

MTS ITALY

Regulated Wholesale Market of Government
Bonds (Cash and Repo Segments)

RULES

Effective as of 10 December 2018 (version 19/11/2018)

Wholesale regulated market operated by MTS S.p.A



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WHOLESALE REGULATED MARKET OF GOVERNMENT BONDS

(Cash and Repo segments)

RULES

SECTION I

GENERAL PROVISIONS

Art. 1 – Definitions

In these Rules the following expressions have the following meanings:

“Applicable Laws”	shall mean 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 in the relevant jurisdiction;
“Best Page”	shall mean the page that for each Financial Instrument indicates, among other information, the price and quantity of the best bid and best offer
“Best Price”	shall mean 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”	shall mean the difference between the price or yield quoted to buy (Bid) and the price or yield quoted to sell (Ask);
“Capital”	shall mean Tier 1 regulatory capital or the equivalent, as defined under the Capital adequacy

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	regime of the Participant's home state regulator;
"Cash Segment"	shall mean the Market Segment so characterized in Section II of these Rules.
"CCP Contract"	shall mean a Trade by two CCP Participants on a CCP Financial Instrument where the CCP will become the seller to the buyer and the buyer to the seller, in accordance with the relevant CCP regulations as applicable from time to time between the CCP and its members;
"CCP financial instruments"	shall mean all Financial Instruments that have been specified by the relevant CCP as eligible for a CCP Contract;
"CCP Participant"	shall mean a Participant who is a member, either direct or indirect, of a CCP and who has lodged a CCP application form to participate in the Market as a CCP Participant with MTS;
"Central Counterparty Service" or "CCP Service"	shall mean the centrally cleared service offered by one or more third party (i.e. "Central Counterparty/ies" or "CCP/s") authorised in accordance to Section 17 of the Regulation No. 648/2012 (EMIR);
"Dealer"	shall mean a Participant in the Repo Segment that is authorized to trade via all functionalities available from time to time.
"Depth Page"	shall mean the page that for each Financial Instrument indicates and among other information the price and quantity of the best five bids and best five offers.
"Double-Sided Quote"	shall mean a type of Quote involving both an offer to buy and an offer to sell entered at the same time in the Market;
"Electronic Trading Platform"	shall mean the electronic trading system made available by MTS through which the Financial Instruments are traded on the Market;

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“Financial Instruments”	shall mean both Italian and foreign government bonds, including coupons and principals of the same Financial Instruments. When used in relation to the Repo Segment, the defined term “Financial Instrument” can include also baskets satisfying the eligibility criteria set by the relevant tri-party agents and General Collateral Basket defined by MTS.
“Grey Market Securities”	shall mean a Financial Instrument that the Italian government has officially announced (including ISIN Code, maturity and coupon) to be auctioned and which upon issue would be a Financial Instrument;
“Instrument Class”	shall mean a category of Financial Instruments identified as such by MTS from time to time comprising financial instruments having the same characteristics;
“Large in Scale”	shall mean 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 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”	when sent together with an Order, it shall mean the highest or lowest price at which a buyer or a seller respectively is willing to trade;
“Liquid”	shall mean a Financial Instrument for which ESMA has from time to time classified as having 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;
“Market Maker”	shall mean a Participant in the Cash Segment included in the List of Market Makers kept by MTS. pursuing a Market Making Strategy and that has notified MTS accordingly. The Market Maker can trade on the Market through Orders and/ or Quotes and it is subject to the Market Making Commitments.
“Market Making”	means the commitment of a Market Maker to Quote on the Market as set out in Section II of

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Commitments”	these Rules
“Market Making Strategy”	as defined in Article 2.1.k of the Regulation (UE) 236/2012 of the European Parliament and the Council of the European Union of 14 March 2012 and as further specified in these Rules;
“Market Segment”	shall mean the Cash Segment and the Repo Segment or both, as the case may be;
“Market”	shall mean the electronic regulated wholesale market of government bonds managed by MTS S.p.A. and authorized by decree of the Italian Ministry of Treasury of 28 th June 1988, pursuant to the T.U.F., known as MTS Italia (Cash and Repo);
“Membership Documentation”	shall mean the legal agreement between MTS and each Participant relating to the provision of the Services, as defined in the Terms and Conditions available on MTS website 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;
“Mid-Price”	shall mean the price for a Financial Instrument calculated by the Market that a Participant may make an Order to buy or sell;
“Minimum Increment Quantity”	the minimum quantity by which the size of an Order, Quote or a Trade Registration, can be increased, as determined and configured by MTS and published in the Rules;
“Minimum Mid-Price Execution Size”	the minimum quantity at which Mid-Price Trades can be matched;
“Minimum Quote Size”	the minimum quantity for Quotes as configured and determined by MTS and published in the Rules;
“Minimum Single Side Quote Size”	shall mean the minimum quantity for Single Side Quotes as determined and configured by MTS and published in the Rules;

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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”	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 and published in the Rules;
“Ministry of Economy”	shall mean the Italian Ministry of Economy and Finance;
“MTS”	shall mean MTS S.p.A., with registered office in Rome, via Tomacelli 146, the company operating the Market;
“Order”	shall mean the acceptance, in whole or in part, of one or more Quotes at the Limit Price, transmitted to and immediately processed by the System;
“Participant”	shall mean a Market Maker, a Price Taker and a Dealer.
“Price Taker”	means a Participant in the Cash Segment authorised by MTS to take part (by means of Orders) in the trading of Financial Instruments on the Market, in accordance with these Rules.
“Price”	shall mean the amount which is payable in respect of a purchase or a sale of a Financial Instrument on the Market, which may also be expressed as a yield;
“Primary Dealer”	Shall mean a physical person or a legal entity referred to in Regulation EU 236/2012 art. 2(1)n..
“Provisions”	shall mean the implementing provisions of these Rules;

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“Quote”	shall mean, in the Cash Segment, a quote by the Market Maker, indicating Price and quantity, to purchase or sell a Financial Instrument through one of the contracts available on the System. In the Cash Segment, Quotes are anonymous. In the Repo Segment, the quotes entered into the System by a Dealer for the purchase and sale of a Financial Instrument through a repurchase agreement;
“Regulated Markets”	shall mean the markets included in the list maintained by Consob as per the T.U.F.;
“Regulatory Specifications”	shall mean a section of MTS website available at http://www.mtsmarkets.com/resources/market-rules where parameters and other relevant information are included and referenced herein; the Regulatory Specifications form an integral part of the Provisions.
“Repo Contract”	shall mean a repurchase agreement in which the seller of a transferrable security(s) agrees to repurchase from the buyer on an agreed date in the future at a price agreed on Trading Day the fungible transferrable security(s).
“Repo Segment”	shall mean the Market Segment so characterized in Section III of these Rules
“Rules”	shall mean these rules of the Market as may be amended or replaced from time to time by MTS;
“Settlement Service”	shall mean the settlement service of financial instruments managed by a central depository authorised in accordance to Section 17 of Regulation No. 909/2014 (CSDR) or by a central depository of a non EU country recognised in accordance with Section 25 of the CSDR ;
“Single Sided Quote”	shall mean a Quote to buy or a Quote to sell;
“Technical”	shall mean a series of technical documents, including the so called Technical Bulletin, or any

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Specifications”	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 relevant Market;
“T.U.F.”	shall mean the Legislative Decree no. 58 of 24 February 1998, (<i>Testo Unico in Materia di Intermediazione Finanziaria</i>) (Consolidated Law on Financial Intermediation) as amended from time to time;
“Trade”	shall mean the matching of a Quote and an Order or of two Quotes;
“Trade Registration”	shall mean the conclusion in the Market of a Trade which has been negotiated outside of the Market;
“Trading Day”	shall mean a day on which Financial Instruments or Repo Contracts may be traded on the Market
“Trading Hours”	shall mean the hours of the Trading Day during which Financial Instruments may be traded on the Market.

Art. 2 – Scope of the Rules

1. These Rules govern the operation, organisation and management of the Market in which the Participants are admitted and on which Financial Instruments are traded in accordance to the provisions of this Rules and of the accompanying Provisions. In particular, it contains provisions on a) the terms and procedures for admission, exclusion and suspension of Financial Instruments from trading; b) the terms and procedures for admission, exclusion and suspension of Participants from trading, c) the terms and procedures for conduct of trading, including Market Making Commitments, where applicable; d) the terms and procedures for publication and circulation of information; and e) the procedures for supervision and relevant disciplinary procedures. These Rules is to read together with the accompanying Provisions. These Rules, in their most up-to-date version as in force from time to time, are published on MTS website at <http://www.mtsmarkets.com/resources/market-rules> .
2. The relationship between MTS and the Participants concerning participation in trading on the Market shall be governed by the Membership Documentation, of which these Rules constitute a schedule. The Participant before it is admitted to trade on the Market shall declare to know, understand and accept the Membership Documentation

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having had the chance to examine it on MTS website at www.mtsmarkets.com/Documents/General-Terms-and-Conditions and/or, for documents not available on the website, having had received a copy thereof and having had the chance to discuss its content with MTS.. Further, the Participant shall examine and comply with the technical documentation available to all Participants through specific technical measures, currently known as Technical Portal, accessible and protected with password.

3. Participants are required, when applicable, to pay fees for the services provided in accordance with the amounts, intervals and time limits established by MTS on the basis of transparent, non-discriminatory criteria and indicated in the publicly available Fee Schedule which forms integral part of the Membership Documentation.

4. The MTS Italy market is a wholesale trading venues of Government Bonds as defined in the TUF since it allows only

trades concluded between Participants trading as principals or, for authorised Participants, trades in which Participants execute directly in their own name and account Orders on behalf of professional clients. The regulatory sources governing this Market are, among others and in addition to these Rules and the Provisions, the EU legislation directly applicable, T.U.F. and the relevant secondary legislation issued by the Ministry of Economy, Banca d'Italia and Consob.

5. The Market is divided in two separate segments, the Cash Segment and the Repo Segment. This Rule book is divided in four sections: Section I and Section IV shall apply to both Segments, Section II shall apply only to the Cash Segment and Section III only to the Repo Segment.

6. These Rules shall be governed by and construed in all respects in accordance with the laws of Italy. Trades concluded on the Market shall be governed by Italian law and any dispute relating thereto and deriving there from shall be exclusively subject to the jurisdiction of the Court of Milan, unless the parties have previously agreed otherwise to the extent permissible by law. The choice of a governing law and/or jurisdiction other than the Italian law and the jurisdiction of Milan courts shall, however, be void if it would result, directly or indirectly, in the non-compliance, even partial, with these Rules, the Provisions and the Membership Documentation.

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SECTION II

CASH SEGMENT

PART I

FINANCIAL INSTRUMENTS

Art. 3 – Financial Instruments

1. The Financial Instruments issued by the Italian government and selected by MTS in accordance with this article may be traded on the Market through the Trades set forth in Article 12.
2. The Financial Instruments shall:
 - a. be denominated in Euro;
 - b. be freely transferable and not subject to liens or encumbrances; and
 - c. be registered with the relevant central securities depository authorized in accordance to article 17 of Regulation N. 909/2014 (CSDR) or with a central securities depository of a non EU country recognized in accordance to article 25 of CSDR. The Financial Instruments can also be registered with a central securities depository that has applied to be authorised in accordance with the CSDR and that continues operating in accordance with the temporary regime provided by article 69(4) of CSDR.
3. MTS can also apply additional criteria if deemed useful in order to maintain an orderly functioning of the market of the Financial Instruments. Financial Instruments that at any time do not comply with the parameters indicated above might be suspended from trading by MTS. Notice of the relevant suspensions will be made public via MTS website.
4. MTS 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 securities 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.

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5. 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 will use reasonable endeavours to inform Participants of any change of the Instrument Classes available on the Market by electronic communications. MTS shall endeavour to periodically review the Financial Instruments available on the Market.
6. MTS, upon request by the competent authority, shall suspend or remove from the Market any Financial Instruments. Additionally, for the purpose of maintaining orderly and fair market conditions, MTS shall have the right to suspend or remove from the Market any Financial Instruments. Suspension or removal of Financial Instruments can also be based on the request of one or more Participants or due to extended lack of trading or as a result of the implementation of Circuit Breakers required in accordance with Art. 48(5) of MiFID II and of the ESMA Guidelines (Calibration of circuit breakers and publication of trading halts under MiFID II) in order to maintain an orderly market. The relevant criteria are indicated in the Provisions.

Art. 4 – Minimum lots

1. The Minimum Quote Size and the Minimum Trading Size for Financial Instruments shall be as indicated in the Regulatory Specifications. MTS shall 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 fill-or-kill and fill-and-kill Orders on the Market in an amount equal to or in excess of the Minimum Trading Size. The Minimum Increment Quantity shall be set as indicated in the Regulatory Specifications. Changes to the Minimum Increment Quantity shall be communicated as indicated above for the changes to the Minimum Trading Size.

PART II

PARTICIPANTS

Art. 5 – Participants admission criteria

1. The following companies and entities may be admitted to trading on the Cash Segment:

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- a. Credit institutions authorised to trade on own account in accordance with the Laws of a country belonging to the EU;
 - b. Credit institutions authorised to trade on own account in accordance with the Laws of a country not belonging to the EU and which, in line with the relevant provisions of Directive 2014/65/EU and of the Regulation (EU) 600/2014 and with article 67 of the TUF or with any other laws and regulations applicable to the relevant Participant, are allowed to access a wholesale regulated market of government bonds;
 - c. Investment firms which have the status of Primary Dealers in accordance to article 62 bis of the TUF;
 - d. Investment firms which have the status of Primary Dealers authorized in accordance to Regulation 236/2012 art. 2 (1) in at least three European countries different from Italy; and
 - e. other persons and entities which, in accordance to the European legislation and the provisions of the TUF, are allowed to trade on a wholesale regulated market of government bonds and have or have requested the status of Primary Dealers authorized in Italy.
2. Also the following entities may be admitted to trading on the Market:
- a) the Italian Ministry of Economy and Finance and Bank of Italy;
 - b) monetary authorities, central banks, government entities responsible for managing the public debt, other entities with similar functions in the European Union or non-EU countries and the Cassa Depositi e Prestiti S.p.A. subject to the fulfilment of the conditions set forth in the T.U.F..
3. In order to be admitted as a Participant in the Cash Segment, an applicant must satisfy MTS that it complies with the following requirements:
- a) it is authorised to deal in investments on own account (or as principal) without any regulatory limitations other than standard limitations.
 - b) it belongs, either directly or via an agent, to a relevant settlement institutions specified in the Regulatory Specifications and has suitable links with such institutions for the settlement of Trades. Additionally, it shall also be a direct or indirect member of the Central Counterparty Service listed in the Regulatory Specifications.
 - c) it 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 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.

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- d) it has Capital of at least Euro 10 million or the equivalent in a different currency, as resulting from the last audited financial statements if it is a Price Taker; it has Capital of at least Euro 50 million or the equivalent in a different currency, as resulting from the last audited financial statements if it is a Market Maker;
- e) it will have in place adequate systems and control arrangements as requested by MTS by MTS in accordance with Applicable Laws;
- f) the software used to access the Market has undergone the appropriate conformance testing with MTS;
- g) it holds a valid ISO 17442 legal entity identifier code.
- h) it has traded Financial Instruments for an amount equal or greater than Euro ten million in the twelve months preceding the filing of the Application Form. In case the Participant has traded Financial Instruments for a period shorter than twelve months preceding the filing of the Application Form, such Participant shall meet the above mentioned threshold within the twelve months following the filing of the Application Form;
- i) it has appointed a contact person for the trading activity who knows in depth these Rules, the Provisions, and the Applicable Laws; and

Art. 6 – Participants admission Procedure

1. To become a Participant in the Cash Segment, MTS shall receive from the applicant a complete application, with all the relevant attachments, in the form prescribed by MTS. In examining the application MTS reserve the right to ask the applicant for additional information and documentation where it deems it appropriate. Once MTS considers the application to be complete it will reply to the applicant within 10 working days.
2. Upon receipt of a complete application, MTS will evaluate whether or not the applicant meets the criteria as outlined in these Rules, the Applicable Laws and additional MTS operational objective and no discriminatory requirements, if any. No application will be accepted if it is deemed that the admission of the applicant would be (i) able to jeopardise the proper functioning or orderly trading of the Market or its electronic markets and/or (ii) it is filed for purposes other than for trading on the Market. The decision of rejection of an application shall be communicated to the applicant with an indication of the relevant motivations and evaluations. The rejection of an application shall not prevent the possibility of submit another application..
3. The applicant shall indicate in the application form the role it intends to fulfil on the Market. The roles currently available on the Cash Segment are: Market Maker and Price Taker. MTS maintains an updated list of Participants, their role and a list of the Financial Instruments available for trading on the Market.

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Art. 7 – Participants' on-going undertakings

1. Each Participant represents, warrants and undertakes to MTS and to all other Participants that for the whole period in which it is a Participant on this Segment 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 5 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 will not act for a third party and will not enter into Trades on the Market other than for proper trading purposes. For the avoidance of doubt third party access (direct electronic access) is not allowed;
 - 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 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;
 - d. it will notify MTS in writing no later than three months prior to any change in the Participant's regulatory status that will either trigger or remove the obligation on MTS 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;
 - 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 including the Commission Delegated Regulation (EU) 2017/589 of July 2016, supplementing Directive 2014/65/EU of the European Parliament and the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading;
 - 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 undermine 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 those registered to conduct its trading activities on the Market are duly authorized, competent and appropriately trained; any behaviour of the traders in violation of these Rules shall be considered as being performed by the Participant.
 - h. it will deal with MTS in an open and co-operative manner, including (i) to notify MTS, without delay, of any material change to the information supplied in its application to MTS (including of the relevant Legal Entity Identifier), (ii) to notify MTS immediately in case of a breach of any of the undertakings in this Article 7, (iii) to pay all fees payable to MTS not later than the due date, (iv) to notify MTS, without delay, of any interruption to trading due to a software or hardware malfunction, or an interruption in connectivity and in

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- 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 system malfunction or technical problem and (v) to respect and accept the outcome of checks by MTS referred to in Section IV of these Rules;
- i. If requested by MTS, it will demonstrate at least once a year, its continuing satisfaction of the conditions for admission referred to in Article 5. MTS may require the presentation of any data, information or documents useful to this purpose, including certifications from auditing companies;
 - j. it will maintain a trading relationship with a relevant settlement institutions either directly or via an agent in relation to the Financial Instruments available for trading on the Market.
 - k. it will always effect or procure timely settlement of each of its Trades;
 - l. it will keep confidential and 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 which have entered into a confidentiality agreement with MTS in a form approved by MTS.
 - m. It will certify that each algorithm it deploys has been 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 through the MTS designated system that they have successfully tested each algorithm and upon request by MTS, Participants must provide satisfactory evidence of the successful certification of the testing activities carried out 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 when a) it introduces a new release or version or otherwise modifies any software previously conformed and/or b) it is requested by MTS.
 - n. it will provide MTS, 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 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 controls in place to ensure that all relevant message field is accurately populated,. Acceptance of a message by MTS does not provide or imply that MTS considers this requirement has been met. In the event a Participant discovers one or more fields are inaccurately populated, the Participant must report this to MTS immediately and provide the correct information.
 - q. Where applicable, it undertakes to collaborate in a cooperative and prompt manner with MTS in any request of data or clarification required by MTS in order for MTS to comply with Article 26(5) of Regulation (EU) No

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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 to comply with the transaction reporting requirements in accordance with the above mentioned legislation and the Technical Specifications;

- r. 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 specific consent of MTS.
2. Each Market Maker undertakes to MTS 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 in Article 21.

Art. 8 – 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 or a segment 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 termination.

Art. 9 – 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 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 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 for entry on the relevant list of Participants, 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 with proof of replenishment of Capital within three months from the relevant notification by MTS;

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- b. where the Participant has been suspended from operating or specifically from trading activities by a competent authority, or MTS has been instructed by such a competent authority to suspend the Participant from trading on the Market;
 - c. a request to suspend a Participant is received from a settlement agent through which the Participant clears or settles and to which the Participant has given authority to make such request;
 - d. a request to suspension a CCP Participant is received from the CCP which the Participant uses to clear Trades executed on the Market;
 - e. a notification is received from the CCP that the Participant and/or its General Clearing Member has been suspended as a CCP Member or an "Event of Default" (as such terms are defined in the respective CCP rules) has occurred or is likely to occur;
 - f. 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;
MTS, with a motivated order, has considered that the suspension of the Participant is important 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 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 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. 10 - 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 delete that Participant from the relevant list of Participants with immediate effect.

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2. The said circumstances are:
 - a. suspension from trading or the relevant list of Participants for a period of 2 months; and
 - b. a resolution of MTS resolving that such Participant be deleted from the relevant list of Participants, e.g. if it is insolvent following the commencement of any of the insolvency proceedings set forth in the European Regulation no. 848/2015 or to other insolvency procedures in accordance with the laws applicable to the Participant.
3. Any deletion from a list of a Participant shall be notified by MTS, at its discretion, to all other Participants by such means as MTS 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.

PART III

TRADING

Art. 11 – General systems operations

1. MTS shall adopt all acts necessary to ensure the proper functioning of the Market.
2. MTS shall determine the operational features of the trading protocol of the Market and may change it from time to time.
3. MTS shall monitor the operation of the Market and shall apply its polices in terms of risk controls, including orders' throttling and pre-trade controls;
4. MTS may, with a motivated order, 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;

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- c. temporarily suspend trading for the Market or any part thereof, in the case of a serious technical malfunction or other exceptional circumstances.
5. MTS 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 these Rules.
6. 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, 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 and/or the service providers for all liabilities, damages and costs they may suffer due to such failure or unauthorized access.
7. A fair and orderly market is guaranteed by the presence of at least five participants, this being considered sufficient to ensure an adequate level of competition among the Participants.

Art. 12 - Types of Trades

1. MTS shall determine the types of contract by means of which each Financial Instrument may be traded on the relevant Market by Participants. Only the types of Trades conforming to normal market practice (as such term is determined by MTS) may be traded on the relevant Market.
2. The types of contracts available on the Cash Segment are:
 - a) purchase and sale of Financial Instruments.

Art. 13 – Quotes and Orders

1. Market Makers may enter both Orders and Quotes into the Market. A Price Taker may enter only Orders into the Market.

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2. Orders and Quotes can only be entered only in sizes equal or multiple of the minimum sizes indicated in the Regulatory Specifications.
3. The Market supports the following types of Quotes:
 - a. Double-Sided Quotes
 - b. Single-Sided Quotes
4. Market Makers may submit Quotes with either a visible size only or, when MTS chooses to make the hidden size functionality available (as set out in the Market pages), a combination of a visible and a hidden size.
5. 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-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.
6. 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 Trades which have been confirmed prior to reception of such modification.
7. Orders and Quotes relating to each Financial Instrument are ordered by the Market according to Best Price and, subordinate to that, according to the time of entry into the Market.
8. At the end of each Trading Day, Orders and Quotes still registered on the Market shall be automatically cancelled.

Art. 14 – Contracts

1. Contracts are anonymous.

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2. 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's Limit Price, is (are) selected;
 - 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;
 - c. If applying the above mentioned criteria the entire quantity of the Order is not fulfilled, then the Best Price is updated and the algorithm is repeated until the Order is fulfilled.
3. The provisions contained in the preceding articles are also applied for the conclusion of Trades by the matching of two Quotes

Art. 15 – Conclusion and registration of Trades

1. Trades are concluded either by an Order aggressing a Quote or by a Quote aggressing another Quote, according to procedures laid down in Article 14 above. 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.
2. The execution of the Trade shall be automatic, subject to the registration of the Trade by the CCP, in the case where the applicable CCP regulations provide that the novation of the relevant Trade shall take place upon the registration of the Trade by the CCP.
3. 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 14 above.
4. All the Trades concluded on the Market shall be registered by MTS 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 and the identity of the Central Counterparty which is the party to the CCP Contract;
 - b. type, object and time and date of conclusion of the Trade;
 - c. quantity and Price.

Authorised persons can access the above data at any time.

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Art. 16 – Mid-Price crossing

1. Where the functionality is active, 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, 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 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 MTS 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 will monitor all updates to ESMA Large in Scale thresholds and Liquidity status and update its Financial Instrument database accordingly.

Art. 17 – Trade-Registration facility

1. Participants shall not pre-agree transactions except in accordance with this section 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. The acceptance of a Trade Registration is subject to a minimum trading size for each Trade Registration, as defined and reported by MTS in the Regulatory Specifications. 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. The minimum trading size for each Trade Registration shall be defined at least equal to the threshold pre-trading of Large in Scale relevant for those Financial Instruments classified liquid from time to time by ESMA. For those Financial Instruments that are classified not liquid from time to time by ESMA, the minimum trading size for Trade Registration shall be defined by MTS and reported in the Regulatory Specifications.

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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 or through a functionality of a bilateral request of quotation , and then registered as a Trade on the Market; or
 - 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 will only consider information entered into the Market by Participants, and not any details discussed or agreed outside the Market.
4. Participants must ensure that a bilaterally negotiated Trade is reported to MTS within fifteen (15) minutes or the different timeframe that might be set by MTS 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 from time to time to evidence the timely submission of the bilaterally negotiated Trades.

Art. 18 – Major Market Incident

1. For the purposes of these Rules, Major Market Incident (“MMI”) means one of the following events taking place on the Market:
 - a) the improper functioning of the System so that all or a significant number of Participants is 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 wrong Prices in the Best Page, or are unable to perform, in whole or in part, the market making activity);
 - b) the security or integrity of the System is compromised or subject to an imminent risk, or MTS is unable to see or control the Market using standard measures.

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2. The occurrence of a MMI is identified by MTS. The duration of a MMI shall run from the time when the first impact on the system occurred and shall last until MTS determines that the normal conditions of the System have been restored. In the event of a MMI, MTS shall take the most appropriate measures, including the suspension of the Market or segments thereof.

PART IV

MARKET MAKERS

Art. 19 - Market Makers

1. This Part IV of the Rules regulates exclusively Market Makers. If a Participant intend to pursue a Market Making Strategy on the Market it must inform MTS by means established by MTS. The provisions Section I, Section II Part IV, and Section IV of these Rules constitute the market making agreement between MTS and the Market Maker. MTS shall keep updated and maintain a "Market Makers' Register".

Art. 20 - Requirements for Registration in the Market Makers' Register

1. Only Participants as of Article 5, paragraph 1 of this Rules, may be included in the Market Makers' Register subject to the following conditions:
 - a) they must possess a Capital of at least fifty (50) million Euro, resulting from the last audited financial statements;
 - b) they shall have adequate systems and procedures in place to effectively monitor and audit their compliance with the Market Making Commitments. A Market Maker shall record the documentation relates to the Quotes and trading referred to its activity of market making, which shall be clearly separated from other trading activities and shall, upon request, made available to MTS and to the competent Authority. A Market Maker shall notify the Quotes entered into the Market in accordance to the present agreement of market making in order to distinguish these Quotes from other orders traded.
 - c) they have traded Financial Instruments for an amount equal or greater than Euro twenty (20) billion in the twelve months preceding the filing of the request to become Market Makers. In case the applicant or the Participant has traded Financial Instruments for a period shorter than twelve months preceding the filing of the relevant application form, such applicant or Participant shall meet the above mentioned threshold within the twelve months following the filing of the application form.

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Art. 21 – Market Making Commitments

1. Upon inclusion in the Market Makers' Register, Market Makers become subject to the Market Making Commitments, i.e. they shall continuously input Quotes in the Market during the Trading Hours as determined by MTS, for the purchase and sale of Financial Instruments allocated to each Market Maker by MTS.
2. Pursuant to paragraph 1 above, MTS shall allocate to each Market Maker a number of Financial Instruments, appropriately selected based on specific characteristics, as set forth in the Provisions.
3. 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 Instruments is allocated to at least three Market Makers
 - 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 automatically considered as allocated to all the Market Makers.
4. In performance of the Market Making Commitments set forth in this article 21, the Market Makers shall:
 - a) Comply with the Market Making Commitments as indicated in the Provisions;
 - b) contribute continuously to trading on the Repo Segment;
 - c) comply with the requirements specified in the Provisions.
5. Each Market Maker is entitled to submit Quotes on Financial Instruments other than those allocated by MTS. If in quoting Financial Instruments different from those allocated to it by MTS the Market Maker were to carry out a Market Making Strategy, also those Financial Instruments would be included in the Market Making Commitments.
6. Market Makers are 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

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regard to regulatory technical standards specifying the requirements on market making agreements and scheme. Without limitation to the generality of the foregoing, some of the exceptional circumstances are: excess volatility, war, industrial action, civil unrest, cyber sabotage, technological issues on the venue or the Market Maker, risk management issues and short selling bans. In case of an exceptional circumstance, and the subsequent resumption of trading, MTS 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. MTS shall be informed by the Market Maker as soon as reasonably practicable of any trading interruption due to the malfunctioning of the electronic connection.

7. For the purpose of monitoring the Market Making Commitments, only double sided Quotes will be considered. MTS will define these requirements in the regulatory Specifications. In case the breach of the Market Making Commitments, MTS shall adopt all the necessary actions as indicated in the Provisions.
8. Should MTS decide to offer a Market Making system (as it is defined by the applicable Italian legislation) , its shall publish on its Website the terms of the Market Making Scheme, the names of the Market Makers benefitting from such system and the Financial Instruments or Instruments Classes covered by the relevant Scheme.

Art. 22 - Suspension from functions and cancellation from the Register

1. Without prejudice to the provisions of paragraph 2 below, if MTS establishes that even just one of the requirements for the registration in the Register is failing, or reasonable grounds exist and they lead to believe that one or more of such conditions will most likely cease to exist, it is entitled to suspend the Participant from its status as Market Maker.
2. In the event of failing to comply with the requirements pursuant to Article 20.1.a above, the Market Maker's net assets shall be re-capitalised and evidence thereof shall be provided to MTS within three months. MTS shall be entitled to suspend the Market Maker from its status of Market Maker also prior to the expiration of the above-mentioned three-month term, if there are reasonable grounds leading to believe that the loss of capital is particularly severe. MTS shall cancel from the Register the Market Maker suspended from its status of Market Maker in accordance with the provisions of the foregoing paragraphs, if such Market Maker has not provided evidence of the reinstatement of the conditions set forth in article 16 sub-section a) within a period of six months.

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3. A Market Maker is not compliant when the conditions indicated in the Provisions apply. In such an instance MTS reserve the right to issue such Market Maker with a written notice of the breach asking for strict compliance of the Market Making Commitments and explanation of the reasons behind the breach. Following receipt of the above notification, where the Market Maker in question fails to honour its Quoting 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 Section IV here below. Any Participant so cancelled from the list of Market Makers shall be allowed to trade on the Market as Price Taker.
4. Market Makers shall inform MTS as soon as possible of their intention to stop being a Market Maker on the Market. The Market Maker may request MTS to proceed with its cancellation from the Register. Such request must be filed with MTS at least fifteen (15) days prior to the date of the requested cancellation. In the period elapsing between the sending of the request and the actual effective date of the cancellation, the Market Maker shall remain bound to perform the Market Making Commitments.
5. MTS shall inform the Italian Ministry of Economy and Finance when, in the circumstances identified in the previous paragraphs, a Market Maker is also a Primary Dealer in Government Bonds.

PART V

POST TRADING

Art. 23 – Settlement and Central Counterparty Services

1. Settlement of Trades can take place at the settlement institutions specified in the Regulatory Specifications. Participant authorise the relevant settlement institution to settle instructions sent by MTS.
2. Trades shall be cleared via the Central Counterparties specified in the Regulatory Specifications.
3. The procedures and regulations set forth by the relevant Central Counterparty or settlement institutions, as the case might be, shall regulate their relevant activities. The settlement of Trades shall take place on the second business day following the execution of the relevant Trade.
4. The Market provides the data for the settlement of Trades concluded in the Cash Segment to the Settlement Service and to the Central Counterparty Service. Participants agree to give MTS the right to transmit settlement instructions on their behalf to the relevant settlement institutions or Central Counterparty.

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5. Trades not settled within the day established by the rules of the relevant Central Counterparty shall be subject to the buy-in and sell-out procedures defined within said rules.
6. MTS may cancel Trades and when necessary amend data already transmitted to the Settlement Services and Central Counterparty Services, with respect to Trades executed on Financial Instruments already announced by the issuer, in the event that such securities are not issued.

PART VI

PROVISION OF INFORMATION

Art. 24 - Information to be provided to Participants in the Cash Segment

1. For each Financial Instrument, MTS makes available on the trading screen to each Participant, as close to real time as reasonably possible, 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 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;
 - 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.

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With reference to the Trades executed through the Mid-price and Trade Registration functionalities, MTS may decide not to supply to the Participants any of the information set forth in this article.

3. MTS 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 shall make 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, subject to regulatory approval, may waive or defer the provision of certain data. Upon request by the relevant Authorities MTS shall suspend the provision of certain data.

Art. 25 – Provision of data to Authorities

1. MTS shall provide the Ministry of Economy, Bank of Italy and CONSOB or other competent Authorities, where required by the Applicable Law, with data and information on Orders and Trades and, in general, on the trading activity of the Participants on the Segment, as well as any other data, information, deed or document requested by the Ministry of Economy, Bank of Italy and by CONSOB, if necessary also on periodic or on-going basis.
2. MTS shall notify the Ministry of Economy and Finance, the Bank of Italy and CONSOB of any breaches of these Rules detected during the performance of its monitoring activities set forth in Section IV and shall report on the measures taken in connection therewith.
3. MTS shall provide the Ministry of Economy, the Bank of Italy and Consob with an advance a draft of the Provisions it intends to release.

Art. 26 – Provision of data to the public

1. MTS makes available to the public, as close to real time as possible and on a reasonable commercial and non-discriminatory basis, the following information for each Financial Instrument:
 - 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.

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2. MTS makes publicly available, with a fifteen 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. At the end of each Trading Day MTS may make public on its website a list that reports, for each Financial Instrument traded on the Market, in accordance with the Provisions at least the minimum, maximum, and weighted average Price and total volume traded calculated with reference to the Trades executed in the Trading Day. Cancelled trades shall be excluded from such list. MTS reserves the right to also exclude from such list, those transactions it considers anomalous. The Provisions may indicate those cases in which such calculation shall not take into account transactions as deemed extraordinary.

4. MTS, in accordance to the pre-trade transparency Waivers ,but limited to the Mid-Price functionality, shall derogate to the obligation of pre trade publication of certain data, when one of the following exceptions occurs:
 - b) the Financial Instrument is not liquid;
 - c) the quantity of the order Mid Price is for a size equal to or above the pre-trade Large in Scale threshold;MTS, in accordance to the pre-trade transparency Waiver, but limited to the Trade Registration functionality, shall derogate to the obligation of pre trade publication of certain data, when one of the following exceptions occurs:
 - b) the Financial Instrument is not liquid;
 - c) the quantity of Trade Registration is for a size equal to or above the pre-trade Large in Scale threshold;MTS in accordance to the Deferral shall postpone the publication of certain post-trade data when one of the following exceptions occurs:
 - b) the Financial Instrument is not liquid;;
 - c) the quantity Trade Registration is for a size equal to or above the post-trade Large in Scale threshold;;
 - d) the quantity Trade Registration is for a size equal to or above the SSTI post-trade.

5. MTS shall make available, in accordance with the 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.

7. If the determination of correct data and information to be published is rendered impossible or unreasonably burdensome due to exceptional market conditions, MTS shall immediately notify the Bank of Italy and Consob. The distribution of data shall be resumed as soon as possible.

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Art. 27 – Amendments and communications

1. MTS can amend the Rules in accordance with the Applicable Laws and the MTS By-laws and shall inform the Participants in accordance with the provision of the Terms and Conditions, as published from time to time on MTS website <http://mtsmarkets.com/Documents/General-Terms-and-Conditions> . The Provisions (that include also the Regulatory Specifications) and the amendments thereof shall be resolved upon by the Board of Directors, or if urgent by decision of the Chief Executive Officer, and communicated to the Participants as provided in this paragraph.
2. MTS from time to time will communicate to the Participants information necessary for their trading activity on Market in accordance 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.

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SECTION III

REPO SEGMENT

PART I

FINANCIAL INSTRUMENTS

Art. 28 – Financial Instruments

1. On the Repo Segment MTS may permit Dealers to trade Repo Contracts having as underlying the following Financial Instruments as selected by MTS:
 - a. the Financial Instruments selected by MTS negotiated as individual ISINs;
 - b. other Financial Instruments such as baskets satisfying the eligibility criteria set at the relevant tri-party agents; and
 - c. other Financial Instruments such as General Collateral Baskets as defined by MTS.
2. The Financial Instruments underlying a Repo Contract shall comply with the parameters set by MTS in its internal procedures which include a) that the Financial Instruments shall be freely transferable, b) that no impediments or limitations must exist to the exercise of the rights to which the holders thereof are entitled and c) shall be registered with the relevant central securities depository. Financial Instruments that do not comply with the parameters can nevertheless be underlying a Repo Contract upon MTS motivated decision. MTS can also apply additional criteria if deemed useful.
3. The full list of the Financial Instruments and Repo Contracts available for trading on the Repo Segment is available, as updated from time to time, on the System itself and / or on the MT website. MTS will use reasonable endeavours to inform Participants of any change to the Repo Contracts available on the Markets by electronic communications.
4. MTS, upon request by the competent authority or for the purpose of maintaining orderly and fair market conditions, shall suspend or remove from the Market any Repo Contract or Financial Instrument. Suspension or removal of Repo Contracts and/or Financial Instruments can also be based on the request of one or more Participants or due to extended lack of trading.

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Art. 29 – Minimum lots

1. The Minimum Trading Size shall be as indicated in the Regulatory Specifications. Where this amount deviates from the aforementioned size for a particular Financial Instrument, MTS shall endeavour to communicate any change in the Minimum Trading Size via email with an advance notice of five (5) Trading Days from the day the change will come into effect. The Minimum Increment Quantity shall be set as indicated in the Regulatory Specifications. Changes to the Minimum Increment Quantity shall be communicated as indicated above for the changes to the Minimum Trading Size.

PART II

PARTICIPANTS

Art. 30 – Participants admission criteria

1. The following companies and entities may be admitted to trading on the Repo Segment:
 - a. Credit institutions and investment firms authorised to trade on own account in accordance with the Laws of a country belonging to the European Union;
 - b. Credit institutions and investment firms authorised to trade on own account in accordance with the Laws of a country not belonging to the European Union and which, in line with the relevant provisions of Directive 2014/65/EU and of the Regulation (EU) 600/2014 and article 67 of TUF or with any other laws and regulations applicable to the relevant Participant, are allowed to access a wholesale regulated market of government bond.
 - c. Multilateral development banks whose membership includes one or more European Union member countries, such as the European Investment Bank.
2. Also the following entities may be admitted to trading in the Repo Segment:
 - a) the Italian Ministry of Economy and Finance and Bank of Italy;
 - b) in addition, monetary authorities, central banks, government entities responsible for managing the public debt, other entities with similar functions in the European Union or non-EU countries and the Cassa Depositi e Prestiti S.p.A. are also admitted to trading subject to the conditions set forth in the T.U.F..

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3. Furthermore in the Repo Segment, in compliance with the T.U.F., the following entities are admitted to trading as Dealers:

- a) companies authorized by the competent Authority of an European Union or non-EU country to carry out collective management of savings activities (asset managers);
- b) insurance companies authorized to carry out insurance business activity pursuant to the laws of European Union and non-EU countries;
- c) Central Counterparties authorised or recognised in accordance with the EU Regulation No. 648/2012 (EMIR);
- d) Companies limited by shares and their foreign equivalent with the limits of Article 4-terdecies, paragraph 1, letter d, point 2 of the T.U.F.; and
- e) Multilateral development banks whose membership includes one or more European Union member countries, such as the European Investment Bank..

4. In order to be admitted as a Participant in the Repo Segment, an applicant must satisfy MTS that it complies with the following requirements:

- a) it is authorised to deal in investments on own account (or as principal) without any regulatory limitations other than standard limitations.
- b) it belongs, either directly or via an agent, to a relevant settlement institutions specified in the Regulatory Specifications and has suitable links with such institutions for the settlement of Trades.
- c) it 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 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 Capital of at least Euro 10 million or the equivalent in a different currency, as resulting from the last audited financial statements;
- e) it will have in place adequate systems and control arrangements as requested by MTS by MTS in accordance with Applicable Laws;
- f) the software used to access the Market has undergone the appropriate conformance testing with MTS; and
- g) it holds a valid ISO 17442 legal entity identifier code.
- h) It has appointed a contact person for the trading activity who knows in depth these Rules, the Provisions, and the Applicable Laws.

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5. The Participants indicated in paragraph 3 of this Article authorized to trade on the Repo Segment shall also fulfil the requirements provided in the T.U.F..

Art. 31 – Participants admission Procedure

1. To become a Participant in the Repo Segment, MTS shall receive from the applicant a complete application, with all the relevant attachments, in the form prescribed by MTS. In examining the application MTS reserve the right to ask the applicant for additional information and documentation where it deems it appropriate. Once MTS considers the application to be complete it will reply to the applicant within 10 working days.
2. Upon receipt of a complete application, MTS will evaluate whether or not the applicant meets the criteria as outlined in these Rules, the Applicable Laws and additional MTS operational requirements, if any. MTS will have sole discretion in assessing whether or not an application is acceptable. No application will be accepted if the admission of the applicant were to be considered (i) able to jeopardise the proper functioning or orderly trading of the Market or its electronic markets and/or (ii) it is filed for purposes other than for trading on the Market. The decision to reject an application shall be motivated.
3. The applicant shall indicate in the application form the role it intends to fulfil on the Market. The role currently available on the Repo Segment is: Dealer. MTS maintains an updated list of Participants, their role and a list of the Financial Instruments available for trading on the Market.

Art. 32 – Participants' on-going undertakings

1. Each Participant represents, warrants and undertakes to MTS and to all other Participants that for the whole period in which it is a Participant on this Segment 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 33 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 will not act for a third party and will not enter into Trades on the Market other than for proper trading purposes. For the avoidance of doubt third party access (direct electronic access) is not allowed;
 - 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 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;

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- d. it will notify MTS in writing no later than three months prior to any change in the Participant's regulatory status that will either trigger or remove the obligation on MTS 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;
- 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;
- 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 undermine 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 those registered to conduct its trading activities on the Market are duly authorized, competent and appropriately trained; any behaviour of the traders in violation of these Rules shall be considered as being performed by the Participant.
- h. it will deal with MTS in an open and co-operative manner, including (i) to notify MTS, without delay, of any material change to the information supplied in its application to MTS (including of the relevant Legal Entity Identifier), (ii) to notify MTS immediately in case of a breach of any of the undertakings in this Article 7, (iii) to pay all fees payable to MTS not later than the due date, (iv) to notify MTS, 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 system malfunction or technical problem and (v) to respect and accept the outcome of checks by MTS referred to in Section IV of these Rules;
- i. If requested by MTS, it will demonstrate at least once a year, its continuing satisfaction of the conditions for admission referred to in Article 31. MTS may require the presentation of any data, information or documents useful to this purpose, including certifications from auditing companies;
- j. it will maintain a trading relationship with the relevant settlement institutions either directly or via an agent in relation to the Financial Instruments available for trading on the Market.
- k. it will always effect or procure timely settlement of each of its Trades;
- l. it will keep confidential and 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 which have entered into a confidentiality agreement with MTS in a form approved by MTS.
- m. It will certify that each algorithm it deploys has been 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

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and upon request by MTS, Participants must provide satisfactory evidence of the successful certification of the testing activities carried out 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 when a) it introduces a new release or version or otherwise modifies any software previously conformed and/or b) it is requested by MTS.

- n. it will provide MTS, 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 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 controls in place to ensure that each message field is accurately populated where relevant. Acceptance of a message by MTS does not provide or imply that MTS considers this requirement has been met. In the event a Participant discovers one or more fields are inaccurately populated, the Participant must report this to MTS immediately and provide the correct information.
- q. Where applicable, it undertakes to collaborate in a cooperative and prompt manner with MTS in any request of data or clarification required by MTS in order for MTS to comply with 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 to comply with the transaction reporting requirements in accordance with the above mentioned legislation and Technical Specifications;
- r. 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 specific consent of MTS.

Art. 33 – Resignation of Participants

1. Any Participant may resign from membership of the Market or of a segment 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 or a segment 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 termination.

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Art. 34 – Suspension 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, or that there are reasonable grounds for presuming that any of the following circumstances apply, it shall suspend that Participant with immediate effect. A Participant which is suspended shall not be permitted to input Quotes or Orders on the Market. MTS may lift a suspension 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 for entry on the relevant list of Participants, 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 with proof of replenishment of Capital within three months from the relevant notification by MTS;
 - b. where the Participant has been suspended from operating or specifically from trading activities by a competent authority, or MTS has been instructed by such a competent authority to suspend the Participant from trading on the Market;
 - c. a request to suspend a Participant is received from a settlement agent through which the Participant settles and to which the Participant has given authority to make such request;
 - d. a request to suspension a CCP Participant is received from the CCP which the Participant uses to clear Trades executed on the Market;
 - e. in the case of a CCP Participant, a notification is received from the CCP that the Participant and/or its General Clearing Member has been suspended as a CCP Member or an “Event of Default” (as such terms are defined in the respective CCP rules) has occurred or is likely to occur;
 - f. where a Participant takes or is subject to an insolvency procedure among those listed in the Regulation (EU) 848/2015, as subsequently amended, or any other insolvency procedure applicable to the Participant:
MTS , with an motivated order, has considered that the suspension of the Participant is important 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 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 and included in its decision and communicated to the suspended Participant where permitted under Applicable Laws.

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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. 35 - Exclusion from trading

1. Without prejudice to the provisions under Section IV herebelow, if in relation to a particular Participant, MTS shall determine that any of the following circumstances apply, it may delete that Participant from the relevant list of Participants with immediate effect.
2. The said circumstances are:
 - a. suspension from trading or the relevant list of Participants for a period of 2 months; and
 - b. a resolution of MTS resolving that such Participant be deleted from the relevant list of Participants, e.g. if it is insolvent following the commencement of any of the insolvency proceedings set forth in the European Regulation 848/2015 or to other insolvency procedures in accordance with the laws applicable to the Participant.
3. Any deletion from a list of a Participant shall be notified by MTS to all other Participants by such means as MTS 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.

PART III

TRADING

Art. 36 – General system operations

1. MTS shall adopt all acts necessary to ensure the proper functioning of the Market.

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2. MTS shall determine the operational features of the trading protocol of the Market and may change it from time to time.
3. MTS may, with a motivated order, 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; and
 - d. monitor the operation of the Market and apply its policies in terms of risk controls.
4. MTS 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 these Rules.
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, 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 and/or the service providers for all liabilities, damages and costs they may suffer due to such failure or unauthorized access.

Art. 37 – Types of admitted Trades

1. The following types of Trades, as defined by market practice, can be executed in accordance with the Provisions:
 - a) Repo Contracts in the form of “classic repo” as generally defined in the market;
 - b) Repo Contracts in the form of “buy sell back” as generally defined in the market.

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2. The type of contracts (Classic Repo, Buy sell back, or both) allowed for each specific category of underlying Financial Instrument are listed in the Regulatory Specifications.
3. Repo Contracts may be executed within the deadlines permitted by the System and notified to the Participant both as “general collateral” (a collateralised cash loan with an obligation to repay the full loan on a pre-determined date), or as “specific repo” (the purchase / sale of a specific security against cash payment, with the obligation to sell / buy it back at a pre-determined date).
4. Repo Contracts can be traded also as Tri-Party Repo. In this type of Contract a third party, different from MTS and the Participants, known as tri-party agent is responsible, among other tasks, for the management of the basket relevant for the Trade, and for the choice and allotment of the collateral; all these activities take place outside of the Market. The definition of the basket is left to the Participants counterparty to the Repo Contract.

Art. 38 - Participants

1. Dealers participating in the Repo Segment may access all the functionality without any distinction with respect to their role. This implies that any Dealer may submit Quotes in bid and/or in offer and place Orders and use the Trade Registration. Dealers participating in the Repo Segment do not undertake any commitment to post Quotes.

Art. 39 – Quotes

1. Quotes can be anonymous or name display.
2. A Dealer using the Central Counterparty Service has the possibility to set up its Quotes so that they may only be matched by Orders from other Dealers which also use the above-mentioned service, in such an instance Quotes are firm. Otherwise, Quotes are subject to credit check by both counterparties.
3. Prior to the start of trading time, each Dealer may enter purchase and sale Quotes into the System. Such Quotes shall not be visible to the other Dealers until the commencement of trading. Quotes are binding exclusively to the Dealers.
4. A Dealer may amend its Quotes at any time. However, they shall remain bound by the Price and volume posted with respect to Orders processed by the System prior to the receipt of the amendment.

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5. A Dealer may restrict the display of its Quotes to a partial amount comprised between the minimum trading lot and the total amount of the Quote.
6. At the close of each trading day, Quotes still registered in the System shall be automatically cancelled.

Art. 40 – Orders

1. Orders may be submitted by Dealers for amounts equal to or greater than the minimum trading lot indicated in the Regulatory Specifications and may be of the following types:
 - a) Fill and Kill (FAK): these Orders may be executed in full or in part. In the event of partial execution, the residual quantity is cancelled.
 - b) All or Nothing (AON): these Orders only allow for the total execution of the amount, otherwise they are cancelled.
2. Orders submitted with respect to active Quotes shall be valid for the maximum time period set forth in the Repo Instructions.

Art. 41 – Conclusion and registration of Trades

1. Trades are executed when the System reports the matching of a Quote and an Order. Further, a Trade shall be deemed executed when a Trade Registration is accepted by both counterparties. In the event of any dispute, the time stamp of the Repo Contract, the time shown in the records produced by MTS shall prevail.
2. In the event of a bilateral trade, where the counterparties to a Trade choose not to use a CCP, the Dealer shall accept or refuse the Order prior to the expiry of the maximum time limit set forth in the Provisions. An Order may only be refused on the grounds of credit lines or lack of proper legal documentation.
3. Each Dealer has the possibility to restrict its maximum exposure towards a specific counterparty or to prevent in advance trading with such counterparty with which it does not have a credit line. Any refusal not supported by objective grounds relating to limited credit lines shall be subject to disciplinary measures by MTS pursuant to Section IV.

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4. 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 expiration of said maximum time limit.
5. If Quotes and Orders matching on the Market are submitted by two CCP Participants using the CCP services on a CCP Financial Instrument, the execution of the Trade shall be automatic, subject to the registration of the Trade by the CCP, in the case where the applicable CCP regulations provide that the novation of the relevant Trade shall take place upon the registration of the Trade by the CCP.
6. MTS shall maintain a specific electronic file in which data relating to Trades concluded on the Market are recorded as soon as reasonably feasible. Each Trade shall be allocated an identification number which identifies:
 - a) the contracting party and the name of the Central Counterparty to the CCP Contract;
 - b) type, object, time and date of execution of the Trade;
 - c) quantity and Price.Authorised parties shall be entitled to consult the archive at any time.

Art. 42 – Definition of “General Collateral” Trades

1. In “General Collateral” Trades the seller must select the Financial Instruments to be delivered within a maximum deadline after the execution of the Trade set forth in the Provisions.
2. “General Collateral” Trades which are not defined before the relevant cut-off for trading and allocation activity in the specific instrument and term are cancelled from the System upon closing of the Market; the counter-parties are, however, required to process them accordingly. In this eventuality and where the transaction was carried out anonymously between two counterparties using a Central Counterparty then the MTS, without prejudice to its right to start the procedure provided for in Section IV of these Market Rules, reserves the right to disclose the identities of the parties to each other in order to facilitate the bilateral resolution of any dispute.
3. For the definition of “General Collateral” Trades, also those Financial Instruments with detachment of coupons (ex-coupons) during the period of validity of the transaction must be delivered. As such, the acceptance of such Financial Instruments is mandatory. The settlement of these Financial Instruments shall take place in accordance with the relevant rules of the Settlement Service.

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4. The maximum number of Financial Instruments to be delivered in “General Collateral” transactions is set forth in the Provisions.
5. For Triparty General Collateral Trades, the selection of the Financial Instruments to be delivered for the definition of the Trade occurs outside the System.

Art. 43 – Trade-Registration facility

1. Participants shall not pre-agree transactions except in accordance with this section 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. The acceptance of a Trade Registration is subject to the Trade being compliant with the relevant maximum and minimum quantity and price limits. The relevant Minimum Trade Registration Size will be 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
 - b. “From Best”, as a bilateral negotiation tool allowing the sender to request a customisation 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 will only consider information entered into the Market by Participants, and not any details discussed or agreed outside the Market.
4. Participants must ensure that a bilaterally negotiated Trade is reported to MTS within fifteen (15) minutes or the different timeframe that might be set by MTS 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 from time to time to evidence the timely submission of the bilaterally negotiated Trades.

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Art. 44 – Major Market Incident

1. For the purposes of these Rules, Major Market Incident (“MMI”) means one of the following events taking place on the Market:
 - a) the improper functioning of the System so that all or a significant number of Participants is 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 wrong Prices in the Best Page, or are unable to perform, in whole or in part, the market making activity);
 - b) the security or integrity of the System is compromised or subject to an imminent risk, or MTS is unable to see or control the Market using standard measures.
2. The occurrence of a MMI is identified by MTS. The duration of a MMI shall run from the time when the first impact on the system occurred and shall last until MTS determines that the normal conditions of the System have been restored. In the event of a MMI, MTS shall take the most appropriate measures, including the suspension of the Market or segments thereof.

PART IV

POST TRADING

Art. 45 – Settlement and Central Counterparty services

1. Settlement of Trades can take place at the entities indicated in the Regulatory Specification. The Participant authorises the Settlement Service to settle the Trades based on the instructions provided by MTS.
2. The System provides the required data for the settlement of Trades concluded in each Market Segment to the Settlement Service and, where applicable, to the Central Counterparty Service and to the tri-party agents.
3. For bilateral trades executed between Dealers the System will provide the required data for settlement but will not automatically, unless requested, instruct the relevant Settlement Service. MTS shall have the right to ask to Dealers data confirming the completion of the settlements process.

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4. For CCP trades executed between Dealers the System will provide the required data for settlement and will automatically instruct the relevant Central Counterparty.
5. MTS may cancel Trades as provided in the Provisions and when necessary amend data already transmitted to the Settlement Services and Central Counterparty Services, with respect to Trades executed on Financial Instruments already announced by the issuer, in the event that such securities are not issued.
6. Trades guaranteed by Central Counterparty and not settled within the day established by the rules of the relevant Central Counterparties shall be subject to the buy-in and sell-out procedures defined within said rules.

PART V

PROVISION OF INFORMATION

Art. 46 - Information to be provided to Participants

1. For each Financial Instrument, MTS makes available on the trading screen to each Participant, as close to real time as reasonably possible, 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 at least the 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 may also provide to each Participant statistics for each Repo Contract containing the following information:
 - a. within the course of each Trading Day and at Market close: description of the Repo Contract, the minimum, maximum and weighted average Price, and traded volumes, calculated based on Trades executed during the same Trading Day;
 - b. at the opening of each Trading Day: description of the Repo Contract, 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.

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3. With reference to Trades executed via the Trade Registration functionality, MTS may decide, pursuant to the principle of transparency and in compliance with the relevant market practice and considering the liquidity and quantity of the trading, not to supply any of the information set forth in paragraph 2 above. Additionally, MTS may delay publication of the information referred to in the preceding paragraph in the event of serious technical malfunctions that make it impossible to establish the correct data and the information to be published.
4. MTS shall make available to Participants, on the System, the following information, updated daily:
 - a. a table of Financial Instruments available for trading;
 - b. a list of all Participants, with identification codes.

Art. 47 – Provision of data to Authorities

1. MTS shall provide the Ministry of Economy, Bank of Italy and CONSOB with data and information relating to Repo Contracts and the trading activity of the Participants on the Market, as well as any other data, information, deed or document requested by the Ministry of Economy, Bank of Italy and by CONSOB, if necessary also on periodic and on-going basis, in accordance to the Applicable Laws.
2. MTS shall notify the Ministry of Economy and Finance, the Bank of Italy and CONSOB of any breaches of these Rules detected during the performance of its monitoring activities set forth in Section IV and shall report on the measures taken in connection therewith.
3. MTS shall provide the Ministry of Economy, the Bank of Italy and Consob with advance a draft of the Provisions it intends to issue in accordance with Article 3, paragraph 1 above.

Art. 48 – Provision of data to the public

1. At the end of each Trading Day MTS makes public on its website a list that reports, for each Financial Instrument traded on the Market, in accordance with the Provisions at least the minimum, maximum, and weighted average Price and total volume traded calculated with reference to the Trades executed in the Trading Day. Cancelled trades shall be excluded from such list. MTS reserves the right to also exclude from such list, those transactions it considers anomalous. The Provisions may indicate those cases in which such calculation shall not take into account transactions as deemed extraordinary

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2. If the determination of correct data and information to be published is rendered impossible or unreasonably burdensome due to exceptional market conditions, MTS shall immediately notify the Bank of Italy and Consob. The distribution of the data shall resume as soon as possible.

Art. 49 – Amendments and communications

1. MTS can amend the Rules in accordance with the Applicable Laws and the MTS By-laws and shall inform the Participants in accordance with the provision of the Terms and Conditions, as published from time to time on MTS website <http://mtsmarkets.com/Documents/General-Terms-and-Conditions>. The Provisions (that include also the Regulatory Specifications) and the amendments thereof shall be resolved upon by the Board of Directors, or if urgent by decision of the Chief Executive Officer, and communicated to the Participants as provided in this paragraph.
2. MTS from time to time will communicate to the Participants information necessary for their trading activity on Market in accordance 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.

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SECTION IV

SUPERVISION AND PENALTIES

Art. 50 – 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 and the Provisions. 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) verify the performance of the commitments undertaken by the Market Makers. Should MTS require clarifications, the relevant Participant, shall provide such clarifications as soon as possible;
 - b) verify the proper updating of the databases, the procedures and whatever else is necessary to ensure fair and orderly trading;
 - c) monitor 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) for the purpose of verifying the compliance of the Participants with the operations requirements, MTS may conduct audits at the Participant's premises or at the premises of third parties entrusted by the Participant with the management of outsourced services;
 - e) request the Participants to provide, also on a periodical basis, relevant data, news and information, as well as to handle documents.
3. In addition, MTS, within the framework of its monitoring activities, may:
 - a) postpone the start of trading with respect to the entire Market, individual Segments, individual Financial Instruments or specific Categories of Financial Instruments or extend the duration of trading hours, in order to improve the efficient functioning of the Market;
 - b) temporarily suspend trading on the entire Market, individual Segments, individual Financial Instruments or specific Categories of Financial Instruments in the event of severe technical dysfunctions or other extraordinary events;
 - c) temporarily suspend one or more Participants from trading;
 - d) amend errors related to input of Orders, according to the procedures set forth in the Provisions.

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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. 51 – Disciplinary measures

1. A Participant failing to comply with the obligations deriving directly or indirectly from the application of these Rules and of the Provisions or otherwise failing to comply with the System'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. Without prejudice to MTS right to start the procedure described in this Section IV, breaches by Market Makers of their Market Making Commitments are dealt with in Article 21 above.

2. In order to adopt the measures referred to in the 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 violation;
- d) the benefits accrued by the Participant from the breach;
- e) the Participant 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 violations;
- 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

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- j) the cases in which various provisions are breached or the same provision is breached more than once.
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. 52 – Procedure for verifying violations

1. In order to apply the measures referred to in Article 51 above, the procedure described in this article shall be initiated within one year of the presumed violation or of the later date on which MTS learned of the presumed violation. In the latter case the procedure described in this article may not be initiated after three years have elapsed from the date of the presumed violation.
2. For the purpose of applying the measure referred to in Article 51 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 market intermediary 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

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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 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 51 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. 53 – Review of Measures

1. The Participant may ask for the review of the measures applied pursuant to Article 51 within 15 days of the communication of the relevant measure by means petition to the Appeals Board established pursuant to Article 54 below.
2. Applications of the measures referred to in Article 51 shall be made public via 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.

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Art. 54 – 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.
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.
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. 55 – 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 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:

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- 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 Chairman of the Milan Court.
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 53.2. 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 designated by its Chairman.

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