

# MTS DEPO Market Rules

Effective as of 6 April 2020

MTS DEPO is a multilateral monetary deposit-exchange system operated by MTS S.p.A



**London**  
Stock Exchange Group

# MTS DEPO Rules

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## RULES

### SECTION I

#### GENERAL PROVISIONS

##### Art. 1 – Definitions

Within the scope of these Rules, the following expressions have the following meanings:

“Agent Bank”	Shall mean the entity adhering to a gross payment system that executes the contracts on behalf of a participant in the MTS Depo market.
“BIC”	(Bank Identification Code) shall mean the identification code of the participant and/or its agent bank, if any;
“Bilateral trading request”	Shall mean the functionality of the market that allows a participant to request another participant to enter a quote and to conclude the contract by accepting it;
“Business Day”	Shall mean, depending on the Section, a business day in accordance with the calendar of the gross payments system through which the trade is executed;
“Capital”	Shall mean the Tier 1 or equivalent regulatory capital, as defined in the capital adequacy regime of the supervisory authority of the country in which the participant is established;
“Deposit”	Shall mean the initial transfer of funds in performance of an obligation arising from a contract;
“Electronic Trading Platform”	shall mean the electronic trading system made available by MTS through which contracts are traded on the market;

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- “Final value date” indicates the day when, under the terms of the contract, the participant that received the funds is to repay them;
- “Group” Shall mean the group of entities included in the same scope of consolidation pursuant to International Accounting Standards - IAS 27;
- “Initial value date” indicates the day when, depending on the type of contract, the initial transfer of funds from one participant to another is to take place;
- “Market” Shall mean the multilateral monetary deposit-exchange system managed by MTS S.p.A.;
- “Membership Contract” Shall mean a set of contractual documentation regulating the relationship between MTS and each participant relating to the provision of services, as defined in the general conditions available on the MTS S.p.A. website. The market membership contract includes the application for membership, the general conditions and all attachments, also including the regulation at stake and the fee schedule, as well as any document included by reference;
- “Order” Shall mean the manifestation of a participant’s desire, transmitted through the electronic trading platform, to conclude a contract with another participant on the terms set out by the latter in a quote, even for partial quantities of the quote;
- “Quote” Shall mean the request for or offer of funds made by a participant, through the electronic trading platform, with an indication of the type of trade the Participant intends to trade, as well as the quantity of funds and the rate offered;
- “Reimbursement” Shall mean the restitution of funds, under the terms of the agreement, by a person who has previously received a Deposit;
- “Registration of the contracts” Shall mean the functionality of the market that allows the registration in the electronic trading platform of the contract bilaterally agreed and its acceptance by the counterparty.

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“Regulatory Specifications”	Shall mean a section of the MTS website available at the address <a href="http://www.mtsmarkets.com/resources/market-rules">http://www.mtsmarkets.com/resources/market-rules</a> where parameters and other important information are included or indicated by reference; the Regulatory Specifications form an integral part of the Rules.
“Section”	Shall indicate the market sector in which trades whose subject are certain monetary species are negotiated;
“TUB”	Indicates Legislative Decree no. 385 of 1 September 1993 (Consolidated Law on Banking and Credit) and subsequent amendments;

## Art. 2 – Scope of the Rules

1. These Rules govern the organization, the management and the functioning of the market MTS Depo, a multilateral trading system of monetary deposits. Particularly, the Rules define:
  - a) conditions and procedures for admission, suspension and withdrawal of participants from trading;
  - b) rules and procedures for the exchange of deposits and execution of contracts;
  - c) necessary measures to facilitate the efficient settlement of concluded transactions;
  - d) necessary conditions and procedures for verifying the participants' compliance with the rules and the applicable disciplinary procedures;

The Rules, in their most recent version, are published on MTS website at <http://www.mtsmarkets.com/resources/market-rules>.

2. The relationship between MTS and the participants in relation to market access and operation is governed by the market membership terms and conditions, of which these Rules are an annex. Before being able to operate on the market, each participant must declare that it is aware of, understands and accepts the market membership terms and conditions, having had the opportunity to examine it on the MTS website at <https://www.mtsmarkets.com/resources/market-rules> and/or, for documents not available on the website, having received a copy from MTS and having had the opportunity to discuss its content with MTS.

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3. The participants are required to pay fees, in the cases, for the amounts and in the manner established by MTS on the basis of non-discriminatory and transparent criteria, indicated in the Fee Schedule (document publicly available and which forms an integral part of the market membership terms and conditions).
4. These Rules is subject to Italian law. Italian law shall apply to trades concluded on the market and any dispute relating thereto shall be submitted exclusively to the jurisdiction of the Court of Milan unless, in either case, different and prior agreement between the parties in accordance with applicable law. However, the choice of a different law and/or jurisdiction will have no effect if it may result, directly or indirectly, in the non-application, even partial, of these Rules and the market membership terms and conditions.

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## SECTION II

### CONDITIONS AND PROCEDURES FOR THE ADMISSION TO TRADE OF PARTICIPANTS AND RULES OF CONDUCT

#### Art. 3 – Participants admitted to trade

1. The following categories of entities may be admitted to trading on MTS Depo:
  - a) Italian banks as defined in Article 1(2)(a) of the TUB;
  - b) European Union banks referred to in Article 1(2)(b) of the TUB;
  - c) non-European Union banks authorised to provide services in Italy referred to in Article 1(2)(c) of the TUB;
  - d) securities brokerage firms (SIMs) referred to in Article 1(1)(e) of the TUF;
  - e) European Union investment firms as referred to in Article 1(1)(f) of the TUF;
  - f) firms from third countries referred to in Article 1(1)(g) of the TUF authorised to provide services in Italy;
  - g) multilateral development banking institutions involving one or more Member States of the European Union, such as the European Investment Bank.
  - h) the Ministry of the Economy and Finance;
  - i) the Bank of Italy;
  - j) monetary authorities, central banks, public bodies responsible for the management of public debt, other bodies carrying out similar functions in European Union countries, or non-EU countries;
  - k) Poste Italiane S.p.A.;
  - l) Cassa Depositi e Prestiti S.p.A.;
  - m) Italian insurance undertakings as referred to in Article 1(1)(u) of Legislative Decree No. 209/2005;
  - n) European Union insurance undertakings referred to in Article 1(1)(v) of Legislative Decree No. 209/2005;
  - o) non-European Union insurance undertakings as referred to in Article 1(1)(z) of Legislative Decree No. 209/2005 authorised to provide services in Italy;

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- p) the asset management companies (SGRs) referred to in Article 1(1)(o) of the TUF;
- q) the European Union management companies referred to in Article 1(1)(o-bis) of the TUF;

## Art. 4 – Admission requirements

1. In order to be admitted to trading, participants must comply with the following requirements, which must be met on a continuous basis:
  - a) have the following assets:
    - capital of at least 10 million euros for the banks referred to in Article 3(1)(a), (b) and (c) and the insurance undertakings referred to in Article 3(1)(m), (n) and (o);
    - capital of at least 1 million euros for the brokerages and investment firms referred to in Article 3(1)(d), (e) and (f) and management companies referred to in points (p) and (q);
  - b) be able to execute in gross payment systems trades concluded on the market directly or through an agent bank;
  - c) meet the requirements of competence and integrity, including, but not limited to, the following characteristics:
    - have an adequate organizational and technological structure to be a participant;
    - have a trading staff who (i) are familiar with the available rules, market operating procedures and trading features and (ii) have the appropriate professional qualifications;
    - have a compliance department that (i) has a good knowledge of these Rules and the rules governing the functioning of the market and (ii) provides adequate support for the activities of the respective trading structure;
    - have systems, procedures and controls appropriate to those required by MTS in accordance with applicable laws;
  - d) using software used to access the market that has passed appropriate compliance testing by MTS;
  - e) have a valid LEI code; and

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- f) have appointed a market activity contact person who has a thorough knowledge of these Rules and applicable laws.
2. Participants using an agent bank for the execution of contracts may appoint an agent bank for each currency traded. Agent banks must sign a contract with MTS to access caps management and the information necessary to execute contracts.
3. Compliance with the requirements is verified at admission and subsequently on an annual basis through specific requests from MTS for data and documentation regarding technological systems, organisational aspects and risk control.
4. Compliance with the capital requirements referred to in point (a) must be demonstrated in the participant's latest audited financial statements or supervisory reporting, whichever is the most recent.

## Art. 5 – Participants admission procedure



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1. For admission to trading, the participants shall submit to MTS a complete application, including all relevant annexes, in the form prescribed by MTS. When considering the application, MTS reserves the right to request additional information and documentation if it deems it appropriate. MTS shall decide on the application for admission within 10 working days of the date on which it considers the application to be complete.
2. For the purposes of admission, MTS shall assess whether or not the applicant meets the criteria set out in these Rules, applicable law and any additional operational requirements that may be required by MTS.
3. MTS rejects the application if it considers that the participant's admission (i) may impair the proper functioning or orderly trading of the market or its other electronic markets and/or (ii) has been made for purposes other than market trading. The rejection measure of any applications for admission should be motivated.

## Art. 6 – Rules of conduct

1. Participants shall comply with these Rules, and the technical and operational documents accompanying these Rules. The participants shall maintain conduct based on principles of fairness, diligence and professionalism in their relations with market counterparties, in their compliance with MTS and in the use of trading systems.
2. Participants shall promptly notify MTS of any circumstances known to them, including any technical malfunction of their systems, which may or may not affect compliance with these Rules.
3. The participants are responsible to MTS for the conduct of their employees and collaborators and ensure that such persons are familiar with the rules, the way the market operates and the technical tools that are functional to the trading activity and that they possess adequate professional qualifications. The conduct of negotiators in violation of these Rules will be considered as implemented by the participant himself.
4. Participants shall refrain from any action that may prejudice the integrity and proper functioning of the market. From the time they apply for admission and whenever they place a Quote or an Order, the participants declare, warrant and undertake to MTS:
  - a) to confirm or expressly refuse the conclusion of contracts, except in the cases expressly provided for in these Rules;
  - b) not to negotiate, assign or transfer, or attempt to negotiate, assign or transfer, in whole or in part, any contract concluded in the market;
  - c) to refrain from any conduct or act that may prejudice the proper functioning of the market and undertake to comply with the provisions laid down by MTS for this purpose;
  - d) to promptly notify MTS of trade interruptions due to software or hardware malfunctions or a connection interruption specifying the cause and, where possible, the expected duration, and in this case the

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participant involved shall suspend or, if necessary, cancel all its Quotes if it reasonably believes that it is exposed to market risks as a result of the malfunction or technical problem and respect and accept the outcome of the MTS controls set forth in these Rules;

- e) at the request of MTS, to demonstrate at least once a year its continued compliance with the conditions for admission. MTS may require the submission of data, information or documents useful for this purpose, including certifications from audit firms;
- f) to communicate without delay any substantial changes to the information provided in its application to MTS (including the relevant Legal Entity Identifier (LEI) code);
- g) to immediately notify MTS of any breach of the commitments referred to in this Article 6,
- h) to pay all fees due to MTS by the due date;
- i) at all times to carry out, or ensure that the settlement of concluded contracts is carried out promptly;
- j) to keep confidential and not disclose in any way any information or data provided to or by the market (except to provide a participant with information relating to quotes or orders made by the participant itself), except as required by a supervisory authority or court having jurisdiction over the participant, or over the group to which the Participant belongs, subject to a confidentiality agreement with MTS, in a form approved by MTS.
- k) to communicate in a timely manner, without prejudice to confidentiality obligations provided by the law, any IT-security related accident that may have a potential impact on the market, including non-authorized disclosure of passwords or other security credentials, or that allow access to the market, or the violation of the confidentiality of market information, including of the identity of the parties to the contracts concluded.

## Art. 7 – Resignation of participants

1. Any participant may resign from membership of the Market by giving not less than 3 months' notice in writing to MTS specifying the date on which the participant wishes to terminate its 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. Market Membership terms & conditions include additional relevant provisions on termination.

## Art. 8 – Suspension from trading

1. Without prejudice to the provisions under Section IV here below, if, in relation to a particular participant, MTS determines that any of the following circumstances apply, or that there are reasonable grounds for presuming that

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any of the following circumstances apply, it shall suspend that participant with immediate effect. A suspended participant shall not be permitted to input quotes, orders or making confirmation on the market. MTS may revoke a suspension if it considers that the circumstances which gave rise to the suspension no longer apply.

2. The circumstances mentioned in paragraph 1 are:
  - a) a participant ceases to meet one or more of the eligibility criteria applicable for the admission, with the exception of the prudential requirements referred to in article 4, paragraph 1, letter a)c). In such a case the suspension will be applied if the participant fails to provide MTS with proof of replenishment of capital within three months from the relevant notification by MTS;
  - b) in case where the participant has been suspended from operating or specifically from trading activities by a competent authority, or MTS has been instructed by said competent authority to suspend the participant from trading on the market;
  - c) request to suspend a participant is received from an agent bank through which the participant settles trades;
  - d) where a participant takes or is subject to an insolvency procedure among those listed in Regulation (EU) 848/2015 or any other insolvency procedure applicable to the participant;
  - e) MTS, with a motivated order, has considered that the suspension of the participant is instrumental in order to maintain an orderly market.
3. Notwithstanding paragraphs 1 and 2 above, MTS 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 involved in any other set of circumstances that threatens the correct and orderly functioning of the market. The period of precautionary suspension shall be determined by MTS 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 to all other participants by such means as MTS considers appropriate where permitted under applicable laws.
5. Suspension 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 effectiveness of such suspension.

## Art. 9 – Exclusion from trading

1. Without prejudice to the provisions under Section IV here below, if in relation to a particular participant, MTS shall determine that any of the following circumstances apply, it may exclude said participant from negotiations with immediate effect.

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2. The circumstances according to paragraph 1 are:
  - suspension from trading for a period of 2 months; and
  - insolvency following the commencement of any of the insolvency proceedings set forth in the European Regulation no. 848/2015; or subjection to other insolvency procedures in accordance with the laws applicable;
  - to cease to belong to the categories referred to in article 3 paragraph 1.
3. Any participant exclusions may be notified by MTS, at its discretion, to all other participants by the means that MTS considers appropriate.
4. The exclusion 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 exclusion.

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## SECTION III

### MARKET OPERATIONS

#### Art. 10 – Market management

1. MTS shall take all necessary steps to ensure the orderly functioning of the market.
2. MTS shall determine the operational characteristics of the Market Trading Protocol and reserve the right to amend them.
3. For the purpose of maintaining fair and orderly markets, MTS, with a motivated order, has the right to, without limitation:
  - a) at any time, suspend the operation of all or part of the market, including the suspension of trading of specific types of exchange contracts regarding monetary deposit, the suspension of participants and/or the cancellation of trades, if it determines that normal market conditions do not apply;
  - b) postpone the start of trading on the market or part of it or extend the Trading Hours in order to improve the functioning of the market;
  - c) temporarily suspend trading on the market or parts thereof in the event of a serious technical malfunction or other exceptional circumstances; and
  - d) monitor the operation of the market and apply its own risk control policies.
4. MTS shall not be liable to participants or any third party for any loss (including indirect or unforeseeable damage, including for instance but not limited to loss of profit), damage, injury or delay, direct or indirect, resulting from failure or suspension of all or part of the market or from the closing of the market, or (in the absence of wilful misconduct or gross negligence on its part) for any action taken or omitted relating to the performance or non-performance of the services contemplated by these Rules.
5. In the event that a participant fails to meet its obligations to protect passwords or other security credentials or allows unauthorized access to the market, it shall be liable for all losses, damage and expenses resulting from such failure. Participant shall also indemnify and hold harmless other participants, MTS and/or service providers against all losses, damages and expenses incurred as a result of such breach or unauthorized access.

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## Art. 11 – Types of contracts

1. In the market is possible to trade contracts of exchange monetary deposits of different type of size (“depo” and “depo Large”) as reported in the Regulatory Specifications.
2. In the market are traded the following contracts for the exchange of monetary deposits are negotiated on the market and have as their object the transfer of funds between participants:

Overnight (O/N): funds are transferred on the same trading day (T) and returned on the next following business day (T+1);

Tomorrow next (T/N): Funds are transferred on the business day immediately following the day of the trade (T+1) and returned on the second business day following that of the trade (T+2);

Spot next (S/N): Funds are transferred on the second business day following the day of the trade (T+2) and returned on the third business day following that on which they are traded (T+3);

Time deposits: Funds are transferred according to the terms indicated in the Regulatory Specifications, and returned at predetermined maturity according to the options indicated in the same Regulatory Specifications;

Broken Date Deposits: the terms of transfer and reimbursement of funds (“Initial value date” and “Final value date”) are freely agreed between the participants, provided that such terms do not coincide with the expiration day of other types of contracts listed above and between the two currencies there is a minimum period of 1 day indicated in the Regulatory Specifications.

3. The list of dates that can be used for contracts with standard terms, including initial and final value dates, is updated and made available through the trading platform.

## Art. 12 – Trading methods and hours

1. Negotiations are carried out through the electronic trading platform, which allow:
  - a) the display of orders and quotes;
  - b) the request and acceptance of quotes;
  - c) the registration of the contracts;and the forwarding of data relating to the amounts to be credited for trade execution.

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2. Trading on the MTS Depo market takes place at the times indicated below:
  - 7.00 am - 8.00 am CET pre-market
  - 8.00 am - 5.45 pm CET open market
3. Participants may submit quotes in the pre-market and open market hours. Quotes included in the pre-market hours shall be made visible to other participants at the launch of the open market. Participants may place orders in response to a specific quote only during the open market hours.
4. Participants shall have the possibility to limit or exclude the conclusion of contracts with certain market counterparties (credit line).
5. Participants using an agent for the execution of contracts may negotiate within the limits defined by the agent banks, referred to in Article 13.
6. MTS shall make available to each participant the information necessary for the negotiation and for the execution of the contracts.

## Article 13 - Setting and controlling caps

1. Agent banks executing contracts on behalf of a market participant must define a daily limit or cap for the participant's operations. In this case the trading platform shall allow the participant to conclude contracts for a total net worth not exceeding the daily cap defined by the agent bank. If the agent bank does not set a daily cap the participant will not be able to trade for the day and only the execution of deposits or redemptions benefiting the participant will be allowed.
2. During trading the platform calculates the residual daily cap in real time, equal to the difference between the daily cap and the total amount traded by the participant, and allows the entry or modification of quotes or orders whose value does not exceed the residual daily cap.
3. Contracts concluded between the participant and its agent bank or between participants using the same agent bank are not counted towards the calculation of the residual daily cap.

## Art. 14 – Quotes

1. Each participant may display bid and/or ask quotes. Quotes bear the ID of the participant that entered the quotes and can be addressed to all market participants or to a single participant if sent in response to a specific request. The ID of the participants is also reported in the registrations of the contracts and the related acceptances. In the case of quotes larger than the large size, as provided in the Regulatory Specifications, quotes may be anonymous and the identity of the participant that entered it will be made known to the other party when the order is placed.

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2. The amount of each quote may not be less than the minimum amount set out in the Regulatory Specifications and, if higher, must respect the minimum increase specified in the Regulatory Specifications.
3. The electronic trading platform shall display quotes in order of price (rate) and time.
4. Participants may limit the display of quotes submitted to a partial quantity between the minimum tradeable lot and the total quantity of the quote.
5. A participant may modify, suspend or cancel the quotes set out above at any time.
6. If a quote is partially executed, the non-executed part remains active for the remaining amount of the negotiation, maintaining the priority acquired previously.
7. At the end of each trading day the quotes that have not resulted in concluded contracts are automatically deleted.

## Art. 15 – Orders

1. Orders placed by participants must refer to a specific quote displayed in the system.
2. The amount of each order may not be less than the minimum amount set out in the Regulatory Specifications.
3. The participant can indicate in the negotiating order the quantity within which it is willing to conclude the Trade, leaving the participant who has made the applied quote the right to conclude the trade, expressly accepting such order.
4. Orders placed with respect to active quotes have a maximum validity indicated in the Regulatory Specification. An order that has not been accepted or refused within the maximum validity will be automatically cancelled after this time has passed.
5. Orders can be of the following types:
  - Fill and Kill (FAK): the orders can be executed totally or partially. In the event of a partial execution, the remaining quantity is cancelled;
  - All or Nothing (AON): only the full amount can be executed, otherwise they are cancelled.

## Art. 16 – Conclusion and registration of trades

1. The electronic trading platform displays the quotes based on the priority of rate and time.
2. Trades shall be concluded:
  - i. upon acceptance of the order by the participant submitting the nominative quote; or



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- ii. after acceptance of the order by the Participant submitting the quote, at the time of acceptance by the Participant submitting the quote, only in the case of anonymous quotes;
  - iii. at the time of registration of the trade and acceptance by the counterparty, in the case the participants shall use the “registration of the contracts” functionality; or
  - iv. at the time of acceptance of a quote by a Participant requesting a quote, in the case participants shall use the “bilateral trading request”.
3. Acceptance must be input by the deadline specified in the Regulatory Specifications. Failure to accept within this time will prevent the conclusion of the trade.
4. The market gives the counterparties notice of the conclusion of the trade.
5. The trades concluded in the market are registered in a specific electronic file, in the manner and for the period established by MTS. Each trade has its own identification number and includes:
  - i. counterparty;
  - ii. type of contract and currency for the exchange of monetary deposits, object, time and date of the conclusion of the trade;
  - iii. quantity and rate.
6. Those authorized to do so may consult the data saved in the electronic archive at any time.

## Art. 17 – Trades cancellation

1. MTS shall, upon the request of both the parties concerned, cancel the trades that are the result of an error, provided that the conditions set out in paragraph 2 are met.
2. The request for cancellation must be communicated to MTS by both participants as soon as possible and in any case no later than the end of the day on which the relevant trade was concluded, with an indication of the identification number of the trade, the type of contract, the rate and the quantity covered by the trade.
3. At the request of a participant, as they are considered to be the result of errors in the input or transmission of data, the trades may also be cancelled if they are carried out under conditions that are clearly inconsistent, in terms of quantity or rate, with the market trend following the evaluation of MTS, it being understood that both contracting parties concerned have generally conferred this power on MTS.
4. A participant who has made a mistake in entering a quote or order or in accepting it is required to promptly inform MTS, providing details of any contracts concluded and specifying that it intends to request the activation of the cancellation procedure.
5. The request referred to in paragraph 4 must be sent by email to [repo.cancellation@mtsmarkets.com](mailto:repo.cancellation@mtsmarkets.com).

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6. MTS shall inform the other party to the trade for which cancellation has been requested. If the other party confirms that it agrees, the bilateral cancellation shall be processed as soon as both requests for cancellation are received by email.
7. If bilateral cancellation is not possible because an agreement with the counterparty is not reached or the counterparty does not respond within 10 minutes, MTS may check whether the conditions for unilateral cancellation are met, as set out below:
  - a) the cancellation request has been communicated to MTS within 30 minutes of the conclusion of the relevant agreement;
  - b) the trade has been executed on conditions that are obviously not consistent, in terms of quantity and rate, with the market conditions as determined by MTS according with its own assessments.
8. In this case, MTS will inform the parties concerned by email of the outcome of the cancellation request within 60 minutes of the conclusion of the incorrect trade.
9. MTS reserves the right not to proceed to the unilateral cancellation if it considers the conditions for determining the correct market value are not met.

## Art. 18 – Execution of the trade

1. MTS shall process and make available to participants the data necessary for the execution of the trades.
2. The execution of trades in Euro shall take place in the Target2 System. The participant must send the form requested by Target 2 duly signed. If the participant uses an agent bank for the execution of trades, the form required by Target2 must be signed by the agent bank.
3. The execution of trades in currencies other than the Euro shall take place in the Payment Systems specified in the Regulatory Specifications from time to time.
4. The electronic trading platform transmits to the Target2 System the data necessary for the execution of the Trades in Euro (automatic execution). For the execution of Trades in currencies other than the Euro the submission of the cash transfer instructions to the payment systems is the exclusive responsibility of the participant (manual execution) and this responsibility also exists if, for any reason, the participant has not been able to receive the data referred to in paragraph 1.

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## Article 19 - Execution of the deposit

1. Immediately after a trade is concluded, the electronic trading platform:
  - i. calculates the interest with the rule of simple capitalization with calculation basis 360 days and enters in the electronic archive the data concerning the interest, as well as information on the trade concluded necessary for the execution of the initial and final transfer of funds;
  - ii. electronically sends to the participant and/or agent bank that requested it information concerning the trade concluded, necessary for the execution of the initial transfer of funds;
2. For trades that do not provide for the initial transfer on the same day that the trade is concluded, at the beginning of the day on which the initial transfer shall be performed the electronic trading platform sends to the participant and/or agent bank that requested it information concerning the trade concluded, necessary for the execution of the initial transfer.
3. If the execution of the deposit is unsuccessful, the participants must cancel the reimbursement instructions and unless otherwise agreed, the contract is terminated.

## Article 20 – Execution of the Reimbursement

1. At the beginning of the day of reimbursement the electronic trading platform sends to the participant and/or agent bank that requested it information concerning the trade concluded, necessary for the execution of the reimbursement and, where applicable, the submission of cash transfer instructions to the payment systems.

## Article 21 – Information to participants

1. MTS shall make available to each participant, as often as reasonably practicable in real time, at least the following information:
  - a) the rate, quantity and time of the last trade concluded;
  - b) status of all quotes submitted by the same participant and a list of all contracts concluded by it.
2. MTS may also provide each participant with statistical data for each type of contract, containing the following information:
  - a) the maximum, minimum and weighted average rates, as well as the quantities traded, in respect of all trades concluded on the market during the trading day;

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- b) at the start of each trading day, summary statistics from the previous day showing the maximum, minimum and weighted average rate and the volumes traded.
3. All information made available as part of such statistical data on a participant's trading screen relating to other participants shall be anonymous.
4. MTS shall make available to the Participants the following information, which shall be updated daily:
  - a) list of types of money deposit exchange trades available for trading;
  - b) a list of all participants, including identification codes.

## Article 22 - Public Information

1. At the end of each trading day, MTS may publish on its website a list containing, inter alia, the rate and quantity traded for each contract.
2. MTS may freely use and dispose of market data anonymously.

## Article 23 – Information to the Authorities

1. MTS provides the Bank of Italy with news and documents relating to participants and exchanges made in the market whose communication is requested or prescribed pursuant to art. 62-septies of the Consolidated Law on Finance. With regard to the activity carried out by participants belonging to foreign countries, other information, in a disaggregated form for each participant, may be provided - if requested and after consultation with the Bank of Italy, according to what is specified in the Rules where appropriate - to the respective competent national authorities.

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## SECTION IV

### SUPERVISION AND SANCTIONS

#### Article 24 - Supervision of regular conduct of trading

1. MTS shall supervise the conduct of trading through a specific monitoring department and shall verify the compliance with these Rules. In addition, MTS shall adopt any measure that is required or appropriate to ensure the smooth operation of the market.
2. MTS shall perform, inter alia, the following activities:
  - a) verifies the updating of the archives, procedures and everything else necessary to ensure the correct and orderly conduct of negotiations;
  - c) monitors the functioning of the technical infrastructure and promptly inform the participants with regard to any action that may affect the functioning of the market;
  - d) in order to check the participants' compliance with the organizational requirements, it may carry out checks at their own premises or at the premises of third parties appointed by the participant to manage outsourced services;
  - e) requests the participants to provide, also on a periodical basis, relevant data, news and information, as well as to deliver documents.
3. In addition, MTS, within the framework of its monitoring activities, may:
  - a) postpone the start of trading, in order to improve the efficient functioning of the market with respect to the entire market or specific type of contracts of money market deposits exchange or to extend the duration of trading hours;
  - b) temporarily suspend trading in the entire market or in individual types of money market deposit exchange contracts in the event of serious technical malfunction or other exceptional occurrences;
  - c) temporarily suspend one or more participants from trading;
  - d) amend errors related to input of orders into electronic trading platform.

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4. Without prejudice to any measures required in connection with the management of trading, the applicable provisions or law and regulations and the provisions set forth in these Rules regarding provision of information, MTS shall keep confidential any information acquired in connection with its management and market supervisory activities. MTS shall promptly inform the relevant Authority of the adoption of any of the above mentioned measures.

## Art. 25 – Disciplinary measures

1. A participant failing to comply with the obligations deriving directly or indirectly from the application of these Rules or otherwise failing to comply with the electronic trading platform's operational procedures, shall be subject to the disciplinary measures set out below, taking into account the nature and the severity of the violation and any previous breaches by such participant:
  - a) written reprimand;
  - b) monetary penalty ranging from € 10,000 to € 500,000;
  - c) suspension from trading for a period not exceeding two months;
  - d) exclusion from trading;

MTS shall apply the disciplinary measure in a non-discriminatory fashion.

2. In order to adopt the measures referred to in paragraph 1, MTS shall take the following criteria into account:
  - a) the actual and potential impact on the market and the external importance of the breach;
  - b) the size, duration and nature of the breach;
  - c) how MTS became aware of the breach;
  - d) the benefits accrued by the participant from the breach;
  - e) the participant's reaction to MTS' requests and its actual and previous behaviour;
  - f) magnitude of fraud and negligence;
  - g) functioning of system used for internal control and prevention of breaches;
  - h) numbers and magnitude of breaches previously committed by the same participant;
  - i) size of the participant and of the group it belongs to; and
  - j) the cases in which various provisions are breached or the same provision is breached more than once.

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3. The use to which fines are put shall be established on a general basis by MTS in an ad hoc Board of Directors' resolution communicated to the relevant Authorities.
4. A party which has been excluded from trading may be re-admitted to trading, subject to the filing of a new application form.
5. Where a measure of suspension or exclusion from trading is adopted, from the time such measure takes effect the market intermediary to which it is applied shall only be permitted, under the surveillance of MTS, to close out any positions still open and carry out any related transactions that are necessary to protect customers' interests, if any.

## Art. 26 – Procedure for verifying breaches

1. In order to apply the measures referred to in article 25 above, the procedure described in this article shall be initiated within one year of the alleged breach or of the later date on which MTS learned of the alleged breach. In the latter case the procedure described in this article may not be initiated after three years have elapsed from the date of the alleged breach.
2. For the purpose of applying the measure referred to in article 25, MTS sends the relevant participant a letter:
  - a) containing a description of the alleged breach;
  - b) setting a time limit of not less than 15 days within which a written brief may be submitted and possibly a request for a hearing in which to discuss the topic.
3. The letter referred to in paragraph 2 may indicate the measure MTS intends to apply. In such case, if the time limit referred to in paragraph 2(b) expires without the participant having submitted a written brief or requested a hearing, MTS shall apply the measure indicated in the letter.
4. If the participant requests a hearing in which to discuss the issue or if MTS considers such a hearing to be necessary, MTS shall establish the date for the hearing and inform the participant accordingly. The participant shall be represented in the meeting either by its legal representative or by a person appointed for the purpose, being allowed to be assisted by a lawyer of its choice. If the participant fails to attend the hearing without due cause, MTS shall proceed on the basis of the evidence collected up to that time. At the end of the hearing, at the request of the interested party, MTS may set a new time limit of not less than 10 days for the submission of another written brief.
5. On the basis of the evidence collected as part of the procedure referred to in the preceding paragraphs, MTS shall decide within 45 days of the hearing or the subsequent expiry of the time limit for the submission of another written

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brief as provided for in paragraph 4, or if no such hearing is requested or scheduled by MTS, within 45 days of the expiry of the time limit set pursuant to paragraph 2(b).

6. Decisions adopted pursuant to the preceding paragraph shall be promptly communicated to the relevant party giving the reasons for the decision. If one of the measures referred to in Article 25 is applied, the costs of the procedure and in particular those in relation to the examination of the written briefs submitted and the hearings requested, including MTS internal costs, shall be charged to the participant.
7. MTS shall promptly inform the relevant Italian authorities of the initiation of the procedure referred to in this article and of the related decisions.

## Art. 27 – Review of measures

1. The participant may ask for the review of the measures applied pursuant to Article 25 within 15 days of the communication of the relevant measure by means of a petition to the appeals board established pursuant to Article 28.
2. Applications of the measures referred to in Article 25 shall be made public via e-mail of the MTS Client Service Notices after 15 days have elapsed from the communication of the measure to the interested party without the question being referred to the appeals board or, where it has been so referred, after 10 days have elapsed from the communication of the appeals board's decision to the parties.
3. At the request of the participant or of a relevant authority, the complete text of the measure shall be made public, possibly together with all the acts of the proceedings, including the decisions of the appeals board.

## Art. 28 – Appeals board

1. The Appeals Board shall be composed of three standing members and two substitute members appointed by the Board of Directors of MTS, which shall also appoint one of the members to be the chairman. The seat of the Appeals Board shall be at MTS's offices.
2. The members of the Appeals Board shall be chosen from among independent persons of proven expertise in matters concerning financial markets.
3. The appointment shall be for three years and may be renewed. Where one of the members vacates the position before the termination of the appointment, the Board of Directors of MTS shall appoint a substitute; such appointment shall last until the termination of the appointments of the other members of the Appeals Board.



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4. The decisions of the Appeals Board shall be adopted in accordance with law allowing debate within 30 days of the date of the petition for review and shall be promptly notified to the parties. The language of the proceedings shall be the Italian language.
5. In agreement with the other members of the Appeal Board, the chairman may assign a question to a single member of the Appeal Board.
6. The decisions of the Appeals Board shall not be binding on the parties and where one of the parties initiates arbitration, they shall not be binding on the arbitrators, who shall have the broadest prerogatives and powers to re-examine the entire dispute without any preclusion.
7. The fees of the members of the Appeals Board shall be borne by the losing party.

## Art. 29 – Board of Arbitration

1. Any disputes arising out or relating to these Rules or other provisions governing the operation of the market, shall be settled by a Board of Arbitration appointed in accordance with this article.
2. Completion of the procedure before the Appeals Board pursuant to the previous article is a condition to the commencement of arbitration proceeding before the Arbitration Board.
3. The Board of Arbitration shall be composed of three members appointed as follows:
  - a) the party that initiates the arbitration procedure shall send an instrument to the other party in which it:
    - declares its intention of initiating the arbitration procedure;
    - indicates the subject of the case;
    - designates its arbitrator;
    - invites the other party to designate its arbitrator;
  - b) the party that receives the invitation referred to in subparagraph a) shall designate its arbitrator within 20 days of receiving the notice; in the event of its omitting to do so, the second paragraph of Article 810 of the Code of Civil Procedure shall apply;
  - c) the third arbitrator, who shall act as Chairman of the Board of Arbitration, shall be appointed consensually by the arbitrators referred to in subparagraphs a) and b); where they fail to agree within 20 days, the third arbitrator shall be appointed by the President of the Milan Court.

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4. The arbitration proceedings thus instituted shall be ritual and shall comply with the provisions of the Italian Code of Civil Procedure. The procedure must be initiated, to avoid debarment from action, within 90 days of the notification referred to in Article 26.2. The dispute shall be settled in accordance with the provisions of Italian law and the language of the arbitration proceedings shall be the Italian language.
5. The seat of the Board of Arbitration shall be in Milan or Rome, in the place appointed by the chairman.

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