

# **BORSA ITALIANA EQUITY MTF MARKET RULES**

(BIt Eq MTF)

29 JUNE 2022

*The italian text of these Rules shall prevail over the English version*



**BORSA ITALIANA**

# BORSA ITALIANA EQUITY MTF (BIIt Eq MTF) Market Rules

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The Rules are divided in articles contained in the boxes. Moreover the Rules contain guidance to rules that supplement these rules, which indicate the provisions for the implementation of the content of the Rules.

Rules with supplementary Guidance are flagged with the notation "G".

The Guidance is divided in Section (Sec.) with an identification number.

Rules that have a reminder to Compliance Procedure are flagged with the notation "C"

## Glossary

<b>Term</b>	<b>Meaning</b>
<b>Access Code</b>	means the trading code to which are associated specific configurations for the connection to the market (CompID/traderID)
<b>Admission to Trading</b>	Admission to trading of financial instrument in the <b>BIIt Eq MTF market</b>
<b>After Hours Segment (TAH Segment)</b>	The <b>Borsa Italiana Equity MTF Market Segment</b> in which are traded the <b>BIIt Eq MTF financial instruments</b> as provided by rules 220 from 18.00 to 20.30 hours
<b>Algorithmic trader</b>	means the operator using an algorithmic trading technique, as specified in Article 4(1)(39), of Directive 2014/65/EU and in Article 18, of Regulation 2017/565/EU
<b>Algorithmic trading</b>	means the trading technique specified in Article 4(1)(39) of Directive 2014/65/EU and in Article 18 of Regulation 2017/565/EU
<b>Borsa Italiana</b>	The management company " <b>Borsa Italiana</b> S.p.A
<b>Borsa Italiana Equity MTF financial instrument</b>	The financial instruments admitted to trading in the <b>BIIt Eq MTF Market</b> as provided by rules 220 and subsequent
<b>Borsa Italiana Equity MTF market</b>	The multilateral trading facilities of shares organized and managed by <b>Borsa Italiana</b>
<b>Borsa Italiana Global Equity Market Segment (BIIt GEM Segment)</b>	The <b>Borsa Italiana Global Equity Market Segment</b> in which are traded the <b>BIIt Eq MTF financial instruments</b> as provided by rules 220 from 8.00 to 17.42 hours
<b>Central counterparty</b>	means the legal person authorised to operate a clearing system, pursuant to Regulation 2012/648/EU
<b>CSD</b>	means the legal person authorised to operate a securities settlement system, pursuant to Regulation 2014/909/EU
<b>Direct Electronic Access</b>	means the connection to the market as specified in Article 4(1)(41) of Directive 2014/65/EU, Article 20, of Regulation 2017/565/EU and in Article 2(1)(d)(ii) of Directive 2014/65/EU
<b>Exceptional circumstances</b>	means the exceptional circumstances identified in Article 4, of Regulation 2017/578/EU
<b>General condition for the supply of services</b>	The terms and conditions regulating the relationship between <b>Borsa Italiana</b> and the member firms

	concerning the participation of the member firms to the <b>BIt Eq MTF market</b>
<b>Guide to the parameters</b>	the document accompanying the Rules of the regulated markets and relevant Instructions, as well as the Rules of the multilateral trading facilities organized and managed by Borsa Italiana S.p.A., referred to as "Guide to the Parameters" notified in a <b>Notice</b> and available on the <b>Borsa Italiana</b> website
<b>High-frequency trader</b>	means the intermediary using a high-frequency algorithmic trading technique, as specified in Article 4(1)(40), of Directive 2014/65/EU and in Article 19, of Regulation 2017/565/EU
<b>High-frequency algorithmic trading or HFT</b>	means the trading technique specified in Article 4(1)(40), of Directive 2014/65/EU and Article 19, of Regulation 2017/565/EU
<b>Issuer</b>	It indicates the subjects that have requested the admission to trading in the <b>BIt Eq MTF market</b> pursuant to article 210 of the financial instruments issued by itself. In the case of equity depository receipts the issuer indicates both the issuer of the receipts and the issuer of the represented shares.
<b>Interconnection</b>	The linking to markets, via market <b>intermediaries</b> : of Customers of market <b>intermediaries</b> , the connection of which may take place in " <b>direct electronic access</b> " mode or in another mode; or organizational units of market <b>intermediaries</b> other than units assigned to the activities of trading in the markets and settlement and the control thereof; computer-based systems for the automatic generation of orders even if they are installed in an organisational unit of a market <b>intermediary</b> . The connection of customers of the market intermediary, in "direct electronic access" mode (DEA), can take place through the technical structure of the market intermediary (Direct Market Access or DMA) or directly (Sponsored Access or SA).
<b>Large in scale transaction or Large in scale order</b>	means the transaction or the order that are large in scale with respect to the normal size of the market, according to the definitions in Regulation 2017/287/EU and in Regulation 2017/583/EU
<b>Liquid market for the financial instrument</b>	means the liquid market as specified in Article 2, paragraph 1(17), of Regulation 2014/600/EU
<b>Markets of OECD Countries or OECD Markets</b>	It means a market established, organized and regulated by the dispositions adopted or approved by the Authority in charge according to the rules in force in an <b>OECD Country</b>
<b>Market making agreement</b>	means the market making agreements that Borsa Italiana must offer, in compliance with Regulation 2017/578/EU, to the Intermediaries pursuing a market making strategy

<b>Negotiated transactions</b>	means the transactions negotiated privately between intermediaries, placed on the market according to the rules specified in Articles 2050 and 2051
<b>Mifid2 Market Maker</b>	means the intermediary that has underwritten a market making agreement with Borsa Italiana, in accordance with Regulation 2017/578/EU
<b>Market making strategy</b>	means the trading that is carried out on own account by an algorithmic trader on one or more financial instruments and that involves the entering of firm and simultaneous purchase and sale quotes, for comparable size and at competitive prices and is carried out for at least 50% of the duration of the continuous trading session, for at least half of the days in a month, as indicated in Regulation 2017/578/EU
<b>Notice</b>	The publication prepared and distributed by Borsa Italiana containing information relevant to the operation of the BIt Eq MTF market
<b>Market intermediary or intermediary</b>	The entity admitted to trading in the <b>BIt Eq MTF market</b> by <b>Borsa Italiana</b> , as provided in accordance with article 1000 and subsequent
<b>Minimum trading lot or "minimum lot"</b>	Means the minimum tradable quantity of each financial instrument. Only multiples of the lot itself may be traded
<b>Specialist</b>	Any <b>member firm</b> that undertakes to support the liquidity of <b>BIt Eq MTF financial instruments</b> , and performs the functions referred to in Article 4001
<b>Quote</b>	Means the type of proposal that must be used by <b>specialists</b> operating in the <b>BIt Eq MTF market</b> in performance of the obligations provided by the Rules. Such type of proposal with a single transaction enables to update both purchase and sale quotes entered by the <b>specialist</b>
<b>Reference Market</b>	It means the regulated market organized and managed by <b>Borsa Italiana</b> in which <b>Bit Eq MTF financial instruments</b> are traded or, if the <b>BIt Eq MTF financial instrument</b> is not traded in any regulated market organised and managed by <b>Borsa Italiana</b> , the most liquid <b>OECD</b> market
<b>Trading Manual</b>	means the "Guide to the new Trading System" made available on the website of Borsa Italiana
<b>Tick</b>	the minimum difference between the prices of orders, established in the Guidance, for each financial instrument traded;

# **GENERAL PROVISIONS AND INSTRUMENTS ADMITTED TO TRADING**

## **General provisions**

### **Purpose of the Rules**

100	<p>These Rules govern the organization and management of the multilateral trading facility operated by <b>Borsa Italiana</b> and called the <b>Borsa Italiana Equity MTF market (BI It Eq MTF)</b>.</p> <p>The <b>Borsa Italiana Equity MTF market</b> it is divided into the following segments:</p> <ul style="list-style-type: none"> <li>• <b>Borsa Italiana Global Equity Market Segment (BI It GEM Segment)</b></li> <li>• <b>After Hours Segment (TAH Segment)</b></li> </ul>
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110	<p>These Rules establish the organizational and operational conditions and procedures of the <b>Borsa Italiana Equity MTF market</b> and, in particular, govern:</p>
110.1	the conditions and procedures for the admission, exclusion and suspension of <b>BI It Eq MTF financial instruments</b> from trading.
110.2	the conditions and procedures for the admission, exclusion and suspension of <b>intermediaries</b> from trading and their obligations;
110.3	the conditions and procedures for the performance of trading and the functioning of the related instrumental services;
110.4	the procedures for verifying, publishing and disseminating prices and information.

### **Organizational principles of the market**

120	<b>Borsa Italiana</b> performs its functions, in particular the admission, suspension and revocation of <b>intermediaries</b> and the surveillance of the <b>BI It Eq MTF market</b> in a non-discriminatory manner and using procedures defined on a general basis.
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121	<b>Borsa Italiana</b> , in its operation of the <b>BI It Eq MTF market</b> , equips itself with and maintains an organizational structure likely to prevent potential conflicts of interest. In particular, it ensures that the heads of the departments responsible for the functions referred to in rule 120 enjoy complete independence in carrying out examinations and making proposals. In performing these functions, the heads of department report exclusively to the CEO.
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122	<b>Borsa Italiana</b> equips itself with and maintains an internal control system that checks compliance with the law and internal rules and procedures.
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## Instruments that can be traded on the Borsa Italiana Equity MTF market

### Tradable Instruments

200	Shares, equity depository receipts and other equivalent risk capital securities which satisfy the conditions referred to in article 220 and 221 may be admitted to trading on the <b>BIIt Eq MTF market</b> .
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### Powers of Borsa Italiana

G	210	<b>Borsa Italiana</b> may admit financial instruments referred to in Article 200 to trading at the request of an <b>issuer</b> or of an <b>intermediary</b> , in accordance with what is provided for in the guidelines provided the conditions set out in the following articles are satisfied. The admission to trading may be requested separately for the <b>BIIt GEM and the TAH Segments</b> or together for both segments.
	211	Financial instruments referred to in Article 200 may be admitted to trading at the initiative of <b>Borsa Italiana</b> , provided the conditions of the following articles are satisfied.

### Conditions for the admission of financial instruments

G	220	<b>BIIt Eq MTF financial instruments</b> must be:
	220.1	admitted to trading on <b>OECD markets</b> ;
G	221	<b>BIIt Eq MTF financial instruments</b> must also be:
	221.1	freely transferable; and
	221.2	suitable for settlement in the manner referred to in Article 5000;
	222	<b>Borsa Italiana</b> may make <b>admission to trading</b> subject to any condition regarding the financial instrument that it deems desirable and that is explicitly notified to the applicant subject; it may also exercise discretion in admitting financial instruments to trading for which an application has been made.
	223	<b>Borsa Italiana</b> may reject an application for <b>admission to trading</b> , taking into account, among other things, the characteristics of the financial instrument and the liquidity of the market on which the instrument is traded. <b>Borsa Italiana</b> shall inform the applicant subject.

- Sec. 10 *Guidelines*  
**Procedure for instruments' admission to trading**
- 10.1 *Persons referred to in Article 210 shall present an application that is signed by their legal representative or agent, drawn up in accordance with the model form available on **Borsa Italiana's** website and accompanied by the documentation indicated therein.*
- 10.2 *After verifying the completeness, **Borsa Italiana** confirms the receipt of applications.*
- 10.3 *Within 10 trading days of the date of confirming receipt of an application, **Borsa Italiana** must inform the applicant that the application has been rejected or, in the case of its being accepted, issue a **Notice** establishing the date of the of trading and making available the information needed for trading.*
- 10.4 *The time limits referred to in the Sec. 10.3 guidelines may be interrupted by a notification from **Borsa Italiana** if it becomes necessary to acquire new information and documents. In this case the time limits shall start to run again from the date of receipt of the relevant documentation. The time limits referred to in the Sec. 10.3 guidelines may be suspended at the request of the person referred to in Article 210.*
- 10.5 *Applications shall be deemed annulled if they are not modified, completed or corrected within two months of their receipt.*
- 10.6 ***Borsa Italiana** shall issue a **Notice** for the **admission to trading** of instruments referred to in Article 211, establishing the date of the start of trading and making available the information needed for trading.*

### **Suspension and revocation of instruments**

230	<b>Borsa Italiana</b> may:
230.1	suspend the trading of <b>BI It Eq MTF financial instruments</b> if the regularity of the market for the instrument is temporarily not guaranteed or risks not being guaranteed, if this is necessary to protect investors, if the instruments have been suspended on other <b>OECD markets</b> where they are traded or, for the <b>BI It Eq MTF financial instruments</b> referred to in article 300, in the event of withdrawal of the <b>specialist</b> ;
230.2	revoke the admission to trading of <b>BI It Eq MTF financial instruments</b> in the event of a prolonged lack of trading or where <b>Borsa Italiana</b> deems it to be necessary subject to its giving the market advance notice;

231	The suspension of a <b>BI It Eq MTF financial instrument</b> may not be for more than 6 months, except in exceptional circumstances; where, at the end of such period, the reasons for the suspension still exist, <b>Borsa Italiana</b> shall initiate the procedure for the revocation of the <b>BI It Eq MTF financial instrument</b> .
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232	Suspensions and revocations shall be announced in a <b>Notice</b> .
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**Exclusion from trading of the financial instrument upon request**

240	<b>Intermediaries</b> referred to in Article 210 that have applied for the admission of an <b>BIT Eq MTF financial instrument</b> may apply for its exclusion from trading by sending <b>Borsa Italiana</b> a reasoned request signed by their legal representative or agent.
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241	<b>Borsa Italiana</b> , after assessing the reasons given, may exclude the <b>BIT Eq MTF financial instrument</b> ; it shall establish the effective date of the measure and inform the public in a <b>Notice</b> .
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## Applicants' obligations

**Support to liquidity**

300	<b>Borsa Italiana</b> may request that the subject referred to in Article 210 engages itself in the activity of <b>specialist</b> for <b>BIT Eq MTF financial instruments</b> for which admission to trade has been requested or entrusts a <b>specialist</b> to engage such activity.
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# **MEMBERSHIP**

## **General provisions**

1000	The <b>member firm</b> is an entity that has been admitted to trading by <b>Borsa Italiana</b> in the <b>Borsa Italiana Equity MTF market</b> as described above.
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### **Intermediaries admitted to trading and procedure for admission to trading**

G 1010	The following may participate in trading in the <b>Borsa Italiana Equity MTF market: intermediaries</b> authorised under the law or regulations to provide the services and engage in the activity of dealing for own account and/or executing orders on behalf of clients and those that fulfil specific membership requirements established by <b>Borsa Italiana</b> in the guidelines.
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#### *Guidelines*

Sec.  
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#### **Intermediaries admitted to trading**

100.1

The following **intermediaries** may participate in trading in the **BIT Eq MTF market**:

- a) persons authorised to provide the services and engage in the activity of dealing for own account and/or executing orders on behalf of clients under the Consolidated Law on Finance, the Consolidated Law on Banking or other special provisions of Italian law;
- b) banks and investment firms authorised to provide the services and engage in the activity of dealing for own account and/or executing orders on behalf of clients under laws of other EU countries;
- c) the firms of non-EU countries entered in the register of third country firms kept by ESMA pursuant to Article 48 of Regulation (EU) No. 2014/600 and the firms authorized to provide investments service, and, where applicable, insurance companies, entities authorized to provide collective asset management services and pension funds in non-EU countries in which **Borsa Italiana** can operate in compliance with the provisions of article 70 of the Consolidated Law on Finance;
- d) the entities authorised by the competent Authority of an EU country to provide one or more investment services and activities; insurance companies, the entities authorised to provide collective asset management services, and pension funds. These entities must satisfy the requirement indicated at letter e), point 2.
- e) firms set up in the legal form of a società per azioni or a società a responsabilità limitata or equivalent which trade on their own account within the limits imposed in Article 4-terdecies, paragraph 1, letter d), of the Consolidated Law on Finance:
  1. the persons performing administrative, management and supervisory functions and those responsible for trading activity and the internal control function satisfy adequate integrity requirements;
  2. they have established an internal audit function that does not depend hierarchically on any person with operational responsibilities and that makes periodic checks on the activity of trading in **financial instruments**; **Borsa Italiana** may exempt intermediaries from this requirement after evaluating their size (proportionality principle);
  3. they have adequate financial resources to ensure the business continuity of the trading service and which are not less than 50,000 euros.

- 100.2 *The participation of companies according to Guidance line Sec. 100.1 letter e), established in a non-EU Country is subject to the conclusion of agreements between Consob and the corresponding supervisory authorities in the home country.*

G	1011	For the purposes of admission to trading in the <b>Bit Eq MTF market</b> , <b>intermediaries</b> shall send <b>Borsa Italiana</b> a written request in compliance with the provisions set out in the guidelines.
	1012	As of the date on which <b>Borsa Italiana</b> notifies <b>intermediaries</b> of receipt of the <b>intermediary's</b> request with an invitation to complete the participation documentation, <b>intermediaries</b> are required to comply with the <b>General Conditions for the supply of services</b> referred to in rule 1301 and these rules and the accompanying guidelines insofar as they are applicable in the meantime.
	1013	Within one month of the day the participation documentation is completed <b>Borsa Italiana</b> shall decide on the <b>intermediary's</b> request. <b>Borsa Italiana</b> may extend the time limit not more than once and for up to a maximum of one month where it is necessary to obtain additional information and shall inform the applicant accordingly.

*Guidelines*

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*Procedure for admission to trading*

- 110.1 *Requests referred to in rule 1011 must be made by signing and sending to **Borsa Italiana** the "Request for Services" available via **Borsa Italiana's** Member Portal, together with a copy of the authorisation issued by the competent Authority, if any.*
- 110.2 *Subsequent to the notification referred to in rule 1012, market **intermediaries** are required to complete the participation documentation, using the forms and functions available via **Borsa Italiana's** Member Portal with the following data:*
- a) *information concerning the participation requirements;*
  - b) *information concerning the offer of the "direct electronic access" service specifying whether it takes place through the technical structure of the market intermediary through a DMA or directly through a sponsored access;*
  - c) *declaration showing that before use of each trading algorithm, and whenever a substantial update is made to each of them, the operator has run tests as appropriate to avoid creating abnormal trading conditions and indicates the environment in which the tests of these algorithms were run;*
  - d) *information about "high frequency algorithmic trading";*
  - e) *information concerning the systems for accessing the market, including the identification of any third parties and/or Service Providers including the order for technological infrastructure and the confirmation of the execution of technical-functional tests;*
  - f) *declaration showing that specific procedures for use of the order cancellation function have been implemented, and which also shows whether the technical procedures for cancelling orders are available on the intermediary's systems or in the market functions (kill functionality);*
  - g) *in the case referred to in Sec. 100.1 (e) of the guidelines, a declaration of the legal representative of the company that confirms the compliance with the requirements for the good reputation of the parties indicated therein;*

- h) *in the case referred to in Sec. 100.1 (e) of the guidelines, a declaration of the legal representative of the company that confirms that the internal audit function has been assigned to conduct periodic audits on the trading of financial instruments;*
- i) *a declaration of the legal representative of the company containing a statement of the adequacy of the financial resources to ensure the business continuity of the trading service and which are not less than 50.000 euros.*
- j) *for the market intermediaries that offer the "direct electronic access" service to sponsored customers and, where present, their sub-delegates:*
  1. *request for a specific access code for each sponsored customer and, where present, their sub-delegates;*
  2. *the declaration by the intermediary confirming that it has verified the suitability of the sponsored customers and, where present, their sub-delegates in accordance with Regulation EU 589/2017 and certifying that those parties comply with the participation requirements for market intermediaries;*
  3. *the request of activation of appropriate features necessary to suspend the access of the sponsored customers and, where present, their sub-delegates, to proceed with the massive cancellation of unexecuted orders entered by them and to monitor in real time the operation in the market of the sponsored customers and, where present, their sub-delegates.*
  4. *for each access code given to the sponsored customer and, where present, its sub-delegates, a specific list of the trading staff authorised to request the deletion of the orders entered, referring to the access code given to each of those parties. This list must comply with the requirements of Guidance 160.3.*
  5. *the indication of the name of the contact person for the information technology function for the operations of the sponsored customer, and, where present, its sub-delegates, available during market hours, if different from the contact person for the information technology function of the market intermediary.*
  6. *a declaration certifying that they have access to the information relating to the trading activity of the sub-delegates in order to enable Borsa Italiana to provide any information requested by the competent authority.*

110.3 **Intermediaries** already admitted to trading on a regulated market or a Multilateral Trading Facilities managed by **Borsa Italiana** that intend to request to participate in the **BIt Eq MTF market** shall send **Borsa Italiana** the simplified version of the "Request for Services". Without prejudice to guidance Sec. 100, **Borsa Italiana** reserves the right to consider fulfilled membership requirements referred to in guidance Sec. 120 and not to require the documentation already provided by the **intermediary** in connection with its participation in other regulated markets or Multilateral Trading Facilities that it manages. The procedure referred to in rules 1011, 1012 and 1013 shall apply insofar as it is compatible.

110.4 If **Borsa Italiana's** Member Portal is unavailable, **intermediaries** may transmit the participation documentation to **Borsa Italiana** using one of the other means of communication specified in the **General Conditions for the supply of services**.

1015	Market <b>intermediaries</b> shall ensure continued satisfaction of the authorisation and other requirements referred to in rule 1010 and of the conditions referred to in rule 1020.
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1016	Revocation or expiry of the authorisation to trade or cessation of fulfilment of the requirements for unauthorised persons shall result in suspension or
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exclusion from trading, without prejudice to any measures adopted by the supervisory authorities to ensure the closure of any positions still open and the carrying out of any related transactions required to protect customers' interests. In the event of:

- a) suspension or cancellation of a stockbroker under Article 201 of the Consolidated Law on Finance;
- b) extraordinary administration;
- c) compulsory administrative liquidation;
- d) another bankruptcy procedure;
- e) other measures taken by Competent Authority that result in it being impossible, even if only temporarily, for **intermediaries** to enter into undertakings or perform undertakings they have entered into,

**Borsa Italiana** may suspend or exclude the **intermediary** from trading.

1017

The cessation of direct or indirect participation in the settlement system and in the clearing and guarantee settlement system of transaction in financial instruments must be immediately notified in writing to **Borsa Italiana** by **market intermediaries** and shall result in their being promptly suspended from trading in the market until they are again able to settle trades, directly or indirectly.

1018

After six months have passed without the cessation of the condition that gave rise to the suspension from trading, Borsa Italiana may exclude the intermediary.

#### **Condition for admission and continued eligibility**

G	1020	<p>The admission of intermediaries to trading shall be subject to verification by <b>Borsa Italiana</b>, in accordance with objective non-discriminatory criteria, of fulfilment of the following conditions on a continuing basis:</p>
	1020.1	adequacy of the technological systems used for trading and associated activities carried on and the number and types of interconnections with the market, and their compatibility with the electronic data processing and telecommunication support systems adopted by <b>Borsa Italiana</b> for the operation of the market;
	1020.2	sufficient staff with adequate professional qualifications in relation to the types of activity carried on and the types of interconnection with the market;
	1020.3	adequate internal procedures and controls for trading activity;
	1020.4	adequate clearing, guarantee and settlement procedures.
	1020.5	<b>Intermediaries</b> may entrust the management of technological systems to third parties, subject to the conditions laid down in the guidance Sec. 130.
	1020.6	<p>The admission of <b>intermediaries</b> shall also be subject to verification:</p> <ul style="list-style-type: none"> <li>a) of direct or indirect participation in the settlement system provided in the guidelines Sec. 500 and participation in their accessory systems (trade checking systems);</li> <li>b) direct participation of the <b>central counterparty</b> provided in the guidelines Sec. 501 or for intermediaries that are not participant in the <b>central counterparty</b>, appropriate agreement with a general clearing member of the mentioned <b>central counterparty</b>, pursuant to which:</li> </ul>

- the general clearing member, at the conclusion of the contract on the market, becomes counterparty of the **central counterparty** for that contract; and
- the intermediary, at the same time, becomes counterparty of the general clearing member.

1020.7 The intermediary, in order to comply with the conditions laid down in 1020.6, letter b), must attest the direct or indirect participation in the central counterparty identified as market default central counterparty. For the markets for which more than one central counterparty operates, an intermediary may also attest the direct or indirect participation in a further central counterparty, identified as its Preferred CCP. In this case, Borsa Italiana reserves the right to request that an intermediary activates a new access code.

1020.8 In order to comply with the conditions of this paragraph, intermediaries must satisfy the minimum requirements laid down in the Guidance to Rules.

#### Guidelines

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#### Requirements for participation

120.1 *For the purpose of complying with the conditions referred to in rule 1020, market intermediaries must attest that:*

- a. *their trading staff know the rules and operating procedures of the market and the technical instruments for trading and have adequate professional qualifications;*
- b. *persons acting as **specialists** for **BIT Eq MTF financial instruments**, in addition to satisfy the requirements specified above for traders, must know the rules governing and the manner of performing the activity of **specialists** and the related technical instruments;*
- c. *the obligations set out in paragraphs (a) and (b) apply to the market intermediaries providing trading and specialist services in financial instruments other than derivatives, including through the use of systems that do not involve human intervention. These systems shall be programmed in accordance with the rules, the operating procedures of the market and the technical instruments used for the activity concerned. The operators assigned to the programming of these systems shall have appropriate professional qualifications;*
- d. *they have ensured the presence of a compliance officer who must have a good knowledge of the of these Rules. The compliance officer shall also be entrusted with relations with **Borsa Italiana's** trading supervision office. Intermediaries shall send **Borsa Italiana** the name of a compliance officer, who must be on call during trading hours. To ensure the continuity of the function in the absence of the compliance officer, intermediaries shall send, in advance or on a case-by-case basis, the name of a deputy using the forms and functionalities available on **Borsa Italiana's** Member Portal.*
- e. *they have systems, procedures and controls for trading activity including specific procedures for use of the order cancellation function, and settlement procedures that reflect the characteristics of the firm and activity performed;*
- f. *and specialisation of the staff to guarantee the continuous and prompt functioning of the trading and settlement systems used, taking into account the degree of automation of their internal procedures and any recourse made to outsourcing, and shall send **Borsa Italiana** the name of an IT contact person, who must be on call during trading hours. To ensure the continuity of the function in the absence of the IT contact person, intermediaries shall send, in advance or on a case-by-case*

basis, the name of a deputy using the forms and functionalities available on **Borsa Italiana's** Member Portal.

120.2 When carrying on the trading activity and associated activities, the market **intermediary** shall avail itself of technological systems which are adequate for the interaction with the electronic data processing and telecommunication support systems of the market, for which **Borsa Italiana** has issued the conformance certification (so called conformance test). The conformance certification must be completed before the market access systems are used and before any substantial updating of such access systems or of the market trading system in accordance with the manner indicated in the Trading Service Manual. The conformance certification must also be completed for each direct connection of sponsored costumers (the so-called sponsored access). For the execution of the conformance test the subscription of specific general conditions for the supply of services is requested.

120.3 Traders and specialists may perform their activities for more than one market **intermediary** only when the market intermediaries they are acting for belong to the same group.

120.4 Market **intermediaries** may use a third party and/or a group company to perform the activities referred to in the preceding paragraph and those of the compliance officer provided they remain fully responsible for compliance with all the obligations of the Rules and control and coordinate the activities performed by the persons referred to in the preceding paragraph. Market **intermediaries** must inform Borsa Italiana accordingly. The agreement between the **intermediary** and the third party/group company must provide for the possibility of Borsa Italiana, or its appointees, verifying compliance with the requirements laid down in the Rules directly on the premises of the third party and/or the group company the market **intermediary** uses.

Sec.  
130

Conditions for outsourcing technological systems

130.1 Pursuant to Rule 1020.5, **intermediaries** may use **Borsa Italiana** or third parties:

- a) for connection to the market;
- b) for the other functions related to the management of technological systems other than connection to the market (e.g. housing and facility management).

130.2 The company offering the connection to the market may provide that the single connection is shared among many intermediaries, in the respect of specific segregation criteria. In such case, the company offering the connection to the market is known as a Service Provider and shall be specifically accredited. To this purpose the company shall have a contract for the purpose with **Borsa Italiana** that shall, among other things:

- a) provide for **Borsa Italiana** or its appointees to be able to check the adequacy of the technological systems with respect to the services provided and their compatibility with **Borsa Italiana's** ICT structures;
- b) provide for **Borsa Italiana** to be able to limit the number of **intermediaries** that a Service Provider may connect to the market;
- c) require the Service Provider to have back-up and disaster recovery procedures in place.
- d) **provide for** the possibility for the Service Provider to offer also the services referred to in the preceding guidance 130.1 letter b).

- 130.3 **Borsa Italiana** may refrain from requiring the Service Provider contract referred to in Sec. 130.2 to be signed by **intermediaries** that provide the connection to the market to other **intermediaries** belonging to its group.
- 130.4 **Market intermediaries** must inform **Borsa Italiana** of the execution with third parties, including Service Providers. Such contracts must contain a clause permitting **Borsa Italiana** or its appointees to verify compliance with the technological requirements established in these rules, *inter alia* on the premises of the third party used by the market **intermediary**.
- 130.5 Market **intermediaries** must also keep adequate documentation on their premises regarding the architecture, functionalities, operating procedures, service levels, controls and contractual guarantees for the activities entrusted to third parties, including Service Providers.
- 130.6 The contracts between Service Providers and market **intermediaries** must indicate whether in turn the Service Provider subcontracts some of the services outsourced by the market **intermediary**. If the Service Provider uses subcontractors, provision must be made for **Borsa Italiana** to verify the adequacy of the technological infrastructure on the latter's premises.
- 130.7 It is understood that the supervision and control of quotes sent to the market may not be delegated to third parties.

Sec.

135 Participation in the Settlement Service

135.1 Pursuant to Article 1020.6 a) the **intermediary** must participate directly or indirectly in the settlement service indicated in the guidelines 500.1.

135.2 Participation in the clearing and guarantee system

Pursuant to article 1020.6 b), the **intermediary** must participate directly or indirectly in the clearing and guarantee system managed by Cassa di Compensazione e Garanzia S.p.A.

1021	If in the performance of its surveillance activity <b>Borsa Italiana</b> finds situations or conduct likely to entail risks for the integrity of the market, it may apply one or more of the following measures against the market <b>intermediaries</b> in question, until the reasons for their application cease to exist:
1021.1	Suspension from trading;
1021.2	imposition of specific requirements relating to the number and professional qualifications of trading staff; trading system and <b>interconnection</b> procedures and controls; and any other matters relevant to ensuring the continued satisfaction of market <b>intermediaries'</b> admission requirements;
1021.3	restrict access to the market, including access via <b>interconnections</b> , including termination of access for customers of the market intermediary directly connected to the market through sponsored or segregation of specific trading activities;
1021.4	imposition of limits on operations or interconnections;
1021.5	Where a measure of suspension from trading is adopted, from the time such measure takes effect the market <b>intermediary</b> to which it is applied shall only be permitted, under the surveillance of <b>Borsa Italiana</b> , to close out any positions still open and carry out any related transactions that are necessary to protect customers' interests, from the moment in which starts the suspension.

- 1021.6 **Borsa Italiana** may modify or revoke the measures referred to in this rule at any time.
- 1021.7 **Borsa Italiana** shall promptly inform the market **intermediary** concerned of the adoption of the measures.

G	1022	Market <b>intermediaries</b> shall notify, in the manner and within the time limits specified in the guidance Sec. 140, every variation with respect to the operating conditions referred to in the information provided at the time of submission of the application for admission, according to rules 1020 and 1050.
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Sec. 140 *Guidelines:*  
Notification of changes in admission conditions as well as changes resulting from corporate actions

- 140.1 **Intermediaries** admitted to trading shall notify **Borsa Italiana**, using the form and functions available via **Borsa Italiana's** Member Portal or in the other manner specified in the **General Conditions for the supply of services**, of any change in the conditions referred to in rules 1010 and 1020, as well as any change resulting from corporate actions, including changes to the company's name.
- 140.2 **Intermediaries** must notify changes referred to in the previous paragraph to **Borsa Italiana** promptly or, in the case of changes in the technological framework or of corporate actions, with due prior notice with respect to the date on which the changes will become effective, so that **Borsa Italiana** may make the necessary verifications, carry out any technical measures required and inform the market.
- 140.3 **Borsa Italiana** may request **intermediaries**, with a specific communication, to submit an update of the conditions referred to in rules 1010 and 1020.

	1023	Market <b>intermediaries</b> shall observe these rules, the accompanying guidelines, the applicable <b>Notices</b> and any other technical and operational documents accompanying these rules and the guidance, including Service Manuals. Market <b>intermediaries</b> shall maintain conduct based on principles of correctness, diligence and professionalism in their relations with market counterparties, obligations towards <b>Borsa Italiana</b> and use of the trading systems.
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#### **Exclusion from trading upon request**

	1030	<b>Intermediaries</b> admitted to trading on the market may request to be excluded from trading in the manner specified in the <b>General Conditions for the supply of services</b> referred to in rule 1301.
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#### **Challenge of the measures**

C	1040	Appeals and complaints shall be conducted in accordance with the procedures set out in the Compliance Procedures.
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#### **Notifications**

	1050	<b>Market intermediaries</b> shall promptly notify <b>Borsa Italiana</b> of any circumstances of which they are aware, including technical problems with their systems, which prejudice or might prejudice their compliance with these Rules.
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## **Control of the Compliance with the Rules**

**Verification activity and co-operation**

1210	For the purpose of verifying compliance with these rules and the accompanying guidance, and, more generally, in order to ensure the performance of its functions of organising and managing the market, <b>Borsa Italiana</b> may:
1210.1	request <b>issuers</b> and market <b>intermediaries</b> to provide all the necessary information and documents concerning transactions carried out on the market;
1210.2	convoke the representatives of <b>issuers</b> and market <b>intermediaries</b> to clarify specific conduct or situations;
1210.3	exclusively for the purpose of verifying compliance with the requirements of rule 1020, carry out examinations on the premises of market <b>intermediaries</b> .
1210.4	Market <b>intermediaries</b> must guarantee that <b>Borsa Italiana</b> can carry out examinations on the premises of third parties entrusted with the management of technological systems under rule 1020.6.
1210.5	Where evidence is found of presumed violations of these Rules or the accompanying guidance, <b>Borsa Italiana</b> , after acquiring appropriate substantiating elements, decides whether, in its opinion, a violation has been or has not been objectively completed and, if so, it adopts any of the measures referred to in Article C010, after it started the procedure referred to in Article C020, when applicable.

1212	<b>Market intermediaries</b> shall be liable vis-à-vis <b>Borsa Italiana</b> for the conduct of their employees and collaborators. Conduct by traders that violates these rules shall be considered as the conduct of the <b>intermediary</b> on whose behalf the operators assigned to the trading activity are acting. <b>Market intermediaries</b> are also responsible to <b>Borsa Italiana</b> for compliance with Directive 2014/65/EU, EU Regulations 600/2014/EU and 596/2014 and <b>Borsa Italiana</b> Regulation by their customers and, where present, their sub-delegates connected directly to the market through sponsored access.
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1213	<b>Borsa Italiana</b> may co-operate, also by the sharing of information, with other <b>regulated markets</b> and Multilateral Trading Facilities.
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C	1214	Where in the course of market surveillance <b>Borsa Italiana</b> acquires evidence suggesting that acts of insider trading or market manipulation may have been committed, <b>Borsa Italiana</b> shall immediately report such evidence to Consob.
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**Imposition of sanctions for market intermediaries and issuers**

C	1215	Imposition of sanctions shall be conducted in accordance with the procedures set out in the Compliance Procedures.
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**Charges and fees****General Conditions for the supply of services and fees**

1300	Market <b>intermediaries</b> are required to pay fees for the services provided in accordance with the amounts, intervals and time limits established by <b>Borsa Italiana</b> on the basis of transparent and non-discriminatory criteria and indicated in the Price List attached to the <b>General Conditions for the supply of services</b> .
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1301	The relationship between <b>Borsa Italiana</b> and market <b>intermediaries</b> concerning participation in trading on the market are governed by the <b>General</b>
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	<b>Conditions for the supply of services</b> , available on <b>Borsa Italiana's</b> Internet site.
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1302	<b>Borsa Italiana</b> shall announce changes to the <b>General Conditions for the supply of services</b> by posting the revised text on its Internet site and in the manner specified in the <b>General Conditions</b> themselves.
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## Rules of conduct

### Rules of conduct

1400	<b>Market intermediaries</b> shall refrain from acts that may prejudice the integrity of the market. <i>Inter alia</i> they may not:
1400.1	commit acts that are likely to give a false or misleading impression to other market participants;
1400.2	carry out sham transactions, whose objective is not to transfer ownership of the <b>BI It Eq MTF financial instruments</b> traded or to modify their exposure to the market;
1400.3	commit acts that may impede <b>specialists</b> in fulfilling their commitments;
1400.4	carry out, directly or through a nominee, transactions under a prior agreement for the execution and offsetting thereof;
1400.4	carry out, directly or through a nominee, transactions under a prior agreement for the execution and offsetting thereof;
1400.5	Intermediaries applying market making strategies through algorithmic trading techniques on one or more financial instruments, at the occurrence of the conditions indicated in Regulation 2017/578/EU, must inform Borsa Italiana, in accordance to such Regulation, and conclude a market making agreement, in the terms indicated in the present Rules from articles 4020 to 4023 and related guidelines. This obligation does not apply to specialists.

1401	Market <b>intermediaries</b> must put effective forms of control in place to monitor their contractual positions and avoid situations likely to hinder orderly trading and the regular settlement of contracts in the settlement service. <b>Intermediaries</b> must implement strategies to ensure the settlement of contracts in the terms provided.
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## Order entry

### Transmission of orders to the market

G	1450	Market <b>Intermediaries</b> shall be liable for all the interactions with the electronic data processing and telecommunication support structures adopted by <b>Borsa Italiana</b> for the operation of the market, including trading orders sent to the market and those sent via <b>Interconnections</b> , and their effect. Market <b>intermediaries</b> must equip themselves on a continuous basis with systems, procedures and controls to prevent the entry of orders that are anomalous in terms of price, quantity, countervalue or number.
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	1451	In order to ensure the smooth technical functioning and efficient use of the electronic trading support system, <b>market intermediaries</b> must observe the technical limits for order entry established on a general basis by <b>Borsa Italiana</b> in the <b>Guide to the Parameters</b> . <b>Borsa Italiana</b> may also establish further limits on the entry and modification of orders in terms of daily frequency, total daily number or ratio of orders to contract concluded. <b>Borsa</b>
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	<b>Italiana</b> shall establish such limits and any fees payable by <b>intermediaries</b> where they are exceeded.
1452	<b>Market intermediaries</b> can request to use more than one code to segregate specific trading activities or to segregate different participations in the settlement system <sup>1</sup> . For this purpose <b>market intermediaries</b> must take previous contact with <b>Borsa Italiana</b> .
1453	Intermediaries using trading algorithms must certify, before using them and any time these have undergone substantial changes, that the trading algorithms used were tested, to avoid contributing to or creating disorderly trading conditions, and must indicate the environments used for these tests. To this purpose, they issue to Borsa Italiana a special statement according to the guidelines Sec. 110.2.
1454	Following the procedures indicated in the guidelines, intermediaries must: <ul style="list-style-type: none"> <li>a. transmit the information needed to allow the association between the content of the orders and the information needed to guarantee to Borsa Italiana the completeness of records requested by Regulation 2017/580/EU;</li> <li>b. acquire the appropriate controls to ensure the correctness and completeness of the information entered in the orders and in the systems used to associate the information, according to letter a) above;</li> <li>c. make use of a specific access code to identify the activities to support of the liquidity carried out by specialists and Mifid2 Market Makers;</li> <li>d. provide Borsa Italiana with the information on executed contracts needed to comply with transaction reporting obligations, if such obligations pertain to the market;</li> <li>e. use a specific access code to segregate the activities carried out by customers directly connected to the market through sponsored access and, where present, their sub-delegates. This code is assigned by <b>Borsa Italiana</b> following the approval of the sponsored access application by the market intermediary for its customer.</li> </ul>

Sec.  
145

*Guidelines:*

*Transmission of orders to the market*

145.1 **Market intermediaries** are required to fulfil the participation requirements and shall be liable for the orders sent to the market.

145.2 **Market intermediaries** must organise themselves in order to be able to control orders entered, including those entered via **interconnections**. To this end, attention must be paid to:

- the professional qualifications of the persons assigned to trading;
- the controls on access to systems that permit the entry of orders via **interconnections**; such controls must make it possible to ensure the fitness and recognition of the persons who operate via **interconnections** and the access controls of the order enter via **interconnections**; In the case of "direct electronic access", which consists of a DMA or a sponsored access, the market intermediary has to implement procedures enabling it to ensure that the persons who may be guaranteed that access comply with the requirements of Article 22 of Regulation 2017/589/EU. In the event of sponsored access subject of sub-delegation, the market intermediary is required to segregate the different order flows of the recipients of the sub-delegation If the market intermediary becomes aware that a customer

<sup>1</sup> The possibility to segregate different participations in the settlement system is temporarily suspended.

connected to the market through "direct electronic access" does not longer meet the above requirements, it shall suspend the access and promptly notify Borsa Italiana

- the controls on the maximum quantities, on the maximum countervalue and prices of orders entered. The sponsored customer and, where present, their sub-delegates is not allowed to set or modify the parameters that apply to the checks on orders entered through the sponsored access mode;
- the controls on the overall trading activity carried out by the different persons who operate via **interconnections**;
- the frequency according to which persons who operate via **interconnections** enter order which have overridden controls and systems alert in terms of price, size, countervalue or number.

145.3 In order to ensure the adequacy of the systems referred to in rule 1450, market intermediaries must equip themselves with controls and automatic alarm systems, taking into account the following elements:

- a) the price of the last contract;
- b) spread present on the book <sup>2</sup>
- c) price, quantity and countervalue limits, possibly by instrument;
- d) possible price impact caused by the order entered;
- e) minimum order quantity, taking into account the economic significance of the order;
- f) controls on limit orders in the auction phase, so as to prevent the enter of limit orders at a price that differ substantially from the prevailing market conditions.

In particular, market **intermediaries** must equip themselves with controls and automatic alarm systems that prevent the entry of anomalous orders, whose price, size, countervalue or number could affect the orderly functioning of the market. To this end market **intermediaries** shall take account of the nature of their activity. In addition the procedures and controls must be adequate to permit the correct entry of orders and the handling of any alarms.

145.4 As for **interconnections**, in addition to providing the persons who send orders via **interconnections** with appropriate professional support, market **intermediaries** shall equip themselves with controls and monitoring systems in order to:

- prevent the entry of orders that exceed the maximum variation thresholds;
- instruct such persons regarding the manner of entering orders. With particular regard to the Interconnections providing a sponsored access, the market intermediary also provides specific training to the subjects included in the list of authorized subject to request the cancellation of the orders submitted, referable to the access code dedicated to the sponsored customer or the dedicated access code to the customer's sub-delegates, where present. With regard to the Interconnections providing direct electronic access to the market, market intermediaries shall also assess whether additional checks are necessary for the appropriate management of the orders of the sponsored customers, taking into account the nature and complexity of the activity carried out by them.

145.5 Market **intermediaries** shall ensure that they can delete orders entered via **interconnections** or, if necessary, restrict the possibility to enter orders via **interconnections** with or without the prior consent of the subject who entered the order via **interconnections**. Notwithstanding the provisions of the paragraphs above, with regard to the Interconnections that require a sponsored access, the market intermediary must be able, in any case, to manage the suspension of the access to the market of the sponsored customer and the sponsored customer's sub-delegates, where present and the massive cancellation of orders entered by them, in the event of suspension or disconnection of the customer, loss of the monitoring of the sponsored

<sup>2</sup> As established in Notice 16169 of 12 September 2008, the entry into force will be announced in a subsequent Notice

costumer's market operation or disconnection from the market of the intermediary.

- 145.6 Intermediaries have to report the following information via the Membership Portal of Borsa Italiana. This information is necessary to complete the content of orders which Borsa Italiana is required to file pursuant to Regulation No. 2017/580:
- a) client identification code
  - b) code used to identify the person or algorithm used internally by the intermediary responsible for the investment decision;
  - c) code used to identify the person or algorithm that is responsible for execution of the order.
- 145.7 The intermediaries shall ensure that each these codes (long-code) corresponds, in the trading orders, to a single code (short code), and vice versa, for all Borsa Italiana markets.  
The communication of the information indicated at sub-indenters b) and c) constitute confirmation that the indicated trading algorithms have been tested in advance.
- 145.8 The intermediaries that are not subject to Regulation (EU) 2014/600 must report all the additional information that has not already been reported pursuant to guidelines 145.7, so that Borsa Italiana may properly discharge its obligation pursuant to Article 26(5) of that Regulation, in accordance with the terms and conditions indicated in the Manual of transaction reporting of Borsa Italiana.

## Technological systems and trading

### Technical breakdowns of market intermediaries' systems

G	1500	Market <b>intermediaries</b> shall promptly inform <b>Borsa Italiana</b> of any technical breakdowns of the systems they use for trading or of those for accessing the market referred to in rule 1020.1 and rule 1050 including the malfunctions of the technological systems used for trading and for the access to the market of its sponsored customers and, where present, their sub-delegates.
G	1501	In the cases referred to rule 1500 market <b>intermediaries</b> shall follow any instructions received from <b>Borsa Italiana</b> and may request, in the manner laid down in the guidance to this rule, the deletion of orders sent to the market.

Sec. Guidelines  
150 Technical breakdowns in market intermediaries' systems

- 150.1 Pursuant to rule 1500, **market intermediaries** shall promptly inform **Borsa Italiana** of technical breakdowns in the technological systems they use for trading and their systems for accessing market, in particular if they intend to request the deletion of orders entered or suspension or reduction of the obligations in these rules in case of **specialists**. Market **intermediaries** shall also notify **Borsa Italiana** of the subsequent reactivation of their systems.
- 150.2 Market **intermediaries** must be able to delete orders they enter. In the event that this is impossible, they may request **Borsa Italiana** to delete orders on their behalf either all the orders entered and orders associated with specific **access codes**.
- 150.3 Market **intermediaries** shall send **Borsa Italiana**, via the Member Portal of

- Borsa Italiana**, the list of persons who may request the deletion of orders. The list may include traders, the compliance officer referred to in Rule 1020.4 and other persons deemed by the market **intermediary** to possess adequate professional qualifications and subject to Rule 1212.
- 150.4 **Borsa Italiana** may delete orders only at the request of persons assigned to trading and included on the list referred to in the previous paragraph. **Borsa Italiana** shall notify the names of the persons on the list only to the persons indicated in the list or to the compliance officer. Requests for the deletion of orders made by persons not included in the list will not be carried out.
- 150.5 Market **intermediaries** must notify the list referred to in paragraph 150.3 and every change to the list itself, via the **Borsa Italiana** Member Portal. Changes to the list will be effective from the effective date indicated in the Member Portal. Market **intermediaries** that configure their access to the market using several **access codes** may send the list referred to in paragraph 150.3 for each **access code**.
- 150.6 When requests are made for the deletion of orders, the following information must be given in addition to the market **intermediary's** name and identification code: the **access code** for which the cancellation request has been entered, the name and telephone number of the person requesting the deletion, and the reason for the request. For the deletion of individual orders, it is also necessary to specify the number of the order or the name of the instrument, the sign of the order, and its price, quantity and time of entry. When the request concerns individual orders, the maximum number of orders that **Borsa Italiana** will delete is five.
- 150.7 **Borsa Italiana** shall promptly carry out deletions of orders for which the request complies with what is set out above. If the orders in question have given rise to the conclusion of contracts, such contracts shall be binding on the market **intermediary**, without prejudice to the application of the procedures referred to in guidance Sec. 610 and guidance Sec. 620 and pursuant to rule 2025.

# ORDER BOOK TRADING RULES

## Trades

2001	Borsa Italiana may divide the derivative instruments traded on the Borsa Italiana Equity MTF market into homogeneous segments according to their capitalization, to the methods of admission to trading, to the settlement system used and to the methods and hours of trading.
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*Financial instruments traded on the **Borsa Italiana Equity MTF market** are divided into the following segments:*

- **Borsa Italiana Global Equity Market Segment (BI It Eq GEM)**
- **After Hours Segment (TAH)**

2002	In the Notice announcing the start of trading, Borsa Italiana shall identify the trading segment for the <b>BI It Eq MTF financial instruments</b> according to the criteria specified in the previous article.
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2003	<b>Borsa Italiana</b> may specify minimum tradable quantities for each <b>BI It Eq MTF financial instrument</b> or categories of <b>BI It Eq MTF financial instruments</b> different from 1, reconciling the need for the market to operate effectively, for investors to have easy access to it and for the execution of orders to be cost efficient, and inform the public with Notice.
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2004	the connection of customers of the market intermediary in sponsored access and sub-delegation mode can only take place for the <b>Borsa Italiana Global Equity Market (BI It GEM)</b> segment.
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### Trading methods and phases

2010	Trading is carried on using the <b>methods of auction</b> and continuous trading, as indicated in the guidelines for each segment of the market.
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2011	<p><i>In the <b>BI It GEM</b> the continuous trading shall take place with the following phases and trading hours.</i></p> <p style="margin-left: 40px;">08.00 – 09.00 (9.00.00 – 9.00.59)    opening auction (pre-auction, validation and opening phase and conclusion of contracts)</p> <p style="margin-left: 40px;">09.00 – 17.30    continuous trading,</p> <p style="margin-left: 40px;">17.30 – 17.35 (17.35.00 – 17.35.59)    closing auction (pre-auction, validation and closing phase and conclusion of contracts)</p> <p style="margin-left: 40px;">17.35 (17.35.00 – 17.35.59) – 17.42    trading at the closing auction price (order entry phase; trading phase)</p> <p><i>The trading hours in the <b>TAH Segment</b> shall be as follows:</i></p> <p style="margin-left: 40px;">18.00 – 20.30    Continuous trading</p>
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The trading hours in the TAH Segment shall be as follow s:

18.00 – 20.30

Continuous trading

### Orders

	<p>2020 Approved <b>intermediaries</b> shall express their willingness to trade through anonymous orders. Specialists shall express their willingness to trade through non anonymous orders. Orders shall contain at least the information relative to the financial instrument to be traded, the quantity, the type of transaction, the type of account, the price, and the method of execution and include a special indication when originated from an algorithm or entered by a <b>direct electronic access</b>. The orders may also specify different validity parameters based on time and execution of the order and contain the additional information necessary for <b>Borsa Italiana</b> to comply with the Regulation 2017/580/EU. The modalities of entering of such information and the parameters admitted for each order shall be established in the Trading Service Manual.</p>
<p>G</p>	<p>2021 during the pre-auction phase and the continuous trading the following types of orders may be entered:</p> <p>2021.1 with limit price (or limit order), orders that can be executed at an equal or better price compared to their limit price;</p> <p>2021.2 without limit price (or market order), orders that can be executed at any price and always have a higher priority than limit orders;</p> <p>2021.3 stop limit order, orders with a limit price that are activated once they reach a certain level price of the last contract concluded (so called "stop price");</p> <p>2021.4 stop order, orders without a limit price that are activated once they reach a certain level price of the last contract concluded (so called "stop price").</p>
<p>2022</p>	<p>Market order can not be entered during the pre-auction phase.</p>
<p>2023</p>	<p>In the continuous phase the following types of orders may also be entered:</p> <p>a) iceberg orders, orders entered with a limit price and with a partial quantity displayed. <b>Borsa Italiana</b> sets in the Guide to the Parameters the minimum value of proposals and the minimum value of partly displayed proposals (known as peak size). The execution of the entire peak size shall automatically generate a new order. The new order shall have a partial quantity equal to that of the order already executed, or a different quantity established within the range indicated in the <b>Trading Manual</b>. Such order shall be displayed on the book with the price of the original order and the time priority corresponding to the time the new order was generated. When the peak sizes of multiple iceberg orders displayed in the book with the same price are executed by the same order, with an opposite sign and quantity exceeding the sum of the peak sizes, the eventual remaining not displayed quantities are executed by the same order in proportion to the remaining not displayed quantity of each iceberg order.</p> <p>b) unpriced limit orders, orders which when entered take on a limit price of a better tick than the prices of the best order present in the corresponding side of the book. Unpriced limit orders shall only be entered in the presence of orders in the corresponding side of the book.</p>

2024	Without prejudice to what is laid down in article 2036, in the trading at the closing auction price phase only market orders, limit orders and marker to limit order may be entered.
2025	Approved <b>intermediaries</b> may enter and/or modify and/or cancel orders during the pre-auction phase, the continuous phase and during the closing price auction phase.
2026	The orders for each instrument shall be automatically ranked on the book according to price — in order of decreasing price if to buy and increasing price if to sell — and, where the price is the same, according to entry time. Modified orders shall lose their time priority if the modification implies an increase in the quantity or a change in the price.
2027	Stop orders and stop limit orders have temporal priority according to their time of activation. If several orders are activated upon the same stop price being reached, they are displayed on the market with time priority in accordance with the time of entry of the order.
2028	In the cases referred to in 2003, orders may be for the minimum lot or multiples thereof.
2029	In order to ensure the regularity of trading in a <b>financial instrument</b> , Borsa Italiana may, on a general basis in the <b>Guide to the Parameters</b> communicated in a <b>Notice</b> , establish the maximum countervalue and quantity of <b>financial instruments</b> that may be the subject of an order, the maximum quantity and countervalue of <b>financial instruments</b> .
G 2030	Limit orders may not be entered with prices above or below the maximum percentage limits for price variations established by <b>Borsa Italiana</b> in the <b>Guide to the Parameters</b> communicated in a <b>Notice</b> .

Sec. 200 *Guidelines*

Orders

- 200.1 *The maximum duration that may be specified for "good till date" orders shall be 1 day.*
- 200.2 *The validity parameter "good till cancelled" cannot be used.*

Sec. 203 *Prices of orders*

- 203.1 *The prices of orders may be multiple of the ticks established for each **BI It Eq MTF financial instrument** and trading session in relation to the prices of the order entered, and considering the average number of daily trades according to the following table:*

[Table of Regulation EU 2017/588]

Price ranges	A	B	C	D	E	F
$0 \leq \text{price} < 0,1$	0,0005	0,0002	0,0001	0,0001	0,0001	0,0001
$0,1 \leq \text{price} < 0,2$	0,001	0,0005	0,0002	0,0001	0,0001	0,0001
$0,2 \leq \text{price} < 0,5$	0,002	0,001	0,0005	0,0002	0,0001	0,0001

0,5 ≤ price < 1	0,005	0,002	0,001	0,0005	0,0002	0,0001
1 ≤ price < 2	0,01	0,005	0,002	0,001	0,0005	0,0002
2 ≤ price < 5	0,02	0,01	0,005	0,002	0,001	0,0005
5 ≤ price < 10	0,05	0,02	0,01	0,005	0,002	0,001
10 ≤ price < 20	0,1	0,05	0,02	0,01	0,005	0,002
20 ≤ price < 50	0,2	0,1	0,05	0,02	0,01	0,005
50 ≤ price < 100	0,5	0,2	0,1	0,05	0,02	0,01
100 ≤ price < 200	1	0,5	0,2	0,1	0,05	0,02
200 ≤ price < 500	2	1	0,5	0,2	0,1	0,05
500 ≤ price < 1000	5	2	1	0,5	0,2	0,1
1000 ≤ price < 2000	10	5	2	1	0,5	0,2
2000 ≤ price < 5000	20	10	5	2	1	0,5
5000 ≤ price < 10000	50	20	10	5	2	1
10000 ≤ price < 20000	100	50	20	10	5	2
20000 ≤ price < 50000	200	100	50	20	10	5
50000 ≤ price	500	200	100	50	20	10

203.2 *With a Notice, Borsa Italiana publishes the list of financial instruments assigned to each of the groups from A to F included in the table shown in preceding point, reflecting the calculations made by the competent authority, pursuant to Regulation (EU) No. 2017/588. For newly issued instruments and for the instruments whose liquidity has changed due to corporate events, the pertinent group is notified by Borsa Italiana with a specific Notice.*

#### **Functioning of the auction and phase change rule**

2030	In the pre-auction phases, the indicative uncrossing price shall be computed and updated in real time. It shall be determined as follows:
2030.1	the indicative uncrossing price shall be the price at which the largest quantity of <b>BI It Eq MTF financial instruments</b> can be traded;
2030.2	where the quantity referred to in article 2030.1 can be traded at more than one price, the indicative uncrossing price shall be equal to the one which produces the smallest quantity that cannot be traded with reference to the buy and sell orders having prices equal to or better than the price in question;
2030.3	where for more than one price the quantity of instruments that cannot be traded referred to in article 203.2 is also the same, the indicative uncrossing price shall be equal to the highest price if the greater pressure is on the buy side or with the lowest price if the greater pressure is on the sell side;
2030.4	where applying article 2030.3 the market pressure on the buy side is equal to that on the sell side, the indicative uncrossing price shall be equal to the price closest to the static price, referred to in Article 2080, where the static price is

out of the range individuated by the two prices determined applying the previous article 2030.3 or is equal to the static price itself where it is included between the two prices determined applying the previous article 2030.3.

2030.5 where no static price exists, the indicative uncrossing price shall be equal to the lowest price among those referred to in the previous subparagraphs.

2031 The pre-auction phase shall end at a time within an interval within the last minute of the same phase.

G 2032 The last indicative uncrossing price shall be considered valid and adopted as the auction price for the conclusion of contracts if it differs from the static price by less than the maximum percentage variation established by **Borsa Italiana** and provided the indicative auction prices and corresponding volumes remained stable in a predefined period (final validation period). This check is repeated for a limited number of times within the time referred to in article 2032. The final validation period duration and the stability criteria of indicative auction prices and corresponding volumes are established in the Guide to the Parameters.

G 2033 If the difference between the indicative uncrossing price and the static price exceeds the maximum percentage variation referred to in article 2032, the volatility auction phase shall be started for a period established in the guideline sec. 204.

2034 The conclusion of contracts referred to in article 2032, shall be the result of the automatic matching of buy orders with prices equal to or higher than the auction price with sell orders with prices equal to or lower than such price in accordance with the price and time priorities of the individual orders and until the quantities available are exhausted.

2035 At the end of the opening auction or of the volatility auction, limit orders which are partly or wholly unfilled shall be automatically transferred to continuous trading as limit orders and with the price and time priority of the original order. Unfilled market orders shall be automatically cancelled at the end of the auction. The partially or wholly unfilled market to limit orders shall be transferred to the continuous trading phase as orders with limit price equal to the auction price or in the absence of the latter at the static price and with the time priority of the original order.

2036 At the end of the closing auction, limit orders which are partly or wholly unfilled shall be automatically transferred to the trading at the closing auction price phase, if provided, or to the first trading phase of the following day with the price and time priority of the original order, if the validity parameters specified for the order allow it. Unfilled market orders shall be automatically cancelled at the end of the auction. Partially or wholly unfilled market to limit orders, where the validity parameters specified in the order allow it, are transferred to the trading at the closing auction price phase, if provided for and compatibly with the price conditions of such orders, or to the first trading phase of the following day; in such case with a limit price equal to the auction price, or in the absence of the latter to the static price, and with the time priority of the original order.

### **Continuous Trading**

2040 Contracts shall be concluded, up to the quantities available, through the automatic matching of orders of the opposite sign displayed on the book and ranked according to the criteria referred to in article 2026, as follows:

2040.1 the entry of a buy limit order shall result in its being matched with one or more sell orders with a price lower than or equal to that of the order entered; conversely, the entry of a sell limit order shall result in its being matched with

	<p>one or more buy orders with a price higher than or equal to that of the order entered;</p> <p>2040.2 the entry of a buy market order shall result in its being matched with one or more sell orders with the most advantageous prices on the book at the moment the market order is entered until the quantities available are exhausted; conversely, the entry of a sell market order shall result in its being matched with one or more buy orders with the most advantageous prices on the book at the moment the market order is entered until the quantities available are exhausted. Market orders may be entered only where there is at least one limit order of the opposite sign on the book.</p>
2041	For each contract concluded via automatic matching in accordance with the previous article, the price shall be equal to that of the order having higher time priority.
2042	The partial execution of a limit order shall give rise to the creation of an order for the unfilled quantity that shall remain on the book with the price and time priority of the original order.
2043	<p>Orders that are wholly or partly unfilled at the end of continuous trading</p> <ul style="list-style-type: none"> <li>- shall be automatically transferred to the closing pre-auction phase with the price and time priority in force at the end of continuous trading.</li> <li>- Or in the case of <b>TAH Segment</b> shall be automatically cancelled.</li> </ul>

**Trading at the closing auction price**

2044	<p>During trading at the closing auction price, contracts shall be concluded, up to the quantities available, at the auction price established in the previous closing auction phase through the automatic matching of orders of the opposite sign displayed on the book and ranked according to the time priority of their entry.</p> <p>2044.1 The partial execution of a limit order shall give rise to the creation of an order for the unfilled quantity that shall remain on the book with the time priority of the original order.</p> <p>2044.2 The orders entered during the trading at the closing auction price phase which are partly or wholly unfilled shall be cancelled at the end of the phase. Limit orders coming from the previous trading phase that are wholly or partly unfilled at the end of trading at the closing auction price shall be automatically transferred to the first trading phase of the following day, if the validity parameters specified for the order so allow, with the price and the time priority of the original order.</p> <p>2044.3 Trading at the closing auction price shall take place only if the closing auction established a valid auction price in accordance with Article 2032.</p>
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**Automatic controls on trading**

G	2045	<p>Where, during the continuous trading of a financial instrument, the price of a contract that is being concluded exceeds one of the price variation limits referred to in the <b>Guide to the Parameters</b>, according to the trading segment:</p> <p>2045.1 the continuous trading of that financial instruments shall be automatically suspended and a volatility auction phase begun, which shall be carried out as provided in article 2030 and subsequent; or</p> <p>2045.2 the continuous trading of that financial instrument shall be automatically suspended for a period whose duration shall be established in the <b>guidelines</b> and the order that caused the suspension shall be automatically cancelled.</p>
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In such case during the temporary suspension of trading orders may not be entered or modified.

At the end of the temporary suspension, trading shall restart with the continuous trading method unless **Borsa Italiana** provides otherwise pursuant to article 6010.

Sec.

204 Automatic control of trading **BIIt GEM Segment**

204.1 *For the purpose of the automatic control of trading, the following types of price variation limits have been established:*

- a) *the maximum price variation limit of orders with respect to the static price, referred to in article 2030, both during the auction phase and during the continuous trading phase;*
- b) *the maximum price variation limit of contracts with respect to the static price, referred to in article 2033 and 2045, both during in the auction phase and during the continuous trading phase;*
- c) *the maximum price variation limit of contracts with respect to the dynamic price referred to in article 2045, during the continuous trading phase;*

204.2 **Borsa Italiana** shall establish, on a general basis in the Guide to the Parameters communicated in a Notice, the maximum percentage variations referred to above.

Sec.

205 Automatic control of trading **After Hours Segment**

205.1 *For the purpose of the automatic control of trading, the following types of price variation limits have been established:*

- a) *the maximum price variation limit of orders with respect to the static price, referred to in article 2030;*
- b) *the maximum price variation limit of contracts with respect to the static price, referred to in article 2045;*
- c) *the maximum price variation limit of contracts with respect to the dynamic price referred to in article 2045;*

205.2 **Borsa Italiana** shall establish, on a general basis in the **Guide to the Parameters** communicated in a Notice, the maximum percentage variations referred to above.

Sec.

206 The exceeding of the price variation limits as to articles 2033 and 2045 of the **BIIt GEM Segment**

206.1 *In the **BIIt GEM Segment**, pursuant to article 2045.1, the continuous trading of that financial instruments exceeding the price variations limits shall be automatically suspended and a volatility auction phase begun.*

206.2 *The duration of the volatility auction referred to in Articles 2033 and 2045.1 shall be 5 minutes, plus a variable interval with a maximum duration of one minute, determined automatically on a random basis by the trading system. This auction phase may be reiterated and in any case shall end at the start of the closing-auction phase, if envisaged.*

206.3 *The duration of the volatility auction phase, referred to in Article 2033 shall be equal to 2 minutes, plus a variable interval of up to one minute, determined*

*automatically on a random basis by the trading system. Such auction phase may be activated only once.*

*Sec. 207 The exceeding of the price variation limits as to article 2044 of the After Hours Segment*

*207.1 In the After Hours Segment, pursuant to article 2045.2, the suspension of the continuous trading of that financial instruments exceeding the price variations limits is equal to 5 minutes.*

**Special procedures for the conclusion of contracts**

2050	<p>it is possible to enter negotiated transactions at the price conditions indicated below:</p> <ul style="list-style-type: none"> <li>a) the price must fall within the current volume-weighted spread, inclusive of its extreme values. For shares for which there is no liquid market if the current volume-weighted spread cannot be calculated, the price may fall within a percentage deviation with respect to the dynamic price. The maximum percentage deviation and the maximum seniority of the dynamic price are indicated <b>Guide to the Parameters</b>.</li> <li>a) Without prejudice to the provision of letter a), for large in scale transactions, the price may also fall within the percentage deviation with reference to the best prices found on the trading book, indicated in the <b>Guide to the Parameters</b>; in absence of prices on the trading book transactions cannot be entered.</li> </ul> <p>Keeping into account market conditions and after informing Consob, Borsa Italiana may change, in general or with reference to specific categories of financial instruments or specific financial instruments, the percentage deviation referred to in letters a) and b) above and indicated in the <b>Guide to the Parameters</b>, disclosing them to the public in a Notice.</p>
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2051	<p>Intermediaries may enter negotiated transactions according to which they are acting in one of the following capacities:</p> <ul style="list-style-type: none"> <li>a. one acts on own account when the other is acting on behalf of a client;</li> <li>b. both are dealing on own account;</li> <li>c. both are acting on behalf of a client;</li> </ul> <p>or one intermediary is either of the following:</p> <ul style="list-style-type: none"> <li>d. acting on behalf of both the buyer and the seller;</li> <li>e. dealing on own account against a client order.</li> </ul>
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*Sec. 210 Guidelines Special procedures for the conclusion of contracts*

*210.1 Transactions of articles 2050 shall not count towards the dynamic price formation referred to in articles 2061 and 2071 and the reference price, the official price and/or the average price of the **TAH Segment**.*

*210.2 The execution of orders referred to in article 2050 shall not count towards any price statistics*

**Price statistics for the Borsa Italiana Global Equity Market**

2060	The <u>static price</u> shall be:
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a) the previous day's reference price in the opening auction;  
 b) the price at which contracts are concluded in the auction phase, after each auction phase; if an auction price is not determined, the static price shall be the price of the first contract concluded in the continuous trading phase.

2061 The dynamic price shall be:  
 a) the price of the last contract concluded in the current session;  
 b) the previous day's reference price if no contracts have been concluded in the current session.

2062 Reference price  
 The reference price shall be

2062.1 the closing-auction price;

2062.2 where it is not possible to determine the closing-auction price, the reference price shall be the weighted average price of the contracts concluded in the last 10 minutes of the continuous trading phase;

2062.3 where it is not possible to determine the closing-auction price and no contracts were concluded during the interval of the continuous trading phase referred to in article 2062.2, the reference price shall be the price of the last contract concluded during the entire trading session;

2062.4 where no contracts have been concluded during the entire trading session, the reference price shall be that of the previous session.

2062.5 In order to guarantee the regularity of trading and the significance of prices, Borsa Italiana may establish, on a general basis and with reference to specific trading segments or a single security, that the reference price shall be determined in a manner having a different sequence to that laid down in article 2062.2 and announce the decision in a Notice.

2063 The daily official price of each security shall be the weighted average price of the total quantity of that instrument traded in the market during the session without taking into account the contracts concluded in the negotiation phase at the closing auction price and of those concluded using the procedures referred to in Article 2050.

### **Price statistics for the After Hours Segment**

2070 The static price is equal to

a) the reference price of each financial instrument traded on the MTA market or of the reference price of each security determined pursuant to article 2062.  
 b) where it is not possible to determine the reference price pursuant to letter a), the static price is equal to the average price of the previous trading session.

2071 The dynamic price is equal to

a) the price of the last contract concluded during the session;  
 b) if no contracts have been concluded in the session, the dynamic price is equal to the static price.

2071	The <b>TAH Segment</b> average price is equal to the weighted price of the contracts concluded during the trading session <b>in the TAH Segment</b>
2072.1	If no contracts were concluded during the entire trading session, then the <b>TAH Segment</b> average price is equal to the reference price of the daily session in the reference market of the <b>BIIt Eq MTF financial instrument</b> .
2072.2	In order to guarantee the regularity of trading and the significance of prices, <b>Borsa Italiana</b> may establish, on a general basis and with reference to specific trading segments or a single <b>BIIt Eq MTF financial instrument</b> , that the <b>TAH Segment</b> average price shall be determined in a different manner to that laid down in the previous paragraphs and announce the decision in a Notice.

# **DISCLOSURE OF INFORMATION**

## **Information provided to intermediaries – General Principles**

3000	Approved <b>intermediaries</b> shall be provided with the information needed for the proper performance of the trading functions and the settlement of trades. Such information shall be made available via the electronic data processing and telecommunication systems put in place by <b>Borsa Italiana</b> as promptly as possible and with <b>intermediaries</b> on an equal footing insofar as this is compatible with the technological equipment in their possession.
3001	<b>Borsa Italiana</b> shall establish the conditions and procedures for the dissemination of the information referred to the preceding article to interconnected customers.

## **Information provided to intermediaries - Contents**

3010	Throughout the session approved <b>intermediaries</b> shall have access to at least the following information updated in real time:
3010.1	the trading book with all the individual buy and sell orders and an indication of the related quantities and prices
3010.2	a summary of the trading conditions for each financial instrument, containing the trading parameters, the market phases the static price, the last price, the best price, the best sell price and the cumulative volume of trades;
3010.3	the situation regarding the approved <b>intermediary's</b> own orders and trades;
3010.4	A list of the contracts concluded in the market for each financial instrument, showing the time, quantity and execution price.

## **Information provided to the public – General principles**

3020	In order to facilitate investment and disinvestment decisions and the verification of the conditions at which transactions are executed in the markets, <b>Borsa Italiana</b> shall arrange for the prompt disclosure to the public including via third parties where appropriate, of information on market conditions and the contracts concluded for each <b>BI It Eq MTF</b> financial instrument.
3021	<b>Borsa Italiana</b> shall not disclose information to the public on the identity of the parties to trades.
3022	Borsa Italiana publishes on its website data on the quality of the execution of the transactions, according to the provisions of the Regulation 2017/575/EU.

## **Information provided to the public - Contents**

3030	During the trading session, the following information shall be available to the public in real time for each <b>BI It Eq MTF financial instrument</b> :
3030.1	the prices and quantities of the best buy and sell orders;
3030.2	the buy and sell quantities and aggregate orders on the book for at least the five best prices;

3030.3 the price, day and time of execution, and quantity of the last contract concluded and the ID of the financial instrument within the limits specified in Article 3031;

3030.4 the cumulative quantity and value traded, within the limits specified in Article 3031.

3031 The publication of the information on the contracts concluded with the procedures referred to in Article 2050 takes place at the latest on the second business day after the day of conclusion, in compliance with the conditions referred to in Article 15 of the Regulation 2017/587/EU and Article 8 of the Regulation 2017/583/EU.<sup>3</sup>

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<sup>3</sup> The entry into force shall be announced with a subsequent Notice

# PROVISION REGARDING SPECIALISTS AND MIFID2 MARKET MAKERS

## Specialists

4000	Without prejudice of rule 300, trading in <b>BIT Eq MTF market</b> may be carried on with the intervention of a <b>specialist</b> referred to in rule 4001.
4001	Market <b>intermediaries</b> admitted to <b>BIT Eq MTF market</b> that require <b>Borsa Italiana</b> to be qualified as specialists may be eligible to engage in the activity of <b>specialist</b> using the specific form which is available on <b>Borsa Italiana</b> Internet website, and undertake to support the liquidity of the financial instruments for which they act as specialists.
4002	<b>Borsa Italiana</b> reserves the right to refuse the request referred to in the preceding article, considering, among other things, the liquidity conditions of the financial instruments for which the engagement in the activity of <b>specialist</b> is requested.
G 4003	<b>Specialist</b> shall respect, for each of the <b>BIT Eq MTF</b> financial instruments for which it intervenes, the quoting obligations of the <b>specialist</b> contained in the guidelines, divided according to segment of the financial instrument. <b>Specialists</b> fulfil their quoting obligations solely through the quote type of orders.
4004	The Intention to cease the <b>specialist</b> activity must be notified promptly in writing to <b>Borsa Italiana</b> that communicates to the intermediary, within 30 days, the date from which the obligations terminate.

## MIFID2 MARKET MAKERS

G	4020	<b>Mifid2 Market Makers</b> are intermediaries admitted to trading that, pursuant to Article 1400.5, sign with Borsa Italiana a market making agreement.
	4021	<b>Mifid2 Market Makers</b> are required to display continuously bids and offers for financial instruments for which they signs an agreement with Borsa Italiana, in compliance with the obligations established by Borsa Italiana in the guidelines.
	4022	Borsa Italiana shall publish on its website the list of <b>Mifid2 Market Makers</b> .
	4023	The <b>intermediary</b> that intends to cease its market making strategy must promptly notify <b>Borsa Italiana</b> , that communicates to the intermediary, within 30 days, the date from which the obligations terminate.

Sec.

402

Linea guida

**Specialist and Mifid2 Market Maker quoting obligations**

- 402.1 **Specialists and Mifid2 market makers** fulfil their quoting obligations by submitting simultaneous bids and offers of comparable quantities. These orders must be made at competitive prices, i.e. the bid and offer prices may differ by the maximum spread indicated in the **Guide to the Parameters** and must comply with the minimum quantity indicated therein.
- 402.2 **Specialists and Mifid2 Market Makers** must comply with the quoting obligations referred to in guidance 402.1, for each trading day, in accordance with the conditions set out in the following table.

Intermediary	% of the trading day for which the minimum quoting obligations must be met
Bit GEM Segment Specialists	60% (includes opening auction, closing auction and continuous trading)  *****  Specialists are required to fulfil the quoting obligations from 10 minutes before the end of the opening pre-auction phase.
TAH Segment Specialists	60%
Bit GEM Segment Mifid2 Market Makers	55% (includes opening auction, closing auction and continuous trading)  *****  Mifid2 market makers are required to fulfil the quoting obligations from 10 minutes before the end of the opening pre-auction phase.
TAH Segment Mifid2 Market Makers	50%

- 402.3 *In stressed market conditions, which may occur in the cases indicated in Sec. 600:*
- a. *Specialists are required to quote with reduced obligations.*
  - b. *Mifid2 market makers may quote with reduced obligations if they have specifically requested this when entering into the market making agreement.*

*The reduced obligations are indicated in the Guide to the Parameters.*

- 402.4 **Specialists and Mifid2 market makers** are not required to comply with the quoting obligations upon occurrence of exceptional circumstances communicated by Borsa Italiana. In the cases envisaged by Article 3, letter d) of Regulation 2017/578/EU, the intermediaries shall give **Borsa Italiana** written notice of this circumstance, in order to be exempted from these obligations.
- 402.5 **Borsa Italiana** shall verify compliance with the obligations entered into by the specialists and the Mifid2 market makers.
- 402.6 In evaluating possible violations of the obligations, **Borsa Italiana** shall also take account of compliance, on a monthly basis, with the quoting obligations.

# **CLEARING, GUARANTEE AND SETTLEMENT**

## **Settlement**

G	5000	Immediately after the conclusion of contracts on the <b>Bit Eq MTF</b> market, <b>Borsa Italiana</b> shall send the data on the contracts to the central counterparties. Contracts are settled via the settlement services specified in the guidelines.
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	5001	Borsa Italiana will send the data in respect of a contract concluded on the markets through X-TRM.
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Sec.  
500

*Guidelines:*

### Settlement service

500.1 *The settlement services of the financial instruments are the services managed by Monte Titoli S.p.A. or other **CSDs** using the T2S platform allowing for cross-**CSD** settlement, as defined in the Monte Titoli Settlement Service Regulations<sup>4</sup>.*

## **Time of settlement**

	5010	Purchase and sale contracts concluded on <b>Bit Eq MTF market</b> shall be settled on the second open TARGET calendar day following their conclusion.
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	5011	<b>Borsa Italiana</b> may specify in the <b>Notice</b> of the <b>admission to trading</b> a different settlement time limit that takes into account the characteristics of the reference regulated market of the <b>Bit Eq MTF financial instrument</b> .
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## **Clearing and guarantee of trades**

G	5015	Contracts concluded on the <b>Bit Eq MTF</b> market shall be cleared by the central counterparty indicated in the guidance to the rules as the default central counterparty of the market, unless both counterpart intermediaries chose one of the other central counterparties, from those indicated in the in the guidance to the rules.
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	5016	<b>The CCPs</b> that operate in the <b>Bit EQ MTF Market</b> shall operate in compliance with these Rules and the provisions of their own rules.
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	5017	As soon as they are concluded on the market, the contracts are cleared by the central counterparties. In the event that, in application of its own rules, the central counterparty should not clear such contracts, the purchase and/or sale orders should be considered not executed and are cancelled. <b>Borsa Italiana</b> shall promptly notify Consob of the failure to acquire the contracts by the central counterparty.
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*Guidelines:*

Sec.  
501

Clearing and guarantee system

501.1 *The central counterparties operating on the Bit Eq MTF market are:*

- *Cassa di Compensazione e Garanzia SpA, as the market's default central counterparty;*

<sup>4</sup> The entry into force of the amendment will be communicated with subsequent Notice

- *European Central Counterparty N.V. "EuroCCP", as the central counterparty chosen by the intermediaries pursuant to article 5015, limited to the clearing and guarantee of contracts concluded on the BIt GEM segment;*
- *LCH LTD, as the central counterparty chosen by the intermediaries pursuant to article 5015, limited to the clearing and guarantee of contracts concluded on the BIt GEM segment.*

### **Late settlement**

5020	The provisions that shall apply where the sale and purchase contracts are not settled within the prescribed time limit are specified in the following guidelines.
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Sec.  
502

*Guidelines:*

*Procedures for enforcing the settlement of contracts*

502.1 *Pursuant to rule 5020 of the Rules, in the event that purchase and sale contracts backed by a clearing and guarantee system are not settled on the prescribed settlement date, the clearing and guarantee system identified pursuant to Article 5015 of the Rules shall initiate on its own authority the mandatory execution procedure for the contracts in the manner and according to the time limits established in its own rules.*

### **Management procedures of failed transactions in case of corporate events**

5030	If contracts are not settled within the scheduled time limit and a corporate event occurs, the rules provided by the clearing and guarantee systems referred to in guideline 501.1 apply.
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# SURVEILLANCE

## Controls and measures concerning trading

6000	<b>Borsa Italiana</b> shall control the regularity of trading, verify the compliance with these rules and the accompanying guidance and adopt all the measures necessary for the proper operation of the market. These functions shall be performed by the competent office, which shall be exclusively equipped with the means needed to carry out the related controls and interventions. These rules shall be conducted in accordance with the procedures set out in rule 1210.
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6001	In carrying out its supervisory functions, with the aim of ensuring orderly trading, <b>Borsa Italiana</b> shall, <i>inter alia</i> :
6001.1	may intervene on the quoting obligations of the intermediaries where needed;
6001.2	monitor the behaviour of approved <b>intermediaries</b> in the market and compliance with the obligations of specialists and of Mifid2 Market Makers;
6001.3	apply to <b>issuers</b> and to approved <b>intermediaries</b> for information deemed necessary in relation to particular market conditions;
6001.4	verify the updating of records, including the content of the proposals and information required by Regulation (EU) No. 2017/580, procedures and any other matters necessary to ensure orderly trading;
6001.5	monitor the operation of the technical equipment and transmission networks of the electronic data processing and telecommunication systems;
6001.6	regulate trading conditions;
6001.7	promptly inform the market of the measures it adopts that affect trading in the market or the performance of <b>BIT Eq MTF financial instruments</b> ;
6001.8	promptly suspend the <b>intermediary</b> following the suspension or exclusion or of the subject used by the intermediary, by the operating central counterparties giving immediate notice thereof to Consob. If several central counterparties operate, the suspension may be limited to the operation of specific access codes.

### Measures concerning trading parameters, hours and phases

6010	In particular market conditions, <b>Borsa Italiana</b> may, with reference to categories of <b>BIT Eq MTF financial instruments</b> or individual <b>BIT Eq MTF financial instruments</b> :
6010.1	extend the duration or delay the start of one or more phases of trading
6010.2	modify the maximum price variation limits, the static price, the dynamic price and the other trading conditions ("parameters");
6010.3	suspend or reactivate trading.

6011	<b>Borsa Italiana</b> may adopt the measures referred to in the rule 6010:
6011.1	Where the price variation limits referred to in rule 6010 are exceeded;

6011.2	where anomalous trading conditions are observed for <b>BIIt Eq MTF financial instruments</b> in terms of prices or tradable quantities;
6011.3	where it is necessary to obtain information on particular market situations concerning a <b>BIIt Eq MTF financial instrument</b> ;
6011.4	where there are technical reasons or other circumstances that do not ensure the regular operation of the market;
6011.5	i where detailed complaints are submitted by approved <b>intermediaries</b> that consider they have been damaged by irregular behaviour on the part of other approved <b>intermediaries</b> .

6012	In adopting the measures referred to in rule 6010, <b>Borsa Italiana</b> shall take account:
6012.1	of the volumes of the <b>BIIt Eq MTF financial instruments</b> traded and of the prices recorded in the last three months, as well as their variations;
6012.2	of the liquidity of the instrument and the significance of the trading;
6012.3	of the dissemination or lack of dissemination of information available to the market;

6013	<b>Borsa Italiana</b> may cancel orders that hinder orderly trading where the <b>intermediary</b> that entered them, when requested by <b>Borsa Italiana</b> , is unable to confirm, modify or cancel them in a reasonably short time .
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*Sec*                    Guidelines  
*600*                    Stressed market conditions

- 600.1*                *Borsa Italiana declares in general, pursuant to the present guideline, that stressed market conditions exist on a financial instrument, in the time interval following the resumption of trading following its interruption for volatility indicated in the **Guide to the Parameters**.*
- 600.2*                *Borsa Italiana may declare, by means of a notice to intermediaries, that market stressed market conditions where, changes in the price and volumes of individual financial instruments or groups of financial instruments over a certain period of time exceed specific thresholds as indicated in the Guide to the Parameters.*
- 600.3*                ***Borsa Italiana** may also declare, with Notice to the intermediaries, that stressed market conditions occur if the situations related to the trading of the instruments involved required so.*
- 600.4*                *In the cases referred to in the guidelines 600.2 and 600.3 cases, intermediaries shall be informed when the stressed market condition ceases with reference to the current session, with a free text message.*

**Handling of input errors**

G	6020	<b>Borsa Italiana</b> may order or effect:
	6020.1	the cancellation of contracts concluded in the market upon receipt of a joint explained request from the approved <b>intermediaries</b> concerned;
	6020.2	the cancellation of transactions erroneously entered in the trade-checking service referred to in the rule 5000 up to the day following that of the

		conclusion of the contracts upon receipt of an explained request from approved <b>intermediaries</b> .
G	6021	In order to reduce or eliminate the effects of entry errors, <b>Borsa Italiana</b> may provide for or take one of the following actions:
	6021.1	entry of a transaction of the opposite sign offsetting all or part of the original transaction;
	6021.2	transfer of positions in financial instruments between the approved <b>intermediaries</b> concerned;
	6021.3	transfer of liquidity (cash adjustment) between the approved <b>intermediaries</b> concerned;
	6021.4	correction of the prices of transactions concluded as a result of errors;
	6021.5	cancellation of contracts in the market or in the trade-checking service referred to in the rule 5000.
	6022	In order to permit the handling, in the trade-checking service referred to in the rule 5000, of contracts deriving from entry errors, <b>Borsa Italiana</b> may inform authorised <b>intermediaries</b> of the identities of counterparties, if they are not displayed.
G	6023	The measures referred to in rule 6020 shall normally be adopted where:
	6023.1	the approved <b>intermediary</b> that made the entry error applies promptly;
	6023.2	the applicant made an obvious material error;
	6023.3	the applicant suffers, in the event that the contracts concluded as a direct consequence of the error are settled, a loss in an amount exceeding the limit established on a general basis by <b>Borsa Italiana</b> in the guidance Sec. 620.2.
G	6024	For the purpose of identifying transactions which may be the subject the measures referred to in rule 6021 and rule 6022, with particular regard to those <b>Borsa Italiana</b> may adopt on its own authority, the latter shall establish the procedure for handling them in the guidance Sec. 605 and following, determining on a general basis for each category of <b>BIT Eq MTF financial instruments</b> :
	6024.1	the theoretical market prices ("theoretical prices");
	6024.2	the differences between the prices of the contracts concluded and the reference prices.
G	6025	In determining the theoretical prices and the differences referred to in rule 6024 and specified in the guidance Sec. 630 and Sec. 640, <b>Borsa Italiana</b> shall take into account the nature, liquidity and volatility of <b>BIT Eq MTF financial instruments</b> .
	6026	The promptness of the application for the remedy of an error by its author referred to in rule 6023 shall be assessed <i>inter alia</i> in relation to the emergence of new information or changes in market conditions between the time of the error and the time the application was made.
	6027	Where approved <b>intermediaries</b> conclude contracts by mistake at anomalous prices and agree to annul them, they are required to inform <b>Borsa Italiana</b> , which shall cancel them.

	6028	<b>Borsa Italiana</b> shall give prompt notice to the <b>intermediaries</b> concerned of the operation of the procedure for handling errors and the measures adopted. Where these are affecting contracts that have been concluded, <b>Borsa Italiana</b> shall inform the market and provide the counterparties concerned, at their request, with the documentation relative to the corrections or cancellations effected.
G	6029	For carrying out the error handling procedure referred, <b>Borsa Italiana</b> shall charge the <b>intermediary</b> that made the mistake a fee proportional to the scale of its intervention, in accordance with what is established in the guidance Sec. 650.

Sec. *Guidelines:*

605 *General principles*

605.1 An **intermediary** that makes a mistake in entering orders in the market shall promptly inform **Borsa Italiana**, giving the details of any resulting transactions and specifying whether it intends to request activation of the error handling procedure.

605.2 Such reports, requests for the handling of mistakes by the **intermediaries** which made them and the related counterparty authorisations, may be sent: after contacting **Borsa Italiana**'s supervision office by telephone, by sending a written request to the following e-mail address: [ms@borsaitaliana.it](mailto:ms@borsaitaliana.it);

605.3 Requests for the handling of mistakes must contain the details of the transactions.

605.4 **Borsa Italiana** shall promptly notify the details of the financial instruments for which the error handling procedure has been requested and activated to the counterparties involved or the entire market in the manner deemed most appropriate.

605.6 The cost of contacting the counterparties in connection with the adoption of corrective measures shall normally be borne by the approved **intermediary** that made the mistake. If the identities of the counterparties are not known to market participants, the **intermediary** that made the mistake shall contact **Borsa Italiana**.

The manner of determining the fees for the mistake handling procedure referred to in rule 6029 is specified in guidance Sec. 650.

Sec.

610 *Ordinary procedure*

610.1 The ordinary procedure may be activated where the following conditions are met:

- a) the handling request is submitted to **Borsa Italiana** as promptly as possible;
- b) the transactions to which the request refers derive from an evident mistake.

610.2 **Borsa Italiana** shall promptly inform the applicant where the request for activation of the ordinary procedure is refused, giving the reasons for the refusal.

610.3 The application of one or more of the corrective measures referred to in rule 6021 may be adopted directly within the scope of their authority by the parties or by **Borsa Italiana** subject to the agreement of the parties.

Sec.  
620 Extraordinary procedure

620.1 **Borsa Italiana** may arrange or implement one or more of the actions referred to in rule 6021 where, for the different types of errors, the conditions specified respectively in guidance Sec. 620.2, Sec. 620.3 and 620.4 are met.

620.2 In the case of mistakes involving the same instrument made as a result of the entry of a single order or quote that leads to the conclusion of one or more contracts, the conditions shall be the following:

- a) the error handling request must be submitted to **Borsa Italiana** as promptly as possible;
- b) the transactions to which the request refers must originate from an evident mistake;
- c) the transactions to which the request refers must have prices above or below the levels established on a case-by-case basis by **Borsa Italiana** by calculating the theoretical "reference" prices referred to in guidance Sec. 630 and by applying to those prices the maximum divergence thresholds beyond which prices are to be considered abnormal, referred to in guidance Sec. 640;
- d) the amount of the loss referred to in rule 6023.3 must exceed 12,500 euros in total.

620.3 In the event of errors resulting from the placement of multiple orders or quotes through which multiple contracts were concluded linked by a continuity constraint with the original error, the conditions referred to in guidance Sec. 620.1 — with reference to a single financial instrument — shall be the following:

- a) the error correction request must be submitted to **Borsa Italiana** as promptly as possible;
- b) the transactions to which the request refers must originate from an evident mistake;
- c) the interval between the conclusion of the first and last contracts to which the request refers must not exceed 60 seconds;
- d) the transactions to which the request refers must have prices above or below the levels established on a case-by-case basis by **Borsa Italiana** by calculating the theoretical "reference" prices referred to in guidance Sec. 630 and the maximum divergence thresholds beyond which prices are to be considered abnormal referred to in the guidance Sec. 640;
- e) the amount referred to in rule 6023.3 must exceed 25,000 euros in total.

For financial instruments traded in currencies other than Euro, the amount of the loss is converted into Euro on the basis of the latest available ECB foreign exchange reference rate.

620.4 **Borsa Italiana** shall promptly inform the applicant where the request for activation of the extraordinary procedure is refused, giving the reasons for the refusal.

620.5 The prices obtained by applying the maximum divergence thresholds to the theoretical reference prices are rounded to the trading tick of the same financial instrument.

Sec. Determination of the "theoretical prices"  
630

630.1 The "theoretical price" shall be determined by **Borsa Italiana** on the basis of one of the following prices:

- the arithmetic mean of the prices of a minimum of three and a maximum of ten consecutive contracts concluded on the same day, chosen among those preceding or following the error;
- opening auction price of the same section referred to in article 2032, only for the **BI It GEM Segment**;
- reference price referred to in article 2062 only for the **BI It GEM Segment**;
- the static price of the **BI It Eq MTF financial instrument**;
- objective reference values available to the market.

Sec. Determination of the maximum divergence thresholds  
640

640.1 Following the determination of the theoretical prices, the prices of the contracts at which the extraordinary error handling procedure may be applied shall be calculated, i.e. all the prices respectively above or below the "theoretical reference price" reduced or increased by the maximum divergence threshold, as determined in the following paragraphs.

640.2 The maximum divergence threshold for each financial instrument shall be equal:

- for errors made during the pre-auction phase, to the maximum variation of the price of contracts with respect to the static price referred to in Sec. 204.1 b);
- for errors made during the continuous trading phase, to 5%

Sec. Determination of the fee for handling errors  
650

650.1 **Borsa Italiana** shall use the following formula to determine the fee referred to rule 6029:

$$C = 50 \times N_{cp} + 10 \times N_{ct}$$

where:

$C$  = the fee in euro;

$N_{cp}$  = the number of counterparties involved in the contracts affected by the procedure;

$N_{ct}$  = the number of contracts considered in the calculation, set equal to 0 where the number of contracts affected by the procedure is less than or equal to 50 and to the number in

*excess of 50 where the number of contracts affected by the procedure is more than 50.*

650.2 *The fee may not be less than 250 euro or more than 2,500 euro.*

### **Handling of technical breakdowns**

G	6040	<i>Inter alia</i> with the aim of ensuring equal access to the market by approved <b>intermediaries</b> in conditions of adequate transparency, <b>Borsa Italiana</b> :
	6040.1	shall establish in the guidelines the procedures for handling technical breakdowns of electronic data processing equipment and transmission networks, and lay down objective criteria for carrying out the procedures, determining the downtime, the time at which trading is to start again and any extension of trading hours;
	6040.2	In case of assessed technical breakdowns, it may order the temporary suspension of trading where technical breakdowns affect a significant number of approved <b>intermediaries</b> ;
	6040.3	shall inform the market of the measures adopted in accordance with this rule where they impinge on approved <b>intermediaries</b> ' operations or the trading of <b>BIIt Eq MTF financial instruments</b> .

Sec. 660 *Guidelines:*

#### Handling of technical breakdowns

- 660.1 *In monitoring the operation of the technical equipment and transmission networks of the electronic data processing and telecommunication systems referred to in rule 6001.5, **Borsa Italiana** shall continuously verify:*
- a) *approved **intermediaries**' operational and informational links to the market;*
  - b) *the working of the electronic data processing equipment and telecommunication networks for the provision of trading support services, the dissemination of information and the daily checking and correction of contracts;*
  - c) *the regular operation of the different market phases in accordance with the procedures and timetables prescribed.*
- 660.2 *Where the controls referred to in the preceding paragraph reveal anomalies involving a significant number of approved **intermediaries**, **Borsa Italiana** may adopt one of the following measures for an individual **BIIt Eq MTF financial instrument**:*
- a) *prolong or postpone one or more market phases;*
  - b) *suspend one or more market phases;*
  - c) *prolong the session;*
  - d) *close the session early.*
- 660.3 ***Borsa Italiana** shall also assess the significance of the number of approved **intermediaries** affected by technical breakdowns referred to in rule 6040.2 in relation to:*
- a) *the nature of the breakdowns and the operational limitations (access or information) observed;*
  - b) *the procedures for connecting the approved **intermediaries** affected to the market;*
  - c) *the fact that the breakdowns concerned all or part of the technical resources available to approved **intermediaries**;*
  - d) *the market share of the approved **intermediaries** affected.*

- 660.4 *The duration of the suspensions and postponements referred to in guidance Sec. 660.2 shall be fixed in a transparent manner and in a way that allows a significant number of approved **intermediaries** to assess their contractual positions and re-establish regular connections with the market.*
- 660.5 *Trading may be restarted:*
- a) *with a phase which permits approved **intermediaries** to cancel unexecuted orders they had entered in the market before the suspension.*
  - b) *according to the continuous trading procedure.*

# COMPLIANCE PROCEDURES

## Measures against market intermediaries and issuers

C010	<p>Without prejudice to rule 1021, where there is a violation of these rules or the accompanying guidance, including the case of <b>issuers</b> or market <b>intermediaries</b> hindering the verification activity referred to in rule 1210, <b>Borsa Italiana</b> may apply one or more of the following measures against the market intermediaries in question:</p> <p>C010.1 a written warning to observe the Rules and accompanying guidance;</p> <p>C010.2 a written censure;</p> <p>C010.3 a fine of between 5,000 and 500.000 euros;</p> <p>C010.4 suspension from trading in the market;</p> <p>C010.5 exclusion from trading in the market.</p>
C011	<p>The measures provided for in the rules, C010.4 and C010.5 may be made public as described in Rule C040. Measures provided in the previous rules C010.1, C010.2 and C010.3 may be made public as described in rule C040, where <b>Borsa Italiana</b> is of the opinion that this is deemed necessary and appropriate for the purpose of market protection. <b>Borsa Italiana</b> may disclose to the public the measure and the description of the violation without specifying the identity of the perpetrator, when this is deemed sufficient in order to ensure market protection. The measure referred to in rule C010.1 could be disclosed only without the name of the intermediary to which such measure applies.</p>
C012	<p>In order to adopt the measures referred to in the rule C010, <b>Borsa Italiana</b> shall take the following criteria into account:</p> <p>C012.1 the actual and potential impact on the market and the external importance of the violation and the impact on the issuer's economic and financial situation;</p> <p>C012.2 the size, duration and nature of the violation;</p> <p>C012.3 how Borsa Italiana became aware of the violation;</p> <p>C012.4 the benefits accrued by the <b>issuer</b> or market <b>intermediary</b> from the violation;</p> <p>C012.5 The <b>issuer's</b> or market <b>intermediary's</b> reaction to <b>Borsa Italiana's</b> requests and its actual and previous behavior;</p> <p>C012.6 magnitude of fraud and negligence;</p> <p>C012.7 functioning of system used for internal control and prevention of violations;</p> <p>C012.8 numbers and magnitude of violations previously committed by the same <b>issuer</b> or market <b>intermediary</b>;</p> <p>C012.9 size of the <b>issuer</b> or market <b>intermediary</b> and of the group it belongs to;</p> <p>C012.10 the cases in which various provisions are breached or the same provision is breached more than once.</p>

C013	Where there is a violation of quotation obligations by <b>specialists</b> , <b>Borsa Italiana</b> may initiate the procedure referred to in rule C020.
C014	Where a measure of suspension or exclusion from trading is adopted, from the time such measure takes effect the market <b>intermediary</b> to which it is applied shall only be permitted, under the surveillance of <b>Borsa Italiana</b> , to close out any positions still open and carry out any related transactions that are necessary to protect customers' interests from the date of commencement of the period of suspension or exclusion from trading.
C015	The use to which fines are put shall be established on a general basis by <b>Borsa Italiana</b> in an ad hoc measure communicated to <b>Consob</b> and published in a <b>Notice</b> .
C016	In derogation to the provision at article C010, in the case of breach of the provisions of articles 1400.5 and 4021, and the obligations contained in the guidelines Sec. 402, <b>Borsa Italiana</b> shall apply the written notice, the communication to the public of the failure to comply with obligations and reporting to the Authorities. Articles from C020 to C050 shall not apply.

#### **Procedure for verifying violations**

C020	In order to apply the measures referred to in rule C010, the procedure described in this rule shall be initiated within one year of the presumed violation or of the later date on which <b>Borsa Italiana</b> learned of the presumed violation. In the latter case the procedure described in this rule may not be initiated after three years have elapsed from the date of the alleged violation.
C021	For the purpose of applying the measure referred to in rule C010.2, C010.3, C010.4 and C010.5, <b>Borsa Italiana</b> sends the <b>issuer</b> or the market <b>intermediary</b> concerned a notification: <ul style="list-style-type: none"> <li>C021.1 containing a description of the alleged violation;</li> <li>C021.2 setting a time limit of not less than 15 days within which a written brief may be submitted and possibly a request for a hearing in which to examine the matter jointly.</li> </ul>
C022	The notification referred to in rule C021 may indicate the measure <b>Borsa Italiana</b> intends to apply. In such case, if the time limit referred to in rule C021.2 expires without the <b>issuer</b> or the market <b>intermediary</b> having submitted a written brief or requested a hearing, <b>Borsa Italiana</b> shall apply the measure indicated in the notification.
C023	If the <b>issuer</b> or the market <b>intermediary</b> requests a hearing in which to examine the question jointly or if <b>Borsa Italiana</b> considers such a hearing to be necessary, <b>Borsa Italiana</b> shall establish the date for the hearing and inform the <b>issuer</b> or the market <b>intermediary</b> accordingly. The <b>issuer</b> or the market <b>intermediary</b> shall be represented in the meeting either by its legal representative or by a person appointed for the purpose, being allowed to be assisted by a lawyer of its choice. If the market <b>intermediary</b> fails to attend the hearing without due cause, <b>Borsa Italiana</b> shall proceed on the basis of the evidence collected up to that time. At the end of the hearing, at the request of the party concerned, <b>Borsa Italiana</b> may set a new time limit of not less than 10 days for the submission of another written brief.
C024	On the basis of the evidence collected as part of the procedure, <b>Borsa Italiana</b> shall decide within 45 days of the hearing or the subsequent expiry of the time limit for the submission of another written brief as provided for rule C023, or if no such hearing is requested or scheduled by <b>Borsa Italiana</b> , within 45 days of the expiry of the time limit set pursuant rule C021.2.

C025	Decisions adopted pursuant to the preceding rule C024 shall be promptly notified to the interested party giving the reasons for the decision. If one of the measures referred to in rule C010 is applied, the costs of the procedure and in particular those in relation to the examination of the written briefs submitted and the hearings requested, determined on a flat-rate basis in accordance with the provisions of rule 1300, shall be charged to the market <b>intermediary</b> or to the <b>issuer</b> .
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#### **Review of measures**

C030	The <b>issuer</b> or the market <b>intermediary</b> may ask for the review of the measure applied pursuant to rule 1021 and rule C010 within 15 days of the notification referred to in respectively rule 1021.7, and rule C025 by means of a petition to the Appeals Board established pursuant to C090.
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C031	For the measure referred to in rule C010.1, the 15 days run from the moment in which the decision is notified to the interested party.
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#### **Disclosure to the public of measures**

C040	Applications of the measures referred to in rule C010 shall be made public in <b>Notices</b> or via the electronic trading support systems after 15 days have elapsed from the notification of the measure to the interested party without the matter being referred to the Appeals Board or, where it has been so referred, after 10 days have elapsed from the notification of the Appeals Board's decision to the parties.
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C041	At the request of the <b>issuer</b> or the market <b>intermediary</b> , the complete text of the measure shall be made public, possibly together with all the acts of the proceedings, including the decisions of the Appeals Board.
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#### **Suspension of time limits**

C050	The time limits referred to in this Title shall be suspended from 1 <sup>st</sup> August to 31 <sup>st</sup> August of each year.
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#### **Governing Law**

C060	These rules, the accompanying guidance and any other provisions concerning the operation of market and services and subsequent amendments shall be governed by the laws of Italy.
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#### **Settlement of disputes - Jurisdiction**

C070	Disputes concerning the fees referred to in rules 1300 and 1451, and the amounts contained in guidelines Sec. 650 referring to fees payable by <b>intermediaries</b> where due, shall be submitted exclusively to Italian judges and the competent courts shall be exclusively the Courts of Milan.
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#### **Other disputes**

C080	Any dispute other than those referred to in rule C070 caused by or deriving from these Rules, the accompanying guidance or any other provisions concerning the operation of market and subsequent amendments shall be settled finally by a Board of Arbitration set up in accordance with rule C100.
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C081	Prior recourse to the Appeals Board procedure referred to in rule C090 shall be a necessary condition for initiating the arbitration procedure.
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#### **Appeals Board**

C090	The Appeals Board shall be composed of three members appointed by the Board of Directors of <b>Borsa Italiana</b> , which shall also appoint one of the members to be the chairman. The seat of the Appeals Board shall be at <b>Borsa Italiana</b> .
C091	The members of the Appeals Board shall be chosen from among independent persons of proven expertise in matters concerning financial markets.
C092	The appointment shall be for three years and may be renewed. Where one of the members vacates the position before the termination of the appointment, the Board of Directors of <b>Borsa Italiana</b> shall appoint a substitute; such appointment shall last until the termination of the appointments of the other members of the Appeals Board.
C093	The decisions of the Appeals Board shall be adopted in accordance with law allowing debate within 30 days of the date of the petition for review referred to in rule C030 and C031 the challenge referred to in rule C030 and shall be promptly notified to the parties. The language of the proceedings shall be the Italian language.
C094	In agreement with the other members of the Board, the chairman may assign a matter to a single member of the Board.
C095	The decisions of the Appeals Board shall not be binding on the parties and where one of the parties initiates arbitration pursuant to rule C100, they shall not be binding on the arbitrators, who shall have the broadest prerogatives and powers to re-examine the entire dispute without any preclusion.
C096	The fees of the members of the Appeals Board shall be borne by the losing party.

### **Arbitration Board**

C100	The Board of Arbitration shall be composed of three members appointed as follows: C100.1 the party that initiates the arbitration procedure shall send an instrument to the other party in which: <ul style="list-style-type: none"> <li>• it declares its intention of initiating the arbitration procedure;</li> <li>• indicates the subject of the case;</li> <li>• designates its arbitrator;</li> <li>• invites the other party to designate its arbitrator:</li> </ul> C100.2 the party that receives the invitation referred to in rule C100.1 shall designate its arbitrator within 20 days of receiving the notice; in the event of its failing to do so, the second paragraph of Article 810 of the Italian Code of Civil Procedure shall apply; C100.3 the third arbitrator, who shall act as Chairman of the Board of Arbitration, shall be appointed by mutually agreement of the arbitrators referred to in rule C100.1 and C100.2; where they fail to agree within 20 days, the third arbitrator shall be appointed by the First Judge of the Milan Court.
C101	The arbitration proceedings thus instituted shall be ritual and shall comply with the provisions of the Italian Code of Civil Procedure. The procedure must be initiated, on pain of debarment from action, within 60 days of the notification referred to in rule C093. The dispute shall be settled in accordance with the provisions of Italian law and the language of the arbitration proceedings shall be the Italian language.
C102	The seat of the Board of Arbitration shall be in Milan in the place designated by its Chairman.



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