

MEMBERSHIP and TRADING RULES • 4 February 2013



**AIM Italia**  
MERCATO ALTERNATIVO DEL CAPITALE

# Membership and Trading Rules

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# Membership Rules

## Introduction

This document contains the **Membership and Trading Rules** (these rules) which set out the rules regarding the conditions and the procedure for the admission of the intermediaries in the market, the continued eligibility and the rules of conduct of the admitted intermediaries, the relationship between market intermediaries and Borsa Italiana and the trading rules.

The document contains also the rules regarding the market surveillance and the procedures relating to disciplinary and appeals matters for intermediaries.

Moreover the **Membership and Trading Rules** contains guidance to rules that supplement these rules. Rules with supplementary guidance are flagged with the notation “G”. Guidance is divided in Section (Sec.) with an identification number. The paragraphs of the guidance are identified by the number of the Section and of the paragraph.

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

The rules and responsibilities for issuers of **AIM Italia Securities** are set out in the “**Rules for Companies**”.

For the definition of the terms in bold in these Rules, not contained in the present Glossary, see the Glossary in the **Rules for Companies**

## DEFINITIONS

<b>General Conditions for the supply of services</b>	the terms and conditions regulating the relationship between <b>Borsa Italiana</b> and market intermediaries concerning the participation of the market intermediaries to the market.
<b>Guide to the parameters</b>	the document accompanying the Rules of the markets organized and managed by Borsa Italiana S.p.A. and relevant Instructions, referred to as “Guide to the Parameters” notified in a Notice and available on Borsa Italiana website.
<b>Interconnection</b>	the linking to markets, via market intermediaries, of customers of market intermediaries or organisational units of market intermediaries other than units assigned to the activities of trading in the markets and settlement and the control thereof and computer-based systems for the automatic generation of orders even if they are installed in an organisational unit of a market intermediary.
<b>Quote</b>	the type of order that must be used by specialists on the Aim Italia/Mercato Alternativo del Capitale to perform the obligations established in the Rules. This type of order allows such specialists to update their bid and offer quotations with a single operation.

# CORE RULES

## Member firm

1000	The <b>member firm</b> is an entity that has been admitted to trading by <b>Borsa Italiana</b> in the <b>AIM Italia/Mercato Alternativo del Capitale</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>AIM Italia/Mercato Alternativo del Capitale</b> : intermediaries 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 guidance.
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#### *Guidance to Rule*

Sec.  
100

#### Intermediaries admitted to trading

100.1

*The following may participate in trading in the **AIM Italia/Mercato Alternativo del Capitale**:*

- 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 or of non-EU countries;*
- c) *firms set up in the legal form of a società per azioni or a società a responsabilità limitata or equivalent:*
  - i. *in which the persons performing administrative, management and supervisory functions and those responsible for trading activity and the internal control function satisfy integrity and experience requirements equivalent to those applying to intermediaries that deal in financial instruments; firms authorised to an investment service or activity or to the collective portfolio management by the competent Authority of an EU country are waived of this requirement;*
  - ii. *which have established an internal audit control 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);*
  - iii. *which have adequate shareholders' equity as shown by their latest audited annual financial statements.*

G	1011	For the purposes of admission to trading in the <b>AIM Italia/Mercato Alternativo del Capitale</b> , intermediaries shall send <b>Borsa Italiana</b> a written request conforming with what is provided for in the guidance.
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	1012	As of the date on which <b>Borsa Italiana</b> notifies intermediaries of receipt of the intermediary's request with an invitation to complete the participation documentation, intermediaries 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 guidance insofar as they are applicable in the meantime.
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	1013	Within one month of the day the participation documentation is completed <b>Borsa Italiana</b> shall decide on the intermediary's 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.
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Guidance to Rule

- Sec.  
110 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 Internet site, 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 Internet site with the following data:*
- a) *information concerning the participation requirements;*
  - b) *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;*
  - c) *in the case of indirect participation in the settlement service referred to in Article 69 of the Consolidated Law on Finance, a declaration referred to in rule 1100 signed by the market intermediary and the intermediary participating in the settlement service;*
  - d) *in the case referred to in guidance Sec. 100.1(c), a copy of the minutes of the meeting of the board of directors containing the assessment of the experience and integrity of the persons specified therein or declaration signed by the legal representative of the company that confirms the compliance with the above mentioned requirements;*
  - e) *in the case referred to in guidance Sec. 100.1(c), a copy of the minutes of the meeting of the board of directors or the supervisory board during which the internal audit function was charged with making periodic checks on the trading activity involving financial instruments or declaration signed by the legal representative of the company that confirms the appointment;*
  - f) *in the case referred to in guidance Sec 100.1(c), for recently established companies for which audited annual accounts have not yet been prepared, a declaration signed by the legal representative of the company containing a statement of the adequacy of the existing shareholders’ equity and an undertaking to confirm the satisfaction of the capital requirement and the audit of the annual accounts as soon as they are available.*
- 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 **AIM Italia/Mercato Alternativo del Capitale** 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 or that are operated by the London Stock Exchange Group or EDX London. The procedure referred to in rules 1011, 1012 and 1013 shall apply insofar as it is compatible.*
- 110.4 *If **Borsa Italiana**’s Internet site 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 intermediaries 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 the issue of injunctions referred to in Article 51 and 52 of the Consolidated Law on Finance by the competent authority or cessation of fulfilment of the requirements for unauthorised persons shall result in suspension or 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: <ul style="list-style-type: none"><li>a) suspension of an intermediary’s administrative bodies under Article 53 of the Consolidated Law on Finance or Article 76 of the Consolidated Law on Banking</li><li>b) suspension or cancellation of a stockbroker under Article 201 of the Consolidated Law on Finance;</li><li>c) extraordinary administration;</li></ul>
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- d) compulsory administrative liquidation;
- e) another bankruptcy procedure;
- f) 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 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. 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

The admission of intermediaries to trading shall be subject to verification by **Borsa Italiana**, in accordance with objective non-discriminatory criteria, of fulfilment of the following requirements on a continuing basis:

- 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 **Borsa Italiana** 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 identification of the compliance officer toward **Borsa Italiana**. The compliance officer must have a good knowledge of these rules and of the rules governing the functioning of the market set out in the guidance and provide adequate support to the intermediary's structures in their application. Among other things, the compliance officer shall be entrusted with relations with **Borsa Italiana's** trading supervision office. The compliance officer shall appoint a deputy with analogous qualifications;
- 1020.5 adequate settlement procedures.

1020.6 Intermediaries may entrust the management of technological systems to third parties, subject to the conditions laid down in the guidance Sec. 130.

1020.7 The admission of intermediaries shall also be subject to verification of direct or indirect participation in the settlement system through which contracts are settled and participation in their accessory systems (trade-checking systems).

*Guidance to Rule*

Sec.  
120

Requirements for participation

120.1 *For the purpose of satisfying the requirements 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 and the compliance officer has a good knowledge of these rules and of the provisions governing the functioning of the market and provides adequate support to the intermediary's structures in their application;*
- b. *persons acting as **specialists** for **AIM Italia securities**, 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. *they have adequate systems, procedures and controls for trading activity and adequate settlement procedures;*
- d. *they have an internal IT unit that is adequate in terms of number, experience 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, and of the deputy appointed in his/her absence.

- 120.2 Traders, market makers and specialists may not perform their activities for more than one market intermediary.
- 120.3 Market intermediaries may use a third party and/or a group company to perform the activities referred to in the preceding guidance 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 guidance. 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 1020.6, intermediaries may use 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 Connection to the market may be exclusively provided by an information technology company, an information vendor or a person that have a contract for the purpose with a company belonging to the London Stock Exchange group. In such case the third party is known as a Service Provider.
- 130.3 The contract with the Service Provider 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.
- 130.4 **Borsa Italiana** may refrain from requiring the Service Provider contract referred to in guidance Sec. 130.3 to be signed by intermediaries that provide the connection to the market to other intermediaries belonging to its group.
- 130.5 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.
- 130.6 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.
- 130.7 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. In no case may such subcontracting jeopardise the primary role that the Group or Authorised Service Provider is required to play in providing the agreed services. 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.
- 130.8 The supervision and control of orders sent to the market may not be delegated to a Service Provider.

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 intermediaries 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 procedures and controls; and any other matters relevant to ensuring the continued satisfaction of market intermediaries' admission requirements;
1021.3	restrict access to the market, including access via <b>interconnections</b> , or segregation of specific trading activities;
1021.4	imposition of limits on operations or <b>interconnections</b> ;
1021.5	Where a measure of suspension from trading is adopted, from the time such measure takes effect the market intermediary 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.
1021.6	<b>Borsa Italiana</b> may modify or revoke the measures referred to in this rule at any time.
1021.7	<b>Borsa Italiana</b> shall promptly inform the market intermediary concerned of the adoption of the measures.

G	1022	Market intermediaries 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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*Guidance to Rule:*

Sec. 140 *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 Internet site 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 guidance to **Borsa Italiana** promptly or, in the case of changes in the technological framework or of corporate actions, with due 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 intermediaries shall observe these rules, the accompanying guidance, the applicable <b>dealing notices</b> and any other technical and operational documents accompanying these rules and the guidance, including Service Manuals. Market intermediaries 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	Intermediaries 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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**Appeals and complaints**

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

	1050	Market intermediaries shall promptly notify <b>Borsa Italiana</b> of any circumstances of which they are aware, including technical problems with their systems, that prejudice or might prejudice their compliance with these rules.
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### **Indirect participation in settlement system**

	1100	In the case of indirect participation in the settlement system, i.e. where a market intermediary uses another intermediary to settle its contracts, the market intermediary and the other intermediary must send <b>Borsa Italiana</b> a declaration containing:
	1100.1	an undertaking by the intermediary participating in the settlement system to settle contracts concluded in the market by the market intermediary up to the time of withdrawal from the agreement;
	1100.2	an authorisation for the market intermediary to be suspended by <b>Borsa Italiana</b> , at the request and on the responsibility of the intermediary participating in the settlement system, without <b>Borsa Italiana</b> being required or entitled to verify the appropriateness of such suspension or its conformity with any understandings between the market intermediary and the participating intermediary.

## **Compliance and enforcement**

### **Verification activity and co-operation**

	1210	For the purpose of verifying compliance with these rules and the accompanying guidance, 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 market intermediaries to provide all the necessary information and documents concerning transactions carried out on the market;
	1210.2	convoke the representatives of market intermediaries 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 intermediaries.
	1210.4	Market intermediaries 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, shall initiate the procedure referred to in rule 1215.
	1210.6	In the event of minor infringements of these rules or the accompanying guidance, <b>Borsa Italiana</b> may invite the market intermediary to comply adequately with the provisions in question.

	1212	Market intermediaries 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 intermediary.
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	1213	<b>Borsa Italiana</b> may co-operate, also by the sharing of information, with other markets 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, it shall immediately inform <b>Consob</b> .
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### Imposition of sanctions

1215	Without prejudice to rule 1021, where there is a violation of these rules or the accompanying guidance, including the case of market intermediaries hindering the verification activity referred to in rule 1210, <b>Borsa Italiana</b> may apply one or more measures against the market intermediaries in question, taking into account the seriousness of the violation and any other violations committed in the 30 months preceding the violation.
C 1216	Imposition of sanctions shall be conducted in accordance with the procedures set out in the Compliance Procedures.

## Charges and fees

### General Conditions for the supply of services and fees

1300	Market intermediaries 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> .
1301	The relationship between <b>Borsa Italiana</b> and market intermediaries concerning participation in trading on the market are governed by the <b>General Conditions for the supply of services</b> , available on <b>Borsa Italiana's</b> Internet site.
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.

## Rules of conduct

### Rules of conduct

G 1400	Market intermediaries shall refrain from acts that may prejudice the integrity of the market. <i>Inter alia</i> they may not: <ul style="list-style-type: none"><li>1400.1 commit acts that are likely to give a false or misleading impression to other market participants;</li><li>1400.2 carry out sham transactions, whose objective is not to transfer ownership of the <b>AIM Italia securities</b> traded or to modify their exposure to the market;</li><li>1400.3 commit acts that may impede <b>specialists</b> in fulfilling their commitments;</li><li>1400.4 carry out, directly or through a nominee, transactions under a prior agreement for the execution and offsetting thereof;</li><li>1400.5 trade <b>AIM Italia securities</b> that <b>Borsa Italiana</b> has suspended from trading with an order specifying that the suspension is for a fixed period, or have such instruments traded. In such cases <b>Borsa Italiana</b> may authorise the trading of the suspended <b>AIM Italia securities</b> on the basis of the objective criteria established in the guidance Sec. 150. Authorisation shall be granted for each individual transaction.</li></ul>
1401	Market intermediaries 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. Intermediaries must implement strategies to ensure the settlement of contracts. If they find they are unable to settle contracts on <b>AIM Italia securities</b> within the prescribed time limits, intermediaries may make new sales of such instrument for own or customer account only if they have forms of cover that ensure the availability of the <b>AIM Italia securities</b> on the settlement day for the transactions.

*Guidance to Rule:*

Sec.  
150

Trading in suspended **AIM Italia securities**

- 150.1 *Where the suspension from trading lasts longer than one day, pursuant to rule 1400, **Borsa Italiana**, upon receiving a reasoned request from a intermediary, shall authorise every transaction aimed at guaranteeing the performance of an obligation to buy or sell **AIM Italia securities** that has become enforceable where such obligation derives from a contract concluded before the adoption of the suspension decision.*

## Order Entry

### Transmission of orders to the AIM Italia/Mercato Alternativo del Capitale

G	1450	Market intermediaries shall be liable for all interactions with the electronic data processing and telecommunication support systems 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 effects. Market intermediaries 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 or number.
	1451	In order to ensure the smooth technical functioning and efficient use of the electronic trading support system, market intermediaries must observe the technical limits for order entry established on a general basis by Borsa Italiana in the Guide to the Parameters. <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 Italiana</b> shall establish such limits and fees payable by intermediaries where they are exceeded.
	1452	Market intermediaries can request to use more than <b>one access code</b> to segregate specific trading activities or to segregate different participations in the settlement system <sup>1</sup> . For this purpose market intermediaries must take previous contact with <b>Borsa Italiana</b> .

#### *Guidance to Rule:*

Sec.

145 *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 recognition of the persons who operate via **Interconnections** and the access controls of the order enter via **Interconnections**;*
  - *the controls on the maximum quantities and prices of orders entered;*
  - *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 or number.*
- 145.3 *In order to ensure the adequacy of the systems referred to in rule **1450 2404**, 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) *the spread present on the book<sup>2</sup>*
  - c) *price and quantity 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;*

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

<sup>2</sup> The entry into force will be announced with a subsequent Notice.

- 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.

- 145.4 *In particular, market intermediaries must equip themselves with controls and automatic alarm systems that prevent the entry of anomalous orders, whose price, size 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.*
- 145.5 *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.*
- 145.6 *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**.*

## Systems and trading

### Technical breakdowns of market intermediaries' systems

G	1500	Market intermediaries 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.
G	1501	In the cases referred to rule 1500 market intermediaries 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.

#### *Guidance to Rule*

- Sec.  
160 *Technical breakdowns in market intermediaries' systems*
- 160.1 *For the purpose of 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.*
- 160.2 *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 or the orders associated with specific access code.*
- 160.3 *Market intermediaries shall send **Borsa Italiana**, in the manner laid down in the **General Conditions for the supply of services**, 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.*
- 160.4 ***Borsa Italiana** may delete orders only at the request of persons assigned to trading and included on the list referred to in the previous guidance. **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.*
- 160.5 *Market intermediaries must notify the list referred to in guidance Sec. 160.3 and every change to the list itself, in the manner laid down in the **General Conditions for the supply of services**. Changes to the list will be effective from the **business day** subsequent to that on which they were notified. Market intermediaries that configure*

*their access to the market using more than one access code must send the list referred to in guidance Sec. 160.3 for each access code.*

- 160.6 *When requests are made for the deletion of orders, the following information must be given in addition to the market intermediary's name and access code: the access code, 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.*
- 160.7 ***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 620.*

**Regulatory suspensions**

1510	<b>Borsa Italiana</b> may impose a precautionary suspension as described in the <b>Rules for Companies</b>
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**Market situation suspension**

1520	With the aim to ensuring orderly trading, <b>Borsa Italiana</b> shall establish specific automatic controls of the trading. Moreover, in particular market conditions, <b>Borsa Italiana</b> may, with reference to categories of financial instruments or individual instruments, suspend the trading. The specific provisions are set out in the guidance.
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# ORDER BOOK TRADING RULES

## Trades

### Trading methods and phases

G	2010	Trading may be carried on using the auction and continuous trading methods.						
	2011	<p>The trading phases shall be the following:</p> <p>a) opening auction, divided in turn into the phases of determining the theoretical opening-auction price ("pre-auction" phase) and concluding contracts ("opening" phase);</p> <p>b) continuous trading;</p> <p>c) closing auction, divided in turn into the phases of determining the theoretical closing-auction price ("pre-auction" phase) and concluding contracts ("closing" phase).</p>						
	2012	<p>Trading in the <b>AIM Italia/Mercato Alterantivo del Capitale</b> shall be carried on with the following trading hours:</p> <table border="0"> <tr> <td>08.00 – 09.00 (9.00.00 – 9.00.59)</td> <td>opening auction (pre-auction, validation and opening phase and conclusion of contracts)</td> </tr> <tr> <td>09.00 – 17.25</td> <td>continuous trading</td> </tr> <tr> <td>17.25 – 17.30 (17.30.00 – 17.30.59)</td> <td>closing auction (pre-auction, validation and closing phase and conclusion of contracts)</td> </tr> </table>	08.00 – 09.00 (9.00.00 – 9.00.59)	opening auction (pre-auction, validation and opening phase and conclusion of contracts)	09.00 – 17.25	continuous trading	17.25 – 17.30 (17.30.00 – 17.30.59)	closing auction (pre-auction, validation and closing phase and conclusion of contracts)
08.00 – 09.00 (9.00.00 – 9.00.59)	opening auction (pre-auction, validation and opening phase and conclusion of contracts)							
09.00 – 17.25	continuous trading							
17.25 – 17.30 (17.30.00 – 17.30.59)	closing auction (pre-auction, validation and closing phase and conclusion of contracts)							
	2013	The pre-auction phases may end at a time within the last minute of such phases. The continuous trading phase shall start at the end of the opening auction phase						
	2014	<p>The <b>AIM Italia/ Mercato Alternativo del Capitale</b> financial instruments are traded in quantities equal to or multiples of the minimum trading lot specified in the Guidance to Rules Sec. 200. It is not allowed to negotiate for quantities less than the minimum lot (so-called odd lots).</p> <p><b>Borsa Italiana</b> may specify a different minimum lot for each security where this is necessary for the market to operate effectively, for investors to have easy access to it and for the execution of orders to be cost efficient.</p>						
	2015	<b>Borsa Italiana</b> may divide securities traded in the <b>AIM Italia/Mercato Alternativo del Capitale</b> into homogeneous segments on the basis of their capitalisation, the procedure for admission to trading, the settlement service utilised, the procedure and trading hours.						
	2016	In the Notice announcing the start of trading, <b>Borsa Italiana</b> shall identify the trading segment of securities on the basis of the criteria specified in the preceding paragraph.						
	Sec. 200	<i>Guidance to Rules</i>						
	200.1	<p><u>Minimum trading lot</u></p> <p><i>The minimum trading lot is the number of financial instruments corresponding to an value of EUR 1,500 (one thousand five hundred). Borsa Italiana may modify for each financial instrument the quantity corresponding to the minimum lot, notifying it by a Notice.</i></p>						
		<b><u>Orders</u></b>						
	2020	Approved intermediaries 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 securities to be traded, the quantity, the type of transaction, the type of account, the price and the method of execution. The orders may also specify different validity parameters based on time and execution of the order and contain the order source. The modalities of entering of such information and the parameters admitted for each order shall be established in the Guide to the New Trading System.
2021	In the pre-auction phases and in continuous trading phases the following types of orders may be entered:
2021.1	with limit price (or limit order), orders that can be executed at an equal or better price compared to their limit price; or
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;
2021.3	stop limit order, orders with a limit price that are activated in the continuous phase once they reach a certain level price of the last contract concluded (so called "stop price");
2021.4	stop order, orders without a limit price that are activated in the continuous phase once they reach a certain level price of the last contract concluded (so called "stop price").
2022	In the pre-auction phase, the market to limit orders type can also be entered, orders that participate in the auction phase as market orders and can be executed at the auction price; for the eventual remaining part they can be transferred to the continuous trading phase as limit orders.
2023	In the continuous phase can also be executed the types of iceberg orders, orders entered with a limit price and with a partial quantity displayed. The partial quantity displayed must be equal to at least 0.4*EMS. The execution of the whole displayed quantity shall automatically generate a new order. Such order shall be displayed on the book for the same partial quantity or the residual amount of the order with the price of the original order and the time priority corresponding to the time the new order was generated. When all the quantities displayed of the iceberg orders with the same price are executed by the same order, with an opposite sign and quantity exceeding the sum of the quantities displayed of the iceberg orders, the eventual remaining not displayed quantities are executed by the same order in proportion to the remaining not displayed quantity of each iceberg order.
2024	Approved intermediaries may enter, modify and cancel orders both in the pre-auction phases and in continuous trading.
2025	The orders for each security 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.
2026	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.
2027	Orders shall be entered in quantity equal to or multiple of the minimum lot size. Whenever the minimum trading lot is modified all of the orders, previously entered, are automatically cancelled.
G 2028	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 guidance Sec. 204.

*Guidance to Rules*

Sec.  
201

Order quantity and time limits

201.1 *The maximum number of securities in an order shall be 400\*EMS, except as provided for*

otherwise in the Notice announcing the date of the start of trading.

- 201.2 *The maximum number of securities that may be entered at the auction price shall be 400\*EMS, except as provided for otherwise in the Notice announcing the date of the start of trading.*
- 201.3 **Borsa Italiana**, in the months of March, June, September and December, shall calculate and publish on its website the quantity, defined as number of financial instruments, with reference to each instrument (EMS).
- 201.4 *The maximum duration that may be specified for “good till date” orders shall be 30 days.*
- 201.5 *The validity parameter “good till cancelled” cannot be used.*

Sec.  
202

Ticks

- 202.1 *The prices of orders may be multiples of the ticks established for each security and trading session in relation to the prices of the orders entered, as follows:*

a) shares, warrants and pre-emptive rights:

Prices of the order entered (Euro)	Tick
Less than or equal to 0,5	0,0001
0,5001 – 1	0,0005
1,0001 – 2	0,001
2,0001 – 5	0,002
5,0001 – 10	0,005
10,0001 – 50	0,01
50,0001 – 100	0,05
100,0001 - 500	0,1
500,0001 – 1.000	0,5
1.000,0001 – 5.000	1
5.000,0001 – 10.000	5
10.000,0001 – 20.000	10
20.000,0001 – 30.000	20
30.000,0001 – 40.000	30
40.000,0001 – 50.000	40
50.000,0001 – 60.000	50
60.000,0001 – 70.000	60
70.000,0001 – 80.000	70
80.000,0001 – 90.000	80
90.000,0001 – 100.000	90
More than 100.000	100

- 202.2 b) convertible bonds: for each price of the order entered the tick is equal to 0.01.

**Functioning of the auction and phase change rules**

- 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 securities 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 securities that cannot be traded referred to in article 2030.2 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 shall be 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 indicative uncrossing price shall be equal to the dynamic price, referred to in article 2081 where only buy and sell orders without a limit price are present.
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2032	The pre-auction phase shall end at a time within the last minute of such phase.
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G	2033	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 in the guidance Sec. 204.
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G	2034	If the difference between the indicative uncrossing price and the static price exceeds the maximum percentage variation referred to in article 2033, the volatility auction phase shall be started for a period established in the guidance Sec. 204.
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2035	The conclusion of contracts referred to in article 2033 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.
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2036	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.
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2037	At the end of the closing auction, limit orders which are partly or wholly unfilled shall be automatically transferred to opening pre-auction 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 opening pre-auction phase of the following day 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.
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**Continuous trading**

2040	During continuous trading, 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 2025, as follows:
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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 one or more buy orders with a price higher than or equal to that of the order entered;
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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
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		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.
	2041	For each contract concluded via automatic matching in accordance with article 2040, 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	Orders that are wholly or partly unfilled at the end of continuous trading shall be automatically transferred to the closing pre-auction phase with the price and time priority in force at the end of continuous trading.
G	2044	Where, during the continuous trading of a security, the price of a contract that is being concluded exceeds one of the price variation limits referred to in the guidance, the continuous trading of that security shall be automatically suspended and a volatility auction phase begun, which shall be carried out as provided in article 2030 and following.

*Guidance to Rules*

Sec.  
204

*Automatic controls on trading*

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 2028, activated both in auction phases and in the continuous trading phase:*

- $\pm 50\%$  for shares;
- $\pm 90\%$  for warrants and pre-emptive rights;
- $\pm 25\%$  for convertible bonds

*b) the maximum price variation limit with respect to the static price, referred to in Article 2033 and 2044, activated both in auction phases and in the continuous trading phase, equal to:*

- $\pm 10\%$  for shares;
- $\pm 30\%$  for warrants and pre-emptive rights;
- $\pm 5\%$  for convertible bonds.

*c) the maximum price variation limit of contracts with respect to the dynamic price referred to in Article 2044, activated only in the continuous trading phase, equal to:*

- $\pm 5\%$  for shares;
- $\pm 5\%$  for warrants;
- $\pm 15\%$  for pre-emptive rights;
- $\pm 2,5\%$  for convertible bonds.

204.2 *Pursuant to rules 6010, the trading parameters referred to in the preceding guidance may be altered or temporarily deactivated.*

204.3 *The duration of the volatility auction phase, referred to in Articles 2034 and 2044, shall be equal to 10 minutes plus a variable interval of up to one minute, determined automatically on a random basis by the trading system. Such auction phases may be reiterated but nonetheless end at the start of the closing-auction phase.*

204.4 *The duration of the volatility auction phase, referred to in Article 2034 and exclusively for the closing-auction phase, shall be equal to 5 minutes plus a variable interval of up to one minute, determined automatically on a random basis by the trading system. Such auction phases may be activated only once.*

**Special procedures for the conclusion of contracts**

	2050	So-called "committed cross" orders may be entered with the aim of concluding contracts where the counterparty is a specific approved intermediary (whose identity is given),
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	provided the price is between the best bid price and the best ask price, including such prices.
2051	So-called "internal cross" orders may also be entered with the aim of concluding contracts where the counterparty is the approved intermediary that entered the order, provided the price is between the best bid price and the best ask price, including such prices. "Internal cross" contracts cannot be executed where the buy and sell counterparty is the same approved intermediary on its own account.
2052	The price of the contracts concluded in the manners referred to in articles 2050 and 2051 may be outside the range between the best bid price and the best ask price if:
2052.1	the order quantity is equal or more than 5*EMS (block trades)
2052.2	the difference between the order price and the best prices on the trading book is not more than 10 per cent.

#### *Guidance to Rules*

Sec.

205

#### Special procedures for the conclusion of contracts

205.1 *The execution of orders referred to in articles 2050 and 2051 shall count towards the dynamic price formation referred to in article 2081, whereas this shall not count towards the reference price and the average price formation referred to in articles 2060 and 2070.*

205.2 *The execution of orders referred to in article 2052 shall not count toward the dynamic price, the reference price and the average price formation referred to in articles 2060, 2070 and 2081.*

205.3 *In consideration of the conditions of the market, Borsa Italiana may modify, on a general basis or taking into account specific categories of financial instruments or particular financial instruments, the order quantities and/or the differences above specified and inform the public with Notice.*

#### Reference price

2060	The reference price shall be
2060.1	the closing-auction price;
2060.2	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;
2060.3	if 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 2060.2, the reference price shall be the price of the last contract concluded during the entire trading session;
2060.4	where no contracts have been concluded during the entire trading session, the reference price shall be that of the previous session.
2061	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 security, that the reference price shall be determined in a manner having a different sequence to that laid down in article 2060 and announce the decision in a Notice.
2062	<b>Borsa Italiana</b> may establish, on a general basis and with reference to specific trading segments or securities, a different interval with respect to that referred to in article 2060, and announce the decision in a Notice.
2063	Contracts concluded with the methods under articles 2050, 2051 and 2052 do not count towards the formation of the reference price.

#### Official price

2070	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.
2071	Contracts concluded with the methods under articles 2050, 2051 and 2052 do not count towards the formation of the official price.

**Static and dynamic price**

2080	<p>The static price shall be:</p> <p>a) the previous day's reference price in the opening auction;</p> <p>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.</p>
2081	<p>The dynamic price shall be:</p> <p>a) the price of the last contract concluded in the current session;</p> <p>b) the previous day's reference price if no contracts have been concluded in the current session.</p>

**Method of trading unexercised rights**

2090	Intermediaries may offer unexercised rights on the market only on behalf of the issuer and may not resell on the market unexercised rights acquired during the offering period.
2091	Unexercised rights shall be offered using the auction method referred to in Article 2011 and in accordance with the operational methods indicated in article 2092. The duration of the auction for the offer of unexercised rights must be at least equal to that for the security deriving from the conversion.
2092	During the offering period, orders with or without a limit price may be entered, except for the last day of the offer in which the intermediaries engaged shall exclusively enter sell orders without a limit price.
2093	<p>The intermediaries engaged must:</p> <p>a) enter sell orders at least 30 minutes before the end of the pre-auction phase; during these 30 minutes intermediaries may not reduce the quantity entered;</p> <p>b) carry over any quantity unsold at the end of the current market session to the following day.</p>

# TRANSPARENCY

## Information provided to intermediaries – General Principles

3000	Approved intermediaries 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 intermediaries on an equal footing insofar as this is compatible with the technological equipment in their possession.
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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.
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## Information provided to intermediaries - Contents

3010	In the opening pre-auction phase intermediaries shall have access to information updated in real time relative to the theoretical opening prices that are determined and the total quantities tradable at such prices.
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3011	Throughout the trading session approved intermediaries shall have access to at least the following information updated in real time:
3011.1	the trading book with all the individual buy and sell orders, the quantities and the prices;
3011.2	a summary of the trading conditions for each security, containing the trading parameters, the market phase, the opening price, the last price, the best buy price, the best sell price and the cumulative volume of trades;
3011.3	the situation regarding the approved intermediary's own orders on the book and trades;
3011.4	a list of the individual trades for each security, showing the time, quantity and execution price.

3012	In the closing pre-auction phase approved intermediaries shall have access to information updated in real time relative to theoretical closing prices that are determined and the total quantities tradable at such prices.
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## Information available 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, Borsa Italiana 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 financial instrument.
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3021	Borsa Italiana shall not disclose information to the public on the identity of the parties to trades.
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## Information available to the public - Contents

3030	In the opening pre-auction phase the following information shall be available to the public in real time for each security:
3030.1	the theoretical opening price and related tradable quantity;
3030.2	the prices and quantities of at least the five best buy and sell orders;
3030.3	the buy and sell quantities on the book for the five best prices.

3031	During continuous trading the following information shall be available to the public in real time for each security:
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3031.1	the prices and quantities of at least the five best buy and sell orders;
3031.2	the buy and sell quantities and number of aggregate orders on the book for at least the five best prices;
3031.3	the price, day and the time of execution and quantity of the last contract concluded and the ID of the financial instrument;
3031.4	the cumulative quantity and value traded.

3032	In the closing pre-auction phase the following information shall be available to the public in real time for each security:
3032.1	the theoretical closing price and related tradable quantity;
3032.2	the prices and quantities of at least the five best buy and sell orders;
3032.3	the buy and sell quantities on the book for the five best prices

# SPECIALIST RULES

## Registration

	4000		Trading in the <b>AIM Italia/Mercato Alternativo del Capitale</b> shall be carried on with the intervention of <b>specialists</b> charged by an <b>AIM Italia company</b> to support liquidity, according to the <b>Rules for Companies</b> .
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## Obligations of specialists

	4010		For the financial instruments whose liquidity they undertake to support, <b>specialists</b> are required to deal for own account and to fulfil the obligation established in the guidance.
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	4011		The termination of the relationship between the <b>specialist</b> and the <b>AIM Italia company</b> must be notified to <b>Borsa Italiana</b> in writing at the conditions established in the guidance.
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### *Guidance to Rules*

Sec.

401

#### Obligation of specialists

401.1

*Specialists must undertake, pursuant to article 4010, for each of the financial instruments for which they intervene, to display continuous bids and offers, exclusively of the quote type.*

401.2

*The obligations of specialists referred to in rule 4001 shall be determined as follows:*

<b>OBLIGATIONS OF SPECIALISTS</b>		
<i>Minimum daily quantity (multiplier*EMS)</i>	<i>Minimum daily quantity (multiplier*EMS)</i>	<i>Spread (1)</i>
0,6*EMS	0,1*EMS	4,5%

*1) The maximum spread is calculated as the ratio of the difference between the bid and ask prices to half their sum*

401.3

*In the months of March, June, September and December, **Borsa Italiana** shall calculate and publish on its website the quantity, defined as number of financial instruments, with reference to each instrument (EMS).*

401.4

*Specialists are required to display bids and offers continuously on the trading book from 15 minutes before the end of the opening pre-auction phase.*

401.5

*Contracts deriving from the matching of orders entered by specialists in fulfilling their obligations under guidance Sec. 401.1 with orders entered by other intermediaries or by the same specialists for customer account shall count towards reaching the daily quantity.*

401.6

*Until the daily quantity is reached, specialists are required to re-enter bids and offers within 10 minutes of the conclusion of a contract as a result of their execution in the electronic system.*

401.7

*At the written request of specialists, **Borsa Italiana** may temporarily suspend or reduce their obligations where circumstances documented by the specialist prejudice compliance therewith.*

401.8

***Borsa Italiana** may revise the table in guidance Sec. 401.1 on the occasion of any*

*circumstances calling for technical interventions, including changes in market conditions.*

401.9 **Borsa Italiana** shall verify that specialists fulfil their obligations.

401.10 *The termination of the activity referred to rule 4002 must be notified to **Borsa Italiana** in writing at least one month before the effective date of the termination. **Borsa Italiana** may accept shorter notice if the continuity of the specialist function is ensured by another person entering into the undertakings referred to in rule 4001.*

# SETTLEMENT

## Settlement

5000	Immediately after the conclusion of contracts on the market <b>Borsa Italiana</b> shall send the daily trade-checking service the data on the contracts with a view to their settlement via the service for the settlement of securities <b>individuated in the guidance</b> , in accordance with the time limits established <b>in the guidance</b> .
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### Guidance to Rule:

#### Trade-checking and settlement service

*X-TRM is the daily trade-checking service.*

*Settlement services of the financial instruments are the services managed by Monte Titoli.*

### Time of settlement

5010	Purchase and sale contracts concluded on the <b>AIM Italia/Mercato Alternativo del Capitale</b> shall be settled:  a) on the third trading day following their conclusion where they refer to securities;  b) on the trading day following their conclusion where they refer to unexercised pre-emptive rights.
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5011	The settlement time limits shall be determined according to the calendar defined by <b>Borsa Italiana</b> .
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5012	<b>Borsa Italiana</b> may specify in the admission dealing notice a different settlement time limit, taking into account the features of the reference market settlement system of the issuer.
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### Late settlement

5020	The rules concerning late settlement (buy-in and sell-out procedures) are set out in the following guidance.
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#### Guidance to Rules

Sec.  
502

#### Start of the mandatory execution procedure

- 502.1 *Pursuant to Article 5020, in the event that purchase and sale contracts are not settled within three days of the prescribed settlement date for lack of the securities, the buyer may initiate the mandatory execution (buy-in) procedure referred to in guidance Sec. 503 against the seller who has failed to perform.*
- 502.2 *Pursuant to Article 5020, in the event that purchase and sale contracts are not settled at the prescribed settlement date for lack of cash, the seller may initiate the mandatory execution (sell-out) procedure referred to in guidance Sec. 507 against the buyer who has failed to perform.*
- 502.3 *The calculation of the days for the buy-in and sell-out procedures shall be based on the*

market calendar.

502.4 The notifications referred to in the following articles shall be made by fax.

Sec.

503 Buy-in procedure

503.1 The buyer shall initiate the buy-in procedure by appointing an intermediary (the buy-in agent) to execute the buy-in and sending a buy-in notice to the seller. The buyer shall notify **Borsa Italiana** of the start of the procedure using the attached form A. Buy-in notices may be sent from the end of the settlement of the third day subsequent to the original settlement day (by 18.00; if the notice is sent after such time, it shall be deemed to have been sent on the following day).

503.2 In the buy-in notice the buyer shall give the name of the buy-in agent, who, except in the case referred to in guidance Sec. 505, shall execute the buy-in according to the time limits and in the manner established in the following guidance.

503.3 If the seller fails to settle the original transaction by the fourth day subsequent to the day on which the buy-in notice was sent (the expiration day), on the following day (the buy-in execution day) the buy-in agent shall purchase the securities to be delivered to the buyer and notify the same of the details of the transaction concluded. If the buy-in agent is unable to purchase some or all of the securities on the buy-in execution day, they may be purchased on the following days.

503.4 The buy-in must be executed on the **AIM Italia/Mercato Alternativo del Capitale**, unless provided for otherwise by **Borsa Italiana**, which shall take account of the features of the security and the ways in which it is traded.

503.5 Upon receiving the notification referred to in guidance Sec. 503.3, the buyer shall notify the seller and **Borsa Italiana**, using the attached form B, of the details of the execution of the buy-in and indicate any price differential between the original contract and the buy-in contract, calculated with account taken of any corporate events or dividend distribution that occurred in the period between the original settlement day and the buy-in execution day. If the price of the buy-in contract is higher than the price of the original contract, the differential shall be payable by the seller.

503.6 At the buy-in execution date **Borsa Italiana** shall request Monte Titoli S.p.A. to delete the settlement instructions of the original contract from the settlement system. Upon execution of the buy-in the buyer shall send the settlement instructions in favour of the buy-in agent to the settlement system for the settlement with the same value date of the quantity and the value in euro of the buy-in transaction. The buyer shall notify **Borsa Italiana** of the sending of the settlement instructions. In the case referred to in guidance Sec 503.5, the seller shall send the settlement system instructions in favour of the buyer for payment of the differential with the same value date as the settlement of the buy-in transaction. The seller shall notify **Borsa Italiana** accordingly.

503.7 The parties are required to check the settlement instructions to be sent to the settlement system pursuant to guidance Sec. 503.6.

503.8 Whenever the end-of-validity date of the original contract is reached and in the cases in which the buy-in agent is unable to purchase the securities by the end-of-validity date of the original contract, the seller must pay the buyer an amount equal to the differential, if positive, between the valuation of the shares on the end-of-validity day and the original value of the contract (cash settlement).

Sec.

504 Buy-in agent

504.1 Pursuant to guidance Sec. 503.1 the buyer shall appoint an intermediary to purchase the securities (the buy-in agent) from among the intermediaries admitted to trading on the markets managed by **Borsa Italiana**. If no such intermediary accepts to act as buy-in agent, **Borsa Italiana** shall make the appointment on its own authority.

504.2 The buyer or **Borsa Italiana** where it made the appointment on its own authority may revoke the appointment of a buy-in agent who fails to execute the buy-in and appoint another. The buyer shall give the seller and **Borsa Italiana**, except where it made the appointment on its own authority, at least one day's notice of the revocation and of the

appointment of another buy-in agent.

Sec.  
505 Delivery of the securities during the buy-in procedure

The seller may settle the original contract by delivering the securities due up to the fourth day subsequent to the day on which the buy-in notice was sent. The buyer shall inform the buy-in agent accordingly. In such case the buy-in procedure shall be immediately cancelled.

Sec.  
506 Pass on

506.1 Upon receiving a buy-in notice, a seller who has not settled a contract concluded for own account within the prescribed settlement time limits because another participant on the **AIM Italia/Mercato Alternativo del Capitale** has failed to settle may transfer the effects of the buy-in procedure to such participant by notifying the latter and **Borsa Italiana**, using the attached form referred to in guidance Sec. 503.1, and filling in the pass-on section as well.

506.2 The seller shall notify the other participant and **Borsa Italiana** of the details of the execution of the buy-in, using the attached form referred to in guidance Sec. 503.5, and filling in the pass-on section as well. The seller shall also indicate any price differential between the original contract and the buy-in contract. If the differential is negative, it shall be payable by the other participant and in the cases in which the buy-in agent is unable to purchase the securities by the end-of-validity date of the original contract, the other participant is required to make the cash settlement referred to in guidance Sec. 503.

Sec.  
507 Sell-out procedure

507.1 The seller shall initiate the sell-out procedure by appointing an intermediary (the sell-out agent) to execute the sell out and sending a sell-out notice to the buyer. The seller shall notify **Borsa Italiana** of the start of the procedure using the attached form A. Sell-out notices may be sent from the end of the original settlement day (by 18.00; if the notice is sent after such time, it shall be deemed to have been sent on the following day).

507.2 In the sell-out notice the seller shall give the name of the sell-out agent, who, except in the case referred to in Guidance 509 shall execute the sell out according to the time limits and in the manner established in the following guidance.

507.3 If the buyer fails to settle the original transaction by 10.00 o'clock on the day subsequent to the day on which the sell-out notice was sent (the sell-out execution day), the sell-out agent shall sell the securities in order to deliver the cash amount to the seller and notify the same of the details of the transaction concluded. If the sell-out agent is unable to sell some or all of the securities on the sell-out execution day, they may be sold on the following days.

507.4 The sell-out must be executed on the **AIM Italia/Mercato Alternativo del Capitale**, unless provided for otherwise by **Borsa Italiana**, which shall take account of the features of the security and the ways in which it is traded.

507.5 Upon receiving the notification referred to in guidance 507.3, the seller, using the attached form B, shall notify the buyer and **Borsa Italiana** of the details of the execution of the sell-out and indicate any price differential between the original contract and the sell-out contract, calculated with account taken of any corporate events or dividend distribution that occurred in the period between the original settlement day and the sell-out execution day. If the price of the sell-out contract is lower than the price of the original contract, the differential shall be payable by the buyer.

507.6 At the sell-out execution date **Borsa Italiana** shall request Monte Titoli S.p.A. to delete the settlement instructions of the original contract from the settlement system. Upon execution of the sell out the seller shall send the settlement instructions in favour of the sell-out agent to the settlement system for the settlement with the same value date of the quantity and the value in euro of the sell-out transaction. The seller shall notify **Borsa Italiana** of the sending of the settlement instructions. In the case referred to in

guidance 507.5, the buyer shall send the settlement system instructions in favour of the seller for payment of the differential with the same value date as the settlement of the sell-out transaction. The buyer shall notify **Borsa Italiana** accordingly.

507.7 The parties are required to check the settlement instructions to be sent to the settlement system pursuant to guidance 507.6.

Sec.  
508 Sell-out agent

508.1 Pursuant to guidance Sec. 507.1 the seller shall appoint an intermediary to sell the securities (the sell-out agent) from among the intermediaries admitted to trading on the markets managed by **Borsa Italiana**. If no such intermediary accepts to act as sell-out agent, **Borsa Italiana** shall make the appointment on its own authority.

508.2 The seller or **Borsa Italiana** where it made the appointment on its own authority may revoke the appointment of a sell-out agent who fails to execute the sell out and appoint another. The seller shall give the buyer and **Borsa Italiana**, except where it made the appointment on its own authority, at least one day's notice of the revocation and of the appointment of another sell-out agent.

Sec.  
509 Delivery of cash during the sell-out procedure

The buyer may settle the original contract by delivering the cash due up to 10.00 o'clock on the day subsequent to the date on which the sell-out notice was sent. The seller shall inform the sell-out agent accordingly. In such case the sell-out procedure shall be immediately cancelled.

#### **Adjustment procedure for corporate events**

G 5100 In the event that purchase and sale contracts are not settled within the prescribed time limits and a transaction that determines the detachment of a right occurs, **Borsa Italiana** indicates in the guidance the applicable discipline.

*Guidance to Rules*

Sec.  
510 Adjustment procedures

510.1 Pursuant to Article 5100 in the event that purchase and sale contracts are not settled within the prescribed time limits (failed transactions) and one of the following corporate events occurs in the meantime:

- a) a reverse share split or a share split
- b) a capital increase by means of an issue of shares for cash
- c) a capital increase by means of an issue of bonus shares
- d) a merger or a spin-off
- e) a conversion of shares into another class of shares
- f) any other transaction that determines the detachment of a right;

one or more of the following parts of the original contract may be adjusted: the value, quantity and/or type of security to be delivered.

510.2 Where purchase and sale contracts are not settled within the prescribed time limits for lack of securities and a dividend distribution occurs in the meantime, the seller shall deliver the securities ex dividend and pay the buyer a cash amount equal to the dividend it has not received, augmented by a percentage that takes account of the economic effects of the payment of the dividend, including those relating to taxation. Such percentage shall be announced on a general basis in a Notice.

510.3 Where purchase and sale contracts are not settled within the prescribed time limits for lack of cash and one of the corporate events referred to in guidance Sec. 501.1 or a dividend distribution occurs in the meantime, the seller shall deliver the securities ex dividend and pay the buyer a cash amount equal to the dividend it has not received.

510.4 Where purchase and sale contracts are not settled within the prescribed time limits and a CIU dividend distribution occurs in the meantime, the seller shall deliver the securities

*ex dividend and pay the buyer a cash amount equal to the dividend it has not received.*

- 510.5 *Where purchase and sale contracts are not settled within the prescribed time limits and a coupon detachment or partial repayment of convertible bonds occurs in the meantime, the seller shall deliver the securities ex coupon or ex repayment and pay the buyer a cash amount equal to the coupon or the amount repaid it has not received. In the case of partial repayment by means of the reduction of par value of the convertible bond, the quantity originally traded must be proportionally adjusted.*
- 510.6 *Where purchase and sale contracts are not settled within the prescribed time limits for lack of securities and the time limit for the exercise of warrants or the conversion of convertible bonds expires or the latter are repaid in full, the seller shall pay the buyer a cash amount equal to the difference, if positive, between the valuation of the warrants or the convertible bonds and the original purchase price. Where this difference is negative, the cash amount equal to the difference shall be paid by buyer. The methods for valuing the warrants or convertible bonds shall be announced by Borsa Italiana on a general basis in a Notice.*
- 510.7 *The adjustments referred to in the preceding paragraphs are intended to minimise the distortionary effects of the event and discourage, in part by providing for increases in the value of the adjustment, the late delivery of securities or cash under contracts concluded on the market.*
- 510.8 *In relation to each of the corporate events referred to in guidance Sec.510.1, Borsa Italiana shall establish the procedures by means of which the relevant contract is to be adjusted and promptly notify them to the market.*

# 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, in <b>Rule for Companies</b> , in <b>Rules for Nominated Advisor</b> ,
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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	monitor the performance of the market and individual <b>AIM Italia security</b> , <i>inter alia</i> with reference to related instruments and the information available to the market;
6001.2	monitor the behaviour of approved intermediaries in the market and compliance with the obligations of <b>specialists</b> ;
6001.3	apply to <b>AIM Italia Companies</b> and approved intermediaries for information deemed necessary in relation to particular market conditions in accordance with rule 1210;
6001.4	verify the updating of records, 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>AIM Italia securities</b> ;
6001.8	promptly suspend the intermediary at the request of the intermediary participating in the settlement service referred to in rule 1100 and immediately inform <b>Consob</b> .

### Measures concerning trading parameters, hours and phases

6010	In particular market conditions, <b>Borsa Italiana</b> may, with reference to categories of <b>AIM Italia securities</b> or individual <b>AIM Italia securities</b> :
6010.1	prolong the duration or delay the start of one or more phases of trading;
6010.2	interrupt, where possible, continuous trading with the simultaneous reactivation of the auction;
6010.3	modify the maximum price variation limits, the static price, the dynamic price and the other trading conditions ("parameters");
6010.4	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 are exceeded;
6011.2	where anomalous trading conditions are observed for <b>AIM Italia securities</b> in terms of prices or volumes;
6011.3	where it is necessary to obtain information on particular market situations concerning <b>AIM Italia securities</b> ;

6011.4	where there are technical reasons or other circumstances that do not guarantee the regular operation of the market;
6011.5	where detailed complaints are submitted by approved intermediaries that consider they have been damaged by irregular behaviour on the part of other approved intermediaries.

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>AIM Italia securities</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
6012.4	for pre-emptive rights and warrants and other derivatives financial instruments, of the theoretical values with respect to the underlying financial instruments and of the exercise period.

6013	<b>Borsa Italiana</b> may cancel orders that hinder orderly trading where the intermediary 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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#### **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 intermediaries concerned;
	6020.2	the cancellation of transactions erroneously entered in the trade-checking service referred to in the Article 5000 up to the day following that of the conclusion of the contracts upon receipt of a explained request from approved intermediaries.

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 intermediaries concerned;
	6021.3	transfer of liquidity (cash adjustment) between the approved intermediaries 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 article 5000.

	6022	In order to permit the handling, in the trade-checking service referred to in the article 5000, of contracts deriving from entry errors, <b>Borsa Italiana</b> may inform authorised intermediaries of the identities of counterparties, if they are not displayed.
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	6023	The measures referred to in rule 6020 shall normally be adopted where:
	6023.1	the approved intermediary that made the entry error applies promptly;
	6023.2	the applicant made an obvious material error;
	6023.3	the applicant stands, in the event that the contracts concluded as a direct consequence of the error are settled, to lose 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
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		referred to in rule 6021 and rule 6022, with special reference 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. 600 and subsequent, determining on a general basis for each category of <b>AIM Italia securities</b> :
	6024.1	the theoretical market prices (“reference 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 account of the nature, liquidity and volatility of <b>AIM Italia securities</b> .
	6026	The promptness of the application for the remedy of an error by its author referred to in rule 6023 shall be assessed inter alia 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 intermediaries 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 intermediaries 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 intermediary that made the mistake a fee proportional to the scale of its intervention, in accordance with the what is established in the guidance Sec. 650.

*Guidance to the Rule:*

Sec. 600	<u>General principles</u>
600.1	<i>An approved intermediary that makes a mistake in entering orders in the market shall promptly inform <b>Borsa Italiana</b>, giving the details of any resulting transactions and specifying whether it intends to request activation of the error handling procedure.</i>
600.2	<i>Such reports, requests for the correction of mistakes by those that made them and the related counterparty authorisations, may be sent:</i> a) <i>by telephone, provided calls are recorded by <b>Borsa Italiana</b> on magnetic tape or an equivalent medium;</i> or b) <i>after contacting <b>Borsa Italiana</b>'s supervision office by telephone, by sending a written request to the following e-mail address: <a href="mailto:ms@borsaitaliana.it">ms@borsaitaliana.it</a>;</i> or c) <i>after contacting <b>Borsa Italiana</b>'s supervision office by telephone, by sending a written request to the following fax number: (+39) 02-867422.</i> <i>Requests sent by e-mail or fax must contain the details of the transactions using a specific model forms. The same information must be expressly specified in recorded telephone calls.</i>
600.3	<i><b>Borsa Italiana</b> 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.</i>
600.4	<i>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 <b>Borsa Italiana</b>.</i>
600.5	<i>The manner of determining the fees for the error handling procedure referred to in rule 6029 is specified in guidance Sec. 650.</i>

- Sec. 610 Ordinary procedure
- 610.1 *The ordinary procedure may be activated where the following conditions are met:*  
a) *the error correction 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 *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 and Sec. 620.3 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 quotation that leads to the conclusion of one or more contracts, the conditions 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 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 guidance Sec. 640;*  
d) *the amount referred to in rule 6023.3 must exceed 12,500 euros in total.*
- 620.3 ***Borsa Italiana** shall promptly inform the applicant where the request for activation of the extraordinary procedure is refused, giving the reasons for the refusal.*
- Sec. 630 Determination of the theoretical “reference” prices
- 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;*
  - *the opening-auction price of the same session referred to in the article 2031;*
  - *the reference price referred to in article 2060;*
  - *a theoretical value determined on the basis of objective models or reference values available to the market where the error being corrected involves pre-emptive rights, convertible bond and warrant.*
- 630.2 *The theoretical reference prices shall be rounded to two decimal places with respect to the last figure of the tick of **AIM Italia securities**.*
- Sec. 640 Determination of the maximum divergence thresholds
- 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 guidance.*
- 640.2 *The maximum divergence for each instrument shall be equal:*
  - *for mistakes made in the pre-auction phase, to the maximum variation*

allowed in the prices of contracts with respect to the static price as provided for in the article 2080;

- for mistakes made in the continuous trading phase, to 5% for shares and convertible bonds, to 10% for other financial instruments traded on the market.

640.3 The values of the prices shall be rounded to the nearest tick of the same **AIM Italia securities**.

Sec. 650 Determination of the fee for handling errors

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.

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 intermediaries in conditions of adequate transparency, <b>Borsa Italiana</b> :
	6040.1	shall establish in the guidance 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	may order the temporary suspension of trading where technical breakdowns affect a significant number of approved intermediaries
	6040.3	shall inform the market of the measures adopted in accordance with this rule where they impinge on approved intermediaries' operations or the trading of <b>AIM Italia securities</b> .

*Guidance to Rule:*

Sec. 660 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 guidance reveal anomalies involving a significant number of approved intermediaries, **Borsa Italiana** may adopt one of the following measures for an individual **AIM Italia securities**:*

- 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 annul unexecuted orders they had entered in the market before the suspension.*
- b) with the auction method;*
- c) with the continuous trading procedure.*

# COMPLIANCE PROCEDURES

## Measures against market intermediaries

C010	Without prejudice to rule 1021, where there is a violation of these rules or the accompanying guidance, including the case of market intermediaries 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, taking into account the seriousness of the violation and any other violations committed in the 30 months preceding the violation:
C010.1	a written censure. If in the 30 months preceding the violation the market intermediary has committed another violation of the same prescription or prohibition for which <b>Borsa Italiana</b> has already imposed a written censure, the measure referred to in rule C010.2 shall be applied;
C010.2	a fine of between 5,000 and 100,000 euros. In deciding on the amount of the fine <b>Borsa Italiana</b> shall take into account the seriousness of the violation;
C010.3	suspension from trading in the market;
C010.4	exclusion from trading in the market.

C011	The measures shall be made public pursuant to rule C040, except in the cases of:
C011.1	a written censure;
C011.1	a fine of not more than 30,000 euros.

C012	The measures provided for in rule C010 shall always be made public pursuant to rule C040 if, in the 30 months preceding the violation in question, the market intermediary has committed other violations of these rules and the accompanying guidance or other provisions governing quotation commitments and liquidity support for which <b>Borsa Italiana</b> has adopted three non-public measures or the market intermediary has committed another violation of the same prescription or prohibition for which <b>Borsa Italiana</b> has imposed a measure other than a censure
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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.
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C014	Where a measure of suspension or exclusion from trading is adopted, from the time such measure takes effect the market intermediary 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.
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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>dealing notice</b> .
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## 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 presumed violation.
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C021	<b>Borsa Italiana</b> shall initiate the procedure by sending the market intermediary concerned a notification:
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C021.1	containing a description of the alleged violation
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 question jointly.

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 market intermediary having submitted a written brief or requested a hearing, <b>Borsa Italiana</b> shall apply the measure indicated in the notification.
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C023	If the market intermediary 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 market intermediary accordingly. The market intermediary 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 intermediary 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 interested party, <b>Borsa Italiana</b> may set a new time limit of not less than 10 days for the submission of another written brief.
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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.
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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 intermediary.
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### **Challenging of measures**

C030	Measures referred to in rule 1021 and rule C010 may be challenged within 15 days of the notification referred to in respectively rule 1021.7, and rule C025 before the Appeals Board established pursuant to C090.
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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>dealing 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 question 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 market intermediary, 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, except for those provided for in rule C010, shall be suspended from 1 August to 31 August of each year.
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### **Jurisdiction**

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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### **Disputes submitted to the courts**

C070	Disputes concerning the fees referred to in rule 1300 and 1451, and the amounts contained in the guidance Sec. 650 referring to fees payable by intermediaries where due, shall be heard exclusively by Italian judges and the competent court shall be exclusively the Court 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> .
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C091	The members of the Appeals Board shall be chosen from among independent persons of proven expertise in matters concerning financial markets.
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C092	The appointment shall be for three years and may be renewed once. 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.
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C093	The decisions of the Appeals Board shall be adopted in accordance with law allowing debate within 30 days of the date of 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.
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C094	In agreement with the other members of the Board, the chairman may assign a question to a single member of the Board.
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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.
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**Board of Arbitration**

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 it: <ul style="list-style-type: none"> <li>• declares its intention of initiating the arbitration procedure;</li> <li>• indicates the subject of the challenge;</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 omitting to do so, the second paragraph of Article 810 of the Code of Civil Procedure shall apply;
C100.3	the third arbitrator, who shall act as Chairman of the Board of Arbitration, shall be appointed consensually by 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 Chairman

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 30 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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