

# BlockMatch UK

## Rulebook

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BlockMatch® (“BlockMatch UK”) is a Multilateral Trading Facility (“MTF”), operated by Instinet Europe Limited (“IEL”), which is authorised and regulated by the UK Financial Conduct Authority (“FCA”), pursuant to the Regulation on Markets in Financial Instruments (600/2014) and the Directive on Markets in Financial Instruments (2014/65/EU) (“MiFID II”). These Rules are governed by and shall be interpreted in accordance with the laws of England and Wales.

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## Definitions

For the purposes of this Rule Book, the following capitalised terms shall, unless specifically provided otherwise, have the following meanings:

AIOI	MiFIR Article 2(33): "Actionable Indication of Interest" means a message from one Member or User to another within a trading system in relation to available trading interest that contains all necessary information to agree on a trade.
Advertiser	A User submitting an IOI.
Applicable Law	Means all applicable laws, rules and regulations relating to trading on BlockMatch UK.
Backwardation	A situation whereby the offer price of a given security on the Order Book referenced by the Midpoint is lower than the bid price for the same security in the Order Book.
Benchmark	A reference to a price that is a derived price calculated over multiple time periods.
Central Counterparty or CCP	An entity / entities that the Operator has appointed to act as a counterparty to transactions executed on BlockMatch UK and provide clearing services in respect of Eligible Securities.
CCP's Rules	Rules, procedures and practices of the relevant CCP.
CDR (EU)	The UK version of the Commission Delegated Regulations of 14 July 2016 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.
Clearly Erroneous Trade	A trade which is regarded as erroneous as determined by the Operator.
Clearing	The process carried out by a CCP whereby Member's Trades are settled.
Control	Means the beneficial ownership of more than 50% of the issued share capital of a company or the legal power to direct or cause the direction of the general management of the company, and <b>controls, controlled</b> and the expression <b>change of control</b> shall be construed accordingly.
Dark Book	Refers to the Reference Price System offered on BlockMatch UK.
Direct Electronic Access or DEA	Incorporates direct market access (DMA) and sponsored access (SA).
DEA Provider	Means a Member who is authorised to provide DEA to underlying customers/users ("DEA User").
DEA User	The customer or client of a DEA Provider.
Disciplinary Committee	Means a committee convened to deal with disciplinary issues comprising of: <ul style="list-style-type: none"> <li>• A senior representative of the Operator's Legal Department</li> <li>• A senior representative of the Operator's Compliance Department</li> <li>• A senior representative of the Operator's Risk Function</li> </ul> One other member of the BlockMatch UK Governance Committee
Direct Clearing Member	An entity designated by a CCP as a Direct Clearing Member and authorised by the CCP to clear transactions which have been executed for its own account or have been executed for the account of clients of the Direct Clearing Member.
Eligibility Criteria	The criteria set out in Rule 1.1.2
Eligible Securities	Has the meaning set out in Rule 2.1.1

Event of Default	In respect of any Member, or where relevant any User: a) failure to settle any Trade on a timely basis or fails to pay any amount due and owing to the Operator or the Operator acting reasonably, believes such failure(s) is likely to occur; b) a breach of the Rules or Membership Agreement or the Operator, acting reasonably, believes such breach(s) is likely to occur; c) failure to continue to satisfy the Eligibility Criteria; d) failure to comply with the Operator's conditions in respect of limits per number of Orders sent per second, mechanisms to manage volatility and pre-trade controls; e) the occurrence of any adverse economic, market or financial situation; or the occurrence of an Insolvency Event.
Executable Quotes	The Quotes, including the attached volumes sent by a Responder, which, if accepted by the Requestor, would lead to a transaction under the system's rules.
FCA	Financial Conduct Authority (or any successor entity which regulates the conduct of the Operator).
FCA Rules	The rules, regulations and procedures of the FCA from time to time in place. This includes, without limitation, the Market Conduct sourcebook of the FCA Handbook as amended or replaced from time to time.
DEA Provider	Means a Member who is authorised to provide DEA to underlying customers/users ("DEA User").
DEA User	The customer or client of a DEA Provider.
Disciplinary Committee	Means a committee convened to deal with disciplinary issues comprising of: • A senior representative of the Operator's Legal Department • A senior representative of the Operator's Compliance Department • A senior representative of the Operator's Risk Function One other member of the BlockMatch UK Governance Committee
Direct Clearing Member	An entity designated by a CCP as a Direct Clearing Member and authorised by the CCP to clear transactions which have been executed for its own account or have been executed for the account of clients of the Direct Clearing Member.
Eligibility Criteria	The criteria set out in Rule 1.1.2
Eligible Securities	Has the meaning set out in Rule 2.1.1
Event of Default	In respect of any Member, or where relevant any User: a. failure to settle any Trade on a timely basis or fails to pay any amount due and owing to the Operator or the Operator acting reasonably, believes such failure(s) is likely to occur; b. a breach of the Rules or Membership Agreement or the Operator, acting reasonably, believes such breach(s) is likely to occur; c. failure to continue to satisfy the Eligibility Criteria; d. failure to comply with the Operator's conditions in respect of limits per number of Orders sent per second, mechanisms to manage volatility and pre-trade controls; e. the occurrence of any adverse economic, market or financial situation; or f. the occurrence of an Insolvency Event.
Executable Quotes	The Quotes, including the attached volumes sent by a Responder, which, if accepted by the Requestor, would lead to a transaction under the system's rules.
FCA	Financial Conduct Authority (or any successor entity which regulates the conduct of the Operator).
FCA Rules	The rules, regulations and procedures of the FCA from time to time in place. This includes, without limitation, the Market Conduct sourcebook of the FCA Handbook as amended or replaced from time to time.

General Clearing Member	An entity designated by a CCP as a General Clearing Member and authorised by a CCP to clear its own transactions (where relevant), transactions executed by its clients and transactions executed by Non- Clearing Members or their clients.
IEL	Instinet Europe Limited
IOI	Indication of Interest, a non-binding message used within the trading system to alert Users to potential trading opportunities and, when sent directly to other Users, to solicit trading opportunities.
Insolvency Event	Means in relation to a person, any of the following events: a) meeting of or negotiation with creditors of that person being held or an arrangement or composition with or for the benefit of its creditors (including a voluntary arrangement as defined in the Insolvency Act 1986) being proposed by or in relation to that person; b) a charge holder, receiver, administrative receiver or other similar person taking possession of or being appointed over or any distress, execution or other process being levied or enforced (and not being discharged within seven days) on the whole or a material part of the assets of that person; c) that person ceasing to carry on all or a substantial part of its business or being deemed to be unable to pay its debts within the meaning of section 123 Insolvency Act 1986 (except that, for the purposes of these Rules, the reference to £750 in section 123(1) of that Act shall be construed as a reference to £50,000); d) that person or its directors or the holder of a qualifying floating charge or any of its creditors giving notice of their intention to appoint, appointing or making an application to the court for the appointment of an administrator; e) a petition being advertised or a resolution being passed or an Order being made for the administration or the winding-up, bankruptcy or dissolution of that person; or f) the happening in relation to that person of an event analogous to any of the above in any jurisdiction in which it is incorporated or resident or in which it carries on business or has assets.
LIS	Large in Scale as defined by the relevant minimum size in accordance with Article 7 and Annex II table 1 and table 2 of CDR (EU) 2017/587.
MAR	Regulation (EU) on Market Abuse (596/2014).
Market Data Feed	A public real-time stream containing anonymised price, symbol, side and quantity data for Executable Quotes, AIOs and Trades.
Market Maker Program	Has the meaning set out in Rule 1.3 of this Rule Book.
Market of Reference	The regulated European market or non-European equivalent on which the relevant security is officially listed, and where a security is listed on multiple trading venues, the "Market of Reference" shall be the Primary Exchange or the most relevant market in terms of liquidity as determined under Article 4 of CDR (EU) 2017/587.
Member	Means a participant who has valid Membership Agreement in place
Membership Activity	Any or all of the following types of activity that the Member is authorised by the Operator to undertake on BlockMatch UK: a) full trading Member

	<ul style="list-style-type: none"> <li>b) Non-Trading Member</li> <li>c) DEA Provider (including Sponsored Access)</li> <li>d) DEA Provider (excluding Sponsored Access)</li> <li>e) Market Maker</li> </ul>
Membership Agreement	The agreement that governs a Member's access and participation in BlockMatch UK, together with any Order form, supplementary terms or documentation in relation to other member services, as amended from time to time.
Midpoint	A Reference Price established by obtaining the midpoint within the current bid and offer price(s) taken from the Market of Reference.
MiFID II	Directive on Markets in Financial Instruments (2014/65/EU) repealing Directive 2004/39/EC.
MiFIR	Regulation on Markets in Financial Instruments (600/2014).
MTF	Means Multilateral Trading Facility and shall have the meaning as defined in Article 4(22) of MiFID II.
Negotiated Trade	A transaction conducted away from BlockMatch UK which is subsequently concluded on BlockMatch UK subject to the rules of the MTF as defined by Article 4(1)(b) of MiFIR.
Negotiated Trade Affirmation	A binding and firm message submitted by a User, which if matched by a contra side, will result in a Negotiated Trade being concluded on BlockMatch UK.
Novate	The action of interposing a CCP as counterparty to the buyer and the seller for a Trade executed on BlockMatch UK.
NTS	Refers to the Negotiated Trade System offered on BlockMatch UK.
Non-Clearing Member	An entity designated by a General Clearing Member and authorised by the General Clearing Member to execute transactions for its own account or for the account of clients of the Non-Clearing Member.
Non-Trading Member	A member authorised to submit conditional IOIs to the venue, but not authorised to trade or to execute transactions.
Operator	IEL, when acting as its role as the Operator of BlockMatch UK.
Order	An instruction by a User to buy or sell a security which has been submitted for execution on the BlockMatch UK Dark Book.
Order Book	Relating to the systems offered, BlockMatch UK offers three Order Book types, Reference Price System (Dark Book), Request for Quote System and a Negotiated Trade System which must be specifically targeted by all User messages.
Participant Manual	The manual (as amended from time to time) which gives guidance on the functioning of the Order Books of BlockMatch UK is available on <a href="http://www.blockmatch.com/uk">http://www.blockmatch.com/uk</a> .
Primary Exchange	The venue of primary listing or the venue of first admission for trading for the security.

Prohibited Practices	Any practice which could be construed as contravening MAR.
Quote	A binding and firm Order message sent by one User to a Requestor on the MTF in response to a Request for Quote.
Reference Price	A price in relation to a point in time which may also be a derived price.
Regulated Market	Shall have the meaning as defined in Article 4(21) of MiFID II.
Requestor	A User who submits an RFQ.
Responder	A User who submits a Quote in response to an RFQ.
RFQ	Request for Quote: a non-binding message sent from one User to other User(s) in Order to solicit a Quote.
RFQS	Refers to the Request for Quote System offered on BlockMatch UK.
Rule Book	This BlockMatch UK Rule Book as amended from time to time.
Rules	The rules set out in this Rule Book, together with all Member Notices, policies, procedures, conditions published by the Operator in relation to BlockMatch UK.
Securities	The securities traded on BlockMatch UK as determined by the Operator from time to time.
Services Order Form	To be completed by Users when requesting the provision of, or access to, any services or functionality as described in the Rules or Membership Agreement.
SME growth market	Shall have the meaning as defined in Article 4(12) of MiFID II.
Sponsored Access	Shall have the meaning as defined in Article 4(41) of MiFID II.
Sponsored Access Agreement	The agreement which governs the rights and terms of access of a Sponsored Access User.
Sponsored Access Participant	A person who has been approved by the Operator to use Sponsored Access in name of the Member in accordance with, and subject to, the Rules.
Technical update	A Member Notice which is issued to inform Users about a range of operational events, changes and information. Technical updates include, but are not limited to, notices regarding suspension of trading, resumption of trading and changes to a market of reference.
Trade	An execution of an Order which is conducted under the rules of BlockMatch UK resulting in an agreement between buyer(s) and seller(s) to deliver Investments against payment.
Member Notice	A notice issued, published or disseminated by or on behalf of BlockMatch UK from time to time, which is displayed on <a href="http://www.blockmatch.com/uk">http://www.blockmatch.com/uk</a> and may be emailed to Members.
User	Interchangeably all Members of BlockMatch UK and any person who accesses BlockMatch UK through a Member's membership (including without limitation a DEA User).
User ID	An identification code and associated password issued to a Member which may be used to identify the Member or one of its DEA clients.

## 1. Participation & Eligibility Criteria

### 1.1 Membership

- 1.1.1 Membership of BlockMatch UK is open to applicants who meet the Eligibility Criteria and who in each case:
- (i) Agrees to abide by the Rules, the Membership Agreement, Participant Manual, Member Notices and any other requirements or guidance issued by the Operator from time to time;
  - (ii) Has in place an agreement with a Central Counterparty, or in the case of a Member who is not a General Clearing Member or a Direct Clearing Member, an agreement with a General Clearing Member and any other relevant documentation required by the Central Counterparty;
  - (iii) Can satisfy the Operator that it has adequate arrangements for the Clearing and settlement of all Trades concluded on BlockMatch UK;
  - (iv) Provides any other additional information as required by the Operator.
- 1.1.2 Any applicant can apply for membership if it satisfies the following criteria (the “Eligibility Criteria”):
- (i) Is a UK authorised investment firm or credit institution;
  - (ii) Has the legal and regulatory capacity to undertake trading in Eligible Securities on BlockMatch UK;
  - (iii) Can demonstrate to the Operator that it has systems, processes and procedures in place as the Operator may require in relation to the validity and execution of any instruction type submitted to BlockMatch UK (including but not limited to Order, RFQ, IOI, Quote) or Trade;
  - (iv) Can demonstrate that it has adequate systems, procedures and controls to prevent the submission of erroneous Orders, RFQs, IOIs, or Quotes to BlockMatch UK or Orders, RFQs, IOIs, or Quotes which would affect the integrity of BlockMatch UK or the market more generally, including without limitation:
    - (a) pre-trade controls on price, volume and volume of Orders and usage of systems;
    - (b) post-trade controls; and
    - (c) kill functionality
  - (v) Can satisfy the technical specifications and standards required by the Operator in order to participate on BlockMatch UK including, without limitation, technical and functional conformance testing,
  - (vi) Can satisfy the Operator that staff in key positions within the applicant meet all conditions set out by the Operator in respect of such staff;
  - (vii) In addition, where a Member is applying to be a DEA Provider, it must:
    - (a) in circumstances where it is not proposing to provide Sponsored Access:
      - i. demonstrate to the Operator in such form as the Operator may from time to time require the Member’s ability to control and monitor the behaviour of Users acting through the Member;
      - ii. notify the Operator in writing of the names and nature of DEA Users, prior to granting the DEA User with access to BlockMatch UK under its membership.
    - (b) where it is proposing to provide Sponsored Access seek prior approval from the Operator of each and every proposed Sponsored Access user’s access to BlockMatch UK using Sponsored Access in accordance with Rule 3.
    - (c) where it is proposing to allow sub-delegated DEA as defined in Article 21 4. of CDR (EU) 2017/589, the Member must notify the Operator, be able to identify each of the beneficiaries of the sub-delegated access as required by the



Operator from time to time and ensure that the User providing sub-delegated access is able to demonstrate to the Member its ability to control and monitor the behaviour of Users acting through it.

- 1.1.3 Applications for membership shall be made to the Operator in such form as the Operator may specify from time to time.
- 1.1.4 The Operator may in its absolute discretion approve or reject applications or approve an application subject to such conditions and/or restrictions as it considers appropriate, provided that at all times it acts in a fair and non-discriminatory manner.
- 1.1.5 The Operator shall notify the applicant of its decision in writing and where the applicant is successful in becoming a Member, the date on which membership will become effective and the Membership Activity it is authorised to undertake. A Member can only undertake the Membership Activity that it has been authorised by the Operator to undertake.
- 1.1.6 The Operator has a relationship with and deals exclusively with the Members. The Operator does not have any relationship with any client or customer of the Member including, without limitation, Users.
- 1.1.7 Each Member must remain in compliance with all applicable laws and regulations.
- 1.1.8 Each Member will co-operate with the Operator, the FCA and any other relevant regulator during any investigation that is conducted in relation to access to and trading on BlockMatch UK. Such co-operation shall include, providing access to information, documents and any other reasonable request within the control of the Member, save to the extent the Member may be restricted in doing so by law or regulation.
- 1.19 The Member shall bear its own costs and expenses in connection with any such investigation. The Member shall indemnify the Operator in full, in respect of all costs and expenses reasonably incurred in connection with any investigation in so far as those costs relate to an investigation or any part of an investigation which relates to the Member's activity on BlockMatch UK except to the extent that any such costs arise as a consequence of the fraud, negligence or willful default of the Operator or as a consequence of any breach by the Operator.

## **1.2 Non-Trading Members**

- 1.2.1 The status Non-Trading Member is open to entities who wish to be represented on BlockMatch UK in their own right but wish to interact through another Member.
- 1.2.2 Non-Trading Members are not required to adhere to Rules 1.1.1(ii) and 1.1.2(i).
- 1.2.3 Non-Trading Members must execute transactions through a Member.
- 1.2.4 Non-Trading Members must inform the Operator which Members they appoint to act on their behalf.

## **1.3 Market Maker Program**

- 1.3.1 Users may enter into a Market Maker Program as defined by the Operator and in accordance with Article 2 of CDR (EU) 2017/578. Details of, and variations to the Market Maker Program will be notified through the publication of a Member Notice and on <http://www.blockmatch.com/uk>.
- 1.3.2 Users who wish to enter into a Market Maker Program must sign such agreement with Operator, in such form as required by the Operator from time to time.
- 1.3.3 Users who have entered into a Market Maker Program are required to use a User ID specified by the Operator for all Membership Activity associated with the Market Maker Program.

## 2. Trading Rules

### 2.1 Securities Traded on BlockMatch UK

- 2.1.1 The Operator will determine, at its absolute discretion, which securities are eligible for trading on BlockMatch UK (“**Eligible Securities**”). Among other things, consideration will be given to compliance and regulatory requirements, commercial viability and eligibility for Clearing by a CCP. In order to be traded on BlockMatch UK a security must be admitted to trading on a MiFID II Regulated Market, an MTF registered as an SME growth market or a trading venue which satisfies the Operator’s requirements in relation to making information available to the public.
- 2.1.2 BlockMatch UK offers trading in equity instruments which are shares, depositary receipts, ETFs and certificates.. Securities which have been made available for trading on BlockMatch UK which are not eligible for Clearing by a CCP can only be traded by a Member which is acting as both the buyer and the seller and has the appropriate clearing and settlement arrangements in place.
- 2.1.3 All securities which no longer meet the Operators parameters will be made ineligible for trading.
- 2.1.4 Any intraday suspension or removal from trading of a security will be communicated by the Operator by way of a Member Notice.
- 2.1.5 Securities will trade in the currency of the Market of Reference. A list of Eligible Securities and their currency pairings is available at <http://www.blockmatch.com/uk>.

### 2.2 Hours of Operation

- 2.2.1 BlockMatch UK will be open for business every day that the Market of Reference is open in respect of the relevant security.

### 2.3 Trading Systems

- 2.3.1 BlockMatch UK operates three separate matching functions: the Reference Price System (Dark Book), the Request for Quote System (RFQS) and Negotiated Trade System (NTS). The BlockMatch Participant Manual describes the functionality of each of the systems.

### 2.4 Negotiated Trades

- 2.4.1 BlockMatch UK allows the submission of bilaterally Negotiated Trades in accordance with Article 4(1)(b) and (c) of MiFIR and which meet the specific characteristics of negotiated transactions as set out in Article 5 of Commission Delegated Regulation CDR (EU) 2017/587.
- 2.4.2 A Negotiated Transaction must be notified to BlockMatch UK in as near to real time as possible and no more than one (1) minute after the time of agreement.

### 2.5 Indications of Interest

- 2.5.1 A User (“Advertiser”) may submit conditional Indication of Interest (IOI) messages to advertise their willingness to deal in general. IOIs on the Dark Book, NTS and the RFQS respectively, cannot interact with each other.

### **3. Continuing Obligations**

#### **3.1 General**

- 3.1.1 Members shall at all times ensure their continuing compliance with the Rules (including without limitation the Eligibility Criteria), the Membership Agreement, Member Notices any other requirement or guidance issued by the Operator from time to time and Applicable Law.
- 3.1.2 The Operator reserves the right to undertake such due diligence on the Member as it in its absolute discretion determines and, in any event, shall undertake a risk-based assessment of the Member's compliance against the Eligibility Criteria on an annual basis.
- 3.1.3 A Member must notify the Operator of any change, deployment or substantial update of its or its Users' technology provider, trading systems, trading algorithms or trading strategy prior to such system, algorithm, strategy or provider interacting with BlockMatch UK or its infrastructure. The Operator shall require the Member to undergo conformance testing as it in its absolute discretion shall determine.
- 3.1.4 Members shall be bound by any decision or direction of the Operator relating to activity on BlockMatch UK.
- 3.1.5 Each Member shall be responsible for compliance with all applicable legal and regulatory obligations which the Member may be subject to by virtue of its membership of BlockMatch UK including but not limited to, trade and transaction reporting and market abuse monitoring and surveillance (in accordance with MAR).
- 3.1.6 In respect of business conducted on BlockMatch UK, a Member shall be responsible for all acts, omissions, conduct and activity of its Users and their continuing compliance with the Rules, the Membership Agreement, Member Notices any other requirement or guidance issued by the Operator from time to time and Applicable Law.
- 3.1.7 Without prejudice to any other Rule, a Member will be bound by any and all Orders, Trade Acceptances, AIOs and Quotes submitted and any resultant Trades entered into by their Users.
- 3.1.8 A Member is responsible for complying with any security measures and procedures for authentication requested by the Operator from time to time and ensuring that only authorised Users have access to BlockMatch UK.
- 3.1.9 The Operator has no obligation to notify Members of pending market events or corporate actions which may impact the pricing of securities. The responsibility for accurately pricing securities is solely with the Member. A Member shall treat a security as "ex" or "cum" a benefit from the time that a security is marked "ex" or "cum" that benefit on the Primary Exchange.
- 3.1.10 A Member shall not permit or allow any third-party individual or company (whether an affiliate of the Member or otherwise) to access BlockMatch UK using DEA, unless it has notified the Operator and been authorised to do so by the Operator.
- 3.1.11 A Member may apply to the Operator to provide Sponsored Access to a Sponsored Access Participant. All Sponsored Access Participants must access BlockMatch UK using designated trading sessions reserved exclusively for the use of the Sponsored Access Participant and must have agreed to and submitted a Sponsored Access Agreement.

#### **3.2 DEA Providers (including Sponsored Access)**

- 3.2.1 A Member shall not permit or allow any third-party individual or company (whether an affiliate of the Member or otherwise) to access BlockMatch UK using DEA, unless it has received express prior consent from the Operator in accordance with Rule 1.1.2.
- 3.2.2 A Member must ensure its DEA Users have sufficient training, are adequately supervised and have adequate experience, knowledge and competence to participate in BlockMatch UK in accordance with the Rules.
- 3.2.3 As a condition to the provision of DEA to a particular DEA User, the Member shall procure the completion of such additional documentation and assessment of suitability as the Operator shall require.

- 3.2.4 In addition to the Rules above, where the Member has been authorised to provide Sponsored Access by the Operator pursuant to Rule 1.5, prior to providing Sponsored Access to third party users, the Member must:
- (i) give the Operator prior notice in writing of the names and nature of proposed Sponsored Access users;
  - (ii) sign a Sponsored Access Addendum in respect of each proposed Sponsored Access user;
  - (iii) satisfy the Operator that the proposed Sponsored Access user has in place the pre- trade and post trade controls required by the Operator as set out in the Rules;
  - (iv) satisfy the Operator that only the Member is at all times exclusively able to set or modify the parameters that apply to the controls referred to in Rule 3.11. (iii) over the Order flow of their Sponsored Access.

3.2.5 The Operator shall notify the Member of its decision to allow Sponsored Access to a third- party User in writing and where the applicant is successful in becoming a Sponsored Access User, the date such access will become effective subject to, and in accordance with the Rules and Membership Agreement.

### **3.3 Non-Trading Members**

3.3.1 Non-Trading Members shall ensure that the list of Members authorised to trade on their behalf remains up-to-date and that any changes are immediately relayed to the Operator.

#### **4. Suspension, Termination and Resignation**

- 4.1 If any Event of Default occurs, the Operator may, in its sole discretion, suspend, terminate or restrict a Member's or all or any of its User's access to BlockMatch UK. The effect of such suspension, termination or restriction is at the complete discretion of the Operator and may be immediate.
- 4.2 The Operator will notify a Member of its decision to suspend, terminate or restrict as soon as reasonably practicable.
- 4.3 A Member may terminate its participation in BlockMatch UK by giving the Operator at least thirty (30) calendar days written notice.
- 4.4 Without prejudice to any provision of the Membership Agreement, termination by the Member does not affect any outstanding obligations that have arisen or accrued prior to termination of membership, and those rights and obligations shall continue to be enforceable in accordance with the Rules, Membership Agreement or CCP Rules as the case may be.

## 5. Conduct Rules

5.1 In conducting business on BlockMatch UK a Member must not:

- (i) commit any act, engage or encourage a third party to engage in any conduct which creates, or is likely to create, a false or misleading impression as to the market in, or the price or value of, any security;
- (ii) cause or enter into any artificial transaction;
- (iii) commit any act engage or encourage a third party to engage in any course of conduct which is likely to damage the fairness, orderliness, reputation or integrity of BlockMatch UK;
- (iv) effect a pre-arranged transaction that is designed to give the market a false view of supply, demand or pricing of a security or index;
- (v) input false or misleading data into the system;
- (vi) commit any act, engage or encourage a third party to engage in any course of conduct which causes, or contributes to, a breach of the rules of BlockMatch UK by another user;
- (vii) engage in any Prohibited Practices, engage in or facilitate any other kind of market abuse as defined by the venue regulator.

## 6. Trade Cancellations

- 6.1 All Trades on BlockMatch UK are firm and binding. No cancellation or reversal is possible through the BlockMatch UK trading system unless otherwise agreed in one of the circumstances set out in Rule 6.2 below.
- 6.2 The Operator may cancel trades in the following circumstances:
  - (i) Upon mutual agreement by the counterparties to a Trade;
  - (ii) Where the Operator has reason to believe that a Trade is a Clearly Erroneous Trade;
  - (iii) Where the Operator is acting under instruction from one or more CCPs with respect to Trades which the Operator is no longer able to Novate to the relevant CCP.
- 6.3 Any request made by a Trading Member to cancel a Trade(s) to which it is a party must be made as soon as possible and no later than thirty (30) minutes from the trade time on the trade date.
- 6.4 If a Trade appears to be erroneous in the opinion of the Operator, the Operator may contact the Member to verify its validity.
- 6.5 When considering whether to cancel a Trade, the Operator will consider a number of factors including but not limited to:
  - (i) the size of the trade; and/or
  - (ii) the price of the trade.
- 6.6 In the event of a Trade cancellation corresponding Trade Reports and submissions of transparency calculations will be cancelled and/or updated accordingly.
- 6.7 Neither the Operator nor IEL will have any liability to any party, including but not limited to the Member or User, in respect of any decision whether or not to cancel a Trade.

## **7. Maintaining an Orderly Market**

- 7.1 BlockMatch UK operates several trading safeguards in order to support the maintenance of an orderly market including pre-trade controls and volatility mechanisms.
- 7.2 Order throttling arrangements are applied as a limit to the number of messages per second per session. In the event of a breach of the maximum number of messages they will automatically be buffered.
- 7.3 A Member's access to and use of BlockMatch UK may be restricted and the Operator reserves the right to take actions which it in its absolute discretion believes are necessary to preserve market orderliness or otherwise comply with its regulatory obligations. The Operator will have no liability to any party, including but not limited to the Member and Users, in respect of any action taken under this Rule 7.1.
- 7.4 The Operator may suspend the automatic execution of Orders on the matching engine in one or more securities if:
- (i) the Operator determines a system problem has occurred or is likely to occur; or
  - (ii) it is requested to do so by the FCA or a competent authority; or
  - (iii) it considers in its sole discretion that there has been or is likely to be a threat to the stability of fair and orderly markets by trading a security; or
  - (iv) the Primary Exchange or Market of Reference of the security has suspended or cancelled trading of the relevant Security; or
  - (v) the Operator in its absolute discretion, considers it appropriate to do so; or
  - (vi) the Operator in its absolute discretion considers that a Member or User has failed, or is likely to fail, to comply with its obligations under the Rule Book.
  - (vii) the Operator determines there is Backwardation in one or more securities which is likely to have or has caused a disruption to the matching engine; or
  - (viii) the Operator determines that a Reference Price or Benchmark price as relevant cannot be calculated due to a technical market data interruption.



## **8. Extraordinary Event**

- 8.1 The Operator shall in its absolute discretion reserve the right to initiate a review of trading in BlockMatch UK where there has been an “extraordinary event”. Extraordinary events include, but are not limited to, intraday regulatory suspensions or periods of extreme volatility. In such circumstances, the Operator may consider certain trades void. For the avoidance of doubt, where a transaction is deemed by the Operator to be void, no transaction will exist.

## 9. Clearing and Settlement

- 9.1. Subject to 6.2(iii) and 9.2, the Operator shall Novate all Trades in Eligible Securities executed or confirmed in accordance with the Rules to one or more CCPs for Clearing.
- 9.2. A Member may elect, by informing the Operator, to make some or all of its Trades eligible to have Novation to a CCP suppressed in the event that the member is both the buyer and the seller for a Trade executed on BlockMatch UK. Trades on BlockMatch UK where a Member is both the buyer and the seller in securities which are not eligible for Clearing by a CCP, will have Novation suppressed. This does not waive the Members obligations under 9.4, 9.5 and 9.6.
- 9.3. A Member must, in respect of transactions in Eligible Securities executed on BlockMatch UK which have been Novated to a CCP, settle all obligations in accordance with the CCP's Rules including in the case of settlement default with regard to a Trade executed on BlockMatch UK and Novated a CCP.
- 9.4. A Member is responsible for the settlement of all Trades made under its membership. In addition, where the Member is acting as agent for another party, and there is a failure to deliver securities and/or cash, the Member will be bound as principal with the counterparty to the transaction.
- 9.5. Unless notified otherwise, the settlement due date for all Trades in Eligible Securities executed on BlockMatch UK will reflect the settlement due date for transactions executed on the market where the security is listed.
- 9.6. A Member shall ensure that Securities delivered in settlement of a transaction are free of any charge or encumbrance.

## 10. Confidentiality

- 10.1 Without prejudice to any provision on Confidentiality in the Agreement and subject always to the disclosure requirements in these Rules, the Operator will treat all information received from Users as confidential. Where circumstances require it to do so, the Operator may Disclose information to a third party. Such circumstances include:
- (i) to co-operate, by the sharing of information and documents and otherwise, with any authority, body or person having responsibility for the supervision or regulation of any regulated activity or other financial service or law for enforcement purposes;
  - (ii) for the purpose of enabling it to institute, carry on or defend any proceedings including any court proceedings or disciplinary proceedings under Rule 17;
  - (iii) for any regulatory purpose;
  - (iv) under compulsion of law;
  - (v) for the protection of investors and the maintenance of high standards of market integrity and fair dealing;
  - (vi) for any other purpose with consent of the person from whom the information was obtained and, if different, the person to whom it relates.

## **11. Pre and Post Trade Transparency**

- 11.1 The Operator will, where required by FCA rules or MiFID II and subject to not being eligible for a pre-trade transparency waiver, make public as soon as technically possible the symbol, side, price, quantity and time of Executable Quotes and resting AIOs on BlockMatch UK via the Market Data Feed. All Orders and all Negotiated Trade Affirmations entered into BlockMatch UK will be subject to a pre-trade transparency waiver and accordingly will not be made public on a pre-trade basis.
- 11.2 The Operator will, where required by FCA rules or MiFID II, make public as soon as technically possible the price, quantity and time of Trades when they are executed on or brought under the rules of BlockMatch UK via the Market Data Feed.

## 12. Fees and Taxes

- 12.1 Fees shall be set out in the Fees Notice issued on [www.blockmatch.com/uk](http://www.blockmatch.com/uk) from time to time. Such fees shall be payable in accordance with the terms of the Membership Agreement or the relevant Services Order Form. Failure to pay such fees within the time period agreed will lead to immediate suspension from trading for the Member and any associated Users.
- 12.2 A Member shall be liable for the payment of any applicable taxes that arise from the trading of securities on BlockMatch UK including but not limited to stamp duty reserve tax.
- 12.3 Some Members may be able to claim intermediary relief from certain taxes including UK Stamp Duty Reserve Tax. Any Member who wishes to avail themselves of such relief must provide full details to BlockMatch UK.

### **13. Data Providers**

- 13.1 For the purposes of these Rules and in particular the determination of Reference Prices and Benchmark prices, the Operator may obtain pricing information in respect of a Market of Reference from third parties ("Data"). Any Data obtained by the Operator is used and provided on an "as is" basis. The Operator makes no representations or warranties of any kind, either express or implied, with respect of the Data. Without limiting the generality of the foregoing, the Operator gives no warranties or representations about the originality, accuracy, timeliness, completeness, non-infringement, merchantability and fitness for any particular purpose of the Data.
- 13.2 Without prejudice to IEL's limitation of liability in the Membership Agreement, the Operator accepts no liability for any Losses (as defined in the Membership Agreement) suffered by any party, including but not limited to the client resulting from the use of the Data.

## **14. Member Notices**

- 14.1 Member Notices may be issued by BlockMatch UK from time to time in order to ensure that Users are kept informed on a timely basis about material events, announcements and/or changes. Member Notices include, but are not limited to, Technical Updates and communications related to the availability of functionality. Member Notices may be issued regarding events which impact the ability of BlockMatch UK to comply with its pre and post trade transparency obligations.

## 15. Notifications

- 15.1 Without prejudice to any other notification requirement under these Rules, a Member shall notify the Operator immediately on the occurrence of any of the following in relation to it or where relevant, its Users:
- (i) an Insolvency Event or is no longer permitted or licensed to carry out relevant regulated activities contemplated by this Rule Book;
  - (ii) a breach, or prospective breach of the Rules, the Membership Agreement, Member Notices any other requirement or guidance issued by the Operator from time to time and Applicable Law where such breach could prevent, limit or impair the integrity of the BlockMatch UK trading venue and the market more generally;
  - (iii) any operational issue, whether or not it breaches or could breach the Rules, the Membership Agreement, Member Notices any other requirement or guidance issued by the Operator from time to time and Applicable Law (for example technical connectivity issues, ability to monitor DEA Users trading activity) which affects or may affect trading on BlockMatch UK where such operational issues prevents, limits or impairs the integrity of the BlockMatch UK trading venue and the market more generally;
  - (iv) if it no longer satisfies the Eligibility Criteria;
  - (v) any adverse information, issues, findings on any DEA User, which if known to the Operator would lead to a re-evaluation of the Member's approval to provide DEA access to the DEA User.
  - (vi) the commencement of any enforcement action or other proceedings before a competent authority to the extent that such action or proceedings could prevent, limit or impair the Member or DEA User complying with the Rules, the Membership Agreement, Member Notices any other requirement or guidance issued by the Operator from time to time and Applicable Law, to the extent legally permissible.
- 15.2 In addition to the above, a Member shall notify the Operator of the following events as soon as reasonably practicable:
- (i) a change of name, registered office, officers, contact details, legal status or significant change to legal structure - at least five (5) business days in advance of any change taking effect of the Member or DEA User;
  - (ii) a Change of Control.



## 16. Complaints

- 16.1 Complaints about BlockMatch UK – including the cancellation of an Order or a Trade - or the conduct of other Members should be made in writing to the Compliance Function of the Operator by either email to the following address [compliance@blockmatch.com](mailto:compliance@blockmatch.com) or letter to the registered office of the Operator.
- 16.2 The Compliance Function of the Operator will determine how to deal with any complaint – this may result in having to follow the disciplinary process under Rule 17 where the complaint relates to the conduct of another Member.
- 16.3 In the event that the Member determines that the complaint has not been satisfactorily resolved by the Operator, it can refer such complaint to the Independent Complaint Commission in accordance with the FCA Rules, whose determination, if accepted by the Operator, shall be full and final resolution of the complaint.

## 17. Disciplinary Proceedings

- 17.1. With prejudice to the rights of the Operator set out in Rule 4, where the Operator:
- i. has determined that a Complaint made under Rule 16 should be investigated under Rule 17;
  - ii. believes in its absolute discretion that a Member or any User has breached or is in breach of the Rules,
  - iii. an initial investigation will be undertaken by the Operator's Compliance Function.
- 17.2 Upon completion of its investigation, the Operator's Compliance Function will as soon as reasonably practical, provide a written summary of its findings for the Member's review. The Member will have 10 (ten) calendar days to respond to the findings beginning on the day on which the findings are notified to the Member.
- 17.3 If a Member wishes to dispute the findings, it must submit a written response by the end of the 10 (ten) calendar day period, including any evidence it believes relevant.
- 17.4 The Operator's Compliance Function will review any evidence presented and, if appropriate, will amend its summary of findings. If the Operator concludes that there is still evidence of a breach of its Rules it will present the summary of findings to the Disciplinary Committee. A Member may make a written submission to the Disciplinary Committee regarding the Operator's summary of findings.
- 17.5 Where the Disciplinary Committee concludes that there has been a breach of the Rules it may impose a sanction or sanctions. Available sanctions are:
- i. suspension of a Member's access to BlockMatch UK
  - ii. termination of access to BlockMatch UK
  - iii. private warning as to the Member's conduct
  - iv. public warning as to the Member's conduct
  - v. financial penalty
- 17.6 The Disciplinary Committee may require a Member to pay costs as it sees fit, including the costs of the investigation and any administrative costs incurred in convening the Disciplinary Committee and any legal or professional advice required.
- 17.7 The Disciplinary Committee may refer the conduct of a Member or any other natural or legal person that has been considered during the investigation to other appropriate authorities for possible action or further investigation.
- 17.8 A Member may appeal the decision of the Disciplinary Committee. Such appeal must be made in writing within ten (10) calendar days of the decision. The appeal shall be based on one of the following grounds:
- i. that the sanction imposed is excessive;
  - ii. that not all relevant evidence was considered by the Disciplinary Committee; or
  - iii. that the Disciplinary Committee misdirected itself or did not follow its own procedures correctly.
- Appeals will be considered within two months of receipt of the written notice of appeal.
- 17.9 The Operator's Compliance Function will review any Member appeal, investigate any new facts and circumstance presented, and will provide all appeal related information to the CEO of the Operator, who will, in consultation with the BlockMatch UK Senior Manager, determine the outcome of the appeal.
- 17.10 Having considered any evidence submitted and the facts surrounding the original investigation, the Operator may:
- i. dismiss or allow the appeal;
  - ii. amend the decision of the Disciplinary Committee with respect to finding or sanction; and

- iii. substitute the Disciplinary Committee's finding or sanction.
- 17.11 The Operator may require a party to pay costs as it sees fit, including the costs of the appeal process and any administrative costs, including the costs of any legal or professional advice required.
- 17.12 Any decision of the appeal process shall be final.
- 17.13 In addition to the formal Disciplinary process described above, BlockMatch UK may impose fixed penalty regimes for minor breaches of its rules from time to time. These will be notified by Member Notice.
- 17.14 Where the Disciplinary process was initiated by a complaint, upon its completion, BlockMatch UK will write to the complainant to confirm that the matter has been resolved. Subject to confidentiality, BlockMatch UK may make details of the outcome known to the complainant if appropriate.

## **18. Amendments to the Rules**

- 18.1 The Rules may be modified by the Operator at any time. Amendments to the Rules shall not be retrospective unless required by any Regulator or by Applicable Law.
- 18.2 All amendments to the Rules will be notified to Members by a Member Notice and shall, unless Rule 18.3 applies, have effect at such time as may be specified in the relevant Members Notice being no less than 30 days from the date of the Member Notice.
- 18.3 Where the amendments to the Rules are required to be made immediately or without delay in order to ensure an orderly market, continued compliance with the recognition requirements or other obligations under Applicable Law, the Operator will be able to make such changes without giving the notice specified in Rule 18.2 provided it gives prior notice (irrespective of how short such notice is) in a Member Notice.

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