

MTS ITALY

Regulated Wholesale Market of (Cash and Repo) Government Bonds

Provisions

EFFECTIVE AS OF 26 JUNE 2023

Wholesale Regulated Market operated by MTS S.p.A



SECTION I

Art.1. Definitions (Art. 1 Rules)

The definitions set forth in article 1 of the Rules are hereby deemed to be included by reference in these Provisions.

Art. 2. Fees (Art. 2 Rules)

1. The fees payable by each Participant for the services provided by MTS shall be determined by MTS and are set in the Fee Schedule and shall be notified to the Participants in accordance with the Membership Documentation.

SECTION II

Art. 3. Cash Segment – Financial Instruments - Criteria to apply circuit breakers (Art. 3.6 Rules)

1. Circuit breakers are calibrated by MTS based on controls of static and dynamic reference prices.
2. MTS has calibrated the thresholds of Circuit Breakers taking into consideration data on the historical volatility of different instrument classes of Financial Instruments. Newly issued instruments will inherit the thresholds of similar Financial Instruments. The calibration of the thresholds keeps into consideration the liquidity and volatility of the different classes of Financial Instruments and their residual maturity.
3. In relation to the static control, MTS will compare the traded price with the relevant average prices registered at different hours specified in the Regulatory Specifications.
4. MTS shall automatically suspend a Financial Instrument if the Trade is executed at a price that differs from the relevant reference price referred to in paragraph 3 by a percentage that is above the set threshold.
5. In relation to the dynamic control, MTS will consider the relevant price at which the contract is executed as compared with the traded price occurred on the same Financial Instrument, as specified in the Regulatory Specifications.
6. MTS shall automatically suspend a Financial Instrument if the Trade is executed for a price that differs from the price referred to in paragraph 5 for a percentage that is above the set threshold laid down in the Regulatory Specifications.
7. For the purpose of managing exceptional circumstances and order imbalances, MTS retains the ability to amend, intra-day, with immediate effect, the Circuit Breakers thresholds, allowing for price discovery to continue.
8. A Financial Instrument that has been suspended can be re-admitted to trading manually by MTS.
9. In accordance with the applicable guidelines issued by the regulators, MTS shall inform Participants, the public and the Authorities about the suspension of a Financial Instrument, by giving details on the type of suspension, the expected length of the suspension and the end of the suspension.

Art. 4. Cash Segment – Participant admission criteria (Art. 5.3 Rules)

1. The admission criteria referred to in Article 5.3 of the Rules let c) and d), as integrated by lett. f), are considered satisfied subject MTS ascertaining that the group company having the status of Primary Dealer has given its consent
2. Participants may use any of the providers of Settlement Services and/or of Central Counterparty Services listed on the Regulatory Specifications.
3. The Capital of Participants for supervisory purposes, in the absence of different specific regulatory provisions, shall be the "Tier 1" surveillance capital or equivalent in accordance with the capital adequacy regime of the country in which the Participant is subject to authorisation.

4. The contact person appointed for trading activity by the Participant will be required to interact with the MTS monitoring department. This contact person shall also appoint an appropriate substitute with similar qualifications to replace him/her in the event of his/her absence.

Art. 5. Cash Segment - Participant's on-going undertakings (Art. 7.1.i Rules)

1. The existence of the conditions set forth in article 5 of the Rules shall be investigated at the time of the examination of the Application Form.
2. The continued existence of the admission conditions shall be verified on an ongoing basis by MTS by means of tools defined by MTS.
3. The verification of the continued existence of the organisational structure and of the internal procedures for the control of the trading activities that can be verified on the basis of specific requests of information and documentation by MTS, relating to the technological systems, organizational structure and risk management.
4. Should the documentation filed or the information provided by the Participant be incomplete, MTS will inform in writing the Participant inviting it to provide the necessary additional information and documentation.

Art. 6. Cash Segment - Suspension from trading (Art. 9 Rules)

1. Acts performed with a view to distorting the correct formation of prices shall be deemed to be prejudicial to a fair and orderly market. This category of acts includes, without limitation, those behaviours identified in the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and associated laws and regulations ("MAR").
2. Upon the occurrence of acts or omissions described in paragraph 1 above, MTS shall request information from the Participants involved through the procedures established for such purpose, including, if it deems it appropriate, in accordance with Section IV of the Rules.

Art. 7. Cash Segment - General System operations (Art. 11 Rules)

1. Trading Time

7.30 - 8.00 CET: Pre Market phase, during which only Market Makers are operating. During this phase, Market Makers can issue and amend their Quotes. Market Makers may only view their own Quotes.

8.00 - 8.15 CET: Preliminary Market phase, during which all Participants may operate on the basis of the user profile assigned to them. Automatic matching between Quotes is not operational during this phase.

8.15 - 17.30 CET: Open Market phase, during which all Participants may operate on the basis of the user profile assigned to them. Automatic matching between Quotes is active until the closing of the Market.

17.30 - 7.30 CET: Closed Market phase, during which no operations may be performed.

Art. 8. Cash Segment - Cancellation of Trades on the Cash Segment

1. Cancellation of erroneous Trades shall be carried out by MTS on the basis of a written request to be sent by email to MTS at **mts.cancellations@euronext.com** prior to the closing of the Market or immediately afterwards. Participants shall make sure that only properly authorised employees send the relevant request to MTS and therefore MTS shall not be liable for auctioning any non authorised request. Upon receipt of the communication MTS will promptly contact the counterparty to the relevant trade regarding the requested cancellation.

- 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. A bilateral cancellation can be carried out up until the closing of the market or immediately thereafter.
- 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 will ascertain whether a unilateral cancellation can be performed. A unilateral cancellation procedure can only be started if the relevant cancellation request has been notified to MTS within 5 minutes from the execution of the relevant Trade.
- c) In order to qualify for unilateral cancellation a Trade must be proved beyond doubt to deviate considerably from the Fair Market Value of the security in question at the time of execution.
- d) To ascertain MTS shall apply the following formula:

$$BV \text{ Mid } +/- [(Average \text{ of best bid-offer spread over } n \text{ days detected on the Cash Segment of the Market}) * (\text{cancellation factor})]/2$$

where:

BV Mid is the mid price resulting from the prices quoted in the BondVision Market, Cash Segment for the Security, recorded at the time of conclusion of the Trade being cancelled;

MTS shall indicate in the Regulatory Specifications the number of days over which it calculates the Average of the best bid-offer Spread detected on the Cash Segment and the cancellation factor.

- e) Where the BV Mid referred to in point d) above is not available, MTS shall apply the following procedure:
 - i) MTS shall ascertain the bid-offer Fair Market Value of the security in question by immediately requesting up to five (5), but in any case not less than three (3), firm two-way inter-dealer electronic quote at the time of execution of the Trade.
 - ii) The five banks consulted are 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/offer spread, i.e. the two ways electronic "inter-dealer" quotes they input or would have input in any inter-dealer electronic market.
- iv) MTS will discard the Quotes containing the highest and the lowest bid and the Quotes containing the highest and the lowest offer and will calculate, truncating the result to the third decimal and then rounding up to the second one, the average of the remaining bid prices and the average of the remaining ask prices which will determine the Fair Market Values.
- v) Once Fair Market Values are ascertained, MTS will calculate the relevant spread (average bid/offer spread).
- vi) The Trade price in question will be considered to deviate from the bid-offer Fair Market Value if it is more than 50% wider than the average bid/offer spread which was calculated.
- f) If the Trade was executed at a price that is inconsistent with the Financial Instrument's Fair Market Value based on the criteria listed in points d) or e) above, MTS shall perform the unilateral cancellation of the Trade in question in order to maintain a fair and orderly Market and avoid the unfair penalisation of participants for genuine errors.
- g) 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 35 minutes from the time of conclusion of the erroneous Trade.
- h) MTS is entitled to reveal the identities in order to resolve the Trade dispute, if deemed useful to resolve the Trade dispute.
- i) In exceptional circumstances, to be determined by MTS, and upon a written request, sent via email to MTS by both counterparties to the relevant Trade, in case a Trade has been executed at Price not in line with the current market value, MTS can proceed to amend the Price of the relevant Trade.

In the event of a Major Market Incident (MMI), MTS shall cancel the Trades affected by such MMI. In connection with such cancellation, MTS shall also be entitled to take into account Trades entered into outside of the MMI period but affected by the Market malfunctioning; and shall also be entitled to determine that Trades entered into during the MMI period have remained unaffected by such MMI. MTS may at its discretion consult the Participants the Trades of which have or may be affected by a MMI.

MTS shall inform the Participants and the supervisory authorities in a timely manner of the occurrence of a 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.

MTS shall on its initiative cancel Trades or correct data transmitted in accordance with the Rules which relate to securities the issuance of which has been announced by the issuer and which have not been issued.

Art. 9. Cash Segment – Requirements for registration in the Market Makers' Register (Art. 20 Rules)

1. Compliance with the requirements for the registration in the Market Makers' Register shall be reviewed by MTS in accordance with the procedures set out in these Rules for Participants.
2. In the event that a Participant previously cancelled from the Market Makers' Register submits an application for the re-registration in such Register, MTS shall evaluate the grounds for such cancellation and their severity on a case by case basis and shall base its decision on whether to allow the re-registration of such Participant in such Register.

Art. 10. Cash Segment – Market Makers' Commitments (Art. 21 Rules)

1. The allocation of Financial Instruments to each Market Maker shall be based on the following criteria:
 - a) Full coverage of the Financial Instruments. All BOT, BTP, BTi, CTZ, CCT having at least 45 days of residual life at the beginning of the month in which the commitments are valid shall be considered as eligible for Market Makers' commitments purposes;
 - b) Quoting of each Financial Instrument by a number of Market Makers adequate to guarantee actual competition. Each Market Maker is assigned 31 Financial Instruments, among which 4 index linked BTPs, so that each Market Maker shall quote a basket representing the full yield curve and balanced in terms of most traded Financial Instruments. Each Financial Instrument is allocated to at least three Market Makers. The same Financial Instrument cannot be assigned to the same Market Maker for two consecutively months.
 - c) Half the number of Financial Instruments of each category, quoted with the narrowest average bid/ask spread during the two previous months, shall be considered as most traded Financial Instruments.
 - d) The Financial Instruments issued during the relevant current month shall be monitored, without being assigned to any Market Maker. They will be monitored together with other non-assigned Financial Instruments until the first trading day of the month subsequent the issuance.
2. MTS shall make available on its website to each Market Maker, in dedicated password protected areas, the list of Financial Instruments allocate to the Market Maker. Market Makers are not entitled to ask for information about the Financial Instruments allocated to other Market Makers.
3. For every Financial Instruments allocated to it a Market Maker shall send Double Sided Quotes with comparable sizes and competitive prices for at least 4 hours and 45 minutes during each trading day..
4. In order to be a Double-Sided Quote of a comparable size, the difference between the quantity in bid and the quantity in offer shall not exceed 50%.
5. In order to be competitive, a Duble Sided-Quote shall not express a bid-offer spread above the maximum bid offer spreads indicated in the table below:

Maximum bid-offer spread							
Remaining term	Liquid BTP	Non Liquid BTP	Inflation Linkers	Liquid CCT	Non Liquid CCT	CTZ	BOT
A (< 3.5 years)	8	15	60	15	30	6	10 (bp)
B (3.5 < years < 6.5)	20	25	75				
C (6.5 < years < 13.5)	30	50	100				
D (>13.5 years)	100	120	200				

MTS shall make available on a daily basis to each Market Maker, in dedicated areas password protected, their average spread and the quoting time for each instrument, together with the spread and the average quoting time of the Market.

For the Financial Instruments allocated, the compliance with Market Makers 'commitments shall be measured in accordance to the following criteria:

- a) For each Market Maker and Financial Instrument allocated it shall be calculated the average bid-,offer spread weighting each single bid- offer spread for the relevant time length of quotation. On this respect, it shall be considered only spread related to Double-Sided Quotes which comply with the parameters of comparable size and of maximum bid-offer spread and that are quoted for at least 4 hours and 45 minutes.
- b) The average bid-offer spread of each Market Maker on each Financial Instruments allocated shall be compared with the average (plus a standard deviation) of the spread quoted by the other Market Makers, to whom the same Financial Instrument has been assigned and calculated as described under point 6.a. above. The average bid-offer spread of the Market Maker will be deemed valid for the purpose of the evaluation of commitments if inferior or equal to such level and in this case a performance of 50% will be assigned. Otherwise, a performance equal to 0% will be assigned.
- c) For each Market Maker and Financial Instrument assigned will be calculated the time length of quotation, taking into account only the Double-Sided Quotes which comply with the parameters of comparable size and of maximum bid-offer spread. The time length of quotation shall be in any case equal to or superior to 4 hours and 45 minutes.
- d) The time length of quotation of each Market Maker on each Financial Instruments allocated shall be compared with the average (minus a standard deviation) of the time length quotation of the other Market Makers, to whom the same Financial

Instrument has been assigned and calculated as described under point 6.c. above. If the time length of quotation of the Market Maker is equal or superior to such level, the performance in percentage points will be calculated as a ratio between the two values and further weighted by a weight equal to 0,50.

For each Financial Instrument allocated, the total performance, expressed in percentage points shall be equal to the sum of the performance calculated for the spread (art. 6.b.) and the one calculated for the time (art 6.d.).

The daily total results shall be the average of the results obtained on each single Financial Instrument allocated. The monthly total result shall be the average of the daily results.

The Market Maker is deemed not compliant when, with reference to the Financial Instruments assigned, both the following conditions apply:

- a) It falls within the lower 10% of the monthly performance ranking and, in any case, has a total performance referred to in section 7 above below 60% and
- b) It falls within 10% of the monthly ranking of all Market Makers' volumes.

If the Market Maker submit Double-Sided Quotes on Financial Instruments different from the ones allocated to it by MTS, pursuing a Market Making Strategy, it shall comply with the commitments described under points 2,3 and 4 above on those Financial Instruments. The Market Makers' compliance with its commitments will be measured according to the following criteria:

- a) For each market Maker and Financial Instrument not allocated will be calculated the average bid-offer spread weighted as indicated in article 6.a. The average bid-offer spread of the Market Maker will be deemed valid for the purpose of the evaluation of its commitments if inferior or equal to the maximum bid offer spreads indicated in the table above and in this case a performance equal to 50% will be assigned. Otherwise, a performance equal to 0% will be assigned.
- b) For each Financial Instrument not allocated will be calculated the time length of quotation as indicated in article 6.c.. The time length of quotation of a Market Maker will be deemed valid for the purpose of the evaluation of its commitments if equal or superior to 4 hours and 45 minutes and in this case a performance equal to 50% will be assigned. Otherwise, a performance equal to 0% will be assigned.

For each Financial Instrument not allocated, the compliance, expressed in percentage points shall be equal to the sum of the performance calculated for the spread (art. 11.a.) and the one calculated for the time (art 11.b.).

The daily total results shall be the average of the results obtained on each single Financial Instrument not allocated. The monthly total result shall be the average of the daily results. The Market Maker is deemed not compliant when with reference to Financial Instruments not assigned has a total performance lower than 60%.

The Market Maker is not under the obligation to comply with the quoting commitments provided herein and in article 30 of the Rules in those days which are bank holidays in the country where the Market Maker carries out its business.

Where a Market Maker fails to honour its Market Makers' Commitments on the Financial Instruments allocated for three (3) consecutive months, MTS could issue such Market Maker with a written notice of the failure asking for the strict compliance of its commitments.

Following receipt of the above notification, where the Market Maker in question fails to honour its Quoting Commitments on the Financial Instruments allocated for three (3) consecutive months on a second occasion, MTS shall have the right to cancel the Market Maker from the Market Makers' Register. The participant so cancelled from the Market Makers' Register shall be allowed to Trade on the System as Price Taker.

Where a Market Maker fails to honour its Market Makers' Commitments on the Financial Instruments not allocated for six (6) consecutive months, MTS could issue such Market Maker with a written notice of the failure asking for the strict compliance of its commitments.

Following receipt of the above notification, where the Market Maker in question fails to honour its Quoting Commitments on the Financial Instruments not allocated for six (6) consecutive months on a second occasion, MTS shall have the right to cancel the Market Maker from the Market Makers' Register. The participant so cancelled from the Market Makers' Register shall be allowed to Trade on the System as Price Taker

In the event paragraph 17 or 19 above applies with reference to a Market Maker who is a Primary Dealer in accordance with , MTS will inform the Ministry of Economy and the decision, if any, on the cancellation from the Market Makers' Register shall be taken after having heard the same Ministry.

Market Makers shall have quoting commitments on all the following Categories of Financial Instruments: BOT, BTP, BTi, CTZ, and CCT.

Art. 11. Cash Segment – Settlement and Central Counterparty Services (Art. 23 Rules)

1. Il The Settlement Service available for Italian Financial Instruments, as indicated in the Regulatory Specifications, recycle for settlement the Trades for the ten days following the day set for their execution before being cancelled. Participants, based on separate agreements, can settle Trades executed but yet settled.

SECTION III

Art. 12. Repo Segment – Participants’ admission criteria (Art. 30 Rules)

1. Participants may use any of the providers of Settlement Services and/or of Central Counterparty Services listed on the Regulatory Specifications.
2. In the absence of specific instructions by the regulatory entities, the Capital of Participants for supervisory purposes shall be the “Tier 1” surveillance capital or equivalent in accordance with the capital adequacy regime of the country in which the Participant is subject to surveillance.
3. The contact person appointed for trading activity by the Participant will be required to interact with the MTS monitoring department. This contact person shall also appoint an appropriate substitute with similar qualifications to replace him/her in the event of his/her absence.

Art. 13. Repo Segment - Participants’ on-going undertakings (Art. 32)

1. The existence of the conditions set forth in article 5 of the Rules shall be investigated at the time of the examination of the Application Form.
2. The continued existence of the admission conditions shall be verified on an ongoing basis by MTS by means of tools defined by MTS.
3. The verification of the continued existence of the organisational structure and of the internal procedures for the control of the trading activities that can be verified on the basis of specific requests of information and documentation by MTS, relating to the technological systems, organizational structure and risk management.
4. Should the documentation filed or the information provided by the Participant be incomplete, MTS will inform in writing the Participant inviting it to provide the necessary additional information and documentation.

Art. 14. Repo Segment – Suspension from trading (Art. 34 Rules)

1. Acts performed with a view to distorting the correct formation of prices shall be deemed to be prejudicial to a fair and orderly market. This category of acts includes, without limitation, those behaviours identified in the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and associated laws and regulations (“MAR”).
2. Upon the occurrence of acts or omissions described in paragraph 1 above, MTS shall request information from the Participants involved through the procedures established for such purpose, including, if it deems it appropriate, in accordance with Section IV of the Rules.

Art. 15. Repo Segment – General system operations (Art. 36 Rules)

Trading Time

7.00 – 7.45 CET: Pre-Market phase, during which Quotes may be submitted, modified and cancelled. Each Dealer has only access to its own Quotes.

7.45 - 18.45 CET: Open Market phase, during which all Market operations may be conducted. Different trading hours can be established by MTS with respect to different Categories of Financial Instruments.

18.45 - 7.00 CET: Closed Market phase, during which no operations may be performed.

Different closing hours can be established by MTS with respect to different Categories of Financial Instruments.

Art. 16. Repo Segment – Conclusion and registration of Trades (Art. 41 and Art. 43 Rules)

1. Trades not guaranteed by the Central Counterparty are on a name give-up basis.
2. Trades guaranteed by Central Counterparty are anonymous.
3. In case of a Trade originated from an Order sent by a Dealer not using the Central Counterparty against a Quote inserted by a Dealer using the Central Counterparty, which is a quote also eligible to be traded bilaterally, the identity of the counterparty will be disclosed to both Dealers promptly after the sending of the Order and therefore before the conclusion of the Trade.
4. Trades may also be concluded following the acceptance by a Dealer of a Quote sent by one of the Dealers it has selected in response to its request for competitive quotes (RFQs). The System provides in the Regulatory Specifications for a maximum time for such acceptance. The entering of requests for competitive quotes is allowed to Dealers who have requested in advance to be enabled to this function and who have identified at least two Dealers, enabled for this purpose, to whom such requests can be addressed.
5. In case of a Trade Registration, (Trade Registration function) or of acceptance of a competitive Quote (RFQ), each party will know the identity of the counterparty since the beginning. In case of the trade is guaranteed by the Central Counterparty, it will be anonymous.
6. Orders shall be submitted by indicating the volume a Dealer wishes to trade at the price indicated in a Quote, or in the case of the "sweep book" functionality indicated in a series of Quotes.
7. Orders submitted with respect to active bilateral Quotes shall be valid for a maximum period of time established by MTS and equal to 120 seconds. An Order which is neither accepted nor refused prior to the expiry of the maximum time limit will be automatically accepted by the system after the time limit.

8. The repo duration can vary from a minimum of one day to a maximum of no longer than permitted by the relevant CCP/CCPs or by the system. The maximum period between trade date and the spot leg date shall be equal to the limit imposed by the relevant CCP/CCPs or by the system. For repo on the inflation linked securities this period will depend on the availability of the relevant inflation index. Such periods are specified in the Regulatory Specifications.

Art 17. Repo Segment - Cancellation of Trades on the Repo Segment

1. Notification of Error Trades

MTS must be informed, via email at **mts.repo.cancellation@euronext.com**, of error Trades.

2. Bilateral Agreement to Cancellation

MTS will in all cases attempt to arbitrate and reach bilateral agreement for any Trade cancellation request.

MTS, as soon as possible, will notify the counterparty to the Trade that the Trade is under review and request that they agree to the cancellation. If there is agreement, then the request will be treated as a bilateral cancellation and the Trade will be cancelled immediately on receipt of email confirmation.

In the event of transactions carried out on an anonymous basis between two counterparties that use the Central Counterparty Service, MTS shall apply the procedure described above without disclosing the identities of the parties, unless MTS deems useful to reveal the identities in order to resolve the Trade dispute.

3. Unilateral Cancellation Procedure

- i) In the event that the counterparty does not reply within 10 minutes or an agreement on the bilateral cancellation cannot be reached, the following procedure shall apply to ascertain whether a unilateral cancellation can be performed. The procedure for the unilateral cancellation shall only be started if the cancellation request has been notified to MTS within 30 minutes from the execution of the relevant Trade.
- ii) In order to qualify for unilateral cancellation a Trade must be proved beyond doubt to deviate considerably from Fair Market Value of the security and term in question and to cause a financial loss greater than a certain monetary value threshold, as indicated in point 3.iv. Fair Market Value is defined using the following steps:
 - Comparison with last Trade executed in same Security/Term *in a size no less than €5m* within the previous 30 minutes, regardless of the side (whether the last Trade was hit or lifted).
 - If there are no qualifying Trades MTS shall determine the Fair Market Value of the relevant Financial Instrument and of the relevant Repo Term by requesting with no delay up to five (5) and in any case not less than three (3) electronic double-sided "inter-dealer" quotations (bid and ask rate) for the relevant Financial Instrument at the time of Trade execution
 - MTS will calculate average bid and ask rates from submitted rates. Fair Market Value will be taken as the average bid rate in the event of a repo seller requesting cancellation and the average ask rate in the event of a repo buyer requesting cancellation.

- The five banks consulted are chosen from the top ten banks trading on the relevant Segment of the Repo Markets, by volume in the previous calendar year, and exclude either party of the disputed transaction.
- iii) If after following the three steps above, due to Market volatility and/or the inability of the banks surveyed to provide a bid and ask, MTS is still unable to ascertain Fair Market Value then MTS will not be able to proceed with a unilateral cancellation.
- iv) Once Fair Market Value is ascertained the alleged error Trade must also be shown to deviate and to cause a financial loss both greater than the following amounts to qualify for unilateral cancellation:
- Specific Trade, General Collateral Trade or Triparty General Collateral Trade up to 1 Week in duration by over **10** basis points from the Fair Market Value and causing a financial loss greater than **€1,000**.
 - Specific Trade, General Collateral Trade or Triparty General Collateral Trade greater than 1 Week in duration by over **10** basis points from the Fair Market Value and causing a financial loss greater than **€2,000**.
- v) If after following all of the steps above the reported error Trade is proved to deviate significantly from Fair Market Value based on the criteria listed above and to cause a financial loss greater than the monetary value thresholds listed above, MTS will enforce the unilateral cancellation of the Trade.

MTS will inform the interested parties via telephone (with confirmation via e-mail) of its decision regarding the cancellation request within 60 minutes from the notification of the error Trade.

Major Market Incident

In the event of a MMI, the provisions of foregoing Article 20.3 shall apply.

Art. 18. Repo Segment - Definition of General Collateral Trades (Art. 42 Rules)

1. With respect to "General Collateral" Trades the maximum number of securities to be delivered in relation to the amount of the transaction is as follows:
 - For transactions greater than Euro 0 up to Euro 10 million: maximum 2 securities;
 - For transactions greater than Euro 10 million up to Euro 75 million: maximum 5 securities;
 - For transactions greater than Euro 75 million up to Euro 125 million: maximum 10 securities;
 - For transactions greater than Euro 125 million up to Euro 500 million: maximum 20 securities;
 - For transactions in excess of Euro 500 million: maximum 30 securities.

With respect to large "General Collateral" Trades relating to the Italian Government Financial Instruments, the minimum amount of securities to be delivered is as follows:

- All securities except for one shall be delivered for an amount equal to or in excess of Euro 75 million;
- Only one security may be delivered with respect to amounts not exceeding Euro 75 million.

“General Collateral” Trades of substantial size shall be defined by specifying the securities to be delivered within two hours from the execution of the Trade. Transactions entered into less than two hours before the relevant cut-off for trading and allocation activity in the specific Financial Instrument and term must be defined prior to such cut-off. In the eventuality the seller of a General Collateral Trade were to be in breach of these Rules due to its non definition of the General Collateral by allocation of the Financial Instruments to be delivered within the deadlines indicated above, MTS reserves the right to disclose the identities of the parties to each other.

Art. 19. Repo Segment – Settlement and Central Counterparty Services (Art. 45 Rules)

1. Trades of government bonds transmitted to the relevant Settlement Systems, are subject to the relevant Settlement system rules regarding the number of days, following the day set for the execution, during which the Trade is recycled before being cancelled. Participants, based on separate agreements, can settle Trades executed but not yet settled. For Italian Government bonds the number of days is equal to ten.

SECTION IV

Art. 20. Disciplinary measures (Art. 53 Rules)

1. The remuneration for the Appeals Board (“Collegio dei Probiviri”) and any other consultants used by the Appeals Board shall be determined on a case by case basis taking into account the importance of the subject matter and the required activity, as well as the complexity of the issue, the speed of the proceedings, the number and duration of meetings, and the requirement to perform audits and investigations as opposed to proceedings based exclusively on documents.

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