

OTCX Europe BV

MTF Rulebook

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1. The Rules

1.1 These Rules set out the terms and conditions that apply to each Participant's activities, and trading on, the OTCX EU MTF.

1.2 These Rules have been established to facilitate the efficient, fair, and orderly operation of the MTF and to meet OTCX's regulatory obligations.

1.3 Unless otherwise specified, the following terms have the following meanings in these Rules:

"Affiliate" means any company controlled by OTCX Limited;

"Agreement" means any agreement governing the Participant's access to and use of the OTCX EU MTF;

"Actionable Indication of Interest" or "AIOI" means an offer with sufficient information to agree a trade in an Eligible Instrument;

"AFM" means the Dutch Authority for the Financial Markets;

"Algorithmic Trading" has the meaning set out in MiFID Article 4(1)39;

"Applicable Law" means all applicable laws and regulatory requirements, including market conventions;

"Applicant" means a person applying to become a Participant;

"Authorised Agent" means a person that is authorised to participate on the Execution Venue on behalf of a Customer pursuant to Rules 4 and 9;

"Authorised Trader" means a natural person who is appointed or employed by a Participant to exercise Trading Privileges on the OTCX EU MTF and has been assigned a User ID by the Operator;

"Business Day" means a day on which the OTCX EU MTF is open for trading;

"CFTC" means Commodities Futures Trading Commission;

"Cleared Derivative Transaction" means a Transaction in a certain Product and only offered on a cleared basis or which the parties have agreed shall be cleared through a Clearing House;

"Clearing Member" means a member of a Clearing House that is authorised to clear trades in financial instruments for itself or others;

"Competent Authority" has the meaning in MiFID II;

"Confirmation" means a written record with all the terms of a Transaction as required by Applicable Law;

"Confirmation System" means a third-party service designated by the Operator to route Transactions to a Clearing House and which may provide Participants with the opportunity to affirm the Transactions;

"Controller" has the meaning in General Data Protection Regulation (2016/679);

"Counterparty" means a legal entity that has concluded the Transaction, either a Participant or a Customer;

"Customer" means a person identified as such in the Authorised Agent's user agreement and in respect of which the Authorised Agent confirms that the Customer has met the Eligibility Criteria and, on whose behalf, the Authorised Agent may enter in to a Transaction and if applicable report such Transactions in accordance with Rule 33;

"Data Protection Laws" means to the extent applicable to a party, all applicable data protection and privacy legislation in force from time to time, including EU General Data Protection Regulation (2016/679) (GDPR), and all other legislation and regulatory requirements in force from time to time which apply to OTCX or the applicable Participant relating to the use of Personal Data;

"DCO" means a CFTC-registered derivatives clearing organization;

"Default Event" means an event or a set of circumstances that lead the Operator to determine that a Participant is unable or is likely to become unable to meet its obligations in respect of an Order or Transaction or comply with any other obligation under an Agreement or Applicable Law;

"Deferral" means an approval granted to Operator by a Competent Authority authorising deferred publication of Post-Trade Data as set out in Article 11 of MiFIR;

"Direct Electronic Access" or "DEA" has the meaning defined in MiFID II Article 4;

"Eligibility Criteria" means the criteria which determines eligibility to be a Participant and obtain Trading Privileges as set out in Rule 4.1-4.6;

"Eligible Instruments" means the financial instruments that are available on the MTF;

"Error Trade" means an erroneous transaction on the OTCX EU MTF under Rule 34;

"Execute", "Executed" or "Execution" means the action of concluding a Transaction;

"Exempt DCO" means a clearing organization that has been exempted from registration as derivatives clearing organization by the CFTC pursuant to U.S. CEA section 5b(h);

"Execution Venue" means the venue on which a Transaction or a component leg of a Package Transaction is executed or processed which may be different from the trading venue where the Transaction is arranged;

"FCM" means a CFTC-registered futures commission merchant;

"Insolvency Event" means the occurrence of any of the following events with respect to a Participant, its parent company (direct or indirect),ultimate holding company or ultimate beneficial owner:

a) A voluntary or involuntary arrangement or composition or reconstruction of its debts;
b) Presentation of an administration petition;
c) A winding-up or dissolution;
d) The appointment of a liquidator, trustee, receiver, administrative receiver or similar officer;
e) A voluntary or involuntary petition for a bankruptcy or insolvency;
f) any similar action, application or proceeding in any jurisdiction under Applicable Law to which it is subject, provided that in the case of any proceeding instituted against it, such proceeding must not be stayed or dismissed within thirty (30) days of the institution thereof.

"LEI" means Legal Entity Identifier;

"Losses" means any cost, liability, expense or damage;

"Market Abuse" has the meaning given to it in the Market Abuse Regulation, (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) together with ancillary legislation, rules and binding technical standards;

"Market Notice" means a notice provided by the Operator to Participants in relation to the operation of the OTCX EU MTF;

"MiFID II" means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, together with ancillary legislation, rules and binding technical standards;

"MiFIR" means 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, together with ancillary legislation, rules and binding technical standards;

"MTF" means a multi-lateral trading facility within the meaning set out in MiFID Article 4(1)22;

"Operator" means OTCX entity operating the OTCX EU MTF;

"Order" means a trade request submitted to the OTCX EU MTF in accordance with Rule 13;

"OTCX" means OTCX Europe BV;

"OTCX EU MTF" means the MTF operated by OTCX Europe BV that is regulated by the AFM for the trading of Eligible Instruments in accordance with these Rules;

"Package Transaction" means a Transaction which involves the execution of two or more component Transactions which is executed between two or more Counterparties, where the execution of each component is simultaneous and contingent upon the execution of other components;

"Participant" means a participant (and as applicable an Authorised Agent) of the OTCX EU MTF, acting through one or more Authorised Traders, who has been granted Trading Privileges;

"Personal Data" means any information relating to an identified or identifiable natural person;

"Post-Trade Data" means the Transaction data the Operator is required to make public as set out in RTS 1 and 2 of MiFID II;

"Pre-Trade Data" means the Order data the Operator is required to make public as set out in RTS 1 and 2 of MiFID II;

"Price List" means the Operator's fee structure as set out in Rule 40;

"Process Trade" means a Transaction executed on the OTCX EU MTF where the terms of the Transaction have been discussed outside of the OTCX EU MTF as set out in Rule 36;

"Products" means the categories of financial instruments admitted to trading on the OTCX EU MTF;

"Recipient" means the Participant or Customer that is the receiver of an RFQ in an Eligible Instrument as set out in Appendix I;

"Record Keeping Obligation" means the obligation for the Operator to maintain records of all Orders and Transactions for a period of five years as set out in Article 25 MiFIR;

"Regulator" means any regulatory authority responsible for regulating OTCX or a Participant, or for trading in any instrument on the MTF;

"Request for Quote" or "RFQ" means an electronic message sent by a Participant for the purposes of soliciting quotes for an Eligible Instrument for such Participant. The message contains required information to define the Eligible Instrument;

"Rules" means the rules set out in this document;

"Service Provider" means any person, including any affiliate of a Participant, who provides services enabling a Participant to access, use or trade on the MTF or to which a Participant outsources or delegates an activity in relation to accessing, using or trading on the MTF;

"Static Data" mean the information required by the Operator from the Participant to facilitate the exercise of Trading Privileges;

"Suspicious Order and Transaction Report" means the report of a Transaction which is required to be submitted to a Competent Authority;

"Suspicious Trade" means a Transaction and/or behaviour that OTCX reasonably believes amounts to potential Market Abuse and/or manipulative activity on the OTCX EU MTF;

"System" means the software provided by OTCX to access the MTF;

"Traded" means the act of having an Executed Transaction;

"Trading Day" means a day on which the OTCX EU MTF is available for trading;

"Trading hours" means the hours on which the OTCX EU MTF is available for trading;

"Trading Privileges" means the privilege granted to a Participant by the Operator to submit Orders on the OTCX EU MTF;

"Transaction" means the purchase and sale of a Product that takes place on the OTCX EU MTF;

"U.S. CEA" means United States Commodity Exchange Act;

"U.S. Person" U.S. Person bears the meaning set out in the Commodity Futures Trading Commission's Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, 78 Fed. Reg. 45292, as may be amended or further interpreted from time to time;

"User ID" means unique identification criteria that are issues to each Authorised Trader by OTCX.

2. MTF Rules and application

2.1 Trading Protocol

2.1.1 The OTCX EU MTF facilitates Transactions between Participants, Customers and their underlying funds that have established bilateral relationships for the purpose of executing trades opposite one another. RFQ trading is conducted on a disclosed basis. (see Appendix I).

2.2 OTCX is regulated by the AFM and is authorised to operate as a MTF on which Participants may trade Eligible Instruments.

2.3 These Rules have been established to facilitate a compliant operation of the OTCX EU MTF. These Rules are applicable to each Participant of the OTCX EU MTF.

2.4 These Rules set out the terms and conditions that apply to each Participant's access to the OTCX EU MTF and the exercise of Trading Privileges.

2.5 Trading Privileges are given only to Participants.

2.6 If necessary, the Operator may waive any Rules designated in this Rulebook, as long as such waiver is consistent with Applicable Law.

2.7 Algorithmic Trading

2.7.1 There is no Algorithmic Trading activity generated by OTCX EU MTF; OTCX EU MTF does not permit Direct Electronic Access (DEA). Participants may not engage in Algorithmic Trading on the OTCX EU MTF.

3. Participation on the MTF

3.1 Applicants may apply to become a Participant of the OTCX EU MTF at any time.
3.2 Admission as a Participant is conditional upon meeting the following mandatory conditions:

3.2.1 Satisfy “know your customer” checks, sanctions, and anti-money laundering checks;

3.2.2 Meet the criteria set in “Eligibility criteria”;

3.2.3 Enter into an Agreement with OTCX; and

3.2.4 Meet the operational conditions to access the MTF set out in in Rule 5 “Operational Requirements”.

4. Eligibility Criteria

4.1 An Applicant wishing to be a Participant must satisfy the following Eligibility Criteria:

4.1.1 It has the legal and regulatory authority, including any licence or authorisation from a Regulator, and capacity to be a Participant and transact, clear (where applicable) and settle the Products it trades on the OTCX EU MTF;

4.1.2 It is fit and proper and of sufficiently good repute;

4.1.3 Has adequate organisational requirements;

4.1.4 It accesses the OTCX EU MTF from an entity operating from a jurisdiction in which OTCX is allowed to provide access to the OTCX EU MTF, or from an entity maintained in a jurisdiction which does not prohibit the provision of OTCX EU MTF services;

4.1.5 To the extent that a Participant is a U.S. Person and/or OTCX EU MTF is accessed by or on behalf of any Participant in the United States, the Participant represents and warrants that

the Participant is an "eligible contract participant" as defined in U.S. CEA Section 1a, as amended. The Participant agrees to promptly provide the Operator with such information or documentation as the Operator may request from time to time to support the representations and warranties in the preceding sentence;

4.1.6 OTCX shall use reasonable endeavours to undertake a diligent investigation of the circumstances of the Applicant for the purposes of assessing compliance with the Eligibility Criteria.

4.2 An Applicant wishing to be an Authorised Agent must satisfy the following criteria:

4.2.1 The requirements set out in Rule 4.1 above;

4.2.2 Has in place suitable arrangements with its Customers;

4.2.3 Maintains all applicable regulatory and legal permissions and/or authorisations to enable it to act as an Authorised Agent for and on behalf of its Customers in accordance with the Rules.

5. Operational requirements

5.1 Each Participant must:

5.1.1 Have systems and controls to comply with these Rules and any Applicable Law;

5.1.2 Have appropriate trade monitoring systems;

5.1.3 Meet the technical standards required by OTCX for access and participation on the OTCX EU MTF;

5.1.4 Undertake conformance testing as OTCX may require;

5.1.5 Have adequate financial resources, trading knowledge, and competence to participate on the OTCX EU MTF and to meet all obligations involved;

5.1.6 Have internal systems and controls to prevent and limit Error Trades and erroneous Orders to the OTCX EU MTF and to ensure ongoing compliance with, and prevent breaches of, Applicable Law and these Rules;

5.1.7 Have arrangements to ensure timely clearing and settlement of Products available on the OTCX EU MTF; and

5.1.8 Adequately trained staff to use the System.

5.2 Participants must not, in respect of any of their business on the System:

5.2.1 Commit any act or engage in any course of conduct which creates or is likely to create a false or misleading impression as to the market in, or the price of, any Eligible Instrument; or,

5.2.2 Do or engage in any act or course of conduct which is likely to harm the integrity or stability of the System (including without limitation trading in a disruptive manner).

6. Application requirements

6.1 In order to be considered for application to the OTCX EU MTF, Applicants must submit:

6.1.1 A signed Agreement pertaining to the category of the Participant;

6.1.2 Completed onboarding documentation;

6.1.3 LEI number;

6.1.4 Proof of regulated status as applicable;

6.1.5 Any additional documentation that OTCX requires to assess whether the Applicant meets the Eligibility Criteria.

6.2 Upon receipt of the application documentation, OTCX decides whether or not admit the Applicant as a Participant of the MTF.

6.3 The Applicant may be rejected if OTCX find that:

6.3.1 The Applicant does not meet the conditions and standards set by these Rules; or

6.3.2 To accept the Applicant would negatively impact the operation of an efficient, fair, and orderly market of the OTCX EU MTF.

7. Ongoing obligations

7.1 Each Participant must ensure ongoing compliance with these Rules and Applicable Law.

7.2 Each Participant must:

7.2.1 As soon as practicable, provide any information that OTCX or the AFM may reasonably require to ensure ongoing compliance with these Rules. Such information must be accurate and complete;

7.2.2 Ensure that when providing such information, its Authorised Traders, principals, agents, or other employees have given required consents under Applicable Law for OTCX to process the information;

7.2.3 Ensure that the information provided is disclosed in accordance with these Rules;

7.2.4 Ensure that its Authorised Traders, employees and agents participating in the use of or trading on the MTF OTCX meet the fitness and propriety requirements, are competent and sufficiently supervised; and,

7.2.5 Ensure any Service Provider is compliant with these Rules and all Applicable Law when accessing, using, or trading on the OTCX EU MTF.

7.3 Each Participant is responsible for any failures of its Service Providers in relation to the Participant's use of the OTCX EU MTF. OTCX is not liable for any shortcomings or losses that a Participant may incur as a result of a failure of its Service Provider.

7.4 Each Participant shall synchronise the business clocks it uses to record the date and time of any RFQ, response to RFQ, AIOI or Trade (each being a "reportable event" for the purpose of Regulation (EU) 2017/574 [RTS 25]) according to the standards set out in RTS 25.

7.5 In the event of an information request, regulatory investigation or any other action by any Regulator or Competent Authority in relation to activity conducted on the OTCX EU MTF, the Participant must provide access to any information and documentation relevant to the request and co-operate with OTCX and the relevant Regulator unless the Participant is restricted by Applicable Law.

7.6 An Authorised Agent acts on behalf of its Customer as an agent in relation to its activity on the OTCX EU MTF.

7.7 An Authorised Agent shall comply with the Rules as if the Rules referred to the "Authorised Agent" as a Participant.

7.8 Where an Authorised Agent ceases to act for a Customer, the Authorised Agent shall notify the OTCX EU MTF without delay.

8. Notifications

8.1 A Participant must notify OTCX without undue delay in the event of:

8.1.1 Changes of name, legal status, LEI, contact details or any other change significant change to the structure of the Participant;

8.1.2 Changes that impact the Participant's ability to continue to satisfy the Eligibility Criteria and Operational Requirements;

8.1.3 Changes to information previously submitted to OTCX pursuant to these Rules and the Agreement;

8.1.4 Direct or indirect changes in the ownership or control structure of the Participant;

8.1.5 Any breach of these Rules or any event or failure which may impact the ability of the Participant to comply with these Rules;

8.1.6 Any breach, failure, or malfunction by the Participant or, where known to such Participant, by any other Participant which may impact a fair and orderly market on the OTCX EU MTF;

8.1.7 Any of the Participant's User IDs are lost, stolen or compromised;

8.1.8 Any litigation which may impact the Participant's ability to comply with these Rules; unless such disclosure is prohibited by law or any other Regulator;

8.1.9 Any enforcement action, including warnings, suspensions, fines, revocations or prohibitions, imposed by a Regulator in the Participant unless such disclosure is restricted under confidentiality requirements by a Regulator or by operation of Applicable Law;

8.1.10 Insolvency Event;

8.1.11 Any other significant events or matters for which a Participant is required to notify OTCX as specified under these Rules; and,

8.1.12 Any other significant event or matter which OTCX might reasonably expect to be notified of.

8.2 A Participant must make a notification to OTCX under rule 8.1 by a written email notice addressed to:

compliance@otcxtrading.com

Written notice in addition to the email may also be sent to:

Compliance department, OTCX Europe BV, Waterlooplein 11 F, 1011NV Amsterdam, Netherlands

9. Capacity

9.1 Each Participant on the OTCX EU MTF shall be deemed as acting in a principal capacity or acting as an agent for its underlying fund as principal. 9.2 In the case an Authorised Agent:

- is acting as agent for its Customer as principal or

- acting as agent for its Customer's underlying funds as principal

the Participant (and as applicable the Authorised Agent) is accountable for any breaches with the Rules.

10. Authorised Traders

10.1 Each Participant must provide the Operator with a list of its Authorised Traders.

10.2 Each Participant must ensure that each of its Authorised Traders:

10.2.1 Has a copy of the Rules and any other documentation relevant to the Authorised Trader's use of the OTCX EU MTF;

10.2.2 Complies with the Rules and conducts business in accordance with Applicable Law;

10.2.3 Has authority to use the OTCX EU MTF on its behalf;

10.2.4 Has the required authorisations and approvals to exercise Trading Privileges; and,

10.2.5 Keeps the User ID confidential and ensure it is not disclosed to or used by any other person.

10.3 The Operator will assign each Authorised Trader a User ID. Each Participant is responsible for validating the identity of each of its Authorised Traders and for monitoring the use of its User IDs under Rule 10.2.5.

10.4 The Operator may deny access, revoke, or suspend an Authorised Trader's User ID in order to protect other Participants and the orderly operation of the OTCX EU MTF.

10.5 In the event the Operator exercises its powers under Rule 10.4 it will promptly notify the Participant involved.

10.6 Participants are responsible for terminating an Authorised Trader's access to the OTCX EU MTF after termination of the Authorised Trader's appointment, employment, or authorisation.

10.7 The Operator will promptly terminate the User ID of an Authorised Trader upon request from the relevant user or authorised signatory list. As soon as the User ID is revoked, a person will cease to be an Authorised Trader.

10.8 Each Participant is responsible for all Orders submitted or Transactions executed on the OTCX EU MTF using any of the User IDs assigned to the Participant's Authorised Traders.

10.9 A Participant is responsible for any breach of the Rules committed by its Authorised Traders. In case of such breach, the Operator may take measures under the Rules which include suspension or termination of the Participant's access to the OTCX EU MTF.

10.10 No Participant shall allow unauthorised third parties to use the OTCX EU MTF for any purpose. The User ID allocated to a specific employee is personal to that individual may not be used by other persons.

11. Cessation of Use or Access

11.1 Where a Participant decides to exercise the right to withdraw from the OTCX EU MTF, the Rules will continue to bind the Participant until:

11.1.1 All of the Participant's outstanding Orders have either resulted in Executed Transactions, or have been cancelled or withdrawn;

11.1.2 All of the Participant's obligations with respect to Transactions or any other obligations of the Participant under the Rules have been completed.

12. Trading Days and Hours

12.1 The OTCX EU MTF will operate on Trading Days and during the Trading Hours set by the Operator. Any variation of the Trading Days or Trading Hours will be published by the Operator in a Market Notice.

12.2 The Operator will monitor the operation of the OTCX EU MTF and its use by the Participants.

12.3

13. Submission and execution of Orders (see Appendix I for RFQ Trading Protocol)

13.1 Each Participant is responsible for any Order submitted or Transactions executed by such Participant or Authorised Agent on behalf of a Customer executed on the OTCX EU MTF.

13.2 Transactions effected through the OTCX EU MTF by a Participant shall be firm and are binding on such a Participant, subject to any other provision of these Rules.

13.3 Orders submitted by Participants to the OTCX EU MTF must contain the User ID assigned to the Authorised Trader.

14. Cancellation or rejection of Orders

14.1 Participants may cancel, withdraw, or amend an Order unless it has been Executed.

14.2 The Operator may reject Orders that exceed predetermined volume and price thresholds for a Participant, Product or Orders that are erroneous.

14.3 In the event the Operator is informed or detects a disconnection from the Trading System operated by the OTCX EU MTF, the Operator will remove Orders from the System and suspend the Participant's access to the System as appropriate. The Operator will re-establish client's access to the System once the initial reason for disconnection has been resolved.

15. Package Transactions

15.1 Participants may agree to execute Package Transactions on the OTCX EU MTF; once the package price is matched, the Counterparties of the trade are contractually obligated to Execute the respective component legs of the Package Transaction.

15.2 If the Execution of any component leg of a Package Transaction on the OTCX EU MTF requires an order to be placed at another Execution Venue, the Participant will be responsible for arranging the execution of such component by the Operator, Affiliate or a nominated third party.

16. Pre-Execution Credit Checks

16.1 Where the principal to the trade is not a Clearing Member, prior to the Execution of a Cleared Derivative Transaction, including where the Cleared Derivative Transaction is a leg of a Package Transaction, the Operator will facilitate the pre-execution credit screening by or on behalf of the principal to the trade's nominated Clearing Member.

16.2 Upon receipt of the confirmation that the Cleared Derivative Transaction will not be in excess of the Clearing Member's pre-execution limits as previously stipulated with the principal to the trade, the Operator will confirm the Cleared Derivative Transaction for Execution. If the Operator does not receive the confirmation in a timely manner or the Cleared Derivative Transaction does not meet the Clearing Member's pre-execution limits in relation to the principal to the trade, the Operator will cancel the relevant Cleared Derivative Transaction

16.3 Any principal to the trade that is also a Clearing Member with respect to a Cleared Derivative Transaction is required to confirm, via a submission of an Order for its proprietary account, that it has completed pre-execution screening of its internal clearing risk limits for proprietary accounts.

17. Confirmations

17.1 The Operator is responsible for sending a Confirmation to Participants that are Counterparties to a Transaction Executed on the MTF. This will be sent to the Participant or pre-agreed Confirmation Systems at the time the Transaction is Executed or as soon as technically possible thereafter.

17.2 Each Participant shall review any Confirmation and notify the Operator as soon as practicable of any error or omission identified.

18. Suspension and removal of Products and Eligible Instruments

18.1 OTCX may, without liability and at any time, restrict, suspend, or remove one or more Products or Eligible Instrument where OTCX considers such action is required to:

18.1.1 Ensure fair and orderly trading in the market and the OTCX EU MTF;

18.1.2 Ensure integrity and stability of the OTCX EU MTF;

18.1.3 Protect the Participants' interests where the Product or Eligible Instrument is no longer compliant with these Rules;

18.1.4 Comply with instructions from the Regulator; or,

18.1.5 Comply with requirements of Applicable Law.

19. Suspension and removal of Participants

19.1 OTCX may, without liability and at any time, restrict, suspend, or remove a Participant's access and Trading Privileges to the OTCX EU MTF in accordance with the Terms of the Participant's Agreement if:

19.1.1 The Participant or its Authorised Trader breaches the Rules and Agreement agreed during Onboarding;

19.1.2 The Participant suffers an Insolvency Event;

19.1.3 The Participant suffers a Default Event;

19.1.4 The Participant is subject to enforcement action by a Regulator or Competent Authority;

19.1.5 The Participant no longer meets the Eligibility Criteria;

19.1.6 The Operator deems that the Participant is not making appropriate use of the OTCX EU MTF or that restriction, suspension, or removal of the Participant is necessary to ensure a fair and orderly market on the OTCX EU MTF.

19.2 The Operator will notify a Participant in writing of the decision taken under this Rule 19 to restrict, suspend or terminate its access to the OTCX EU MTF or any Trading privileges.

19.3 A Participant may cease being a Participant in the OTCX EU MTF by giving 30 days written notice to the Operator. The Operator may:

19.3.1 Waive some or entirety of the notice period; or,

19.3.2 Impose conditions, including a longer notice period, if such conditions are required to ensure the integrity and orderly trading of the OTCX EU MTF.

20. Appeals

20.1 A Participant may appeal a decision taken by the Operator under Rule 19 by submitting in writing a notice of appeal within a reasonable time (not longer than 14 days) of receipt of a written notice of restriction, suspension, or termination. The notice of appeal should set the reasons why it believes its access to the OTCX EU MTF should not be restricted, suspended, or terminated.

20.2 Upon receipt of the notice of appeal, the Operator shall determine the outcome of the appeal and inform the Participant of the decision within 15 business days of reaching a decision. The outcome determined by the Operator shall be final.

20.3 The Operator may reinstate a Participant's access to the OTCX EU MTF whilst the appeal is being considered.

20.4 The Operator will not be liable for any Losses that a Participant may suffer because of a decision or action taken under Rules 18 & 19.

21. Disorderly trading conditions

21.1 Participants shall operate and effect Transactions on the OTCX EU MTF in a responsible manner, act in accordance with principles of fitness and propriety, and meet all applicable standards of market integrity.

21.2 Participants shall not:

21.2.1 Engage in Market Abuse when participating or trading on the OTCX EU MTF or in relation to an Eligible Instrument;

21.2.2 Engage in any behaviour which gives or is likely to give a false or misleading impression in relation to the market or price of any Eligible Instrument or which results in the price of one or more Eligible Instruments being secured at an abnormal or artificial level;

21.2.3 Submit Orders or Execute Transactions on the OTCX EU MTF that are fictitious;

21.2.4 Engage in any manipulative, deceiving, abusive practice on the OTCX EU MTF or any other practice which is prohibited by Applicable Law;

21.2.5 Attempt to breach or breach any of these Rules or contribute to a breach of these Rules by any other Participant;

21.2.6 Engage in any act which is likely to or will impair the Operator's regulatory standing or reputation.

22. Preventive controls to manage risk of disorderly trading

22.1 The Operator maintains arrangements to prevent conditions leading to disorderly trading and breaches of capacity limits, including:

22.1.1 Mechanisms to manage user error inputting;

22.1.2 Pre-trade controls;

22.1.3 Ability to suspend or remove a Participant's or an Authorised Trader's access to the OTCX EU MTF;

22.1.4 Operation of a functionality to cancel unexecuted Orders submitted by a Participant where this follows:

22.1.4.1 Request by a Participant;

22.1.4.2 Erroneous, fictitious or duplicated Orders;

22.1.4.3 Suspension or removal of the Participant as a request by OTCX or a Regulator;

22.1.4.4 Cancel or revoke Transactions as a result of an operational error or malfunction of the OTCX EU MTF.

22.1.4.5 Participants must also maintain their own internal arrangements to promptly enable an orderly cessation of activities on the OTCX EU MTF as required by Applicable Law.

23. Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Compliance

23.1 Each Participant represents and warrants that it maintains policies and has implemented procedures and controls, including screening measures, reasonably required to achieve compliance with all Applicable Laws applicable to such Participant in relation to anti-money laundering, anti-terrorist financing and sanctions (collectively, "Applicable AML/TF & Sanctions Requirements").

23.2 Each Participant must reasonably cooperate with the Operator regarding compliance with Applicable AML/TF & Sanctions Requirements in relation to all Transactions executed on the OTCX EU MTF with or for such Participant.

23.3 No Participant may use the OTCX EU MTF to facilitate any criminal or fraudulent activity or engage in any Transactions that would cause such Participant or the Operator (including, for this purpose, any Affiliate) to violate Applicable AML/TF & Sanctions Requirements.

24. Market Surveillance

24.1 The Operator monitors Participants' activity on the OTCX EU MTF to check for any Orders or Transactions patterns that may cause concern of potential breaches of the Rules, disorderly trading conditions, and Market Abuse.

24.2 In the event a Transaction raises concerns, the Operator may conduct a review to determine whether such a Transaction is a Suspicious Trade which may result in the Operator using such information and consulting with any relevant parties;

24.3 In the event the Operator determines that a Transaction is a Suspicious Trade, it may take appropriate action including raising a Suspicious Order and Transaction Report to the relevant Regulator;

24.4 The Operator will not be liable for any Losses that a Participant may suffer as a result of a decision, act or omission pursuant to Rule 22, unless it can be demonstrated that such a decision was undertaken in an unreasonable manner and in order to cause Loss to such Participant.

24.5 The Operator may require a Participant to provide information related to its activity on the OTCX EU MTF and to provide full assistance to any Regulators in relation to suspected breaches of these Rules, disorderly trading conditions, Market Abuse and/or manipulation, or any other activity and behaviour prohibited by Applicable Law.

25. Co-operation with Competent Authorities

25.1 The Operator will report to the AFM or any other relevant Competent Authority any serious breaches of the Rules, disorderly trading conditions, and Market Abuse.

25.2 The Operator will share information with the AFM or any other relevant Competent Authority with oversight of any regulated activity to which the OTCX EU MTF relates as required.

25.3 Participants undertake to cooperate with the Operator and the AFM or any other relevant Competent Authority in the event of any investigation related to their activities and trading on or through the OTCX EU MTF.

25.4 The Operator may delegate any investigation or decision-making related to disciplinary sanction under these Rules to a third-party representative, consultant, or auditor.

26. Trading halts

26.1 In addition to, and without prejudice to the extent of OTCX's powers under Rules 18 and 19, OTCX may take action where it appears to be required for the orderly functioning of the OTCX EU MTF and for the safety and integrity of the market (for example, following a significant

price movement in a short period in an Eligible instrument on the MTF indicating disorderly trading), including:

26.1.1 Suspending, halting or constraining all or part of trading on the OTCX EU MTF;

26.1.2 Changing the Trading Hours;

26.1.3 Temporarily changing or suspending the provision of the Rules.

Any decision will take regard to the possible damage this may cause to Participants' interests.

27. Market Notices

27.1 The Rules may be temporarily amended or revoked by circumstances that, in the opinion of the Operator, may require immediate action such as suspicion of Market Abuse or as directed by the Regulator.

27.2 The Operator must notify the Participants of any such change to the Rules by a Market Notice. Should the change to the rules be material, the Operator will be required to provide Participants with reasonable notice before the change comes into effect. Non-material changes will not be required to be notified to Participants prior to being implemented. The changes are effective from the date specified in the Market Notice.

27.3 Market Notices will be published by the Operator on the OTCX EU MTF website; where practicable to do so, the Operator will also notify Participants by electronic mail.

28. Trade Transparency

28.1 Pre-Trade Transparency

28.1.1 The Operator is not subject to Pre-Trade transparency requirements in accordance with MiFIR and does not require any Transparency Waivers.

28.2 Post-Trade Transparency

28.2.1 The Operator is subject to Post-Trade Transparency requirements in accordance with MiFIR and will make public (self-publication by OTCX), as close to real-time as technically possible, the price, volume and time of Transactions executed on the OTCX EU MTF.

28.2.2 The Operator has obtained Post-Trade Transparency Deferrals from the publication of all or part of the Post-Trade Data. Where the Deferrals have been received from the AFM, the Operator may defer the publication of Post-Trade Data as provided by the applicable Deferral. Details of applicable Deferrals are described in Appendix II.

28.2.3 In the event a component of a Package Transaction is Executed or registered on an Execution Venue outside of the OTCX EU MTF, the component may be subject to Pre-Trade and/or Post-Trade Data requirements on the venue where the component is Executed or registered.

29. Clearing

29.1 Participants are responsible for:

i) determining which Transactions executed on the OTCX EU MTF require to be cleared,

ii) submitting such Transactions for clearing; and

iii) fulfilling the Rules of the relevant agreements necessary for clearing the Transactions in line with Applicable Law.

29.2 The Operator does not bear responsibility or liability for the clearing of Transactions executed on the OTCX EU MTF by a Participant.

29.3 The Operator may assist Participants with additional functionality on the OTCX EU MTF and details of any transactions to be cleared to the indicated Clearing House.

29.4 Participants must have a clearing account with the relevant Clearing House or with a Clearing Member of such Clearing House.

29.5 Participants accessing a Clearing House must adhere to the Rules and procedures of the relevant Clearing House in respect of the clearing and settlement of the Transactions.

29.6 Cleared Transactions will be treated as non-electronic and sent to the Clearing House within ten minutes from the time of trade acceptance on OTCX's systems. Participants must ensure they affirm the Transactions in the Confirmation System within nine minutes of trade acceptance.

29.7 In the event a Transaction concluded on the OTCX EU MTF is not accepted by the applicable Clearing House, the Operator shall void such Transaction.

29.8 Where the non-acceptance is due to a technical or clerical problem, the Transaction can be submitted for clearing once more within one hour from the previous submission in the form of a new Transaction but with the same economic terms, provided that both Counterparties have agreed to the second submission. Participants acknowledge that the Operator shall not be subject to the requirements of Article 8 of MiFIR for the submission to clearing of the second Transaction.

29.9 When a swap Transaction executed by a U.S. Person on OTCX EU MTF is i) a "customer" position subject to U.S. CEA section 4d, the Transaction, if intended to be cleared, must be cleared through a CFTC-registered futures commission merchant (FCM) at a CFTC-registered derivatives clearing organization (DCO); ii) a "proprietary" position under CFTC Regulation 1.3, the Transaction, if intended to be cleared, must be cleared either through a CFTC-registered derivatives clearing organization or a clearing organization that has been exempted from registration as derivatives clearing organization by the CFTC pursuant to U.S. CEA section 5b(h) (an "Exempt DCO");

29.10 When a swap Trade is subject to the CFTC's clearing requirement under Part 50 of the CFTC's regulations, and is entered into by a Person that, pursuant to U.S. CEA section 2(h)(l), is

subject to such clearing requirement the Trade must be cleared either through a CFTC registered derivatives clearing organization or an Exempt DCO; provided that if the Trade is a "customer" position subject to U.S. CEA section 4d, it must be cleared through a CFTC registered futures commission merchant (FCM) at a CFTC-registered derivatives clearing organization, and cannot be cleared through an Exempt DCO.

30. Settlement

30.1 Participants shall be responsible for ensuring that they have the technological and operational arrangements and infrastructure in place to ensure the efficient and timely settlement of Transactions which have been Executed or processed on the OTCX EU MTF.

30.2 If a component leg of a Package Transaction is Executed or processed on an Execution Venue outside of the OTCX EU MTF, the clearing and settlements rules and arrangements of the other Execution Venue will apply to that component leg.

30.3 The Operator does not bear responsibility or liability for the settlement of Transactions executed on the OTCX EU MTF by a Participant.

30.4 The Operator will provide the details of each Transaction that the Participant Executes on the OTCX EU MTF in order to facilitate the prompt settlement of the Transaction by the Participant.

30.5 The Operator does not bear responsibility or liability if any Participant defaults on any Transaction.

30.6 When requested by OTCX, Participants shall confirm and provide evidence to demonstrate for the transaction arranger transactions have settled, including as appropriate the date and time of settlement of the transaction.

30.7 Each Participant must provide written notice to OTCX within one (1) Trading Day of becoming aware of a failure by the Participant or any other Participant to settle a Transaction in line with the Rules of the Agreement and/or in line with Applicable Law.

31. Conflicts of Interest

31.1 The Operator has adopted a Conflicts of Interest Policy setting out the internal arrangements whereby the Operator identifies and manages the potentially adverse consequences for the operation of the OTCX EU MTF or for Participants should any conflict of interest between the OTCX EU MTF and Operator arise.

31.2 The Operator Conflicts of Interest Policy is published at the following address: https://www.otcxtrading.com/regulation/

32. Record Keeping

32.1 Each Participant must submit all Orders with all the data required under Applicable Law to enable the Operator to meet its ongoing regulatory and compliance obligations.

32.2 In the event of missing, incomplete or erroneous data, Participants must promptly respond to requests by the Operator to complete or correct the data.

32.3 The Operator retains records of all submitted Orders, executed Transactions, services, and activities undertaken on the OTCX EU MTF to meet its ongoing Record Keeping Obligations.

33. Transaction reporting

33.1 Each Participant is responsible for their own transaction reporting as required under Applicable Law related to the Participant's use of the OTCX EU MTF.

33.2 If a Participant is not responsible for submitting a transaction report under Applicable Law, but the Operator of the OTCX EU MTF is required for submitting such a report in relation to a Transaction where the Participant is a party, the Participant must provide any information required including, but not limited to details required under RTS 22, for the Operator to meet the Transaction Reporting obligations. The Participant must provide the information in the format prescribed by the Operator.

33.3 A Participant must have appropriate measures and controls in place to ensure that any information provided to the Operator under Rule 33.2 is complete and correct.

33.4 A Participant must promptly notify the Operator if any information submitted under Rule 33.2 is incomplete or incorrect and must cooperate with the Operator to rectify any such errors or omissions in the report.

34. Error trades

34.1 The Operator may review a Transaction either at its own discretion or upon a request by the Participant to determine whether a Transaction is an Error Trade.

34.2 The decision to review whether a Transaction constitutes an Error Trade will be the sole discretion of the Operator. The Operator will consider the circumstances of any such requests and each request will be reviewed individually. The decision of the Operator will be final.

34.3 In order to determine whether a Transaction is an Error Trade, the Operator may consult with other Participants or Affiliates of the Operator and will consider any relevant information, including but not limited to:

34.3.1 The Order was entered in the name of the Participant without the knowledge or authority of such Participant;

34.3.2 An order was entered by a participant's Authorised Trader after a notification to disable access to the System in respect that participants Authorised Trader has been received by OTCX in accordance with the applicable procedures set out in the OTCX user Agreement;

34.3.3 If the order or Transaction was manifestly erroneous;

34.3.4 Such cancellation is necessary to preserve the integrity of the market and maintain fair and orderly trading;

34.3.5 The Order or Transaction was entered into following: (a) the suspension or limitation on trading in an Eligible Instrument on the OTCX EU MTF, (b) a significant disruption or malfunction in the use or operation of any electronic communications, trading facilities or price determination functions of the OTCX EU MTF, (c) failure of a central counterparty or (d) other unusual market conditions; or

34.4 The Order or Transaction is contrary to Applicable Law.

34.5 A Participant must notify OTCX of a potential Error Trade as soon as possible after the Transaction is executed on the OTCX EU MTF.

34.6 The Operator will provide the Participants involved in a trade review request with any documentation and information in relation to the transaction to assist the respective Participants to reach an agreement with respect to their right and obligations related to the potential Error Trade. This will be pursuant to any regulatory and legal obligations applicable to the Operator requiring it not to disclose such documentation and information.

35. Trade Review Request Procedure

35.1 A Participant requesting the Operator to review a Transaction, must do so within 15 minutes from the time of execution by means of an email to the Operator.

35.2 The Operator will consider review requests received after 15 minutes from the time of execution only where there are mitigating circumstances resulting in the delay.

35.3 Upon review, the Operator shall notify, by phone or email, the Counterparties to the relevant Transaction whether or not the Transaction is deemed an Error Trade. This shall be conducted as promptly as possible to preserve market integrity.

35.4 If the relevant Transaction is deemed an Error Trade, the Counterparties to the relevant Transaction shall take such action as the Operator requires to enact any adjustment or cancellation and hold the Operator harmless, for all costs incurred by the Operator in so doing.

35.5 Failure by the Participant to comply with any instruction from the Operator to cancel or adjust an Error Trade is a breach of the Rules.

36. Process Trades

36.1 Participants may Execute a Transaction on the OTCX EU MTF where the terms of the Transaction have been discussed outside of the OTCX EU MTF, provided that the Transaction:

36.1.1 is conducted between two (2) Participants;

36.1.2 relates to an Eligible Instrument; and,

36.1.3 is executed on the OTCX EU MTF.

36.2 A Process Trade is subject to these Rules.

36.3 The Operator will bear no responsibility or liability with respect to the negotiation or to the execution of a Process Trade, including (without limitation) the fulfilment of any legal or regulatory obligations of a Participant in relation thereto.

36.4 Participants entering into Process Trades are responsible for complying with Applicable Law in relation to the negotiation and execution of a Process Trade under Rule 36.3.

37. Instrument eligibility

37.1 Asset classes will be interest rate derivatives, credit derivatives and equity derivatives. The Products and Eligible Instruments available for trading on the OTCX EU MTF are available at https://www.otcxtrading.com/regulation/

37.2 OTCX exercises sole discretion whether to admit an instrument to trading on the OTCX EU MTF.

37.3 The Operator may add Products or Eligible Instruments at any time, subject to any restrictions by Applicable Law.

37.4 Following any changes of Products, the Operator will publish the updated list of available Products as soon as practicable.

37.5 The Operator may remove or suspend Products and Eligible Instruments from the OTCX EU MTF without notice if the Operator deems it necessary to maintain a fair and orderly market on the OTCX EU MTF, to comply with Applicable Law or as a response to a request from a Regulator or for any other reason at the Operator's sole discretion. Such changes will be notified to Participants by Market Notice.

38. Complaints

38.1 If a Participant wishes to make a complaint to OTCX with respect to the operation of the OTCX EU MTF or the conduct of a Participant or any suspicion that a Participant has committed a breach of these Rules, such complaint should be sent in writing to:

Email: Compliance@otcxtrading.com, and/or

Postal address: [address]

The policy can be found at https://otcxtrading.com/complaints-procedure

39. Data Protection

39.1 Unless the Participant has been informed otherwise, OTCX will be a data Controller when Processing Personal Data provided by a Participant in relation to its activities on the OTCX EU MTF.

39.2 OTCX will comply with the obligations related to the Data Protection Laws, which include:

39.2.1 Internal controls to safely manage the Personal Data provided by the Participants; and,

39.2.2 Notification process to the Participants related to any breach of internal data protection controls leading to unauthorised disclosure or access of Personal Data provided by the Participants, as required by the applicable Data Protection Laws.

39.3 OTCX's Privacy Policy is available at https://www.otcxtrading.com/privacy-policy/

39.4 By participating on the OTCX EU MTF, the Participants agree to the terms of OTCX's Privacy Policy under Rule 39.3, any other privacy policy applicable to a Participant's use of the OTCX EU MTF and undertakes to comply with all applicable Data Protection Laws as part of their provision of Personal Data to OTCX.

40. Fees, Commissions and Charges

40.1 The Operator's fee structure is set out in the Price List which is published on OTCX's website

40.2 The Fees owed by the Participants to the Operator are payable on the basis of the terms set out in the Agreement and any relevant invoice.

40.3 In accordance with the Agreement and the Rules, the Operator may from time to time change the fee structure for services provided using the OTCX EU MTF. Such changes will be notified to Participants by Market Notice.

40.4 Participants are responsible for the payment of any applicable tax arising from or in connection with their activities on the MTF.

41. Static Data

41.1 Participants must provide the Operator with the Static Data, and any other documentation as requested by the Operator.

41.2 In the event any material information in the Static Data that the Participant has previously provided to the Operator becomes out-dated, incomplete, or incorrect, the Participant must update the Operator within 24 hours.

42. Contact Information

OTCX EU MTF

compliance@otcxtrading.com

OTCX Europe BV,

43. Governing Law

43.1 These Rules and all non-contractual obligations arising out of or in relation to the Rules are governed and construed in accordance with the laws of Netherlands.

43.2 The Dutch courts have exclusive jurisdiction to determine any dispute or claim with respect to matters arising under or in relation to the Rules (including non-contractual disputes or claims).

Appendix I

RFQ Trading Protocol:

- To initiate an RFQ session, Participants send to Recipients an RFQ
- Recipients can respond to the Participants with an indicative quote
- Indicative quotes are displayed to the Participant on a disclosed basis
- Recipients can change indicative quotes
- If the Participant wishes to transact it will send an AIOI in response to a Recipient's indicative quote
- A Recipient may accept or reject the AIOI
- If accepted, the trade is confirmed as executed in line with the Rules
- Any trade with all post trade data will be automatically sent to clearing and/or settlement systems
- Any trade that requires additional data to process will be sent to clearing and/or settlement systems immediately after all required data is available
- At any time during Trading Hours, a Participant can initiate an RFQ session in any Eligible Instrument made available through the RFQ Trading Protocol
- Participants can set, within the parameters defined by the Operator, Recipient count, Eligible Instrument type and settlement methodology (in accordance with settlement requirements and eligibility, RFQs can be executed Bilaterally or Cleared as requested by the Participant initiating an RFQ session)
- Any Participant can initiate an RFQ session, and each Participant can initiate multiple simultaneous RFQ sessions

Appendix II:

Deferrals

Deferrals will be applied across the following financial instruments:

- for C4 Financial instruments across the asset classes Interest Rate Derivatives and Equity Derivatives
- for C8 Financial Instruments across the asset class Credit Derivatives

Deferrals:

The following deferrals will be applied:

- the “large in scale” deferral under MiFIR Article 11(1)(a), RTS 2 Article 8(1)(a), and for package trades RTS 2 Article 8(1)(d)(ii);
- the “not a liquid market” deferral under MiFIR Article 11(1)(b), RTS 2 Article 8(1)(b), and for package trades RTS 2 Article 8(1)(d)(i);
- the “size specific to the instrument” deferral under MiFIR Article 11(1)(c), RTS 2 Article 8(1)(c), and for package trades RTS 2 Article 8(1)(d)(iii).

  In each case as augmented by the extended deferral provided for under MiFIR Article 11(3)(b) and RTS 2 Article 11(1)(a)(i), (b), as applicable.

Version Control

Previous-New Version	Update	Reason