded
- “Management Company” shall mean the management company MTS S.p.A.
- “Financial Instruments” shall mean the types of instrument traded on the market
- “Financial Intermediaries” shall mean the EU and non-EU banks authorised to perform the service specified in section 1 sub-section 5a of Legislative Decree no. 58 of 24th February 1998 and the EU and non-EU investment companies authorised to perform the service specified in section 1 sub-section 5a of Legislative Decree no. 58 of 24th February 1998.

3. Negotiable securities

Public and private European Union and non- European Union securities, including structured bonds and atypical securities as specified in Annex 1 to these regulations.

4. Types of contract admitted

The securities listed on the System may be traded by means of the following types of contract:

- a) buying and selling, spot or forward
- b) repos
- c) basis trading
- d) spread and switch

as specified in Annex 2 to these Regulations.

5. Trading procedure

- 1) Trading shall take place solely through connections to a specific trading system which allows the issue of competitive requests by Participants, the display of Proposals by Primary Dealers, the conclusion of contracts, and notification to Participants of information relating to market conditions. The System may forward the information required to settle trades to the institutions which perform the settlement service and those which perform the settlement service.
- 2) Primary Dealers shall trade in their own name and on their own account. Trading shall be deemed to be performed on conditions consistent with the market trend. Operations may also be performed by Participants in their own name, but on behalf of third parties.
- 3) The operation of the System depends on the presence of a number of Participants and Primary Dealers sufficient to ensure an adequate level of competition between them.
- 4) Trading shall take place continuously during the hours specified in Annex 3 to these Regulations.

6. Trading Proposals





Primary Dealers' desire to trade is expressed by means of Trading Proposals. Trading Proposals must contain at least information relating to:

- the financial instrument to be traded
- the quantity
- the price terms.

Proposals can be anonymous and indicative.

Securities for which indicative, anonymous price proposals may be issued will be assigned to each Primary Dealer on a monthly basis. The allocation procedures are established by the Management Company, and indicated in Annex 4 to the Regulations.

Trading Proposals may be input and cancelled by Primary Dealers. Proposals are automatically sorted on the market for each financial instrument on the basis of price (in decreasing order for purchases and increasing order for sales) and, if the price is equal, on the basis of the priority determined by the time of input.

Trading Proposals not accepted by the end of each trading session will be automatically cancelled.

7. Requests for Quotes

Requests for Quotes may only be displayed by Participants other than the Primary Dealers.

Requests for Quotes may be sent up to 10 Primary Dealers. The said Primary Dealers may be chosen from among those with which each Participant is authorised to trade.

The Primary Dealers will answer Requests for Quotes by assigning a "validity period". The minimum "validity period" is a parameter set by the Management Company, and is indicated in Annex 5 to the Regulations.

The Participant may also wish to conclude a contract relating to Proposals which are no longer active. In such a case, the Primary Dealer may reserve the right to agree to conclusion of the contract.

8. Registration of concluded contracts

Applications are made by selecting the quantity and "execution price" of the contract from among the Proposals made by the Primary Dealers.

A Proposal will be matched with an Application, leading to conclusion of the contract, in accordance with the following criteria:





- a) the Participant is free to apply the Proposal it prefers
- b) if more than one Proposal is issued at the same price, no automatic matching will be performed on the basis of the time of issue of the Proposal
- c) Primary Dealers to which a Request for a Quote is addressed will not be informed of the identity, only the number of the other Primary Dealers involved in that Request.

The Management Company will maintain a specific electronic archive in which the data relating to contracts concluded on the market are recorded in real time, each contract being given a number that identifies:

- a) the contracting parties
- b) the type, subject and time of conclusion of the contract
- c) the quantity and price.

It is guaranteed that the said archive will be available for consultation by authorised parties at all times.

9. Cancellation of contracts

Erroneous contracts will be cancelled by the Management Company pursuant to written requests by the two parties concerned, sent by fax to the Company or e-mailed to clientservices@bondvision.net before the close of the market.

If a cancellation request is received from one party only, the Management Company, acting in accordance with the mandate granted to it by the parties on admission to the market, will establish whether the contract should be considered irregular. The investigation will be conducted by establishing the extent to which the terms on which the contract was concluded are consistent with the market trend. If the Management Company rules that the contract was concluded on terms inconsistent with the market trend, or in any event at a difference of not less than 3% from the price of the last contract, it shall notify the parties and cancel the trade.

10. Management of technical malfunctions

In order to ensure sufficient transparency, the Management Company:

- will introduce procedures for management of technical malfunctions of the transmission networks and equipment of the screen-based trading systems, establishing objective criteria for the conduct of management procedures, determination of stoppage times and resumption of trading or extension of trading sessions
- may order temporary suspension of trading if technical malfunctions are found
- will inform participants in SSO BondVision of the measures taken.





11. Management of operations

Operations concluded on the SSO BondVision may be settled through companies which offer deposit and settlement services in relation to the financial instruments traded, whether already used on the MTS platform or not.

12. Ownership of data

Each Participant owns all right, title and interest in the data posted to the System by himself. Each Participant grants to the Management Company a non-exclusive, perpetual, royalty-free license to use, distribute, sublicense and sell such data and to combine such data with other data provided that the Management Company does not disclose that the Participant is the source of such data.

Subject to what is stated above, each Participant acknowledges and agrees that the Management Company owns all right, title and interest, including all intellectual property rights, in the aggregate data posted to the System by all Participants and shall not distribute them through electronic circuits to parties other than companies in the group to which it belongs; the said data and information may be supplied to such companies provided that they enter into a contractual undertaking with the Participant and the Management Company not to distribute the said information and data.

13. Information notices to Participants

The Management Company will make available to Participants all information necessary for the correct conduct of trading activities and performance of concluded contracts.

- 1) In any event, for each financial instrument traded on the market, the Management Company will provide each Participant in real time, through the System, with information on the day's trading relating to:
 - a) Requests for Quotes displayed on the System for each Participant
 - b) Proposals displayed on the System, with details of price and quantity
 - c) the prices and quantities of the best purchase and sale Proposals
 - d) the current status of all Trading Proposals and Requests for Quotes issued by the Participant and details of contracts concluded by it.

- 2) The Management Company will supply Participants with the following tables through the System:
 - a) objective table containing codes identifying the types of financial instruments
 - b) subjective table containing codes identifying Participants and the corresponding descriptions.

- 3) At the close of each day's trading, the Management Company will publish a list which contains at least information relating to the minimum, maximum and weighted mean price of each Financial





Instrument traded on the market and the total quantities traded, based on the contracts concluded during the whole day.

14. Terms and procedures for admission of Participants to trading and their suspension from trading

The following parties which have signed an agreement to participate in SSO BondVision approved by the Management Company, and which are accepted for trading by at least two Primary Dealers, may be admitted to trade on the System:

- a) financial intermediaries
- b) EU and non-EU insurance companies and parties which perform collective asset management
- c) EU and non-EU issuing companies.

The Management Company reserves the right to suspend individual participants from trading on SSO BondVision in order to preserve the correct operation of the entire system or following a breach of contract.

15. Terms and procedures for admission and suspension of Primary Dealers

Financial Intermediaries may be admitted as Primary Dealers following approval by the Management Company and execution of a Primary Dealer's agreement.

Financial Intermediaries recognised as Primary Dealers or the equivalent in at least one country of the European Union and/or as Primary Dealers of MTS Italy, France, Belgium, Amsterdam or Portugal, and European Primary Dealers and Single Market Specialists of EuroMTS, EuroCredit MTS or Coredeal MTS, or on any other MTS wholesale market must be admitted as Primary Dealers.

They shall:

- a) authorise the Management Company to issue and accept an end-of-auction message as the response to Requests for Quotes if no response is received within the period laid down by the Management Company in Annex 5 to the Regulations, and
- b) contribute to the formation of an indicative, anonymous price in accordance with the procedure established by the Management Company (Annex 6 to these Regulations).

The Management Company may suspend the activities of a Primary Dealer on the SSO BondVision in order to preserve the correct operation of the entire system or following a breach of contract.





Addendum to the “SSO BONDVISION” Regulations

ANNEXES

Annex 1

Treadable instruments

All non-government bonds issued by European community and non European community issuers, including structured and atypical bonds

All treadable instruments will conform to the following quoting criteria

Minimum tradable quantity: **100,000 euro or multiples**

Minimum quantity increment: **1,000 euro**

Minimum price increment: **one tenth of a tick**, in decimal terms (i.e. 0.01).

Annex 2

Type of Contracts

Spot buy or spot sell contracts

Switch and spread (i.e. quoting method that allows quoting of a difference expressed in price or yield basis points between financial instruments of the same or different kinds. Application of these quoting modalities gives rise to two distinct buying and selling agreements of opposite sides concerning the instruments for which the price or yield differential is quoted

The settlement cycle will follow the market practice for each security.

Annex 3

Market Hours

BondVision SSO will operate according to the following market hours (Central European Time)

Pre-opening: **7:30 – 8:00.** Dealer can enter price proposals. No trading; no visibility of other Dealers price proposals.





Open/Settlement Close: **8:00 – 18:00.** Dealers and Clients can trade on the system either through RFQ or RFCQ functions. No automatic settlement of transactions dealt.

Market Close/Split Definition 18:00 – 18:15: Participants can allocate trades dealt in split mode, and not allocated to sub-accounts during earlier market phase, to the relevant accounts. Trading is inhibited.

Market Close: **18:15.** All trading activities are suspended.

It is the prerogative of the Market Organizer to extend market open hours till 19:00 (i.e. After Hour Trading). Participation to this market phase will be voluntarily. The introduction of said phase will be notified by means of a circular.

Trading days

A trading day on the System is defined by the Target calendar.

Annex 4

Quoting Obligations

Securities shall be assigned at the beginning of every month to Primary Dealers on a rotational basis such that each Liquid Security shall be quoted by at least four Primary Dealers at any one time.

Each Primary dealer shall not assigned, in respect of instruments also traded on the MTS platforms, any security not already assigned him on MTS platforms

Each Primary Dealer shall be assigned a maximum number of securities, not exceeding 80% of those assigned in EuroMTS.

Liquid Securities will be defined from time to time by the board of the management company

Proposals inserted in respect of the above obligations must be valid for a minimum of five hours per Trading Day.

Annex 5

Auction Parameters

RFQ and RFQ Switch – Request for quote and for switch quote (non competitive)

Each Transaction flow can last a maximum of 30 seconds. The RFQ can last a maximum of 90 seconds





1st request for quote: 30 seconds validity

1st response from Dealer and acceptance from Client: 30 seconds validity

Acceptance from Dealer: within 30 seconds

RFCQ – Request for competitive quote

Auction time: 90 seconds. Any pending transaction at the end of the 90 seconds will be automatically cancelled by the system

Quote Live Time: The minimum Quote Live Time is 3 seconds. The Dealer can extend the Quote Live Time, but cannot reduce it.

Dealers Response time: Dealers have up to 5 seconds to accept a client acting on a non-live quote. If no action is taken the auction ends.

RFCQ Switch – Request for competitive switch quote

Auction time: 90 seconds. Any pending transaction at the end of the 90 seconds will be automatically cancelled by the system

Quote Live Time: The minimum Quote Live Time is 3 seconds. The Dealer can extend the Quote Live Time, but cannot reduce it.

Dealers Response time: Dealers have up to 5 seconds to accept a client acting on a non-live quote. If no action is taken the auction ends.

Competing RFCQ

Clients are inhibited from initiating multiple RFCQ / RFQ at the same time on the same instrument. Different auctions on different instruments can on the contrary be run at the same time.

Number of Competing Dealers

The maximum of Dealers that can be selected in any given auction from the pool of preferred Dealer may be extended to up to 10 Dealers.

