

BONDVISION ITALIA

WHOLESALE REGULATED MARKET OF GOVERNMENT BONDS

RULES

Effective as of 22 August 2016

Wholesale regulated market operated by MTS S.p.A



London
Stock Exchange Group

BondVision Italia

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WHOLESALE REGULATED MARKET OF GOVERNMENT BONDS

RULES

TITLE I

GENERAL INSTRUCTIONS

Article 1 – Definitions

In these regulations:

- “Categories of financial instruments”** shall mean a set of financial instruments having similar characteristics;
- “Instructions”** shall mean the rules implementing these Regulations;
- “Domestic Markets”** shall be defined to refer to the following regulated trading venues: MTS Austria, MTS Belgium, MTS Czech Republic, MTS Denmark, MTS Finland, MTS France, MTS Germany, MTS Greece, MTS Hungary, MTS Ireland, MTS Israel, MTS Italy, MTS Netherlands, MTS Portugal, MTS Slovenia, MTS Spain and MTS UK.
- “End user”** shall mean a participant authorised to make quote requests;
- “Liquidity Provider”** shall mean a Participant authorised to display Quotes; **“Financial Instruments”** shall mean Italian and foreign government bonds, including coupons and principals of the same Financial Instruments.
- “Regulated markets”** shall mean markets entered in the register referred to in Article 63(2) and in the section referred to in Article 67(1) of Legislative Decree 58/1998;
- “Membership Documentation”** shall mean the set of contractual documents governing the relationships between MTS and a Participant and includes the Application Form, the General Conditions and all the annexes, including also these Rules, as in force from time to time.

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“Market”	shall mean BondVision Italia the multi-dealer-to-client wholesale regulated market of government bonds managed by MTS and authorised with the Treasury Minister Decree dated 28 June 1998, pursuant to Article 66 of the Consolidated Law on Finance;
“Participants”	shall mean all the parties admitted to trading on the System as End Users or Liquidity Providers;
“Price”	shall mean the consideration, which may be expressed by reference to an interest rate or a price differential, in accordance with the procedure indicated in the Instructions;
“Primary Dealer”	means a firm that is allowed by a debt management office to buy government securities directly from the relevant government body also with the intention of reselling them. Debt management offices generally maintain a list of primary dealers. As an example in the following countries Primary Dealers are known as: “Specialisti” in Italy, “Specialiste des Valeurs du Tresor” (SVT) in France, “Bietergruppe Bundesemissionen” in Germany, “Operadores Especializados em Valores do Tesouro (OEVT)” in Portugal, “Mediadores del Mercado de Deuda Publica” in Spain, and “GEMMs” in the United Kingdom.
“Quote”	shall mean the proposal, with an indication of the price and quantity, displayed by a Liquidity Provider to buy or sell a financial instrument by means of one of the contracts admitted to trading on the System;
“Request for Quote”	shall mean the request made by a participant to Liquidity Providers; it can be “outright” if the request is for a quote for just one financial instrument; “switch” if the request is for quotes for two financial instruments, of which one to be sold and the other to be bought; or “butterfly” if the request is for quotes for three financial instruments, of which one to be sold and two to be bought or vice versa;
“Settlement service”	shall mean the settlement and clearing service for contracts relating to the financial instruments referred to in Article 69 of the Consolidated Law on Finance or foreign settlement systems subject in their home country to a supervisory system equivalent to that to which the systems referred to in Article 69 of the Consolidated Law on Finance are subject;
“System”	shall mean the electronic system called “BondVision” for the trading of financial instruments via a dedicated line or the Internet on the market referred to in Article 2;
“MTS”	shall mean MTS S.p.A., with registered office in Rome, via Tomacelli 146;
“Consolidated Law on Banking”	shall mean Legislative Decree 385/1993;

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“**Consolidated Law on Finance**” shall mean Legislative Decree 58/1998.

Article 2 – Scope of the rules

1. These Rules govern the operation, organisation and management of the Market in which the Participants perform their activity and on which Financial Instruments are traded. In particular, it contains Instructions 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; d) the procedures for publication and circulation of information; and e) disciplinary procedures. These Rules are to be read together with the accompanying Instructions containing implementing Instructions of the Rules. These Rules, in their most up-to-date version as in force from time to time, are published on MTS website at www.mtsmarkets.com/Documents/Marekt-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 an annex. The Participant declares to know, understand and accept the Membership Documentation having had the chance to examine it on the MTS website at www.mtsmarkets.com/Documents/General-Terms-and-Conditions MTS and/or, for documents not available on the website, having had received a copy thereof and having had the chance to discuss it with MTS. MTS can amend the Rules in accordance with the provision of the General Terms and Conditions, as published from time to time on the MTS website. Further, the Participant shall examine and comply with the technical documentation available to all Participants on a protected environment, known today as Technical Portal.
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 in the Fee Schedule (a document that form integral part of the Membership Documentation). The fees are set by MTS on the basis of transparent and non-discriminatory criteria.

Article 3 – Regulation of the market

1. The market is regulated by the Consolidated Law on Finance and by the Treasury Minister Decree 216/2009 and is articulated in:
 - a) the **Regulations**: approved by the Ordinary Shareholders’ Meeting of the MTS, they establish market principles;
 - b) the **Instructions**: approved by the Board of Directors of the MTS, they serve to implement the Regulations;

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2. shall be timely notified of any amendments to the Rules and Instructions through appropriate communications via e-mail. Both Rules and Instructions are published on MTS's website. Instructions

TITLE II

FINANCIAL INSTRUMENTS

Article 4 - Tradable securities

1. Financial Instruments may be traded on the Market by means of the contracts referred to in Article 23.
2. Securities whose issuance has been announced by the issuer may be admitted to trading; for such securities to be admitted to trading, account will be taken of the volume of the announced issue instead of the securities' distribution.
3. The settlement of contracts relating to securities whose issue has been announced by the issuer shall take place as from the due date for settlement of subscription transactions (on the primary market).

Article 5 - Conditions for admission to trading

1. Financial Instruments may be admitted to trading at the request of participants. Such financial instruments must be freely transferable and there must not be any limitation or hindrance to the exercise of the owner's rights.
2. Financial Instruments issued (or announced to be issued) shall meet the eligibility criteria set by MTS.

Article 6 - Procedure for admission to trading

1. The MTS shall establish which of the securities referred to in Article 4 may be traded on the Market, and shall specify the procedures and time limits for their inclusion in the System.

Article 7 - Suspension and exclusion from trading

1. The MTS may suspend or exclude any traded financial instrument from trading where there has been:
 - a reasoned request by participants;
 - a prolonged lack of trading;

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- a lack of orderly trading conditions.
2. Within six months of the date of suspension of a Financial Instrument, MTS may readmit it if the reasons or causes which led to its suspension no longer exist.

Article 8 - Determination of the minimum lot

1. Financial Instruments shall be traded in the minimum quantities established in the Instructions;
2. The minimum tradable lots may be differentiated by Categories of financial instruments.

TITLE III

PARTICIPANTS

Article 9 - Participants admitted to trading

1. The following entities may be admitted to trading on the System: entities authorised by law or regulations to engage in investment services or activities and dealing for own account and entities that fulfil the participation requirements established in the Instructions.
2. MTS shall specify in the Instructions the categories of Participants admitted to trading.
3. The admission of non-EU entities shall be subject to prior notification of the Bank of Italy, in accordance with the Instructions.

Article 10 - Admission conditions

1. The admission of Participants to trading shall be subject to verification by MTS on the basis of objective, non-discriminatory criteria of fulfilment of the following requirements on a continuing basis:
 - a. sufficient staff with adequate professional qualifications in relation to the types of activity carried on;
 - b. adequate organizational mechanisms and internal control procedures for trading activity;
 - c. overall level of business in government bonds permitting the Participant to play a potentially significant role on the market;

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- d. reliable procedures for the settlement and possibly guarantee mechanisms of contracts; the reliability of the clearing and settlement procedures will be periodically verified by the MTS;
 - e. presence of a compliance officer for trading whose name must be communicated. Such person must have a good knowledge of these Regulations and of the rules governing the functioning of the market and must provide adequate support to the Participant's structures in their application. Among other things, the compliance officer shall be entrusted with relations with MTS's trading supervision office. The compliance officer shall appoint a deputy with analogous qualifications in the event of his or her absence.
2. The Participants authorized to trade on the Market pursuant to Article 25, paragraph 2, of the T.U.F.: (a) undertake also to follow the Guidelines on systems and controls in an automated trading environment for investment firms, issued by ESMA on February 24, 2012, in such a manner and to the extent required by the relevant regulatory body; and (b) declare to have the adequate operations and internal control procedures of the trading activity, mentioned in the paragraph 1, letter b) above, also in relation to the rules of the platform and the management of risk.

Article 11 – Admission procedure

1. Entities referred to in Article 9 wishing to be admitted to trading on the market must submit a written application to MTS in accordance with the Instructions.
2. The Instructions shall specify the participation documentation that must be produced together with the application referred to in paragraph 1.
3. the MTS shall examine applications for admission on the basis of the objective, non-discriminatory criteria listed in the Instructions, and shall normally issue its ruling within ten days of the date of receipt of the application fulfilling the requirements set out in the preceding paragraphs. MTS can deny admission based on the applicant not meeting the admission requirements and/or when the admission could negatively affect the orderly operation of the Market. Once admitted, the Participant will be able to start trading from the date to be indicated by MTS.

Article 12 – Participants' obligations

1. Each participant shall:
 - a) comply with these Regulations and the Instructions implementing them;

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- b) maintain conduct based on principles of fairness and honesty and operate in accordance with criteria of professionalism and diligence in relations with market counterparties, obligations towards MTS and use of the trading systems.
2. Participants shall promptly notify MTS of any circumstances of which they are aware, including technical problems with their systems, that prejudice or might prejudice their compliance with these Regulations or the orderly trading on the Market.
3. Participants shall be liable vis-à-vis MTS for the conduct of their employees and collaborators. Conduct by traders that violates these Regulations shall be considered as the conduct of the Participant.
4. Participants shall refrain from acts that may prejudice the integrity of the markets. *Inter alia* they may not:
 - a) commit acts that are likely to give a false or misleading impression to other market participants;
 - b) commit acts that may impede Liquidity Providers in fulfilling their commitments;
 - c) carry out fictitious transactions, whose objective is not to transfer ownership of the financial instruments traded or to modify their exposure to the market;
 - d) carry out, directly or through a nominee, transactions under a prior agreement for the execution and offsetting thereof;
 - e) e) distributing the Market data which are provided by or obtained from the System and shall use the Market data exclusively to trade on the System. Market data are exclusive property of the MTS

Article 13 - General conditions for the supply of services

1. The relationship between MTS and the Participants concerning participation in trading on the market shall be governed by the general conditions for the supply of services.
2. MTS on the basis of transparent, non-discriminatory criteria and indicated in the Fee Schedule attached to the Membership Documentation, as amended from time to time.

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Article 14 - Continued fulfilment of the participation requirements and admission conditions

1. Participants shall ensure continued fulfilment of the requirements referred to in Article 9 and of the admission conditions referred to in Article 10. MTS may request Participants, including individual Participants, to provide any information, data or document, including auditors' certificates, which it deems necessary for such purpose.
2. Participants shall notify MTS, as soon as possible, of every material change in the conditions with respect to which the information provided and the documentation produced at the time of submission of the application for admission refer.
3. The MTS may request Participants to supply all the information and documentation needed to verify fulfilment of the participation requirements and admission conditions.

Article 15 – Suspension from trading

1. Without prejudice to paragraph 2, MTS, when it finds or has good reason to presume that even one of the conditions referred to in Article 10 is no longer satisfied or finds non-compliance with Article 14(2), may suspend the relevant participant.
2. In the event of ceasing to be adequate procedures for the settlement of contracts referred to in Article 10(1)(c), the suspension may be restricted to the market segment in which the contracts traded are to be settled via the settlement service in question.
3. A Participant shall be automatically suspended if the competent authorities have issued an order suspending it from providing investment services and from dealing for own account, without prejudice to any measures adopted by the supervisory authorities to ensure the closure of any positions still open, or following the declaration of market insolvency by Consob pursuant to Article 72 of the Consolidated Law on Finance.
4. The MTS may suspend or exclude the Participant from trading in the event of the suspension of its administrative bodies under Article 53 of the Consolidated Law on Finance or Article 76 of the Consolidated Law on Banking, or of extraordinary administration, compulsory administrative liquidation or another bankruptcy procedure, or of suspension or exclusion measures issued by other Italian or foreign trading venue.
5. Suspension may also be ordered in the cases referred to in Article 35, in accordance with the procedures laid down in Article 36.
6. Suspension shall be revoked when the reasons which led to their imposition no longer exist.

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Article 16 – Exclusion from trading

1. The MTS shall exclude a participant from trading if:
 - a) it ceases to belong to the categories referred to in Article 9;
 - b) it is in a state of confirmed insolvency;
 - c) it has been suspended from trading pursuant to Article 15(1) and 12 months have elapsed without having demonstrated that the conditions referred to in Article 9 have been restored.
2. Exclusion may also be ordered in the cases referred to in Article 35, in accordance with the procedures laid down in Article 36.

Article 17 - Exclusion from trading upon request

1. Participants admitted to trading on the market may request to be excluded.

TITLE IV

MARKET MAKERLIQUIDITY PROVIDERS

Article 18 – Authorisation to act as Liquidity Providers

1. To become a Liquidity Provider a Participant shall file an application with MTS and, with reference to the Financial Instruments mentioned below, it shall satisfy MTS that it complies with the following additional requirements:
 - a) For Government Securities and Sovereign Securities (with the exception of those Government Securities denominated in US Dollars):
 - i. The Participant must be recognised as Market Maker or the equivalent in at least one of the Domestic Markets managed by EuroMTS Limited, MTS S.p.A., MTS France S.a.s. or MTS Associated Markets S.A.;
or
 - ii. The Participant is recognised as a Primary Dealer or equivalent thereof in at least one of the Member States of the European Economic Area.
 - b) For Government Securities denominated in US Dollars):

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- i. The Participant must be recognised as Primary Dealer in government securities by the Federal Reserve Bank of New York; or
- ii. they have signed a .

Article 19 –Liquidity Providers’ undertakings

1. Market MakerLiquidity Providers shall undertake to respond to Requests for Quote by displaying executable quotes.
2. Market MakerLiquidity Providers shall undertake to provide price indications for a significant number of financial instruments.
3. Market MakerLiquidity Providers shall undertake to maintain competitive Price conditions and carry out trades in line with the general conditions of the market and the movements in the prices of financial instruments that are the subject of Request for Quote.
4. Liquidity Providers shall deal in investment as principal.
5. Where there are serious and justifiable reasons, Liquidity Providers may apply to MTS for the temporary suspension of the undertakings referred to in paragraphs 1 and 2.

Article 20 – Continued fulfilment of the requirements to act as Liquidity Provider

1. Market MakerLiquidity Providers shall ensure continued fulfilment of the requirements referred to in Article 18.
2. Market MakerLiquidity Providers shall inform MTS, as soon as possible, of every material change in the conditions to which the information provided at the time of submission of the application to act as a Liquidity Provider refer.

Article 21 – Suspension of the authorisation to act as a Liquidity Provider

1. MTS, when it finds or has good reason to presume that even one of the conditions referred to in Article 18 is no longer satisfied or finds non-compliance with Article 20(2), may suspend the relevant authorisation to act as a Liquidity Provider.

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Article 22 – Other applicable Instructions

1. For all matters not excluded by or incompatible with this Title, the Instructions of Title III shall apply to each Liquidity Provider.

TITLE V

TRADING

Article 23 - Eligible contracts

- 1) The Financial Instruments referred to in Article 4 may be traded on the market using the following types of contract:
 - a) sales and purchases, spot and forward;
 - b) repos;
 - c) spread, switch and multi-leg contracts, which make it possible to quote differences in prices or yield basis points between two financial instruments of the same or different kinds. The conclusion of such contracts gives rise to two distinct purchase and sale agreements of opposite sign having as their subject the instruments for which the price or yield differential is quoted.

Article 24 - Conduct of trading

1. Trading shall take place solely through connections to the System, which allows the entry of Requests for Quote by Participants, the display of quotes by Liquidity Providers and the transmission to Participants of information relating to market conditions.
2. The MTS shall lay down the operational and informational functioning of the System in the Instructions and make all the changes to the System that are necessary or desirable to improve its functioning, giving prompt notice thereof to participants in special circulars.
3. Market maker Liquidity Providers shall trade in their own name and for their own account.
4. The operation of the System depends on the presence of a sufficient number of Participants and Liquidity Providers to ensure an adequate level of competition between them.
5. Trading shall take place continuously during the hours specified in the Instructions. These may specify different trading hours for different Categories of financial instruments.

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Article 25 - Quotes

1. Quotes may only be displayed by Liquidity Providers and shall be binding to the extent indicated in paragraph 3.
2. Quotes may be formulated for amounts equal to at least the minimum lot.
3. Participants may request changes to the original quote. Liquidity Provider may change the Quotes they have formulated at any time. However, it must conclude the contract if the Quote is accepted by the Participant at the proposed price, for not more than the quantity offered, and within the validity period. If the Participant sends an acceptance at a price which is no longer active, the Liquidity Provider may agree to conclude the contract.
4. Quotes are ordered by the System by price and, for a given price, according to the time of input into the System.
5. At the close of each day's trading, Quotes still displayed on the System will be deleted automatically.

Article 26 - Requests for Quote

1. Requests for Quote may only be made by End Users and are binding on Liquidity Providers only. Requests for Quote may also be sent with reference to Quotes which are no longer active. In such case the Liquidity Provider may agree to conclude the contract.
2. Requests for Quote may be sent to the maximum number of Liquidity Providers established in the Instructions.
3. Requests for Quote may refer to the price, the quantity, the settlement date, whether it is for a bid or an offer, or a combination thereof.

Article 27 - Conclusion of contracts

1. Contracts shall be concluded when the Quote is accepted by the Participant, in accordance with the procedures established in the Instructions.

Article 28 – Execution of contracts

1. Participants shall send settlement services, using the procedures these establish, the data on the contracts they have concluded in good time for their settlement, in accordance with the time limits agreed between the parties. Trade-checking shall be performed in accordance with procedures and within time limits that permit orderly settlement.

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Article 29 - Cancellation of contracts

1. The MTS may cancel contracts concluded on the market on the basis of a bilaterally agreed request by the two interested parties if the trade was concluded accidentally or as a result of a System malfunction.
2. If only one of the two Participants requests the cancellation of a contract, MTS, in order to maintain equitable and orderly market conditions and prevent participants from being unfairly penalized as a consequence of material errors, shall check the market conditions existing at the time of the trade, using the official cancellation procedure as indicated in the Instructions.
3. The cancellation procedure referred to in paragraphs 1 and 2 must be requested within the time limits established in the Instructions.

TITLE VI

PROVISION OF INFORMATION

Article 30 – General principles

1. The MTS shall make the information necessary for the correct performance of trading activities available to participants in accordance with the procedure indicated in the Instructions.

Article 31 – Pre and post-trading transparency

1. For each Financial Instrument traded on the market, MTS shall provide participants with at least the following information in real time:
 - a) prices and quantities of the best purchase and sale Price indications displayed by Liquidity Providers in accordance with Article 19(2);
 - b) for each Participant the current status of all the Quotes and/or Requests for Quote issued and details of the contracts concluded.
2. At the close of each day's trading, MTS shall publish a list containing, for each Financial Instrument traded on the market, at least the following information: the minimum, maximum and weighted average price and the total quantities traded, based on the contracts concluded during the whole day.

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3. The 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, and shall promptly transmit its decision to the Bank of Italy and Consob.

Article 32 – Recording of contracts and Information provided to the Authorities

1. All the contracts concluded on the market shall be recorded at MTS and sent by same to Consob in compliance with Article 65 of Legislative Decree 58/1998 and the implementing regulation referred to therein.
2. At the close of each day's trading, all the information available on Requests for Quote, quotes and price indications entered in the System and on the contracts concluded shall also be recorded.
3. The MTS shall supply the Bank of Italy and Consob with data and information on the contracts concluded and the activities performed by Participants on the market.

TITLE VII

MARKET SURVEILLANCE

Article 33 – Controls and measures concerning trading

1. MTS, through a specific monitoring department, shall supervise the conduct of trading, verify compliance with these Regulations and the Instructions and adopt all the measures necessary to ensure the smooth operation of the market.
2. *Inter alia* MTS shall:
 - a) monitor the general conditions of the market and the prices of the individual financial instruments;
 - b) monitor the conduct of Participants on the market and market makers' compliance with their undertakings;
 - c) apply to Participants for information deemed necessary in relation to particular market conditions;
 - d) verify the appropriate updating of records, procedures and any other matters necessary to ensure orderly trading;
 - e) monitor the operation of the technical equipment and transmission networks of the System;

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- f) regulate trading conditions in accordance with the procedures referred to in Articles 29 and 34 and paragraphs 3 and 6 of this article;
 - g) promptly inform Participants of the measures it adopts that affect trading on the market.
3. In the exercise of its market management activity, *inter alia* MTS may:
 - a) in order to improve the functioning of the market, postpone the start of trading on the entire market or for individual Categories of Financial Instruments, or extend the duration of trading beyond the standard hours;
 - b) temporarily suspend trading on the entire market or for individual Categories of Financial Instruments in the event of serious technical malfunctions or other exceptional events;
 - c) request Participants to send data and information, including periodically, and to transmit documents, relating to on- and off-market trading in the instruments traded on the market;
 - d) for the sole purpose of checking compliance with these Regulations, perform audits on participants' premises in accordance with the procedures described in the Provisions.
 4. Without prejudice to any measures necessary for the electronic management of trading or to Articles 30, 31 and 32, MTS shall ensure the confidentiality of all the information it obtains in the course of its market management and supervision activities.
 5. The Management company MTS, proceeding on its own authority, shall cancel contracts involving securities whose issue has been announced by the issuer if such securities are not actually issued, or the quantity of the issue is significantly smaller than that announced.

Article 34 – Handling of technical breakdowns

1. In order to handle technical breakdowns transparently, MTS:
 - i) shall establish the procedures for handling technical breakdowns in the Instructions;
 - ii) may order the temporary suspension of trading in the event of a technical breakdown;
 - iii) shall inform the market of the measures adopted in accordance with this article where they impinge on Participants' operations or the trading of financial instruments.

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2. The MTS shall promptly inform Participants, the Bank of Italy and Consob of the breakdowns that occur and the measures adopted.

TITLE VIII

SUPERVISION AND DISCIPLINARY MEASURES

Article 35 – Disciplinary measures

1. Participants that fail to fulfil the undertakings deriving directly or indirectly from the application of these Regulations and the Instructions or otherwise fail to comply with the operational procedures laid down for the operation of the System shall be liable to one of the following disciplinary measures, taking account of the gravity of the violation and any previous violations committed by the same participant:
 - a) written warning;
 - b) a fine of between €1,000 and €25,000;
 - c) suspension from trading for a period not exceeding two months;
 - d) exclusion from trading;
 - e) suspension from functions of Market Maker for a period not exceeding two months.

MTS shall apply the disciplinary measures in a non-discriminatory way.

2. A Market Maker that, after being subjected to one of the disciplinary measures referred to in paragraph 1(a) or 1(b) of this article due to an ascertained violation of the obligations set out in Article 19(3), violates the same obligations again within six months, shall be suspended for a period of not less than 10 days.
3. In the event of suspension or exclusion from trading, the Participant in question shall remain authorised, as regards trading on the market, exclusively to settle, under the supervision of MTS, for contracts still outstanding on the day on which the disciplinary measure comes into effect.
4. The disciplinary measures referred to in paragraph 1 shall be adopted by the Wise Men Committee on behalf of MTS at the end of the procedure referred to in Article 36. The Committee shall consist of a Chairman, two members and two alternates, appointed by the Board of Directors for two years among independent persons of proven expertise on markets in financial instruments; the appointments may be renewed. The fees payable to

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members of the Wise Men Committee shall be established by the Board of Directors at the time of their appointment.

5. Resolutions of the Wise Men Committee referred to in paragraph 4 shall be passed by a majority vote of its members. A member who performs an administrative, management or supervisory function in a participant or has a consultancy arrangement with it shall be replaced by an alternate in decisions relating to the conduct of that participant.
6. The operating rules of the Wise Men Committee shall be established by the Board itself and approved by the Board of Directors.
7. A party excluded from trading may be readmitted, at MTS' discretion, on presentation of a new application after not less than one year has elapsed from the notification of the exclusion order.

Article 36 - Procedure for the application of disciplinary measures

1. If MTS considers that a Participant has committed one of the violations referred to in Article 35(1), it shall send the relevant Participant a written notice containing a description of the alleged violation, and invite it to justify its conduct.
2. Within ten days of service of the notice referred to in paragraph 1, the relevant Participant may submit written counterarguments and documents at MTS' registered office, and may ask to be heard. This time limit shall be halved if the notice concerns a violation of the obligations referred to in Article 19(3).
3. When the period referred to in paragraph 2 has elapsed, the Wise Men Committee, having heard the relevant Participant if it has so requested and examined the written counterarguments and documents submitted, shall impose one of the disciplinary measures referred to in Article 35(1) if it considers that the alleged violation has been committed, and if not, it shall declare the disciplinary proceedings closed.
4. Reasons shall be given for the decisions referred to in paragraph 3, which shall be notified in writing to the Participant in question and, if they impose disciplinary measures, to the Ministry for the Economy and Finance, the Bank of Italy and Consob.
5. If the decision referred to in paragraph 3 imposes a sanction, it shall establish the forms in which the decision is to be published, in daily newspapers and/or the information pages of the System. Such publication may be excluded if the disciplinary measure is a written warning or a fine.

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6. Whenever it is necessary, for the protection and the correct and reliable operation of the market, and in cases of particular urgency or if there are good reasons for believing that a participant has committed serious violations or is suspected of being insolvent, MTS may order the immediate suspension of the relevant Participant from trading as a precautionary measure. MTS shall immediately notify the decision to the Ministry for the Economy and Finance, the Bank of Italy and Consob. The period of precautionary suspension shall not normally exceed twenty days. The precautionary suspension measure shall in any case cease to be effective on the day on which the decision taken pursuant to paragraph 3 is notified to the Participant.
7. Except as specified in paragraph 6, disciplinary measures shall take effect on the date on which they are adopted, unless otherwise established and notified to the Participant.

TITLE IX

FINAL PROVISIONS

Article 37 –Applicable law

1. Contracts concluded on the market shall be governed by Italian law and related disputes shall be subject exclusively to the jurisdiction of the Court of Milan, except in both cases when there is a different prior agreement between the parties in accordance with applicable law. The choice of a non-Italian law and/or jurisdiction shall be null and void, however, if it can lead, directly or indirectly, to failure to apply Instructions contained in the Regulations, the Instructions and the service contract that governs participants' relationship with MTS.

Contact Us

MTS S.p.A.
via Tomacelli 146
00186 Roma - Italia

info@mtsmarkets.com
+39 06 42120 1

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