

# MTS France Market Rules

Effective as of 20<sup>th</sup> March 2019



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## 1. General Provisions

### 1.1. Definitions

“AFT”	means Agence France Trésor (French Treasury Agency) – The agency in charge of handling public debt and treasury management;
“Aggregated Data”	has the meaning ascribed to it in Article 7.1 of these Market Rules;
“AMF”	means the Autorité des Marchés Financiers in France and any successor thereto;
“Annex”	means an (the) annex(es) and eventual future annexes of the present Market Rules completed and/or modified. They are an integral part of the Market Rules;
“Article”	means, unless provided otherwise, an article of these Rules;
“Applicable Regulation”	means all applicable laws, regulations, regulatory requirements (including any guidance, orders or other directions of a regulatory authority), market rules and / or market conventions, as applicable from time to time;
“Best Price”	means the highest price in the case of an offer to buy and the lowest Price in the case of an offer to sell;
“Bid-Ask Spread”	means the difference between the price or yield quoted to buy (Bid) and the price or yield quoted to sell (Ask);
“Board of Directors”	means the MTS France Board of Directors;
“BTF”	means “Bons du Trésor à taux fixe et à intérêts précomptés” or negotiable fixed-rate discount Treasury bills;
“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;

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“Coupon strip”	means, for a fungible Treasury Bond that has been stripped, a security representing an interest payment of that fungible Treasury Bond;
“Double-Sided Quote”	means a type of Quote involving both an offer to buy and an offer to sell entered at the same time in the Market;
“ESMA”	means the European Securities and Markets Authority and any successor thereto;
“EEA”	means the European Economic Area;
“Fair Market Value”	has the meaning ascribed to it in Article 4.9 of these Market Rules;
“Financial Instrument”	means the securities, as term defined herein, unlike the Directive 2014/65/EU of the European Parliament and the Council on Markets for Financial Instruments, issued or in the process of being issued, which are available for trading by Participants on the Market, as specified within these Rules;
“Fungible zero-coupon certificate”	means for a stripped OAT, a set of new certificates, which have the same face value (0,01€) but different maturities calibrated on the cash flows from the original bond. All same-maturity certificates will be fungible with each other. They can also be put back together to reconstitute either the original OAT or a synthetic bond composed of certificates from different OAT issues;
“Grey Market Securities”	means a Financial Instrument that a government of a Member State has officially announced (including ISIN Code, maturity and coupon) is to be auctioned and which upon issue would be a Financial Instrument;
“Instrument Class”	means a category of Financial Instruments identified as such by MTS France from time to time and available on the Market;
“IT System”	means the electronic platform organised and administered by MTS France in respect of the Market;
“Large in Scale”	means the threshold set from time to time by ESMA in relation to a Financial Instrument, in accordance with Article 9(1) (a) of Regulation (EU) No 600/2014 of

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the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;

“Limit Price”	means, when sent together with an Order, the highest or lowest price at which a buyer or a seller respectively is willing to trade;
“Liquid”	means a Financial Instrument for which ESMA has classified as being a liquid market, as defined in Article 2(1)(17) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
“Liquidity Provider”	means a SVT Participant authorised to trade Financial Instruments on the Market by means of Orders and Quotes in accordance with these Rules;
“Major Market Incident” or “MMI”	means one of the following events: <ol style="list-style-type: none"><li>The improper functioning of the Market so that all or a significant number of Participants are 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 incorrect Prices in the best page, or are unable to perform, in whole or in part, their market making activity);</li><li>When the security or integrity of the Market is compromised or subject to an imminent risk, or MTS France is unable to see or control the Market using standard measures;</li></ol>
“Market Maker”	means a Participant who has concluded a Market Making Agreement with MTS France;
“Market Making Commitments”	means the commitment of a Market Maker to quote on the Market under a Market Making Agreement as set out in Article 4.10 of these Rules;
“Market Making Scheme”	has the meaning provided in the Applicable Laws;
“Market Making Strategy”	as defined in Article 1 of the Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 supplementing Directive 2014/65/EU of the European Parliament and

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of the Council on markets in financial instruments with regard to regulatory technical standards specifying the requirements on market making agreements and schemes and as further specified in these Rules;

- “Market Making Agreement” means the agreement into which an Investment firms shall enter regarding the financial instrument(s) in which they pursue a market making strategy with the trading venue, as per Article 1 of the Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets of financial instruments with regard to regulatory technical standards specifying the requirements on market making agreements and schemes;
- “Market” means the MTF by MTS France;
- “Membership Documentation” means the legal agreement between MTS France and each Participant relating to the provision of the services, as specified in the Terms and Conditions available on MTS website [www.mtsmarkets.com/Documents/Market-Rules](http://www.mtsmarkets.com/Documents/Market-Rules). The Membership Documentation is composed by the Application Form, the Terms and Conditions and the relevant Schedules, including these Rules and the Fee Schedule, as well as by any document included by reference or that may be added thereafter in accordance with the Terms and Conditions; the Marker Rules are an integral part of the Membership Documentation;
- “Mid-Price” means the price for a Financial Instrument calculated by the Market that a Participant may make an Order to buy or sell;
- “Minimum Increment Quantity” means the minimum quantity by which the size of an Order, Quote or a Trade Registration or an RFQ, if available, can be increased, as determined and configured by MTS France and published in the Market Rules;
- “Minimum Quote Size” means the minimum quantity for Quotes as configured and determined by MTS France and published in the Rules;
- “Minimum Mid-Price Execution Size” means the minimum quantity at which Mid-Price Trades can be matched;

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“Minimum Trade Registration Size”	means the minimum quantity at which Trades can be registered using the Trade Registration functionality;
“Minimum Trading Size”	means the minimum quantity at which Trades can be matched and the minimum quantity configured for fill-or-kill and fill-and-kill Orders as determined by MTS France and published in the Rules;
“MTF”	means a Multilateral System, as defined in the MIF Directive;
“MTS France” or the “Company”	means the company Marché de Titres France SAS (MTS France);
“OAT”	means “Obligation Assimilable du Trésor”;
“Order”	means the instruction of acceptance, whether whole or partial, of a Quote, transmitted and processed via the Market;
“Participant”	means the investment firm admitted to trade directly on MTS France as per the provisions of the present Market Rules; i.e. Market Makers and Liquidity Providers;
“Price”	in respect of the sale of a Financial Instrument means the amount representing the percentage of the nominal amount of the Financial Instrument 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;
“Principal strip”	means, for a fungible Treasury Bond that has been stripped, a security representing a capital payment of that fungible Treasury Bond;
“Primary Dealer”	means a firm that is recognized as such by a debt management office or agency. Debt management offices generally maintain a list of Primary Dealers. As an example in the following countries Primary Dealers are known as: “Specialisti” in Italy, “Spécialiste des Valeurs du Trésor” (SVT) in France, “Bietergruppe Bundesemissionen” in Germany, “Operadores Especializados em Valores do Tesouro (OEVT)” in Portugal, “Mediadores del Mercado de Deuda Publica” in Spain, and “GEMMs” in the United Kingdom;



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“Quote”	means the double-sided or single-sided offer to buy or sell a Financial Instrument via the Market with specification of the quantity and the Price quoted and the Financial Instrument that is intended to trade;
“Rate”	means the interest rate proposed within an Order or Quote submitted by a Participant or agreed between two Participants in a Trade;
“Request For Quote” or “RFQ”	means an expression of interest addressed to one Participant in the Financial Instrument of choice in the Market;
“Regulatory Specification”	means a section of MTS website available at <a href="http://www.mtsmarkets.com/resources/market-rules">http://www.mtsmarkets.com/resources/market-rules</a> where parameters and other relevant information are included and referenced herein;
“Rules” or “Market Rules”	means these rules of the Market (including the Annexes) as may be amended or replaced from time to time by MTS France;
“Secretariat of the SVT Market Committee”	means the Secretariat of the SVT Market Committee represented by ICMA Paris (International Capital Market Association);
“Segment”	means a specific category of Financial Instruments;
“Single-Sided Quote”	means a Quote to buy or a Quote to sell;
“Spread Recorded”	means, for each Participant, the best average Spread entered on the Market during the best five (5) hours of quotation, from Double Sided Quotes, compliant with the criteria of minimum size and comparable size as defined in Appendix A;
“Strip”	means a bond that has had its main components split into a series of coupons (interest payments) and a principal repayment (zero-coupon bond).
“SVT Market Committee”	means the French Primary Dealers (SVT) Market Committee;

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“SVT Participant(s)”	means the Participant(s) with “Spécialiste en Valeur du Trésor” status ;
“Technical Specifications”	means a series of technical documents, including the so called Technical Bulletin, or any one thereof, published on a web based portal (known as MTS Technology Portal), whose access codes are made available to the Participant, as amended and integrated from time to time by MTS, describing the functionalities and operations of the Market;
“Terms and Conditions”	shall mean the Terms and Conditions to be entered into by each Participant with MTS France (as applicable from time to time);
“Trade” or “Transaction”	means a match on the Market of either a Quote and Order or two Quotes creating a legally binding obligation between two Participants;
“Trade Registration”	means the conclusion in the Market of a Trade which has been negotiated outside of the Market;
“Trading Day”	means a day on which Financial Instruments may be traded on the Market;
“Trading Hours”	means the hours of the Trading Day during which Financial Instruments may be traded on the Market;
Volumes: “Aggressive Volume”	Transaction volume resulting from the creation of Orders in the Market or from Quotes that are immediately executed;
Volumes: “Passive Volume”	Transaction volume resulting from the creation of Quotes in the Market that have not been immediately executed;
Volumes: “Mid-Price Volume”	Transaction volumes resulting from the execution of a trade at the Mid-Price calculated by the Market;
“Transaction Data”	has the meaning ascribed to it in Article 7.1 of these Market Rules;
“Working Day”	shall mean a day other than a Saturday, Sunday or public holiday when banks in France are open for business.

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## 1.2. In the Rules

1. Any reference to any identified statute, statutory provision or statutory instrument includes a reference to all rules and regulations made under it;
2. any reference to Applicable Regulation, statute, statutory provision or Regulation, rule, regulation, regulatory requirement (including any guidance, orders or other directions of a regulatory authority), market rules and/or market conventions is a reference to such Applicable Law, statute, statutory provision, statutory instrument, rule, regulation, regulatory requirement, guidance, order or other direction of a regulatory authority, market rule or market convention from time to time in force and as from time to time amended, extended, consolidated, re-enacted, replaced, superseded or otherwise converted, succeeded or modified;
3. when calculating any time period (including without limitation any period of Working Days, Trading Days or calendar days), the day on which the period begins (including without limitation the date on which a relevant notice is (or is considered to be) received) and, if the end of the period is defined by reference to an event, the day of that event (including without limitation the effective date of termination or amendment) shall be excluded.

## 1.3. Market Rules

1. The objective of these Rules is to govern the organisation and operation of the Market, which is a MTF by establishing the relevant terms and procedures. In particular a) its terms and procedures for admission, exclusion and suspension of Financial Instruments from trading; b) its terms and procedures for admission, exclusion and suspension of Participants from trading, c) its terms and procedures for conduct of trading and the operation of the associated services, d) its procedures for publication and circulation of information, and e) the procedures for supervision and relevant sanctions.
2. Subject to approval by the AMF, MTS France shall amend the present Rules in order to ensure the continuity of services provided to Participants. These Rules and each Annex, as updated from time to time, are available on MTS website [www.mtsmarkets.com/Documents/Market-Rules](http://www.mtsmarkets.com/Documents/Market-Rules).
3. All Participants to the Market are required to comply with, the Rules notwithstanding the fact that the relationship between MTS France and the Participants concerning participation in trading on the Market shall be governed by the Membership Documentation, which the Participant knows, understands and accepts, having examined it on the MTS website at <http://mtsmarkets.com/Documents/General-Terms-and-Conditions> and having had the opportunity to discuss it with MTS France. In this respect, the Participant represents that MTS France has responded to all its

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queries and it has received all the information necessary to enter the Membership Documentation in full knowledge, in compliance with Article 1112-1 of the French Civil Code. Additionally, the Participants shall examine the technical documentation available to all Participants in a password protected environment, currently known as Technology Portal.

4. Participants are required, when applicable, to pay fees to MTS France for the services provided in accordance with Fee Schedule which forms an integral part of the Membership Documentation.
5. These Rules shall be governed by and construed in all respects in accordance with French law.
6. The English translation of the Rules is provided as a courtesy, for official purposes Participants shall refer to the French version of the MTS France Market Rules.

## 2. Financial Instruments

### 2.1. Financial Instruments

MTS France may admit on the Market all French government securities managed by the AFT, including fixed, variable rate and inflation linked securities. The Financial Instruments are listed on MTS France as soon as it is issued by the AFT, unless it has already been admitted to the Market by the application of the below provisions (Grey Market).

1. MTS France informs all Participants without delay of all the new admissions of Financial Instruments to the Market.
2. MTS France may make available for trading Grey Market Securities on an as-if-and-when-issued basis from the day on which the announcement has been made to the day on which those Financial Instruments will have been effectively issued. If it is officially announced that the auction of a particular Grey Market Security will not take place, then that Grey Market Security shall automatically cease to be available for trading on the Market and all Trades that have been concluded in respect of it shall be treated as cancelled.
3. The full list of the Financial Instruments available for trading on the Market is available, as updated from time to time, on the trading platform itself and / or on the MTS website. MTS France will use reasonable endeavours to inform Participants of any change of the list of Financial Instruments available on the Market by electronic communications. MTS France shall endeavour to periodically review the Financial Instruments available on the Market.

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4. MTS France, shall suspend or remove from the Market any Financial Instruments (i) upon request by the AMF or by the Secretariat of the SVT Market Committee and/or (ii) if MTS France considers, , that such Financial Instruments no longer comply with the admission criteria. Additionally for the purpose of maintaining orderly and fair market conditions, MTS France shall have the right to suspend or remove from the Market any Financial Instruments.

## 2.2. Minimum Lots

The Minimum Quote Size and the Minimum Trading Size for Financial Instruments for each Financial Instrument shall be determined by MTS France. MTS France shall endeavour to communicate any change in the Minimum Quote Size and the Minimum Trading Size via email with an advance notice of five (5) Trading Days from the day the change will come into effect. Participants will only be permitted to enter Quotes on the Market in an amount equal to or in excess of the Minimum Quote Size. Participants will only be permitted to enter Orders on the Market in an amount equal to or in excess of the Minimum Trading Size.

Double Sided Quotes and Orders have to be entered for a minimum size of:

- Five (5) million Euros for BTFs and for OATs whose maturities are inferior or equal to the “10 year” reference benchmark (with exception of the following “Regular” bonds: FRTR 8.500 25/10/19 and FRTR 8.500 25/04/23, for which the minimum Double-Sided Quotes’ size remains at two point five (2.5) million Euros),
- Two point five (2.5) million Euros for variable rate instruments and for OATs whose maturities are greater than the “10 year” reference benchmark,
- One (1) million Euros for Strips.

The Minimum Increment Quantity shall be set at a minimum of zero point five (0.5) million Euro. Changes to the Minimum Increment Quantity shall be communicated as indicated above for the changes to the Minimum Trading Size.

## 3. Participants

### 3.1. Participant admission criteria

1. Credit institutions and investment service providers established in France or in one of the Member States of the European Economic Area (EEA) may operate and be admitted to trading on the Market subject to:
  - a. be recognised as SVT (Spécialiste en Valeurs du Trésor) in France; or
  - b. be recognised as "Primary Dealer" in at least three (3) countries in the euro zone.

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Participants shall satisfy these criteria on a continuous basis.

However, a Participant that ceases to comply with the requirement of being established in the European Economic Area (EEA) as a result of a decision of its country of incorporation, may nevertheless maintain the ability to operate and trade on the Market as a Participant, provided that it continues to have a licence equivalent to those of credit institution or investment firm and that it benefits from a delegation of the obligations from a SVT or Primary Dealer that is authorised to give such a delegation.”

2. To become a Participant, an applicant must satisfy MTS France that it complies with the following requirements:
  - a. It is a direct Member of Euroclear France or an indirect Member through a Member of Euroclear France with whom the potential Participant has reached a specific agreement;
  - b. It is a clearing member of LCH SA or having entered into a clearing agreement with a general clearing member of LCH SA;
  - c. It has a Capital of at least Euro ten (10) million Euros or the equivalent in a different currency;
  - d. It is authorised to deal in investments on own account (or as a principal) without any regulatory limitations other than standard limitations;
  - e. It is of sufficient good repute and is a fit and proper person to be a Participant, including, without prejudice to the generality thereof:(a), that it has an adequate organisation to be a Participant b) its trading staff shall (i) know the rules and operating procedures of the Market, and the trading functionalities available, and (ii) have adequate professional qualifications; c) its compliance function shall (i) have a good knowledge of these Rules and of the rules governing the functioning of the Market and (ii) provide adequate support to its trading structure in their operation; d) it has sufficient means and resources for the role it is to perform on the Market and e) it fulfils all the requirements on participant to a multilateral trading facilities in accordance with Applicable laws;
  - f. It has in place adequate systems and controls arrangements as defined by the Directive 2014/65/EU of the European Parliament and of the Council on markets of financial instruments that include the implementation of pre-trade control and of use of the kill functionality;
  - g. The software used to access the Market has undergone the appropriate conformance testing with MTS France; and
  - h. It holds a valid ISO 17442 legal entity identifier code (LEI) and provide the data required by the Applicable Laws.

## 3.2. Participants admission procedures

1. To become a Participant to the Market, MTS France shall receive from the applicant a complete application (including the Application Form), with all the relevant attachments, in the form prescribed by MTS France. In examining the application, MTS France reserves the right to ask the applicant for additional information and documentation where it

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deems it appropriate. Once MTS France considers the application to be complete, it will reply to the applicant via email within ten (10) Working Days.

2. Upon receipt of a complete application, MTS France will evaluate whether or not the applicant meets the criteria as outlined in these Rules, Applicable Laws (including the applicable AMF regulations) and any additional MTS France operational requirements to ensure that the Participant is not likely to interfere with the orderly functioning of the Market. MTS France will assess whether or not an application is acceptable. No application will be accepted if, in MTS France's opinion, (i) it jeopardises the proper functioning or orderly trading of the Market and/or (ii) it would adversely affect the reputation of MTS France or the Market and/or, (iii) it is filed for purposes other than for trading on the Market.
3. The applicant shall indicate in the application the role it intends to fulfil on the Market. The roles available on the Market are: Market Maker and Liquidity Provider. MTS France maintains an updated list of Participants, their role and a list of the Financial Instruments available for trading on the Market.
4. Any positive response is notified directly to the applicant and to the Secretariat of the Market Committee.

### 3.3. Participants' on-going undertakings

1. Each Participant represents, warrants and undertakes to MTS France and to all other Participants that for the whole period in which it is a Participant on the Market up to and including any period during which there is any outstanding Trade of which the Participant is a Party awaiting settlement by it on the Market:
  - a. the admission requirements listed in Article 3.1. above shall be maintained on an on-going basis;
  - b. it will trade on the market only on a dealing on own account capacity and for its own account apart from for a company in its group (as per Article L.531-2, 2°, d) of the French monetary and financial code) and will not enter into Trades on the Market other than for proper trading purposes;
  - c. it will comply with the Rules and with the established Market operating procedures, including but not limited to, safeguarding passwords assigned to it by MTS France and maintain any other security credentials in accordance with the established operating procedures to prevent any unauthorised access to the Market and access the Market only via software and connectivity systems approved in writing by MTS France;
  - d. it will notify MTS France in writing without any delay and no later than three (3) months prior to any change in the Participant's regulatory status that will either trigger or remove the obligation on MTS France under Article 26(5) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 to perform transaction reporting in relation to the Participants' Trades on the Market;

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- e. It will at all times comply with any relevant laws and regulations applicable to Participants in relation to their activity on the Market, including those on market abuse, as amended from time to time and as applicable in the relevant jurisdiction. In particular, it has established and implemented and maintains all appropriate steps to identify, prevent and manage conflicts of interests that may arise in the course of its activities on the Market, in compliance with its obligations under Article 23 of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments;
- f. It will act with fairness, honesty, due skill, care and diligence and will refrain from any act that may jeopardise the proper functioning of the Market or compromise the integrity of trading on it;
- g. It will be responsible for the acts and omissions of its employees and agents and it will ensure that (i) those registered to conduct its trading activities on the Market are duly authorized, competent and appropriately trained and (ii) it will not permit third parties direct electronic access to the Market;
- h. it will deal with MTS France in an open and co-operative manner, including (i) to notify MTS France, without delay, of any material change to the information supplied in its application to MTS France (including of the relevant Legal Entity Identifier), (ii) to notify MTS France immediately in case of a breach of any of the undertakings in this Article 3.3, (iii) to pay all fees payable to MTS France not later than the due date, (iv) to notify MTS France, without delay, of any interruption to trading due to a software or hardware malfunction, or an interruption in connectivity and in such an event the affected Participant shall suspend all its Quotes where it reasonably believes it is exposed to a market risk as a result of the IT System malfunction or technical problem, (v) to respect and accept the outcome of checks by MTS France referred to in Article 7.0 of these Rules and (vi) provide MTS France with all information and data that the latter may reasonably request in order to comply with Applicable Law;
- i. If requested by MTS France, it will demonstrate at least once a year, its continuing satisfaction of the conditions for admission referred to in Article 3.1. MTS France may require the presentation of any data, information or documents useful to this purpose, including certifications from auditing companies
- j. it will maintain a contractual relationship with LCH SA and Euroclear France either directly or via an agent in order to allow the settlement of transactions executed on the Market;
- k. It will assure the efficient settlement of its Transactions to facilitate the trading on the Market;
- l. It will keep confidential and it will not to disclose in any way any information or data supplied to or derived from the Market (except in relation to a particular Participant, information relating to Orders and Quotes input by such Participant) save as may be required by a regulatory body or court having jurisdiction over it, or to its group (as per Article L.531-2, 2°, d) of the French monetary and financial code) in accordance with the Terms and Conditions;
- m. It will certify that each algorithm within the meaning of Article 4.39 of Directive 2014/65/ EU of the European Parliament and of the Council on Markets of Financial Instruments it deploys has been declared in accordance with the Applicable Laws and tested to avoid contributing to or causing disorderly trading conditions prior to the deployment or to a substantial update of a trading algorithm or trading strategy. Participants must confirm that they have successfully tested each algorithm within the MTS designated system (“management profile tool”) and upon



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- request by MTS France, the Participant must provide satisfactory evidence of the successful certification of the testing activities carried out in the dedicated environment made available by MTS France and explain the means used for testing. Additionally, it has to ensure that the software used to access the Market has undergone the appropriate conformance testing with MTS France when a) it introduces a new release or version or otherwise modifies any software previously conformed and/or b) it is requested by MTS France;
- n. it will provide MTS France, in the manner prescribed within the relevant Technical Specification, all the data and information required by the Applicable Laws, including specific information required for each Order, Quote and Trade;
- o. For each Quote and Order placed, cancelled or varied, it shall populate all necessary Quote message fields in a complete and accurate manner, including but not limited to information related to the identification of the relevant parties, and liquidity provision as specified in the Technical Specifications. Trading capacity shall only be “dealing on own account”;
- p. It shall have appropriate and sufficient procedures and controls in place to ensure that each message field is accurately populated, including using the correct short code where relevant. Acceptance of a message by MTS France does not provide or imply that MTS France considers this requirement has been met. In the event a Participant discovers one or more fields are inaccurately populated, including population of one or more fields with an incorrect short code, the Participant must report this to MTS France immediately and provide the correct information for every single Quote, Order and update thereto;
- q. If it uses short codes it shall complete the associated long codes through the MTS designated system (“management profile tool”) as soon as is practical but before associating such short code to a Quote or Order;
- r. Where applicable, it undertakes to collaborate in a cooperative and prompt manner with MTS France in any request of data or clarification required by MTS France in order for MTS France to comply with Applicable Laws, notably Article 26(5) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014. In particular, the Participant undertakes full responsibility on the accuracy of the information provided both in terms of content and formatting that will be used by MTS France to comply with the transaction reporting requirements in accordance with the above-mentioned legislation;
- s. it shall only use the data and information supplied to or derived from the Market for trading on the Market; further it shall ensure that no data or information supplied by or derived from the Market is allowed or technically able to be redistributed, internally or externally, save with the prior specific consent of MTS France.
2. Each Market Maker undertakes to MTS France to make Double-Sided Quotes on the Market in relation to all relevant Financial Instruments and to do so in compliance with the provisions in relation to Market Making Commitments as defined in Article 4.10.

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## 3.4. Resignation of Participants

1. Any Participant may resign from the Market by giving not less than three (3) months' notice in writing to MTS France specifying the date on which the Participant wishes to terminate its membership and access. Resignation from the Market shall have no effect on the rights and obligations of the resigning Participant in respect of Trades concluded on the Market prior to the effective date of such resignation. Membership Documentation includes additional relevant provisions on resignation and termination.
2. The notification of resignation will be immediately brought to the attention of the Board of Directors and to the Secretariat of the SVT Market Committee.

## 3.5. Suspension of Participants from trading

1. Without prejudice to the provisions under Article 7.0 of these Rules, if, in relation to a particular Participant, MTS France determines that any of the following circumstances apply, or that there are reasonable grounds for presuming that any of the following circumstances apply, it shall suspend that Participant with immediate effect. A suspended Participant shall not be permitted to input Quotes or Orders on the Market. MTS France may remove a suspension and reinstate a Participant if it is satisfied the circumstances which gave rise to the suspension no longer apply.
2. The aforementioned circumstances are:
  - a. the Participant ceases to meet one or more of the eligibility criteria applicable to Trade on the Market, with the exception of the requirement to have and maintain Euro 10 million Capital. In such a case the suspension will be applied if the Participant fails to provide MTS France with proof of replenishment of Capital within three (3) months from the relevant notification by MTS France;
  - b. where the Participant has been suspended from operating or from trading activities by the AMF, or MTS France has been instructed by the competent authority to suspend the Participant from trading on the Market;
  - c. where MTS France considers that a Participant has a behaviour that is prohibited under Regulation (EU) N°596/2014 or system disruptions in relation to a Financial Instrument or breaches Applicable Laws;
  - d. a request to suspend a Participant is received from any persons having regulatory power over MTS France under Applicable Laws, LCH SA or Euroclear France or a settlement agent through which the Participant clears or settles and to which the Participant has given authority to make such request;
  - e. a notification is received from LCH SA that the Participant and/or its general clearing member has been suspended as a Member of the CCP or an "Event of Default" (as such terms are defined in LCH SA rules) has occurred or is likely to occur in respect of that Participant and/or its general clearing member;

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- f. where a Participant:
    - i. makes a French 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. proceedings are initiated against it under any applicable liquidation, bankruptcy, insolvency, composition or other similar laws;
    - iv. an order is made or a resolution is passed for its winding-up or its dissolution;
    - v. Participant takes or is subject to any action similar to that specified in points (i) to (iv) above in any jurisdiction.
  - g. MTS France is no longer satisfied that continued access would be consistent with its rules and procedures for fair and orderly trading;
  - h. MTS France has decided, that in the best interests of the Market that the Participant be suspended from the relevant list of Participants.
3. Notwithstanding paragraphs 1 and 2 above, MTS France reserves the right, as a precautionary measure, to immediately suspend a Participant from trading where it reasonably suspects the Participant has committed a serious infraction or is in a state of suspected insolvency or is party to any other set of circumstances that threatens the correct and reliable functioning of the Market or of any Segment thereof. The period of precautionary suspension shall be determined by MTS France and included in its decision and communicated to the suspended Participant where permitted under Applicable Laws.
4. Any suspension of a Participant, or removal of a suspension, shall be notified by MTS France to all other Participants and to the Secretariat of the SVT Market Committee by such means as MTS France considers appropriate where permitted under Applicable Laws.
5. Suspension from the list of Participants shall have no effect on the rights and obligations of the Participant in respect of Trades concluded on the Market prior to the effectiveness of such suspension.

## 3.6. Exclusion of Participants from trading

1. Without prejudice to the provisions under Article 7, if MTS France determines that any of the following circumstances apply to a Participant, it may delete that Participant from the list of Participants with immediate effect.
2. The aforementioned circumstances are:
  - a. where a Participant has been suspended from trading for a period of two (2) months; and
  - b. MTS France has taken the decision that the Participant is to be deleted from the relevant list of Participants.

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3. MTS France shall, determine if to notify all Participants of any deletion from a list of a Participant by such means as MTS France considers appropriate.
4. Deletion from a list of Participants shall have no effect on the rights and obligations of the Participant in respect of Trades concluded on the Market prior to the effective date of such deletion.
5. The notification of withdrawal will be immediately brought to the attention of the Board of Directors and to the Secretariat of the SVT Market Committee.

## 4. Trading

### 4.1. General systems operations

1. MTS France shall adopt all acts necessary to ensure the proper functioning of the Market.
2. MTS France shall determine the operational features of the trading protocol of the Market and may change it from time to time in accordance with the Applicable Laws.
3. MTS France may, for the purpose of maintaining fair and orderly markets (the following list is not intended to be exhaustive):
  - a. at any time suspend the operation of all or part of the Market, including the suspension of single Financial Instruments or categories of the same, suspension of Participants and/or cancellation of Trades, if it determines that normal market conditions do not apply;
  - b. postpone the start of trading for the Market or any part thereof or extend the Trading Hours for the purpose of improving the functioning of the Market;
  - c. temporarily suspend trading for the Market or any part thereof, in the case of a serious technical malfunction or other exceptional circumstances as determined by MTS France; and
  - d. monitor the operation of the Market and apply its policies in terms of risk controls, including orders' throttling and pre-trade controls.
4. MTS France shall have no liability whatsoever to any Participant or to any other person for loss (including any consequential, indirect or unforeseeable loss, including without limitation, loss of profit), damage, injury, or delay, whether direct or indirect, arising from any breakdown, suspension of all or part of the Market or termination of the Market, or (in the absence of wilful misconduct on its part) with respect to any action taken or omitted to be taken in connection with providing or not providing the services contemplated by the Membership Documentation or operating the Market.

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5. In the event that a Participant fails to comply with the obligations of safeguarding passwords or other security credentials or it allows unauthorised access to the Market in breach of the provisions of Article 7.1, the Participant shall be responsible for all liabilities, damages and costs resulting from such breach. It will also indemnify and hold harmless any other Participant, MTS France and/or their respective service providers for all liabilities, damages and costs they may suffer due to such failure or unauthorized access.

## 4.2. Types of Trade

The types of contracts available on the Market are purchase and sale of Financial Instruments.

## 4.3. Market Trading Hours

1. Trading Days on the Market are defined by the TARGET calendar.
2. The Trading Hours (CET) of the Market are:

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

**8.00 a.m. – 8.15 a.m.:** “Offer phase”, during which all Participants can 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. The automatic matching of Quotes is active until the market closes.

**5.30 p.m. – 7.30 a.m.:** “Closed Market phase”, during this period, Participants can only send and receive messages, examine statistics concerning the day's negotiations; receive reports, lists and indices.

## 4.4. Quotes and Orders

1. Market Makers and Liquidity Providers may enter both Orders and Quotes into the Market. In addition, Participants are required to record the Orders in accordance with Applicable Laws.
2. The Market supports the following types of Quotes:
  - a. Double-Sided Quotes

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- b. Single-Sided Quotes
3. Market Makers and Liquidity Providers may submit Quotes with either a visible size only or, when the Order Management Facility waiver will be granted by the AMF, a combination of a visible and a hidden size. The hidden size will not be disclosed to Participants or the public by virtue of this waiver.
  4. The Market supports the following types of Orders:
    - a. Fill-and-kill Order: An Order which attempts to aggress Quotes, subject to the Order's Limit Price, up to the quantity specified by the Participant, with any residual quantity associated with the Order being cancelled.
    - b. Fill-or-kill Order: An Order which attempts to aggress Quotes, subject to the Order's Limit Price, for the full quantity specified by the Participant. The Order is cancelled without any Trade when it does not aggress Quotes for the full quantity specified by the Participant.
    - c. Mid-Price Fill-and-store Order: An Order which attempts to aggress Orders in the Mid-Price order book, subject to the Order's Limit Price, up to the quantity specified by the Participant, The Order remains on the Mid-Price order book when it fails to aggress Quotes for the full quantity specified by the Participant.
    - d. Mid-Price Fill-or-kill Order: An Order which attempts to aggress Orders in the Mid-Price order book, subject to the Order's Limit Price, for the full quantity specified by the Participant. The Order is cancelled without any Trade when it does not aggress Orders for the full quantity specified by the Participant.
  5. Orders and Quotes may be modified at any time, but a Participant is obliged to settle all Trades, at the Price quoted and up to the quantity offered, for those Orders which have been confirmed prior to reception of such modification.
  6. Orders and Quotes relating to each Financial Instrument are ordered by the Market according to Best Price and, subordinate to that, according to time of entry.
  7. At the end of each Trading Day, Orders and Quotes still registered on the Market shall be automatically cancelled.

## 4.5. Contracts

1. Orders made in relation to contracts shall specify the quantity and the Limit Price. An Order may be executed automatically by the Market up to and including the Limit Price. The Quotes and Orders are matched by the Market until the desired quantity is reached according to a price-time algorithm as follows:
  - a. The Quote(s) at the Best Price, subject to satisfying the Order Limit Price, is (are) selected;

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- b. Should there be more than one Quote at the Best Price, then the matching occurs according to the time when the Quotes entered into the Market, with the earliest taking precedence;

If applying the above mentioned criteria the entire quantity of the Order is not fulfilled, then the next closest price to the Best Price is updated and the algorithm is repeated until the Order is fulfilled.

2. The provisions contained in the preceding section are also to be applied for the conclusion of Trades by the matching of two Quotes.

## 4.6. Conclusion and registration of Trades

1. Transactions must be carried out by the Participants on their own account and a Participant must not act on behalf of a third party on the Market but only for its own account.
2. Trades are concluded either by an Order aggressing a Quote or by a Quote aggressing another Quote, according to procedures laid down in Article 4.5. The Trade shall be deemed to be concluded at the time when an electronic confirmation of the relevant matching is sent to either party to the Trade.
3. As Quotes and Orders matching on the Market are submitted by two Participants using the CCP services, the execution of the Trade shall be automatic, subject to the registration of the Trade by the CCP, if the applicable CCP regulations provide that the novation of the relevant Trade shall take place upon the registration of the Trade by the CCP.
4. Subject to meeting the Minimum Quote Size requirement, a Quote that has been partially aggressed shall be considered an effective Quote for the residual portion, retaining the time priority originally assigned to it as provided in Article 4.5.
5. All the Trades concluded on the Market shall be registered by MTS France in a special electronic file in which the data regarding the contracts executed on the Market are registered as soon as reasonably practicable. Each separate Trade shall have an identification number and shall include:
  - a. the contracting parties including the identity of the Central Counterparty ("LCH SA");
  - b. type, object and time and date of conclusion of the Trade;
  - c. quantity and Price.

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## 4.7. Mid-Price crossing

1. Participants are able to submit Orders to the Mid-Price order book. The Market will calculate in real time a Mid-Price for each relevant Financial Instrument using the prevailing Bid-Ask Spread of each relevant Financial Instrument present in the Market, where certain conditions, as determined by MTS France, are satisfied, these may include:
  - a. an appropriate level of market depth; and
  - b. a Bid-Ask Spread is available in a certain Financial Instrument.
2. Mid-Price Orders will be subject to a Minimum Mid-Price Execution Size, which is set by MTS France and set out in the Regulatory Specifications. The Minimum Mid-Price Execution Size is set to at least the same level of the relevant pre-trade Large in Scale threshold for those Financial Instruments that are defined as Liquid from time to time by ESMA. For Financial Instruments which are defined as Illiquid from time to time by ESMA, the Minimum Mid-Price Execution Size will be set by of MTS France and set out in the Regulatory Specifications.
3. Participants may enter Mid-Price Orders with a higher execution size than the Minimum Mid-Price Execution Size, but not of a lower size.
4. MTS France will monitor all updates to ESMA Large in Scale thresholds and Liquidity status and update its Financial Instrument database accordingly.

## 4.8. Trade Registration facility

1. Participants shall pre-agree transactions in accordance with article 4.8 of the Rules. A bilaterally negotiated Trade is considered a Trade concluded on the Market, if the counterparties have agreed for such Trade to be concluded under these Rules and such Trade is also reported to, and accepted by, MTS France. The acceptance of a Trade Registration is subject to the Trade being compliant with the relevant maximum and minimum quantity and price limits. The Trade Registration functionality can be used by Participants only when the pre-trade transparency obligations provided by the Applicable Laws do not apply for any reason, such as, for example, pre-trade transparency waivers having been granted by the AMF. The relevant Minimum Trade Registration Size will be set according to at least that required by the Applicable Laws and set out in the Regulatory Specifications.
2. This functionality allows two Participants to register bespoke trades on venue that are either:
  - a. "From Scratch", independently proposed and agreed directly by both Participants, usually over the phone, and then registered as a Trade on the Market; or



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- b. "From Best", as a bilateral negotiation tool allowing the sender to request a customisation (size and/or Price) of the best quote present in the order book. On receipt of a "From Best" Trade Registration request the Participant who owns the best quote has the choice to accept or reject the request or to counter bilaterally with different terms. Upon acceptance by both Participants a Trade is registered on the Market.
3. MTS France will only consider information entered into the Market by Participants, and not any details discussed or agreed outside the Market.
4. It is recommended that a bilaterally negotiated Trade is reported by Participants to MTS France within fifteen (15) minutes or the different timeframe that might be set by MTS France from time to time. Participants that are party to a bilaterally negotiated Trade must record the time of the verbal or written agreement of the terms of the bilaterally negotiated Trade.. This may be requested by MTS France from time to time to evidence the timely submission of the bilaterally negotiated Trades.

## 4.9. Cancellation of Trades

1. Cancellation of erroneous Trades shall be carried out by MTS France on the basis of request to be sent via email to MTS France at **cancellations@mtsmarkets.com** prior to the closing of the Market or immediately afterwards.
2. Participant shall make sure that only properly authorized employees send the relevant request to MTS France and therefore MTS France shall not be liable for auctioning any non-authorized cancellation requests.
3. MTS France shall promptly contact the counterparty as soon the request of cancellation is received:
  - a. If the counterparty promptly confirms its agreement to such cancellation request, the request shall be treated as a bilateral cancellation request and shall be executed by MTS France. Bilateral cancellation can be executed up to the closing of the Market or immediately afterwards.
  - b. In the event that the other counterparty does not respond promptly or does not agree with the Trade cancellation request, in order to proceed with the cancellation MTS France will ascertain whether a unilateral cancellation can be performed. The procedure for the unilateral cancellation can be started only if the cancellation request has been notified to MTS France via email at the address indicated above **within five (5) minutes** of the execution of the Trade.
  - c. In order to qualify for unilateral cancellation a Trade must be executed at a price or rate level, which is outside of the Fair Market Value at the time of execution.
  - d. Fair Market Value will be ascertained as follows:

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- I. MTS France shall immediately request up to five (5), but in any case, not less than three (3), firm two-way inter-dealer electronic quote for that Financial Instrument at the time of execution of the Trade.
  - II. The five (5) / three (3) Participants consulted will be chosen from a pre-defined list and exclude either party of the disputed transaction (the "Selected Participants").
  - III. The Selected Participants shall respond as soon as possible by return email with their current Bid-Ask Spread, i.e. the two-way electronic "inter-dealer" quotes they input or would have input in any inter-dealer electronic market.
  - IV. MTS France will discard the bid/offer couple containing the highest bid and the bid/offer couple containing the lowest offer and will calculate, truncating the result to the third decimal and then round up to the second decimal, the average of the remaining bid prices and the average of the remaining ask prices which will determine the Fair Market Values. In case there are multiple couples with the same bid or the same offer, the couple with the tighter Bid-Ask Spread will be deleted: if this Bid-Ask Spread is expressed by more than one couple, only one will be eliminated. In case the highest bid and the lowest offer are contained in the same couple, only this couple will be deleted.
  - V. Once Fair Market Values are ascertained, MTS France will calculate the relevant Bid-Ask Spread (average Bid-Ask Spread).
- e. The Trade price in question will be considered to deviate from the Fair Market Value if it is more than fifty (50) % wider than the average Bid-Ask Spread which was calculated.

4. A cancellation occurs in the following circumstances:

- *An Error sale (i.e. cancellation request is made by the seller):*  
*The transaction will be cancelled when the trade price is lower than the bid Fair Market Value by more than fifty (50) % of the above defined spread at the time of the execution of the trade.*
- *An Error purchase (i.e. cancellation request is made by the buyer):*  
*The transaction will be cancelled when the trade price is higher than the ask Fair Market Value by more than fifty (50) % of the above defined spread at the time of the execution of the trade.*

*Example:*

*Regarding a bond, 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).*

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*Following a poll of five market participants, the five 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 couple with the highest bid and the couple with the lowest offer are thrown out which leaves the following:*

108.50/109.65

107.90/109.50

108.25/109.30

*The average bid price and the average offer price are calculated taking into account the three (3) 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 up to the 2nd decimal which determines the bid Fair Market Value*

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

*Therefore, the remaining values are:*

*108.22/109.48 that brings to an average Bid-Ask Spread of 126 cts*

*The following bid and offer limits are obtained by applying the 50% deviation margin to the average Bid-Ask 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.*

- a. If after following the above procedure, the reported Trade in question is determined to be outside of the Fair Market Value based on the criteria listed above, MTS performs the unilateral cancellation of the Trade in question in order to maintain a fair and orderly Market and avoid the unfair penalisation of members for genuine errors.
- b. MTS will inform the counterparties to the Trade in question via telephone (with confirmation via e-mail) of its decision regarding the cancellation request within thirty-five (35) minutes from the time of conclusion of the erroneous Trade. If exceptional circumstances so require, MTS France retains the discretion to depart from the 35 minutes timeframe mentioned above.

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- c. MTS France will reveal the identities of the counterparties in order to resolve the Trade dispute.
5. In the event of a Major Market Incident, MTS France shall cancel the trades affected by such MMI. In connection with such cancellation, MTS France shall also be entitled to take into account trades entered into outside of the MMI period but affected by the incident. MTS France shall also be entitled to determine whether trades entered into during the MMI period have remained unaffected by such MMI. MTS France may consult the Participant whose trades have been or maybe affected by an MMI.
6. MTS France 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.
7. MTS France shall cancel trades or correct data relating to Financial Instruments whose issuance has been announced but has not occurred yet or where the volume of the issuance is significantly lower than announced.
8. The occurrence of a MMI will be identified by MTS France. The duration of a MMI shall run from the time when the first impact on the Market occurred and shall last until MTS France determines that the normal conditions of the Market have been restored. In the event of a MMI, MTS France shall take the most appropriate measures, which may include but is not limited to the suspension of trading on the Market.
9. In the event of a Major Market Incident, all the decisions made by MTS France must be immediately made known to Participants and the SVT Market Committee.

## 4.10. Market Making Agreements

1. Only Market Makers are subject to this section of the Rules which constitutes the Market Making Agreement between each Market Maker and MTS France. If a Participant intends to pursue a Market Making Strategy on the Market it must enter into a market making agreement with MTS France by means of notifying MTS France of thereof using the appropriate form. For the avoidance of doubt, a Participant is not allowed to pursue a Market Making Strategy on Financial Instruments belonging to an Instrument Class where it is not classified as a Market Maker.
2. A Market Making Strategy can be pursued only in relation to Financial Instruments which belong to an Instrument Class on which the Participant has indicated to MTS France their intention to perform a Market Making Strategy. Each month, MTS France will identify the Financial Instruments on which a Participant has performed a Market Making

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Strategy within the relevant Instrument Class. For the purposes of the definition of competitive prices of a Market Making Strategy, these will be defined by MTS France in Annex A and in the Regulatory Specifications.

3. Each Market Maker shall comply with the Market Making Commitments for each Financial Instrument on which it performs a Market Making Strategy, as described here below and as further specified in the Regulatory Specifications and in Annex A:
  - a. For quotes to be of comparable size, there must be no more than fifty (50) % difference between bid and ask sizes; and
  - b. For quotes to be competitive, they must be within the maximum bid-offer spread defined by MTS France in the Regulatory Specifications;
  - c. The two-way Quotes must be available for trading on the Market for at least fifty (50) % of daily trading hours.
4. MTS France will monitor each Market Makers on each Financial Instrument on which it performs a Market Making Strategy against the above-mentioned Market Making Commitments. For the purposes of monitoring the Market Making Commitments, only Double-Sided Quotes will be considered. Additionally, and for each Instrument Class, MTS France will determine a minimum number of Financial Instruments on which Participants will be expected to perform a Market Making Strategy and therefore comply with Market Making Commitments. MTS France will define the aforementioned minimum number of Financial Instruments in the Regulatory Specifications and in the Annex A, where applicable.
5. All Market Makers will be exempted from their Market Making Commitments in the event of exceptional circumstances as defined in Article 3 of the Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying the requirements on Market Making Agreements and scheme. Without limitation to the generality of the foregoing, exceptional circumstances are: excess volatility triggering volatility mechanisms for the majority of financial instruments or underlyings of financial instruments traded on a trading segment within the trading venue in relation to which the obligation to sign a market making agreement applies, war, industrial action, civil unrest, cyber sabotage, technological issues on the venue or the Market Maker, risk management issues and shortselling bans. In the event of disagreement, MTS France, shall have the final decision to determine when an event constitutes an "exceptional circumstance". In case of an exceptional circumstance, and the subsequent resumption of trading, MTS France shall endeavour to inform the public via its website. The Market Maker is not under the obligation to comply with the Market Making Commitments provided herein in those days which are bank holidays in the country where the Market Maker carries out its business, unless specified differently in Annex B. MTS France shall be informed by the Market Maker as soon as reasonably practicable of any trading interruption due to the malfunctioning of the electronic connection.

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6. A Market Maker shall have adequate systems and procedures in place to effectively monitor and audit their compliance with the Market Making Commitments. A Market Maker shall maintain records of firm Quotes and transactions relating to their market making activities, which are clearly distinguished from other trading activities and shall make those records available to MTS France and the competent authority, upon simple request. A Market Maker shall flag firm quotes submitted to the Market under this market making agreement in order to distinguish those quotes from other order flows.
7. Should MTS France decide to offer a Market Making Scheme, it shall publish in the Regulatory Specifications or in the terms of the Market Making Scheme, the names of the Market Makers benefitting from such Schemes and the Financial Instruments or Instruments Classes covered by the relevant Market Making Scheme.
8. When a Market Maker is in breach of the Market Making Agreement, MTS France reserves the right to issue such Market Maker with a written notice of the breach asking for strict compliance with the Market Making Agreement and an explanation of the reasons behind the breach. Following receipt of the above notification, where the Market Maker in question fails to honour its Market Making Commitments for three (3) additional consecutive months, MTS shall have the right a) to delete the Market Maker from the list of Market Makers and/or b) to initiate the disciplinary procedure as per Article 7 here below.
9. Market Makers should inform MTS France of their intention not to continue to be Market Maker on the Market no later than five (5) Trading Days before the beginning of the next month. This communication shall be received in writing by MTS France and, where applicable, by the Secretariat of the SVT Market Committee. The Participant will cease to be a Market Maker on the first Trading Day of the month following the one in which the communication was sent.

## 4.11. Law governing Trades

Subject to the provisions of these Rules, or market practice as such practice shall be determined by MTS France, French law shall be governing all Trades concluded on the Market.

## 5. Clearing and Settlement of Trades

### 5.1. Clearing and Settlement of Trades

1. Settlement of Trades takes place at Eurodear France.
2. Trades are cleared via the Central Counterparty LCH SA.

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3. Clearing and Settlement will take place in accordance with the procedures and regulations set forth by LCH SA and Euroclear France. The settlement of Trades shall take place on the second (2<sup>nd</sup>) business day following the execution of the relevant Trade. Financial Instruments traded in the grey market will be settled on the date of first settlement as determined in the relevant issue conditions.
4. Participants agree to give MTS France the right to transmit settlement instructions on their behalf to Euroclear France and/or the Central Counterparty LCH SA. For the avoidance of doubt, MTS France is not a party to any Trade and is in no instance responsible for the clearing or settlement services provided by Euroclear France and/or the Central Counterparty LCH SA.
5. Participant will authorise Euroclear France to settle instructions sent by the Market by executing the relevant documentation in favour of MTS France. Alternatively, a Participant may make use of a settlement agent, executing with such settlement agent a declaration in the form specified by MTS France. In this latter case, the settlement agent will be requested to sign the documentation requested by the chosen settlement institution.
6. In addition, Participants will file with MTS France the CCP application form specified by MTS France.

## 6. Provision of data and information

### 6.1. Provision of data and information to Participants

1. For each Financial Instrument, MTS France makes available on the trading screen to each Participant, as close to real time as reasonably possible, where applicable, the following information:
  - a. all the Quotes which the relevant Participant has inputted in the Market, with Price and quantity;
  - b. Price and quantity of the aggregated five best sell and buy Quotes;
  - c. Price, quantity, and time of the last concluded Trade;
  - d. the current status of all the Quotes entered by the relevant Participant and the list of all the Trades it has executed;
2. MTS France may also provide to each Participant statistics for each Financial Instrument containing the following information:
  - a. within the course of each Trading Day and at Market close: identification code and description of the Financial Instrument, the minimum, maximum and weighted average Price, and traded volumes, calculated based on Trades executed during the same Trading Day;

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- b. at the opening of each Trading Day: Identification code and description of the Financial Instrument, the minimum, maximum and weighted average Price, and traded volumes, calculated based on Trades executed during previous Trading Day.

All information made available within such statistics on the trading screen to a Participant pertaining to other Participants shall be in anonymous form.

3. MTS France may delay publication of the information referred to in the preceding paragraphs in the event of serious technical malfunctions that make it impossible to establish the correct data and the information to be published.
4. MTS France makes available to Participants, on the trading screen, the following information, updated daily:
  - a. a complete table of the identification codes of each Financial Instruments;
  - b. a list of all Participants, with identification codes.
5. MTS France, may, subject to regulatory approval, waive or defer the provision of certain data. In relation to post-trade transparency obligations, should deferrals be granted and used by MTS, the relevant details will be described in the Regulatory Specifications. Upon request by the AMF MTS France shall suspend the provision of certain data.

## 6.2. Provision of data to Authorities

1. MTS France shall supply to the AMF (or other competent authorities), where required to by law, data and information on Orders and Trades, and in general on any Participant's activity, carried out on the Market and all other data, information, acts or documents as and when so requested by the AMF or other competent authorities or required for MTS France to comply with its obligations.
2. Notably, in compliance with Article 31 of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, MTS France shall inform the AMF (or other competent authorities) immediately of (i) significant infringement of the Rules, (ii) disorderly trading conditions, (iii) conduct that may indicate behaviour that is prohibited under Regulation (EU) N°596/2014 or system disruptions in relation to a Financial Instrument.

The Participant shall provide MTS France with any and all data and information that may be reasonably requested by the matter in order to comply with Applicable Laws.



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## 6.3. Provision of data to French debt management offices (Agence France Trésor)

Notwithstanding the confidentiality obligations applicable to MTS France and without prejudice to its ability not to be bound by its obligation of confidentiality under the Applicable Laws, MTS France may make available to the AFT, what each Participant with the status of *Spécialiste en Valeurs du Trésor irrévocably accepts* upon request, data and information related to activities carried out by Primary Dealers on the Market in relation to Financial Instruments issued by the AFT.

## 6.4. Provision of data to the public

1. MTS France makes available to the public, as close to real time as possible and on a reasonable commercial basis, the following information for each Financial Instrument:
  - a. Price and quantity of the aggregated five (5) best sell and buy Quotes;
  - b. At least Price, quantity, and time of the last concluded Trade.
2. MTS France makes publicly available, with a fifteen (15) minutes delay:
  - a. Price and quantity of the aggregated five best sell and buy Quotes;
  - b. At least Price, quantity, and time of the last concluded Trade.
3. MTS France, may, subject to regulatory approval, waive or defer the aforementioned publication of certain data. In relation to post-trade transparency obligations, should deferrals be granted and used by MTS, the relevant details will be described in the Regulatory Specifications. Upon request by the AMF (or other competent authorities), MTS France shall suspend the publication of certain data.
4. MTS France shall make available, in accordance with Applicable Laws, on at least a quarterly basis a report containing data relating to the quality of execution of transactions occurred on the Market during the relevant period. The report shall include details about the price, speed, cost and likelihood of execution for individual Financial Instruments.

## 6.5. Amendments and communications

1. MTS France can amend the Rules in accordance with the provision of the Terms and Conditions and Applicable Laws, as published from time to time on MTS website <http://mtsmarkets.com/Documents/General-Terms-and-Conditions>. The communication of such amendments will be in accordance to of the Terms and Conditions.

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2. MTS France from time to time will communicate to the Participants information necessary for their trading activity on Market in accordance with the Applicable Laws and with the relevant provisions of the Terms and Conditions. This includes also amendments to the information available on MTS website, referenced in these Rules, such as the Regulatory Specifications.

## 7. Supervision and Sanctions

### 7.1. Monitoring the course of trading

1. MTS France monitors the behaviour of Participants during the Trading Hours and verifies compliance with the Rules and with the Applicable Laws, including those on market abuse.
2. MTS France has the right to perform, amongst other things, the following activities:
  - a. verification of compliance with the undertakings referred to in Article 3.3;
  - b. monitoring of Participants' trading activity to ensure the operation of a fair and orderly Market, including for the purpose of verifying their compliance with Applicable Laws, including those laws in relation to market abuse and of verifying on a daily basis the compliance by each Market Participant with the applicable rules on the ratio of unexecuted orders to transactions;
  - c. managing incorrect entries of Quotes and Orders into the Market;
  - d. performing technical checks with regard to anomalous trading on the Market;
  - e. inform the AMF or competent authorities as soon as reasonably practicable of any conduct that may indicate behaviour that is prohibited under the Applicable Laws, including laws in relation to market abuse.
3. MTS France may where it deems it necessary request prompt clarification on any point from the Participant, up to and including requiring them to provide all relevant data and information that MTS France deems appropriate. The Participant shall cooperate with such requests and supply information as soon as reasonably possible. Additionally, MTS France, its agents or any competent authority (including the AMF) may carry out audits at a Participant's premises, on giving due notice and in accordance with the procedures provided in the current Terms and Conditions, for the sole purpose of verifying their compliance with the Rules.
4. MTS France shall keep confidential all information acquired in the course of its Market monitoring activities. In accordance with Applicable Laws, when requested by the AMF, MTS France will disclose or report the data and information requested. In the course of operating on the Market, each Participant will provide certain trade and transaction data (collectively, the "Transaction Data") to MTS France. Each Participant agrees that MTS France is entitled to aggregate and/or compile the Transaction Data with that of other Participants, provided that such

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aggregated data does not directly or indirectly identify (i) the Participant as the source of such data or (ii) the Participant's trading strategy (the "Aggregated Data"). All intellectual property rights in the Aggregated Data shall belong to and vest solely with MTS France, and the Participant agrees that MTS France shall be entitled to dispose, use, licence or sell the Aggregated Data as it determines. Each Participant further agrees that MTS France may disclose Transaction Data to any third party as MTS France determines is necessary to facilitate the management and usage of the Market.

## 7.2. Breach of undertakings

1. When a Participant is in breach of one or more of the undertakings contained in Article 3.3 or where there are reasonable grounds for presuming that any of the undertakings in Article 3.3 is no longer satisfied, MTS France may apply any of the following sanctions, depending on the nature and seriousness of the action and on the existence of any previous breaches by the Participant:
  - a. a written censure;
  - b. a fine of between two thousand (2,000) Euros and twenty thousand (20,000) Euro that the Participant shall pay to MTS France within three (3) Trading Days from adoption by MTS France of the sanction in accordance with Article 7.3;
  - c. suspension from trading;
  - d. exclusion from the relevant list of Participants.

## 7.3. Procedure in respect to Article 7.2

1. Where MTS France has reason to believe that a Participant has committed a breach of any provision of these Rules, MTS France shall, subject to Applicable Laws, issue the Participant with a written notice describing the presumed breach, and requesting for any relevant information. Email communications are acceptable for this purpose.
2. Within ten (10) calendar days of issuing the notice referred to in Article 7.3.1 above, the relevant Participant may file with MTS France any relevant documents that may help to explain their conduct. The Participant can request a meeting with representatives of MTS France.
3. At the expiry of ten (10) calendar days from issuing the notice, MTS France, having reviewed and examined any documents filed and taking into account any additional representations made by the Participant, shall, if it deems it necessary, adopt one of the sanctions referred to in Article 7. Where MTS France is satisfied with the explanation received from the Participant it may, at this point, decide to terminate the procedure. MTS France shall impose sanctions using non-discriminatory criteria. Unless provided for separately in its decision, the relevant sanction shall

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take effect on the date the Participant is notified. For the avoidance of doubt, sanctions issued by MTS France shall not impact on measures, if any, adopted by the authorities for the purposes of ensuring the settlement of those Trades that remain open.

4. The decision pursuant to Article 7.3.3 above shall be communicated in writing to the Participant. The decision shall specify the means by which it shall be publicised. The sanction may not be publicised where the sanction applied is that of written censure.
5. In line with its duty to safeguard the fair and orderly functioning of the Market and where reasonable grounds exist to indicate that a Participant has a) committed a serious breach; and/or b) is in the process of being declared insolvent, MTS France may without prejudice to the provisions of this Article 7 immediately suspend the Participant from trading on the Market. The suspension should not ordinarily exceed twenty (20) Trading Days. The suspension order referred to above shall cease to be effective upon the decision taken pursuant to Article 7.3.3 being communicated to the Participant. MTS France shall inform the AMF as soon as reasonably practicable of significant infringements of these Rules, or of disorderly trading conditions or of Market disruptions in relation to a Financial Instrument.
6. Where a Participant has been suspended from trading under Article 7.3, MTS France reserves the right to revoke the suspension if the reasons behind the suspension have been resolved or corrected. The Participant will be able to submit an application for re-admittance to the Market, pursuant to Article 1.6, after one (1) year has elapsed from the date of notification of such suspension. The decision to re-admit the suspended Participant to the Market will be made by MTS France.
7. For the avoidance of doubt the procedures outlined in Article 7.3 does not apply to a Market Maker's failure to comply with its quoting commitments. The suspension of a Participant may not exceed two (2) months.

## 7.4. Failure to honour Market Makers' Quoting Commitments

1. Where a Market Maker fails to honor its Market Making Commitments in accordance with Article 4.10 of these Rules, MTS France informs its Board of Directors who will issue such Market Maker a written warning of the failure, where applicable.
2. This warning will remain confidential and not be published to any other Participant.
3. If the Market Maker respects the quoting obligations set out in Article 4.10 for three (3) consecutive months his warning is automatically cancelled.

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4. In case of a second warning sent to the Market Maker, MTS France informs, where applicable, the permanent representative and the compliance officer of the non-compliant Market Maker, about the breach of the quoting obligations and requests for explanations.
5. Should a third warning be sent, the Market Maker can be subject to a partial or complete suspension of his activities on the Market. MTS France will keep the Secretariat of the Market Committee informed regarding the resolution of the issue.

## 8. Final Provisions

### 8.1. Liability

1. MTS France reserves the right to close the operation of the Market at any time. In this event, MTS France shall give the Participants such notice of termination in writing as is reasonably practicable in the circumstances. Nevertheless, MTS France shall be entitled to close the Market immediately on written notice to Participants if MTS France is not able to keep the Market open due to an event beyond MTS France' reasonable control.
2. MTS France 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, termination or closing of the Market.
3. In the absence of fraud and/or wilful misconduct on its part, MTS France 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 the Membership Documentation or when operating and/or organising the Market. Furthermore, MTS France shall have no liability to any Participant or any other person for consequential, indirect or unforeseeable losses or damages.
4. MTS France shall take reasonable steps to ensure continuity and regularity in the performance of the services provided to the Participant.

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## 8.2. 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 Tribunal de Commerce de Paris, which Rules are deemed to be incorporated by reference into this clause.
  - a. The number of arbitrators shall be three (3).
  - b. The seat, or legal place, of arbitration shall be Paris, France.
  - c. The language to be used in the arbitral proceedings shall be French.

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## ANNEX A: Market Making commitments on behalf of the AFT (or the Secretariat of the SVT Market Committee when the Participant is not an SVT)

### A-1 Allocation of Financial Instruments to Market Makers

The Secretariat of the SVT Market Committee allocates Financial Instruments issued by the AFT to the Market Makers for the following Instrument Class: nominal bonds, inflation linked bonds and FTBs. The Secretariat of the SVT Market Committee notifies MTS France of the Market Making Commitments of its Market Makers and may modify these obligations not more than once a calendar month, except in the case of FTBs whose allocation may be modified as often as necessary in a calendar month.

For Instrument Class Strips, the relevant Market Maker Participants select the Financial Instrument (s) on which they wish to implement a Market Making Strategy according to the provisions in Article A-8 of this Annex.

### A-2 Market Making Commitments

Market Makers are committed to display, during each trading day over a period of 5 hours, Double-Sided Quotes on the Financial Instruments that have been allocated, according to the provisions in Articles A-6, A-7 and when relevant, A-8 of this Annex.

A minimum lot size and a maximum quoting Spread is required from each Market Maker.

Any event affecting Market Making Commitments must be reported immediately by the Participant concerned to MTS France and the Secretariat of the Market Committee SVT. If this event results from exceptional external facts which are beyond the external control of the Participant, it will be reflected in the performance monitoring, provided it has been reported prior to the closing day of the Market.

### A-3 Control of Performance

Each Market Maker undertakes to quote a certain number of Financial Instrument for a given period (Quotation Time), with a minimum size (Lot) and a maximum Spread for each Financial Instrument, as set out in Articles A-6, A-7, and when relevant, A-8 of this Annex.

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Three (3) performance indicators have been established:

- Nominal Segment,
- Inflation Segment,
- FTB Segment.

When relevant, a fourth performance indicator is established for the Strips segment.

For each Segment, the performance is measured as follows:

- for each Financial Instrument, MTS France registers the time during which all the requirements are met (size and Spread). The performance on the Financial Instrument depends on the quotient of this duration over the target duration in accordance with the modalities defined in this Annex A and is equal to 100% if this quotient is superior or equal to 100%, 0% otherwise;
- the daily global performance of a Market Maker is the arithmetic average of its performances for each Financial Instrument.

## **A-4 Communication of performances**

Participants receive from MTS France a daily report related to their quoting performance for the previous Trading Day. This report includes, for each allocated Financial Instrument, the time effectively quoted, the average spread, the average bid/ask size, the quoting parameters under normal conditions, the daily global performance, and the average monthly performance.

For each Segment, it also indicates the daily global performance and the global monthly performance.

Except for the Strips segment, MTS France communicates to the Secretariat of the Market Committee, not later than the second (2<sup>nd</sup>) business day of a given month, the monthly performances related to the securities assigned to Market Makers.



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## A-5 Non-compliance with Market Making Obligations

A shortfall may be observed based on the monthly global report.

A shortfall occurs if the average monthly percentage is below eighty (80) % on at least one of the four (4) Segments: Nominal, Inflation, FTB, or, when relevant Strips.

## A-6 FTBs

### A-6.1 Classifications

FTBs admitted to the Market are split into three (3) maturity buckets:

- Bucket 0 to 3 months maturity;
- Bucket 3 to 6 months maturity;
- Bucket 6 to 12 months maturity.

### A-6.2 Market Making Commitments, lot size and quoting requirements

Market Making Commitments communicated by the Secretariat of the Market Committee are effective on the first Working Day following auctions and are set out as follows:

- Minimum lot size (trading lot): 10 million euros, Double Sided Quotes shall be deemed of comparable size, meaning that their sizes do not diverge by more than fifty (50) % from each other;
- Maximum spread (in yield terms) expressed in basis points (bp);
- Minimum duration of quotation: 5 hours each day.

*The quoting parameters are presented in the tables below (sizes in € millions, spreads in basis points (bp)).*

Maturity	FTB			
	Benchmark		Liquid	
	Spread (bp)	Size (Mn €)	Spread (bp)	Size (Mn €)
3 months	3	10	Twice the average of the nine (9) best bid-offers Spreads Recorded amongst the Participants	10
6 months				
12 months				

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Each Market Maker is obliged to insert Double-sided quotes on six (6) lines of FTBs: the last two (2) issued on the three (3) months, on the six (6) months and on the one (1) year maturity buckets (so one (1) benchmark and one (1) liquid for each of the maturity bucket); FTBs are allocated and renewed according to the FTB issuance and tap calendar, and according to the procedure outlined here-below. For each maturity, the FTB benchmark corresponds to the last issued bond.

In order for the quotation of a FTB to be valid:

- a. The duration of the quotation compliant with the criteria of minimum size and comparable size has to exceed five (5) hours
- b. The average bid-offer based on the best five (5) hours of quotation compliant with the criteria of minimum size and comparable size has to be inferior to the Spreads as defined in tables above.

MTS France registers the time during which all the requirements are met (size and spread). If the quotation is valid, the performance will be one hundred (100) %, otherwise, it will be zero (0) %.

## Mechanism:

1. On a daily basis, MTS France sends to the Secretariat of the Market Committee SVT the average bid-offer Spread on the best five (5) hours of quotations compliant with the criteria of minimum and comparable size for each liquid FTB and each Participant.
2. The Secretariat of the Market Committee SVT compiles the data of every platform and calculates the average of the best nine (9) bid-offer Spreads Recorded amongst the Participant for every liquid FTB.
3. The following Trading Day, the Secretariat of the SVT Market Committee forwards the average bid-offer Spread to the Participants and to the platforms.

## **A-6.3 Renewal of Market Making Commitments**

In keeping with the issuance and tap calendar, Market-Making Commitments on FTBs are redistributed without notice as follows: the newly issued FTB must be quoted from the day following its issuance. It ceases to be quoted on the day of issuance of a new FTB, replacing the existing one.

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## A-7 OATs and other variable rate Financial Instruments

### **A-7.1 Classifications**

OAT and other variable rate Financial Instruments are admitted to the Market and are split into the following categories and maturity buckets.

#### Categories

OAT and other variable rate Financial Instruments are admitted to the Market and are split into the following four categories:

- « Benchmark » Financial Instruments: these are reference Financial Instruments (last issued) with benchmark status of 2, 5, 10, 15, 30 and 50-year maturities;
- « Liquid » Financial Instruments: are those which are the most liquid Financial Instruments, but do not fall into the “benchmark” category;
- « Regular » Financial Instruments: are Financial Instruments which are regularly traded, but are considered less liquid;
- “Variable” rate Financial Instruments: are variable rate Financial Instruments.

#### Maturity buckets

Each category of OAT and other variable rate Financial Instruments admitted to the Market, is split into the following maturity buckets:

- Maturity bucket A: 1 to 3,5 years;
- Maturity bucket B: 3,5 to 6,5 years;
- Maturity bucket C: 6,5 to 11,5 years;
- Maturity bucket D: 11,5 to 17 years;
- Maturity bucket E: 17 to 35 years;
- Maturity bucket F: above 35 years.

### **A-7.2 Market Making Commitments, lot size and quoting requirements**

Market Making Commitments are set out as follows, according to three parameters:

- Minimum lot size (trading lot), Double Sided Quotes shall be deemed of comparable size, meaning that their sizes do not diverge by more than fifty (50) % from each other;
- Maximum spread (in price terms in cents (cts));

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- Quotation time: 5 hours a day.

The following tables indicate the market parameters for Financial Instruments with a maturity of more than one (1) year.

The Secretariat of the Market Committee SVT informs MTS France when a new benchmark bond is issued by AFT. This bond shall be quoted by all Market Makers from the day following its issuance. The next month it replaces the Benchmark of the same maturity and the previous benchmark becomes "Liquid".

The quoting parameters are presented in the tables below (sizes in € millions, spreads in € cents (cts)).

Table 1

Category	Maturity	OAT		Inflation linked		TEC		
		Spread (cts)	Size	Spread (cts)	Size	Spread (cts)	Size	
Benchmark	A	1 to 3,5 years	4	10	25	10	25	5
	B	3,5 to 6,5 years	4	10	25	10	25	5
	C	6,5 to 11,5 years	5	10	25	5	25	5
	D	11,5 to 17 years	10	5	40	5	25	5
	E	17 to 35 years	20	5	50	2.5	25	5
	F	> 35 years	30	5				
Liquid	A	1 to 3,5 years	4	5				
	B	3,5 to 6,5 years	5	5				
	C	6,5 to 11,5 years	7	5				
	D	11,5 to 17 years	12	5				
	E	17 to 35 years	25	5				
	F	> 35 years	30	5				

Table 2

Regular	Instrument	Spread (cts)	Size
	OAT 25/10/2019	20	2,5
	OAT 04/2022	No quotation obligations	
	OAT 25/04/2023	30	2,5

On these bases, every Market Maker has an obligation to display Double-sided quotes on each of the government bonds from the following 2 Segments: the nominal Segment (OAT) and the indexed Segment (OATi/OATei).

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In order for the quotation of a bond to be valid:

- a. The duration of the quotation compliant with the criteria of minimum size and comparable size has to exceed five (5) hours
- b. The average bid-offer Spread based on the best five (5) hours of quotation compliant with the criteria of minimum size and comparable size has to:
  - be inferior to twice the average of the nine (9) best bid-offers Spreads Recorded amongst the Participants;
  - or be inferior to the Spreads as defined in tables 1 and 2 above.

MTS France registers the time during which all the requirements are met (size and spread). If the quotation is valid, the performance will be one hundred (100) %, otherwise, it will be zero (0) %.

## Mechanism:

1. On a daily basis, MTS France sends to the Secretariat of the Market Committee SVT the average bid-offer Spread on the best five (5) hours of quotations compliant with the criteria of minimum size and comparable size for each government bond and each Participant.
2. The Secretariat of the Market Committee SVT compiles the data of every platform and calculates the average of the best nine (9) bid-offer Spreads Recorded amongst the Participant for every bond.
3. The following Trading Day, the Secretariat of the SVT Market Committee forwards the average bid-offer Spread to the Participants and to the platforms.

## A-8 Strips

### **A-8.1. Market Making Commitments, lot size and quoting requirements**

Market Maker Participants who have indicated to MTS France their intention to perform a Market Making Strategy on the Stripped securities Instrument Classes shall comply with the Market Making Commitments for at least one (1) Financial Instrument belonging to the relevant Instrument Class.

Market Making Commitments are set out as follows, according to three parameters:

- Minimum quoting period: five (5) hours a day during one month;
- Minimum lot size (trading lot): 2.5 million Euros, Double Sided Quotes shall be deemed of comparable size, meaning that their sizes do not diverge by more than fifty (50) % from each other;
- Maximum Spread (in basis points): 25 basis points.

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Each month, MTS France will identify the Financial Instruments on which a Participant has performed a Market Making Strategy within the relevant Instrument Class.

In order for the quotation of a Strip to be valid:

- a. The duration of the quotation compliant with the criteria of the minimum and comparable size has to exceed five (5) hours;
- b. The average bid-offer Spread based on the best five (5) hours of quotation compliant with the criteria of minimum size and comparable size has to be inferior or equal to the Spreads as defined in tables above.

MTS France registers the time during which all the requirements are met (size and spread). If the quotation is valid, the performance will be one hundred (100) %, otherwise, it will be zero (0) %.

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## ANNEX B: Trading Days

A Market Maker may however be relieved of its Market Making Commitments as provided for in Article 4.10.5, on days which are officially recognised as bank holidays in **France or in the United Kingdom**. The Market Maker will not be considered as having breached its Market Making Commitments on these days.

For example, a Market Maker which trading operations are based in the United Kingdom will be relieved of its Market Making Commitments on United Kingdom Public Holidays, however it will be expected to fulfil its Market Making Commitments on French holidays, except on TARGET holidays.

Each Market Maker shall inform MTS France and the Secretariat of the SVT Market Committee of its choice regarding its country of reference (France or the UK) for the purposes of these provisions. The list thus established is communicated to the Secretariat of the SVT Market Committee and the AFT. It is valid for one calendar year and is automatically renewable. Any modification of the country of reference must be notified to MTS France and the Secretariat of the SVT Market Committee before 15 December of the year (N) in progress to be considered for the following year (N + 1).

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