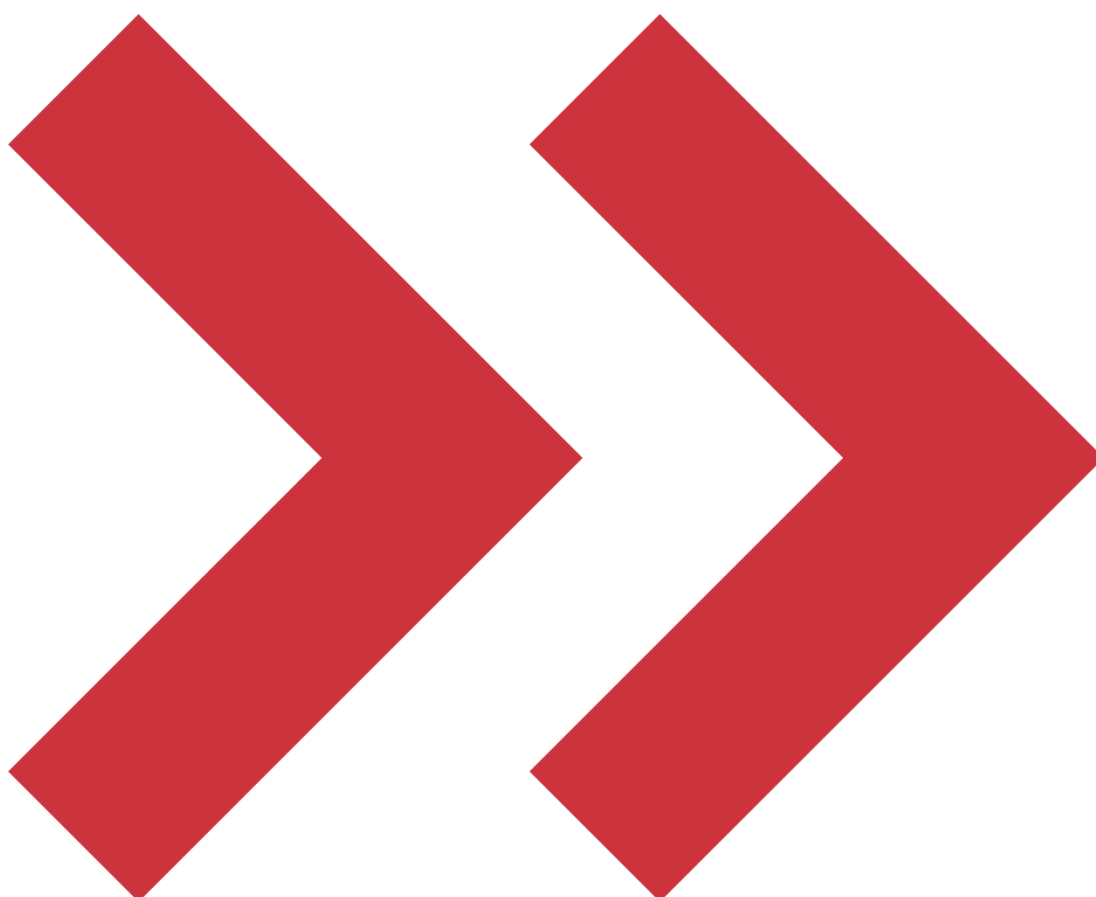


# BlockMatch

## Rulebook

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Version 1.9.3



BlockMatch® (“BlockMatch”) 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
Algorithmic Trading	Shall mean any system which meets the definition of algorithmic trading as defined in Article 4(1)(39) of MiFID II.
APA	Authorised Publication Authority
Applicable Law	Means all applicable laws, rules and regulations relating to trading on BlockMatch
Asset Manager	Shall mean investment firms authorised under Directive 2009/65/EC (UCITS), Directive 2011/61/EU (AIFM) or equivalent third-country legislation as defined by the Operator.
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
Best Bid	The best bid of the Market of Reference, being the highest bid price contributing to the Midpoint
Best Offer	The best offer of the Market of Reference, being the lowest offer price contributing to the Midpoint
Central Counterparty or CCP	An entity/entities that the Operator has appointed to act as a counterparty to transactions executed on BlockMatch and provide clearing services in respect of Eligible Securities
CCP’s Rules	Rules, procedures and practices of the relevant CCP
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
Conditional IOI	All IOIs which do not meet the definition of a Quote IOI, Order IOI or Firm IOI.

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 MTF
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> <li>▪ One other member of the BlockMatch Governance Committee</li> </ul>
Delayed Trade Report	Delayed Trade Report shall have the same meaning as defined in MiFID II EU Directive L 173/481. Trade Reports may be delayed provided that at least one User meets the appropriate criteria and the Trade is of sufficient size (as defined by Tables 4, 5 and 6 of Annex II to C(2016) 4390) unless the relevant Member informs us otherwise. Delayed Trade Reports will be published with a post-trade flag ‘LRGS’.
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.
Disclosed	In relation to an RFQ or IOI, the information that a User is, in the case of mandatory fields required to show, or in the case of optional fields, chooses to show to other Users, if Disseminated.

Disseminated / Dissemination	In respect of an RFQ or IOI, where a User sends the RFQ or IOI to other Users
EEA	The countries of the European Union together with Iceland, Norway and Liechtenstein
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 send 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
Firm IOI	A Disseminated Order IOI or Quote IOI
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	<p>means in relation to a person, any of the following events:</p> <ul style="list-style-type: none"> <li>a) 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;</li> <li>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;</li> <li>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);</li> <li>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;</li> <li>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</li> <li>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.</li> </ul>
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 Commission Delegated Regulation C(2016) 4390.
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 1.6 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 by ESMA under Article 4 of C(2016) 4390
Match Alert	A message sent to Users that have submitted IOIs that there is a potential match between two contra side IOIs
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 all or any of the following : (a) full trading Member (b) Non-Trading Member (c) DEA Provider (including Sponsored Access) (d) DEA Provider (excluding Sponsored Access) (e) Market Maker
Membership Agreement	The agreement that governs a Member’s access and participation in BlockMatch, together with any Order form, supplementary terms or documentation in relation to other member services, as amended from time to time.
MIC	Means ISO 10383 standard Market Identifier Code
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.



Minimum Execution Size	A parameter which may be set to indicate the minimum quantity below which an individual transaction will not be concluded
Minimum Acceptable Quantity	A parameter which may be set to indicate the minimum quantity below which a group of transactions executed simultaneously will not be concluded
Negotiated Trade	A transaction conducted away from BlockMatch which is subsequently concluded on the BlockMatch MTF 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 the BlockMatch MTF
Novate	The action of interposing a CCP as counterparty to the buyer and the seller for a Trade executed on BlockMatch
NTS	Refers to the Negotiated Trade System offered on BlockMatch MTF
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 the BlockMatch MTF
Order	An instruction by a User to buy or sell a security which has been submitted for execution on the BlockMatch Dark Book
Order Book	Relating to the systems offered, the BlockMatch MTF 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
Order IOI	An IOI which is backed by an Order in the Dark Book
Primary Exchange	The venue of primary listing or the venue of first admission for trading for the security
PRW	Price Reference Waiver as defined by Article 4(1)(a) of MiFIR
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
Quote IOI	An IOI which is backed by a Quote in the Quote Manager
Quote Acceptance	A message sent in response to a Quote by a Requestor to confirm that a Quote is acceptable and which concludes a trade
Quote Manager	A facility to store Quotes prior to their automatic release in response to an RFQ
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 MTF
Rule Book	This BlockMatch 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
Securities	The securities traded on BlockMatch as determined by the Operator from time to time.
Self-match prevention	BlockMatch functionality that allows Users to prevent the matching of Orders, IOIs, RFQs or Quotes for User Logins with common ownership. Self-match prevention is optional functionality that must be requested by a User in advance.
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 is 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 the BlockMatch MTF resulting in an agreement between buyer(s) and seller(s) to deliver Investments against payment
Trader 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
Member Notice	A notice issued, published or disseminated by or on behalf of BlockMatch from time to time, which is displayed on the BlockMatch website and may be emailed to Members.
User	Interchangeably all Members of BlockMatch and any person who accesses BlockMatch through a Member's membership (including without limitation a DEA User).
User Group	Shall have the meaning as set out in rule 1.3
VCM	The volume cap mechanism as set out in Article 5 of MiFIR, capping the volume which may be traded on a single venue and on a pan-European basis under the PRW and Negotiated Trade waiver.

## **1. Participation & Eligibility Criteria**

### **1.1 Membership**

1.1.1 Membership of BlockMatch is open to applicants who meet the Eligibility Criteria and who in each case:

- (i) Agrees to abide by the Rules, the Membership Agreement, 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;
- (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 an EEA authorised investment firm or credit institution;
- (ii) Has the legal and regulatory capacity to undertake trading in Eligible Securities on BlockMatch;
- (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 (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 or Orders, RFQs, IOIs, or Quotes which would affect the integrity of BlockMatch 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 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 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 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 C(2016) 4478, 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. 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 except to the extent that any such costs arise as a consequence of the fraud, negligence or wilful default of the Operator or as a consequence of any breach by the Operator.
- 1.1.20 A Member must apply to BlockMatch for Trader IDs in order to access the Trading Platform. Each Trader ID may have an associated charge as detailed in the fee schedule. Each Trader ID must be associated with a User Group which reflects the usage associated with that Trader ID. Each Trader ID may only be used by activity associated with one User Group and each Member must make its best endeavours to ensure that the activity, including that of the end client, matches as closely as possible the given User Group description as set out below. Where a Member offers DEA, each DEA User must be allocated with its own Trader IDs and the User Group for the corresponding Trader IDs must reflect the nature of the client using the DEA service or its end clients if applicable.

## **1.2 Credit Setting and Restrictions**

- 1.2.1 Credit setting or restrictions applicable on BlockMatch are detailed in the applicable appendices and Member Notices.

- 1.2.2 Members are solely responsible for determining their credit settings, and/or restrictions. Where BlockMatch functionality provides for Members to input their credit settings directly in to the system, Members are responsible for ensuring their settings are up to date. In all other instances, Members are responsible for notifying the Operator of any applicable settings or restrictions.
- 1.2.3 The notified settings or restrictions will only take effect upon confirmation from the Operator that they have been implemented.

### **1.3 User Groups**

- 1.3.1 Users must allocate each Log In ID terminal to the appropriate User Group(s) based on their trading capacity and the type of business being executed. A User may belong to more than one User Group but must be able to determine in advance under which User Group designation each RFQ, Quote or IOI is submitted.
- 1.3.2 Users may act through Members and receive their own User Group designation associated with a Trader ID. One Member may act on behalf of another Member provided that it has been authorised to do so and that the Operator has been notified.
- 1.3.3 The following Trading Capacities are available to Users:
- Principal (DEAL)
  - Client Agency (AOTC)
  - Riskless Principal (MPT)
  - Non-Trading
- 1.3.4 The following User Groups are available to Users:
- Principal
  - Professional Client or Eligible Counterparty Client of User
  - Retail Client of User
  - Market Maker
  - Asset Manager (only available to non-DEA Users)
- 1.3.5 Professional Client, Retail Client, Eligible Counterparty and Market Maker shall have the meanings as set out in Article 4 of the Markets in Financial Instruments Directive 2011/61/EU. All Users who have entered into a Market Maker Program will be defined as a Market Maker for all the Orders, Quotes, RFQs and IOIs entered using the Trader ID associated with the Market Maker Program.

- 1.3.6 Each DEA User must be allocated its own Trader ID which must be associated with the DEA User and must be associated with the User Group appropriate to the DEA User's business, not that of the User providing DEA access. DEA Users with more than one business type are required to use a different Trader ID for each associated business type.
- 1.3.7 If the User Group would have been different were it not for the contractual basis of access between the User and its client, then the User Group which would apply to the client on a standalone basis must be applied to the business from that client.

#### **1.4 Non-Trading Members**

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

#### **1.5 Technology Provided By A Third Party**

- 1.5.1 Only technology providers that have been approved and authorised by the Operator can be used by a User to access the BlockMatch platform. Authorised technology providers are listed in Appendix 1.

#### **1.6 Market Maker Program**

- 1.6.1 Users may enter into a Market Maker Program as defined by the Operator and in accordance with Article 2 of C(2016) 3523. 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>.
- 1.6.2 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.



- 1.6.3 Users who have entered into a Market Maker Program are required to use a Trader ID specified by the Operator for all Membership Activity associated with the Market Maker Program.

## **2. Trading Rules**

### **2.1 Securities traded on BlockMatch**

- 2.1.1 The Operator will determine, at its absolute discretion, which securities are eligible for trading on BlockMatch (“**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 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 offers trading in equity instruments which are shares, depositary receipts, ETFs and certificates. BlockMatch does not support “grey market” trading i.e. trading in securities that are the subject of an application for listing. Securities which have been made available for trading on BlockMatch 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 generally trade in the currency of the Market of Reference and may also trade in additional currencies where it is commercial viable to do so. A list of Eligible Securities and their currency pairings is available at <http://www.blockmatch.com/#stocklist>

## **2.2 Hours of Operation**

2.2.1 BlockMatch will be open for business every day that the Market of Reference is open in respect of the relevant security. BlockMatch will provide a trading service, between 7:30am and 5.30pm UK Time.

## **2.3 Matching Functionality**

2.3.1 BlockMatch MTF operates three separate matching functions which must be specifically targeted by all User messages: the Reference Price System (Dark Book), the Request for Quote System (RFQS) and Negotiated Trade System (NTS).

2.3.2 Users are able to request Self-match prevention. Self-match prevention can be applied to prevent RFQs matching with Quotes from the same User and is supported in one of three ways for Orders and IOIs:

- Marketable Orders/IOIs remain open and available to match with Orders from other users, but will not match with each other
- The newest Order/IOI to arrive is cancelled at the point a self-match would otherwise have occurred (note: Order is cancelled not rejected)
- The oldest Order/IOI to arrive is cancelled at the point a self-match would otherwise have occurred

## **2.4 Reference Price System (Dark Book)**

2.4.1 The Dark Book operates under the BLOX MIC matching Orders at the Midpoint Reference Price within the current bid and offer prices of the Market of Reference. The Dark Book benefits from PRW and LIS pre-trade transparency waivers and Orders are therefore not made public on a pre-trade basis.

### **Orders**

2.4.2 All Orders submitted to the BlockMatch Dark Book will execute at the Midpoint Reference Price. Orders which are below the relevant minimum size in accordance with Article 7 and table 1 and table 2 of Annex II of C (2016) 4390 (Large in Scale) may only be submitted to the Dark Book when the VCM is not in force for the security.

2.4.3 When the VCM is in force, Orders which do not equal or exceed LIS will be rejected and LIS Orders which, after amendment, no-longer satisfy the criteria for LIS will be deleted from the Dark Book. Partially executed LIS Orders will remain on the Dark

Book when the residual is below LIS, provided that the quantity is not subsequently amended.

2.4.4 Resulting transactions where one of the Orders is subject to the PRW will be published with a post-trade flag 'RFPT'. Where at least one User meets the appropriate criteria and the Trade is of sufficient size, BlockMatch may submit a Delayed Trade Report.

2.4.5 Order parameters supported on BlockMatch Dark Book are as follows:

- Limit
- Midpoint Reference Price peg
- Minimum Executable Size
- Time in force:
  - Day
  - Immediate (Immediate-or-Cancel and Fill-or-Kill)
  - GTC (accepted but will expire as a day Order)
  - GTD (accepted but will expire as a day Order – intraday expiration times are supported)
- Generate IOI
- Disseminate IOI

## **Matching**

2.4.6 Order matching priority is based on:

- User
- Size
- Time (of entry or last revision).

All revisions will result in the Order receiving a new time stamp and a corresponding loss of time priority.

## **2.5 Request for Quote System (RFQS)**

2.5.1 The RFQS operates under the BRFQ MIC allowing User(s) (the Responders) to provide a Quote or Quotes in response to an RFQ submitted by a User (the Requestor). The Quotes are bilateral and executable exclusively by the Requestor who may conclude a transaction by accepting the Quote or Quotes provided.

### **Request for Quote**

2.5.2 The Requestor may enter an RFQ.

2.5.3 The RFQ message may be Disseminated to all Users, User Groups or one or more individual Users on a Disclosed or anonymous basis, as determined by the Requestor.

2.5.4 The RFQ must contain the following mandatory information but a Requestor may decide the level of detail to Disclose to the receiving User(s) over and above Symbol which will always be disclosed, and may stipulate additional non-mandatory criteria:

- User Name
- User Group
- Symbol
- Quantity
- Recipient(s)
- Expiry (Day, Immediate)
- Auto Accept (Yes/No)
- Side
- Price or Reference Price

The available Reference Prices are:

- Mid
- Bid
- Offer

2.5.5 The RFQ may also contain the following additional information:

- Minimum Executable Size
- Limit interaction to Algorithmic Quotes
- Limit interaction to non-Algorithmic Quotes
- IOI ID (relates RFQ to a Conditional IOI)

2.5.6 An RFQ is valid until expired or cancelled. An RFQ will automatically expire when it is fully filled or at the end of the trading day.

2.5.7 User must elect Automatic Quote Acceptance when entering an RFQ with validity Immediate. RFQs with validity Immediate will only be Disseminated to Users with Quotes in Quote Manager and will automatically expire after being partially or fully filled.

## Quotes

2.5.8 Quotes are submitted in response to RFQs and may only be accepted by the Requestor. All Quotes are firm until accepted, cancelled or expired. Quotes can be refreshed at any time and may be made on an anonymous basis at the option of the Responder.

2.5.9 Quotes must contain the following mandatory information:

- Symbol
- Side
- Quantity
- Price or Reference Price

The available Reference Prices are:

- Mid
- Bid
- Offer

2.5.10 Quotes may also include the following additional information:

- User Group or User
- Minimum Executable Quantity
- Limit interaction to Algorithmic Trading
- Limit interaction to non-Algorithmic Trading
- Do not aggregate with other Quotes
- Limit interaction to RFQs smaller or equal in size to the Quote
- Expiry (Day, Immediate)

2.5.11 If the Requestor has elected not to Disclose the Side to Users then the Responder(s) may submit two-way Quotes. The Requestor can only trade on one side of the Quote.

2.5.12 Quotes submitted in response to an RFQ will be displayed to the Requestor and published on the Market Data Feed. If the quantity of the Quote is equal to or larger than the relevant minimum size in accordance with Article 7 of C (2016) 4390 and tables 1 and 2 of Annex II thereof, the Quote shall not be published. Where a Quote, which is above LIS, is subsequently revised in size so that the quantity is less than LIS, it will be published. Quotes which are below LIS will be passively rounded to the nearest tick when submitted with a reference price of Mid.

2.5.13 If a Quote does not meet the mandatory criteria submitted as part of the RFQ, it will not be an Executable Quote, will not be displayed to the Requestor or published on the Market Data Feed and will be deleted.

2.5.14 Where additional criteria have been submitted as part of the RFQ, the Quote will only be an Executable Quote, displayed to a Requestor and published on the Market Data Feed, if it meets all of the criteria, otherwise the Quote will be deleted.

### **Quote Manager**

2.5.15 Users may submit Quotes in advance by using the Quote Manager facility pending the submission of an RFQ. Users must use Quote Manager in order to interact with RFQs with a validity of Immediate.

2.5.16 In the event that an RFQ is Disseminated to a User who has a Quote stored in the Quote Manager facility, the RFQS will compare the criteria of the RFQ against the stored Quote and will automatically release the Quote in response to the RFQ if all the criteria are compatible.

### **Quote Acceptance**

2.5.17 The Requestor may submit a Quote Acceptance in response to one or several Quotes in combination.

2.5.18 The Requestor can only trade on one side during a Request for Quote instance. Once the Quote Acceptance and Quote(s) have been matched and the RFQ is filled, the RFQ and all associated Quotes will be deleted. A Requestor may instruct that an RFQ that is partially filled after submitting a Quote Acceptance should be left open or have the residual automatically cancelled.

2.5.19 If there is more than one Executable Quote in response to an RFQ, automatic matching will take place in accordance with the following criteria:

- Price;
- Size; and
- Time (of Quote).

2.5.20 Where the Requestor or the Responder meets the appropriate criteria and the execution is of sufficient size BlockMatch may submit a Delayed Trade Report.

### **Automatic Quote Acceptance**

2.5.21 The Requestor may opt for automatic execution by electing automatic Quote Acceptance when submitting the RFQ. If all mandatory and additional criteria are met by a Responder(s) Quote(s), the RFQS will automatically submit a Quote Acceptance on behalf of the Requestor.

### **2.6 Negotiated Trade System (NTS)**

2.6.1 The NTS operates under the MIC BNTW allowing 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 C(2016) 4390.

#### **NTS non-price forming**

2.6.2 Users may submit negotiated trade affirmations for negotiated transactions subject to conditions other than the current market price which meet the specific characteristics of negotiated transactions as set out in Article 4(1)(b)(iii) of MiFIR and Article 6 (a), (b) or (e) of the Commission Delegated Regulation C(2016) 4390 which they wish to bring onto the BlockMatch MTF. Users must flag each Negotiated Trade Affirmation as being in accordance with a specific limb (a), (b) or (e) of Article 6 of the Commission Delegated Regulation C(2016) 4390.

2.6.3 The submitted Negotiated Trade Affirmations to BlockMatch must contain corresponding User IDs for a valid BlockMatch User. When a Negotiated Trade Affirmation is submitted the contra User will be notified that it has a pending Negotiated Trade Affirmation. Negotiated Trade Affirmations must be concluded on the day of submission or will otherwise be cancelled at the end of the trading day.

2.6.4 Where a User submits a Negotiated Trade Affirmation under Article 6 (a) of the Commission Delegated Regulation C(2016) 4390 for an execution concluded prior to the price being known, the price should be submitted as 'PNDG' (pending) and a subsequent amending Negotiated Trade Affirmation should be submitted with the execution price as soon as it is known. BlockMatch will publish a Negotiated Trade amendment with the post-trade flag 'AMND'. Where the price is submitted as 'PNDG' (pending), if a subsequent amending Negotiated Trade Affirmation is not submitted before the end of the BlockMatch hours of operation on that trading day the original

Negotiated Trade Affirmations will be cancelled and a cancellation will be published with the post-trade flag 'CANC'.

- 2.6.5 A Negotiated Trade Affirmation submitted under Article 6 (b) or (e) of the Commission Delegated Regulation C(2016) 4390 must be in accordance with Article 1 (1) and (2) respectively of the Commission Delegated Regulation C(2016) 4390; (1) 'portfolio trade' means transactions in five or more different financial instruments where those transactions are traded at the same time by the same client and as a single lot against a specific reference price; (2) 'give-up transaction' or 'give-in transaction' means a transaction where an investment firm passes a client trade to, or receives a client trade from, another investment firm for the purpose of post-trade processing.
- 2.6.6 BlockMatch will validate the parameters of the submitted Negotiated Trade Affirmations and accept the Trade Affirmations as appropriate. Where two contra side Negotiated Trade Affirmations match in User ID, symbol, side, quantity and price, the resulting transaction will be accepted by BlockMatch and published as a non-price forming Negotiated Trade with post-trade flag 'PRIC', 'NPFT' and 'BENC' as appropriate. Where at least one User meets the appropriate criteria, the Negotiated Trade has been executed in accordance with Article 6 (a) or (b) of the Commission Delegated Regulation C(2016) 4390 and is of sufficient size BlockMatch will submit a Delayed Trade Report.

### **NTS Price forming**

- 2.6.7 Users may submit negotiated trade affirmations for price forming negotiated trades for conclusion under the rules of the venue and which have been executed in accordance with Article 4(1)(b)(i), Article 4(1)(b)(ii) or Article 4(1)(c) of MiFIR. When the VCM is in force, negotiated trades may not be submitted in accordance with Article 4(1)(b)(i) of MiFIR.
- 2.6.8 The submitted Negotiated Trade Affirmations must contain either a Match Alert ID or corresponding User IDs for a valid BlockMatch User. When a Negotiated Trade Affirmation is submitted the contra User will be notified that it has a pending Negotiated Trade Affirmation. Negotiated Trade Affirmations must be concluded on the day of submission or will otherwise be cancelled at the end of the trading day.



- 2.6.9 BlockMatch will validate the parameters of the submitted Negotiated Trade Affirmations and accept the Trade Affirmations as appropriate. Where two contra side Negotiated Trade Affirmations match in User ID, symbol, side, quantity and price, the resulting transaction will be accepted by BlockMatch and published as a price forming Negotiated Trade with post-trade flag 'NLIQ' or 'OILQ' as appropriate. Where at least one User meets the appropriate criteria and the Negotiated Trade is of sufficient size BlockMatch will submit a Delayed Trade Report.
- 2.6.10 Negotiated Trade Affirmations submitted in accordance with Article 4(1)(b)(i) of MiFIR must be concluded at a price within the current volume weighted spread reflected by AIOs (not subject to a pre-trade transparency waiver) on the BlockMatch RFQS. The volume weighted spread is defined as the volume weighted bid or offer prices of public AIOs in the relevant security, aggregated to the size of the negotiated transaction. If the transaction size is larger than the volume of the AIOs available on the RFQS the price will be the volume weighted price of all the AIOs. If there are no AIOs available on the RFQS in the relevant instrument BlockMatch will reject the Negotiated Trade Affirmations.
- 2.6.11 Negotiated Trade Affirmations submitted in accordance with Article 4(1)(b)(ii) of MiFIR must be concluded within 20% of the last trade in the relevant instrument on BlockMatch on that day. If no trade has been concluded that day, the price has to be within 20% of the last trade on the previous trading day on BlockMatch up until T-5. If no trades were concluded in the relevant instrument on the immediately preceding 5 trading days, BlockMatch will reject the Negotiated Trade Affirmations.
- 2.6.12 BlockMatch will validate the parameters of the Negotiated Trade Affirmations submitted under Article 4(1)(c) of MiFIR and accept the Trade Affirmations where they are equal to or exceed the relevant minimum size in accordance with Article 7 of C(2016) 4390 and tables 1 and 2 in Annex II thereof thereby qualifying as Large in Scale and submitted under Article 4(1)(c).

## **2.7 Indications of Interest**

- 2.7.1 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.

2.7.2 IOIs must contain the following mandatory criteria but an Advertiser may decide the level of detail to Disclose to the receiving User(s) and may stipulate additional non-mandatory criteria:

- Dark Book/RFQS/NTS
- User Name
- User Group
- Symbol
- Quantity
- Side
- Price, Reference Price or Benchmark

The available Reference Prices are:

- Mid
- Bid
- Offer
- Open
- Close

2.7.3 IOIs may contain the following additional criteria:

- Minimum Executable Quantity
- Limit interaction to Algorithmic Trading IOIs
- Limit interaction to non-Algorithmic Trading IOIs
- Expiry (Day, Immediate)
- Disseminate

IOIs are valid until cancelled, amended or expired.

### **Automatically generated IOIs**

2.7.4 An Advertiser may elect to generate IOIs from all in limit, resting Orders in the Dark Book ('Order IOIs').

2.7.5 An Advertiser may elect to generate IOIs replicating the relevant messages in the Quote Manager ('Quote IOIs').

### **Dissemination**

2.7.6 IOIs may be Disseminated by the Advertiser to all Users, User Groups or one or more individual Users as determined by the Advertiser. Disclosure of the Advertiser's identity

is optional. When an IOI is Disseminated the Advertiser must Disclose symbol and may elect to Disclose any combination of side, quantity and price, reference price or benchmark.

2.7.7 Order IOIs and Quote IOIs which are Disseminated will be flagged as being firm ('Firm IOIs').

### **Pairing Functionality**

2.7.8 The Pairing Functionality allows Users to receive Match Alerts when there is a potential match between two contra side IOIs. No trades are created in the event of a pairing of Conditional IOIs or Firm IOIs generated by the IOI pairing functionality.

2.7.9 Indicative pairing will take place in accordance with the following criteria:

- Price;
- User;
- Size; and
- Time (of IOI)

2.7.10 Alerts will only be generated between Users where both have designated the IOIs to one another as individual Users or as part of a User Group whether the IOIs have been Disseminated or not. Match Alerts will not indicate whether the contra side is Firm or Conditional.

2.7.11 Users that have submitted Conditional IOIs will be alerted to submit an appropriate response depending on whether the IOIs were both submitted to the Dark Book, NTS or to the RFQS. Where a non-Algorithmic Trading Conditional IOI is paired with an Algorithmic Trading Conditional IOI or with an Order IOI, only the non-Algorithmic Trading IOI will receive a Match Alert.

2.7.12 Upon dissemination of a Match Alert the associated Conditional IOI(s) will be cancelled.

2.7.13 An Algorithmic Trading IOI which has been paired with a non-Algorithmic Trading IOI will not be paired with other IOI's, for the paired size, until either the contra issued with a Match Alert has responded to the Match Alert or 30 seconds has elapsed from the time of pairing.

2.7.14 Match Alerts include a Match Alert ID which is to be included when submitting a response to a Match Alert. Submissions in response to Match Alerts will be monitored for potential market abuse. For Match Alerts where at least one IOI has not been Disseminated, Users that have response rates of less than 50% within 0.5 seconds for Algorithmic Trading and within 30 seconds for non-Algorithmic Trading, or partake in other Prohibited Practices, will have Conditional IOI capabilities suspended pending a suitability assessment by the Operator...

**Match Alerts on the Dark Book**

2.7.15 Users with Conditional IOIs will be issued with a Match Alert inviting the User(s) to take further action as appropriate.

2.7.16 Advertisers with Order IOIs will not receive Match Alerts nor be required to submit an Order. After the execution of an Order, the Order IOI associated with the Order will be automatically reduced in quantity to reflect the Order residual.

**Match Alerts on RFQS**

2.7.17 The Advertisers will be issued with a Match Alert as illustrated by the following table:

		Resting	
		Quote IOI	Cond IOI
Incoming	Quote IOI	DO NOT MATCH	Resting IOI receives Match Alert to send RFQ. Quote received nothing.
	Cond IOI	Incoming IOI receives Match Alert to send RFQ. Quote receives nothing.	Both receive Match Alerts except where a non-Algorithmic Trading Conditional IOI is paired with an Algorithmic Trading Conditional IOI, where only the non-Algorithmic Trading Conditional IOI will receive the match Alert – Resting to send Quote and Incoming to send RFQ.

The Match Alert will instruct the User as to the minimum criteria that should be submitted in response. Responding with a lower quantity, higher minimum quantity or worse price will reflect adversely on a User’s response rate.

2.7.18 RFQS will automatically route an RFQ submitted with a Match Alert ID to the contra User, and where the Requestor’s identity is not Disclosed, will not Disclose the Responder’s identity to the Requestor.

2.7.19 Quote IOIs associated with the Match Alert will be cancelled upon being released from Quote Manager.

### **Actionable Indications of Interest (AIOIs)**

2.7.20 Firm IOIs submitted to the RFQS where the User has opted to Disclose side, symbol, quantity and price are deemed to be Actionable IOIs.

2.7.21 RFQs submitted to the RFQS where the User has opted to Disclose quantity, side, symbol and price, and where the User has opted for Automatic Quote Acceptance are deemed to be AIOIs.

2.7.22 Resting AIOIs will be published on the Market Data Feed. Where the quantity of the AIOI is equal to or larger than the relevant minimum size in accordance with Article 7 of C(2016) 4390 and tables 1 and 2 of Annex II thereof, the AIOI shall not be published.

2.7.23 Two contra side AIOIs will be matched and will create a transaction at the price of the first AIOI. Where there is more than one potential match then the following priority will be applied between AIOIs:

- Price;
- User;
- Size; and
- Time (of IOI)

2.7.24 Transactions where at least one User meets the appropriate criteria and the Trade is of sufficient size, BlockMatch will submit a Delayed Trade Report.

### **Match Alerts on the NTS**

2.7.25 Users with Conditional IOIs will be issued with a Match Alert inviting the User(s) to take further action as appropriate.

## **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 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.
- 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 including but not limited to, trade and transaction reporting and market abuse monitoring and surveillance.
- 3.1.6 In respect of business conducted on BlockMatch, 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.
- 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 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 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 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 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. 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 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 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;
- (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 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 are firm and binding. No cancellation or reversal is possible through the BlockMatch 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.

6.5 In the event of a Trade cancellation corresponding Trade Reports and submissions of transparency calculations will be cancelled and/or updated accordingly.

6.6 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 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 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 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. Trades on BlockMatch 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 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 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 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 via the Market Data Feed. All Orders and all Negotiated Trade Affirmations entered into BlockMatch 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 BlockMatch, subject to not being eligible for a Delayed Trade Report. The Operator may report post trade information to an appropriate APA and will make such information available via the Market Data Feed. Matching functionality will be identified using the following MICs:

- (i) BLOX = Reference Price System
- (ii) BRFQ = Request for Quote System
- (iii) BNTW = Negotiated Trade System

11.3 Benchmark trades will be made public when executed subject to not being eligible for a Delayed Trade Report. VWAP and TWAP trades will subsequently be updated with the relevant price as and when it is available.

11.4 BlockMatch will apply the following flags for the purpose of post-trade transparency as appropriate:

Flag	Type	Description
'BENC'	Benchmark transactions flag	Transactions executed in reference to a price that is calculated over multiple time instances according to a given benchmark such as volume-weighted average price or time-weighted average price.
'NPFT'	Non-price forming transactions flag	Transactions where the exchange of financial instruments is determined by factors other than the current market valuation of the financial instrument
'LRGS'	Post-trade large in scale transaction flag	Transactions that are large in scale compared with normal market size for which deferred publication is permitted.
'RFPT'	Reference price transaction flag	Transactions which are executed under systems operating in accordance with Article 4(1)(a) of MiFIR
'NLIQ'	Negotiated transaction in liquid financial instruments flag	Transactions executed in accordance with Article 4(1)(b)(i) of MiFIR
'OILQ'	Negotiated transaction in illiquid financial instruments flag	Transactions executed in accordance with Article 4(1)(b)(ii) of MiFIR
'PRIC'	Negotiated transaction subject to conditions other than the current market price flag	Transactions executed in accordance with Article 4(1)(b)(iii) of MiFIR

'ALGO'	Algorithmic transaction flag	Transactions executed as a result of an investment firm engaging in algorithmic trading as defined in Article 4(1)(39) of MiFID II.
'CANC'	Cancellation flag	When a previously published transaction is cancelled
'AMND'	Amendment flag	When a previously published transaction is amended
'PNDG'	Price is unknown	Where price is currently not available but pending

## 12. Fees and Taxes

- 12.1 Fees shall be set out in the Fees Notice issued on [www.blockmatch.com](http://www.blockmatch.com) 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 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.

## 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 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 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 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 where such operational issues prevents, limits or impairs the integrity of the BlockMatch 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 – 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 following 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
  - (ii) termination of access to BlockMatch
  - (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 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 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 will write to the complainant to confirm that the matter has been resolved. Subject to confidentiality, BlockMatch 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 the Act, 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.

## Appendix 1: Authorised technology providers

<b>Product</b>	<b>Vendor</b>
BlockCross	Instinet Europe Limited
NewPort 3	Instinet Europe Limited
FIXPort	Instinet Europe Limited

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