

EuroTLX market RULE BOOK managed by Borsa Italiana S.p.A

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The Italian text shall prevail over the English version

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Definitions

ABS (Asset Backed Security)	a financial instrument issued against a receivable, present or future, and/or against other assets fit to satisfy claims arising out of the same instrument and to cover costs associated therewith.
Access Code	means the trading code to which are associated specific configurations for the connection to the market (CompID).
Admission to Trading	
Admission to trading on a regulated market	admission of a financial instrument to trading on EuroTLX market.
Algorithmic trading	
Algorithmic trader	means admission to trading on a regulated market in accordance with Directive 2014/65/EU, at the request of the issuer.
Atypical Bond	means the trading technique specified in Article 4(1)(39) of Directive 2014/65/EU and in Article 18 of Regulation 2017/565/EU.
Banking Bond Other than Eurobond	means the operator using an algorithmic trading technique, as specified in Article 4(1)(39), of Directive 2014/65/EU and in Article 18, of Regulation 2017/565/EU. a financial instrument representing a loan by a company which does not guarantee repayment of borrowed capital upon expiry. a bond issued by a bank originally placed among a banking network's clients or the object of direct distribution on EuroTLX market or on a regulated market or admitted to trading on a regulated market in the absence of a previous placement even institutional.

Business Day	a day on which EuroTLX market is open for trading.
Certificates	a financial instrument, different from a covered warrant, the price of which tracks the price of underlying assets.
Central counterparty	means the legal person authorised to operate a clearing system, pursuant to Regulation 2012/648/EU.
Covered warrant plain vanilla	a financial instrument, which gives the holder a right to buy (call) or sell (put) a certain amount of financial instruments, interest rates, foreign currency, commodities and/or the relative indices, at a predetermined price, or, in case where a cash settlement is provided for, to receive a cash amount defined as a balance of the settlement and the exercise prices.
CSD	means the legal person authorised to operate a securities settlement system, pursuant to Regulation 2014/909/EU.
Direct Electronic Access	means the connection to the market as specified in Article 4(1)(41) of Directive 2014/65/EU, Article 20, of Regulation 2017/565/EU and in Article 2(1)(d)(ii) of Directive 2014/65/EU
Exotic Covered warrant	A financial instrument combining covered warrants plain vanilla or which incorporates an exotic option.
EuroTLX^{Quote} Market Intermediary	means the Market Intermediary of the EuroTLX ^{Quote} segment which can be enabled to operate in own account or for third parties.
Exceptional circumstances	means the exceptional circumstances identified in Article 3, of Regulation 2017/578/EU.
Financial instruments issued under a programme	bonds, covered warrants and certificates that can be issued under an issue programme using the admission procedure provided for in Article 2.10, paragraph 1;
General condition for the supply of services	The terms and conditions regulating the relationship between Borsa Italiana and the

Market Intermediaries concerning the participation of the Market Intermediaries to the EuroTLX market.

High-frequency trading or HFT	means the trading technique specified in Article 4(1)(40), of Directive 2014/65/EU and Article 19, of Regulation 2017/565/EU;
High-frequency trader	means the intermediary using a high-frequency algorithmic trading technique, as specified in Article 4(1)(40), of Directive 2014/65/EU and in Article 19, of Regulation 2017/565/EU;
Guaranteed Financial Instruments	the financial instruments for which the relating executed contracts are settled through central counterparty.
Guidance to Rules	provisions implementing the contents of the EuroTLX market Rules and jointly published with the Rulebook.
Guide to the parameters of EuroTLX market	the document accompanying the Rules of EuroTLX, referred to as "Guide to the parameters of EuroTLX market" notified in a Notice and available on Borsa Italiana's website.
Interconnected	an Intermediary having an indirect linking to EuroTLX market through an Market Intermediary authorized to operate thereon.
Interconnection	the linking to markets, via market intermediaries; of customers of Intermediaries (including Interconnected Intermediaries), the connection of which may take place in "direct electronic access" mode or in another mode; of organizational units of Intermediaries other than units assigned to the activities of trading in the markets and settlement and the control thereof; of automatic generation's system of orders even if they are installed in an organisational unit of a market intermediary.
Intermediary	the Market Intermediary acting on behalf of its clients and on principal basis.
Issuers Disclosure	distribution to the public of issuers' disclosure regarding financial instruments admitted to trading on EuroTLX market pursuant to the

	present Rule Book; such disclosures being published in the section "Market Communication" of the Borsa Italiana website.
Large in scale transaction or Large in scale order	means the transaction or the order that are large in scale with respect to the normal size of the market, according to the definitions in Regulation 2017/587/EU and in Regulation 2017/583/EU.
Liquid market for the financial instrument	means the liquid market as specified in Article 2, paragraph 1(17), of Regulation 2014/600/EU.
Liquidity Provider	Market Makers and/or Specialists.
Market Instruction	a settlement instruction sent by X-TRM to Euroclear Bank or Clearstream Banking Luxemburg, corresponding to a bilateral balance settlement instruction; it may exceptionally correspond to a single settlement instruction (to enter a traded quantity or reverse trade).
Market Intermediary	The general category of Intermediaries, Market Makers, Specialists or Market Intermediaries of EuroTLX ^{Quote} segment, authorised to operate on EuroTLX market. The Market Intermediary other than the Market Intermediary of EuroTLX ^{Quote} segment referred to in Article 4.1 of the Rules, can be admitted in the capacity of Intermediary and Market Maker and Specialist.
Market making agreement	means the market making agreements offered, in compliance with Regulation 2017/578/EU, to the Intermediaries pursuing a market making strategy.
Market Maker	the Liquidity Provider which undertakes to observe the liquidity requirements as set by EuroTLX market with regard to financial instruments other than banking bonds non Eurobonds, certificates and covered warrants.
Market making strategy	means the trading that is carried out on own account by an algorithmic trader on one or more financial instruments and that involves the entering of firm and simultaneous purchase and sale quotes, for comparable size and at competitive prices and is carried out for at least

50% of the duration of the continuous trading session, for at least half of the days in a month, as indicated in Regulation 2017/578/EU.

Market of an OECD

a market established, organised and governed according to the provision adopted or approved by a competent authority and pursuant to the laws of an OECD State in which it has its seats.

Minimum Negotiable Amount

a minimum denomination at which a financial instrument can be traded.

Minimum Quote Size

a minimum amount of a financial instrument for which, at all times during continuous trading, a Market Maker or a Specialist shall display Quotes.

Notice

the publication prepared and disseminated by Borsa Italiana containing information relevant to the operation of the EuroTLX market.

Other Bonds

"Supranational/Agency" Bonds, "Emerging Markets" Bonds, "Corporate and Financials" Bonds and "Other Government Bonds", as classified in the list made available on the Borsa Italiana website.

Other debt securities

financial instruments different from bonds and representing a loan by a company.

Participatory Instrument

a financial instrument incorporating ownership or participation rights, excluding voting rights at the general meeting.

Prices

the economic conditions applicable to Market Intermediaries in EuroTLX market, attached to the present Rule Book, and being its integral part.

Professional Clients

private professional clients which meet the requirements specified in the Annex no. 3, Part I, to the CONSOB Regulation on Intermediaries, adopted by the CONSOB decision no. 16190 of 29th October 2007, as amended, and public

	professional clients which meet the requirements specified in the implementing measure issued by the Ministry of Economy and Finance under the authority of art. 6 sec. 2- <i>sexies</i> of TUF.
Professional Investor	means the investor meeting the criteria laid down in Annex II, part 1 and 2, of 2014/65/UE directive.
Quote	a bond which can be converted by its holder into shares in the issuer or in other companies, at set dates and manner, at a predetermined exchange rate.
Retail Clients	clients other than Professional Clients and Eligible Counterparties.
Reverse Trade	a Settlement instruction of side opposite to one to be cancelled.
State	the provisions adopted or approved by a competent authority and pursuant to the laws of an OECD State in which it has its seat.
Share	an instrument representing the ownership rights in a company.
Single Listing	admission of a financial instrument to trading on the regulated market TLX with the issuer's consent without it having been admitted to trading on other multilateral trading facility or regulated market of the European Union with such consent.
Single Listing EuroTLX	issuer who has requested or approved admission of its financial instruments to trading on the EuroTLX market and that does not have any financial instruments traded on other multilateral trading facility or regulated markets of the European Union, with its consent.
Specialist	means an approved Liquidity Providers that for the EuroTLX markets, undertakes to support the liquidity of the financial instruments, and performs the functions referred to in Article 6.7.

Specific size of the instrument	means the RFQ size equal to or greater than the size calculated in compliance with Article 13 of Regulation 2017/583/EU;
Technical Communication	notices published on Borsa Italiana website, regarding technicalities of operation of EuroTLX and/or of trade support services, issued by Borsa Italiana.
Termination	removal from trading of a financial instrument or of a Market Intermediary by Borsa Italiana <i>ex officio</i> .
Trading Venues	regulated markets, multilateral trading facilities and systematic internalizers as per, respectively, articles 1 sec. 1 letter w- <i>ter</i> , art. 1 sec. 5- <i>octies</i> and art. 1 sec. 5- <i>ter</i> of the Consolidated Law on Financial Intermediation.
Trading Manual	means the "Guide to the new Trading System" for the EuroTLX market, made available on Borsa Italiana website of;
Tick	means the minimum difference between the prices of orders, established in the guidance to the parameters, for each financial instrument traded in the markets;
X-TRM	means the daily trade-checking service by means of which transactions having financial instruments as their object are sent to the post-trading phases.

Title 1 General Provisions

Section 1 Subject Matter and Amendments

Article 1.1 Scope of this Rule Book

1. The present Rule Book shall govern the structure and operation of the multilateral trading facility (MTF) under the name of EuroTLX market, operated and managed by Borsa Italiana.

All Market Intermediaries shall contribute to the preservation of liquidity on EuroTLX market and ensure that its Interconnected Intermediaries act in accordance with this principle.

2. The present Rule Book shall lay out in particular:
- a) the conditions and procedures for admission, suspension, withdrawal and termination of admission of financial instruments to and from trading;
 - b) the conditions and procedures for authorisation, suspension, withdrawal and termination of authorisation of Market Intermediaries and their obligations;
 - c) the conditions for and the manner of transacting businesses on EuroTLX market and the operation of support services;
 - d) the manner of verification, publication and dissemination of information.

Article 1.2 Amendments to this Rule Book and Technical Communications

1. Amendments to the present Rule Book shall be approved by Borsa Italiana's Board of Directors and shall be immediately communicated to Market Intermediaries thereafter. The Rule Book shall be published on Borsa Italiana's website.

2. The Guidance to Rules and the Technical Communications are approved by the CEO and they shall be communicated to Market Intermediaries through IT systems and/or Borsa Italiana's website.

Title 2 Admission of Financial Instruments to Trading

Section 1 General Conditions

Article 2.1 Scope of Application and Admissible Financial Instruments

1. The present Title of this Rule Book shall govern the admission to trading on EuroTLX market of the following kinds of financial instruments:
 - a) bonds and other debt securities, including participatory instruments, convertible bonds, structured bonds, bonds with warrant, securities issued by sovereign states and atypical bonds;
 - b) shares, certificates representing shares and option rights;
 - c) covered warrants;
 - d) certificates;
 - e) asset backed securities;
 - f) units and/or shares in Investment Funds;
 - g) combinations of the instruments indicated above.

Section 2 Financial Instruments

Article 2.2 General Conditions

1. The requisites for admission of financial instruments to trading on EuroTLX market shall concern the nature, type and liquidity of the financial instrument and the stability of trading therein, with a view to ensure fair dealing on Borsa Italiana. To that end, Borsa Italiana shall have recourse to documents in public domain, available through the major info-providers or provided by the competent authorities, the trading venues or the Liquidity Providers.
2. The financial instruments admitted to trading on the EuroTLX market must be:
 - a) freely negotiable;
 - b) suitable for settlement, according to the procedures set out in Title 7;
 - c) subject of an offering or listing document (prospectus, offering circular or other similar documents) available to the public;
 - d) suitable for trading in a fair and orderly manner;
 - e) compliant to the additional requirements set out in the following articles.

Borsa Italiana may make admission to trading conditional on any particular condition relating to the issuer and the financial instrument, which it deems appropriate and which is explicitly communicated to the applicant, and may exercise discretion in admitting to trading the financial instruments for which it was submitted also by waiving the conditions for admission referred to in the previous articles.

Borsa Italiana may refuse the application for admission to trading taking into account, inter alia, the characteristics of the financial instrument, the characteristics of the

transaction and the related liquidity conditions of the market where the financial instrument is traded. Borsa Italiana communicates this to the requesting party.

2. The admissibility of a financial instrument to trading on the EuroTLX market shall be contingent upon commitment by a liquidity provider to guarantee liquidity of the financial instrument.

3. Paragraphs 2 and 3 of article 100-bis of the Consolidated Law on Finance do not apply to sell offers made on such market

Article 2.3 Bonds and Other Debt Securities

1. Convertible bonds may be admitted to trading on EuroTLX market which meet the requisites referred to in Article 2.4.

2. Notes structured or indexed to a value or a financial asset may be admitted to trading on EuroTLX market provided that the issuer has conferred the task for the quantification of the coupon remuneration and/or of the maturity bonus to an agent for the calculation, or operate itself as an agent for the calculation.

Article 2.4 Shares, Certificates and Other Equity Securities

1. Shares, certificates representing shares and/or other equity securities may be admitted to trading on EuroTLX market if traded on at least one market established in an OECD State on their EuroTLX market trading commencement date.

Article 2.5 Option Rights

1. Option rights may be admitted to trading on EuroTLX market if they pertain to the transactions of share capital increase with regard to financial instruments indicated in art. 2.4 of the present Rule Book and admitted to trading on EuroTLX market.

Article 2.6 Covered Warrant and Certificates

1. Covered warrants and certificates may be admitted to trading on EuroTLX market if a price or other measure of value, reliable and updated, is available to the public for the underlying asset. Borsa Italiana reserves the right to request from the Specialist the methodology for calculating the value of the underlying.

2. A parity/multiple must be established for covered warrants and certificates.

3. The terms and conditions of the issue of covered warrants and/or of certificates shall provide for an automatic exercise of the holder's right upon maturity of financial instruments "in the money".

4. The terms and conditions of the issue of covered warrants and/or of certificates shall provide for relevant adjustments in case of extraordinary events or corporate transactions which concern the issuer of the underlying assets. Such adjustments shall tend to minimize an adverse effect of the event upon the price of the financial instrument as well as conform to the generally accepted practices of the market.

Article 2.7 Units and Shares in Investment Funds

1. UCIs may be admitted to trading on EuroTLX market when their regulation or their statute provide that its units and/or shares may be admitted to trading on a regulated market or in a multilateral trading facility.
2. For ETFs must be satisfied requirements provided by article 2.6, paragraph 1 and 4.

Article 2.8 Asset Backed Securities

1. Asset backed securities may be admitted to trading on EuroTLX market when:
 - a) issued against a loan the outstanding amount of which is not inferior to EUR 50,000,000 or to an equivalent amount expressed in a foreign currency as translated upon filing of the request for admission. Borsa Italiana may admit to trading asset backed securities the outstanding amount of which is inferior to such an amount, if it believes that a sufficiently liquid market may nevertheless be formed in such securities;
 - b) subject to periodic evaluation by at least one independent and internationally recognized credit rating agency;
 - c) rated at least "investment grade".

Article 2.9 Combinations of Financial Instruments

1. For the purpose of admission to trading of financial instruments indicated in art. 2.1 par. 1, letter g), in order to be able to determine the characteristics of the financial instruments in question, Borsa Italiana may request that specific data be supplied.
2. In order to determine the specific data to be supplied, as envisaged in the preceding paragraph, Borsa Italiana shall consider the following criteria:
 - a) the legal nature of the issue;
 - b) the rating assigned to the issue, if applicable;
 - c) the profile of the issuer as against other comparable or highly innovative issues;
 - d) the solvency of the issuer;
 - e) the ability of the Liquidity Providers to effectively provide, in a continuous manner, the liquidity of financial instruments in question.

3. For the purpose of admission to trading of financial instruments indicated in art. 2.1 par. 1, letter g), the provisions on admission to trading of financial instruments of similar legal nature shall apply.

Section 3 Procedure for Admission

Article 2.10 Commencement

1. The procedure for admission of a financial instrument to trading on EuroTLX market shall commence upon filing of a request by the requesting party in the manner set out in the relevant Technical Communication.

2. The admission of financial instruments issued on the basis of an issuance program is provided by Borsa Italiana following the issuance of the declaration of admissibility to listing of the financial instruments envisaged by the program or the confirmation of the declaration of admissibility where the program is integrated with further information notes or if the characteristics of the financial instruments in relation to which Borsa Italiana has issued the declaration of admissibility are changed, requires confirmation of the declaration.

For the start of trading of financial instruments issued on the basis of an issuance program for which Borsa Italiana has issued the admissibility declaration, the applicant submits the supplemental Notice of the program.

3. The admission of financial instruments, which are not issued on the basis of an issuance program, is provided by Borsa Italiana following the submission of an application, which is unique to all the financial instruments involved in the issue.

The application is considered complete when it is received by Borsa Italiana accompanied by all the information to be provided according to request form.

Borsa Italiana shall verify the completeness and formal correctness of the application and, in the presence of irregularities or omission in the documentation, it shall immediately notify the requesting party thereof by e-mail. The request shall be deemed withdrawn if the requesting party fails to correct or complete it as requested within 60 days of such notice, or if it files a new request regarding the same financial instrument.

4. In the context of the admission procedure, the requesting party may use the EuroTLX market for the distribution of the financial instruments referred to in Articles 2.3 and 2.6. In this case, Borsa Italiana shall verify the admission requisites and shall admit the financial instrument and commence trading of purchase and sale contracts on the market. At the end of the sale phase, if successful, and subject to compliance with the requisites laid down in these Rules, the admission shall become final and Borsa Italiana shall establish the date for the start of trading on the market.

If the issue of financial instruments does not take place because the admission requisites laid down in these Rules are not satisfied, the admission decision shall cease to be effective and the contracts executed shall be null and void.

The procedures for distribution via the EuroTLX market shall be established each time by Borsa Italiana in a Notice. The requesting party shall notify the days on which the distribution is to take place, the price, the day on which the issuer will decide whether to proceed with the issue, and the single date set for the settlement of the contracts concluded, which normally coincides with the date set for the issue and payment of the financial instruments.

The contracts concluded during the distribution phase via electronic trading systems cannot be deleted.

Article 2.11 Review of Requisites

1. Having ascertained the formal completeness and correctness of the request, Borsa Italiana shall review the presence of the requisites envisaged in Sections 1 and 2 of the present Title. If it establishes a lack or contravention of a requisite, or a lack of such data that is necessary for due completion of its review, Borsa Italiana shall immediately notify the requesting party thereof and may arrange with the latter that the relevant documents and clarifications be supplied.

Article 2.12 Completion

1. Having ascertained the presence of the requisites envisaged in Sections 1 and 2, Borsa Italiana shall communicate the declaration of admissibility or the admission to trading and the start of the trading to the requesting party and to the s who asked to extend its liquidity requirements to the financial instrument concerned.

2. Prior to the trading commencement date, Borsa Italiana shall notify Market Intermediaries the declaration of admission or the admission of the financial instrument to trading on EuroTLX market by Notice.

3. Borsa Italiana shall reject the request for admission to trading on EuroTLX market as of article 2.10, paragraphs 2 and 4 and duly communicating it to the requesting party and to the Liquidity Providers who asked to extend its liquidity requirements to the financial instrument concerned, if:

- a) the requisites and/or conditions envisaged in Sections 1 and 2 of the present Title do not exist or have not been met;
- b) trading in new financial instruments by the liquidity provider who is to provide liquidity of the financial instrument has been restricted as per article 9.1.

Article 2.13 Admission Periods

1. The declaration of admissibility, the decision to admit or to reject the request of financial instruments referred to in article 2.10, paragraphs 2 and 4 shall be taken within 7 business days which shall run from the filing date or from the subsequent completion of the same. If, in extraordinary circumstances, such deadline cannot be met, Borsa Italiana shall notify the requesting party and the Liquidity Providers who asked to extend its liquidity requirements to the financial instrument concerned thereof, before its expiry, fixing a new deadline.

3. The admission periods shall be:

- a) – without prejudice to the provisions of art. 2.12 sec. 7, in case of irregularities and/or omissions in the request for admission - interrupted until a correct and complete request for admission is filed;
- b) – on request by the requesting party – suspended for a period of up to 60 days;
- c) - in case of a request for admission to trading of a financial instrument of a type under art. 2.1 of the present Rule Book and that has not yet been admitted to trading on EuroTLX market - increased by 50%.

Article 2.14 Priority of Receipt

1. Borsa Italiana shall examine the requests filed in the priority of receipt.

Section 4 Financial instruments of EuroTLX^{Quote} segment

Article 2.15 General conditions, instruments and admission procedure

1. In EuroTLX^{Quote} segment, on exclusive Borsa Italiana initiative are eligible for trading, notwithstanding the provisions of Chapters 2 and 3, financial instruments referred to in Article 2.1, letters a), c), d) and e):

- a) they are freely negotiable;
- b) they can be settled, according to the modalities indicated in Title 7;
- c) they are admitted to trading on a regulated market or in a multilateral system, or they are issued by an issuer or its controlling company having other financial instruments admitted to trading on a regulated market or in a multilateral system;

2. In order to ascertain the presence of the requisites as per paragraph 1, letters a) and b), Borsa Italiana shall verify on the basis of public domain documents (as, for example, the prospectus, the bond terms and conditions, the offering circular or other similar documents) whether the financial instrument has been centralised with the CSD which characterize market class on which the instrument will be traded.

3. A financial instrument may be admitted to trading in the EuroTLX^{Quote} segment provided that the instrument in question is not already traded on the EuroTLX market. If, following admission of Financial Instruments to trading on the EuroTLX^{Quote} segment, said

Instruments are the subject of an admission to trading resolution following a procedure launched in accordance with paragraph 1 of Article 2.10, then the provisions of Article 8.12, paragraph 2, shall apply.

Title 3. Market Intermediaries

Chapter 1 General provisions

Article 3.1 Market Intermediaries admitted to trading

1. Borsa Italiana admits the Market Intermediaries to trading in the EuroTLX market as set out below.
2. The following may participate in trading in the EuroTLX market: entities authorised under the law or regulations to provide trading services on own account and/or execute orders on behalf of clients and entities that fulfil specific membership requirements established by Borsa Italiana in the guidance to the Rules 3.1.
3. Market Intermediaries can operate covering one or more of the following roles:
 - a) Intermediaries;
 - b) Liquidity Providers. Liquidity providers can operate as Market Makers and/or Specialists;
 - c) Intermediaries of the EuroTLX^{Quote} segment.

Guidance to Rules 3.1

Market Intermediaries admitted to trading

The following may participate in trading in the EuroTLX market:

- a) entities authorised to provide trading services on own account and/or execute 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 trading services on own account and/or execute orders on behalf of clients under the laws of EU countries;*
- c) the firms of non-EU countries entered in the register of third country firms kept by ESMA pursuant to Article 48 of Regulation (EU) No. 2014/600 and firms authorized to provide investment services and, where applicable, insurance companies, entities authorised to provide collective asset management services, and pension funds, of non-EU Countries in which Borsa Italiana may operate in compliance of article 26 of the Consolidated Law on Finance;*
- d) the entities authorised by the competent Authority of an EU country to provide one or more investment services and activities; insurance companies, the entities authorised to provide collective asset management services, and pension funds. These entities must set up an internal audit function that does not depend hierarchically on any person with operational responsibilities and*

that makes periodic checks on the activity of trading in financial instruments; Borsa Italiana may exempt intermediaries from this requirement after evaluating their size (proportionality principle).

Article 3.2 Procedure for admission to trading

1. For the purposes of admission to trading in the EuroTLX market, Market Intermediaries shall send Borsa Italiana a written request conforming with what is provided for in "Request for Services" available via Member Portal, specifying the role they intend to play (Intermediary and/or market maker and/or specialist and/or EuroTLX^{Quote} Intermediary).
2. As of the date on which Borsa Italiana notifies Market Intermediaries of receipt of the request referred to in paragraph 1 above, possibly with an invitation to complete the Participation documentation, Market Intermediaries are required to comply with the General Conditions for the supply of services referred to in art. 3.10.2, as well as with these Rules and the accompanying Guidance to Rules insofar as they are applicable in the meantime.
3. Within one month from the day on which the documentation of participation is completed, Borsa Italiana decides on the request referred to in paragraph 1. Borsa Italiana may extend the deadline no more than once and for a maximum of one month, notifying the Market intermediary, if additional insights are necessary.

Guidance to Rules 3.2

1. *Requests under paragraph 1 must be made by signing and sending to Borsa Italiana the "Request for Services" available via the Member Portal, together with a copy of the authorisation issued by the competent Authority, if requested by Borsa Italiana.*
2. *Subsequent to the notification referred to in paragraph 2, intermediaries are required to complete the participation documentation using the forms and functions available via Member Portal of EuroTLX with the following data:*
 - a) *information concerning the participation requirements;*
 - b) *information concerning the offer of the "direct electronic access" service;*
 - c) *declaration showing that before use of each trading algorithm, and whenever a substantial update is made to each of them, the operator has run tests as appropriate to avoid creating abnormal trading conditions and indicates the environment in which the tests of these algorithms were run;*
 - d) *information about "high frequency algorithmic trading";*
 - e) *information concerning the systems for accessing the market, including the identification of any third parties and/or Service Providers including the order for technological infrastructure and confirmation of the execution of technical-functional tests;*

- f) *declaration showing that specific procedures for use of the order cancellation function have been implemented, and which also shows whether the technical procedures for cancelling orders are available on the intermediary's systems or in the market functions (kill functionality);*
- g) *with regards to trading of non-guaranteed class instruments in the case of indirect participation in the CSD, a declaration referred to in Article 3.7, and a declaration of indirect or direct participation to the X-TRM Service;*
- h) *in the case referred to in guidance to the Rules 3.1, letter d) declaration of the legal representative of the company that confirms that the internal audit function has been assigned to conduct periodic audits on the trading of financial instruments.*

As part of the procedure for admission, Borsa Italiana may request Market Intermediaries to provide any additional elements necessary for examining the request.

3. Market Intermediaries already admitted to trading on a regulated market or Multilateral Trading Facilities managed by the London Stock Exchange Group that intend to apply for participation in the EuroTLX market shall send Borsa Italiana the "Request for Services". Without prejudice to Guidance to Rules 3.1, Borsa Italiana reserves the right to consider fulfilled membership requirements under Guidance to Rules 3.3 (1) and not to require the documentation already provided by the Market Intermediary in connection with its participation in other regulated markets or Multilateral Trading Facilities that are operated by the London Stock Exchange Group. The procedure under art. 3.2, paragraphs from 1 to 7, of the Rules shall apply insofar as it is compatible.

4. If the Member Portal of Borsa Italiana is unavailable, market 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.

4. Market Intermediaries shall ensure continued satisfaction of the authorisation and other requirements under art. 3.1 and of the conditions under art. 3.1.1.

5. Revocation or expiry of the authorisation to trade 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:

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

Borsa Italiana may suspend or exclude the Market Intermediary from trading.

6. The cessation of direct or indirect participation in the settlement system and the clearing and guarantee of transactions 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 markets/segments/class concerned 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 Market Intermediary.

Article 3.3 Condition for admission and continued eligibility

1. The admission of Market Intermediaries to trading shall be subject to verification by Borsa Italiana, in accordance with objective non-discriminatory criteria, of fulfilment of the following conditions on a continuing basis:

- a. the adequacy of the technological systems used for trading and associated activities with respect to the nature of the activities carried out and the number and types of interconnections with the markets, and their compatibility with the electronic data processing and telecommunication support systems adopted by Borsa Italiana for the operation of the markets;
- b. sufficient staff with adequate professional qualifications in relation to the types of activity carried out and the number and types of interconnections with the markets;
- c. adequate internal procedures and controls for trading activity, including, *inter alia*, to ensure compliance with the rules of conduct set out in art. 3.11;
- d. adequate clearing and guarantee and settlement procedures, including, *inter alia*, to ensure compliance with the rules of conduct set out in article 3.11, paragraph 2, where applicable.

2. The Market Intermediaries may entrust the management of technological systems to third parties, subject to the conditions laid down in the guidance to Rules 3.3(2)

3. The admission of Market Intermediaries shall also be subject to verification of:

- a) direct or indirect participation in the settlement system, as set out in Guidance to Rules 7.1 and direct or indirect participation in their accessory systems (trade-checking systems);
- b) direct participation in the central counterparty referred to in Title 7 or for market intermediaries that are not participant in the central counterparty, appropriate agreement with a general clearing member of the mentioned central counterparty, pursuant to which:
 - the general clearing member, at the conclusion of the contract on the market, becomes counterparty of the central counterparty for that contract; and
 - the market intermediary, at the same time, becomes counterparty of the

general clearing member.

Borsa Italiana reserves the right to request that the Market Intermediaries use different access codes for the different segments/classes and limit the financial instruments that can be traded depending on how they participate in to the clearing and/or settlement systems communicated by the Market Intermediaries.

Guidance to Rules 3.3 (1)

Requirements for participation

1. For the purpose of complying with the conditions referred to in art. 3.3, Market Intermediaries must attest that:

- a. their trading staff know the rules and operating procedures of the market and the technical instruments for trading and have adequate professional qualifications;*
- b. persons acting as Liquidity Providers for EuroTLX financial instruments, in addition to satisfying the requirements specified above for traders, must know the rules governing and the manner of performing the activity of Liquidity Providers and the related technical instruments;*
- c. they have ensured the presence of a compliance officer who must have an in-depth knowledge of these Rules. The compliance officer shall also be entrusted with relations with Borsa Italiana trading supervision office. Market Intermediaries shall send Borsa Italiana the name of a compliance officer, who must be on call during trading hours. To ensure the continuity of the function in the absence of the compliance officer, Market Intermediaries shall send, in advance or on a case-by-case basis, the name of a deputy using the forms and functionalities available the Member Portal of Borsa Italiana.*
- d. they have systems, procedures and controls for trading activity, including specific procedures for use of the order cancellation function, and clearing, guarantee and settlement procedures that reflect the characteristics of the firm and activity performed;*
- e. they have an internal IT unit that is adequate in terms of number, experience and specialisation of its staff members 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. Market Intermediaries shall also send Borsa Italiana the name of an IT contact person, who must be on call during trading hours. To ensure the continuity of the function in the absence of the IT contact person, Market Intermediaries shall send, in advance or on a case-by-case basis, the name of a deputy using the forms and functionalities available on the Member Portal of Borsa Italiana.*

2. When carrying out the trading activity and associated activities, the Market Intermediary shall avail itself of technological systems which are adequate for the

interaction with the electronic data processing and telecommunication support systems of the market, for which Borsa Italiana has issued a conformance certification (so called conformance test). The conformance certification must be completed before the market access systems are used and before any substantial updating of such access systems or of the market trading system in accordance with the manner indicated in the Trading Service Manual. For the execution of the conformance test the subscription of specific General Conditions for the supply of services is requested.

3. The employees of the trading and Liquidity Provider can not carry out their activities on behalf of several admitted Market Intermediaries.

4. Market Intermediaries may use a third party and/or a group company to perform the activities referred to in these Guidance to Rules those of the compliance officer provided, provided they remain fully accountable for compliance with all the obligations of the Rules and control and coordinate the activities performed by the persons referred to above. Market Intermediaries must inform Borsa Italiana accordingly. The agreement between the Market 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.

Guidance to Rules 3.3 (2)

Conditions for outsourcing technological systems

1. Pursuant to article 3.3, paragraph 2, Market Intermediaries may use Borsa Italiana or third parties:

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

2. Connection to the market may be exclusively provided by Borsa Italiana itself or exclusively by a company specifically accredited. Borsa Italiana reserves to not require the accreditation of the subjects that are already accredited by a company of the London Stock Exchange Group.

3. The company offering the connection to the market may provide that the single connection could be shared among many Market Intermediaries in the respect of specific segregation criteria. In such case the company offering the connection to the market is known as a Service Provider and shall have a contract for this purpose with a company belonging of the London Stock Exchange Group which shall, among other things:

- a) provide for Borsa Italiana or its appointees to be able to check the adequacy of the technological systems with respect to the Services Provided and their compatibility with Borsa Italiana's ICT structures;*

- b) provide for Borsa Italiana to be able to limit the number of intermediaries that a Service Provider may connect to the market;*
- c) require the Service Provider to have back-up and disaster recovery procedures in place;*
- d) the possibility for the Service Provider to offer also the services referred to in paragraph 1, letter b).*

4. Borsa Italiana may refrain from requiring the Service Provider contract referred to in paragraph 3 to be signed by Market Intermediaries that provide the connection to the market to other Market Intermediaries belonging to its group.

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.

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.

7. The contracts between the third party and Market Intermediaries must indicate whether in turn the third party subcontracts some of the services outsourced by the Market Intermediary. For the Service Provider, in no case may such subcontracting may jeopardise the primary role that the Service Provider is required to play in providing the agreed services. If the third party uses in turn subcontractors, provision must be made for Borsa Italiana to verify the adequacy of the technological infrastructure on the latter's premises.

8. The supervision and control of orders sent to the market may not be delegated to a third parties.

Guidance to Rules 3.3 (3)

Accession to settlement, clearing and guarantee services

Intermediaries must adhere, directly or indirectly, to the settlement services indicated in Title 7. In the case of trading of segment / class instruments that provide for different settlement venues, participation in the settlement service can take place in a different manner (direct/indirect) for the different segments and in the case of indirect participation, Intermediaries may use different liquidators.

In the case of trading of guaranteed class instruments, the intermediary must adhere, directly or indirectly, to the clearing and guarantee system managed by Cassa di Compensazione e Garanzia SpA.

In the case of trading of non-guaranteed class instruments, the intermediary must

adhere directly or indirectly to the X-TRM service.

4. If in the performance of its surveillance activity Borsa Italiana finds situations or conduct likely to entail risks for the integrity of the markets, 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:

- a. suspension from trading;
- b. imposition of specific requirements relating to: the number and professional qualifications of trading staff; trading system or Interconnection procedures and controls; any other matters relevant to ensuring the continued satisfaction of Market Intermediaries' admission requirements;
- c. restrict access to the market, including access via Interconnections, or segregation of specific trading activities;
- d. imposition of limits on operations or interconnections.

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 Borsa Italiana, to close out any positions still open and carry out any related transactions that are necessary to protect customers' interests.

6. Borsa Italiana may modify or revoke the measures referred to in this article at any time.

7. Borsa Italiana shall promptly inform the Market Intermediary concerned of the adoption of measures.

8. Market Intermediaries shall notify, in the manner and within the time limits specified in the Guidance to Rules, every variation with respect to the operating conditions referred to in the information provided at the time of submission of the application for admission, in accordance with art. 3.3.1 and 3.6.

Guidance to Rules 3.3 (4):

Notification of changes in admission conditions as well as changes resulting from corporate actions

1. Market Intermediaries admitted to trading shall notify Borsa Italiana, through the Member Portal of any change in the conditions referred to in art. 3.1 and 3.3, as well as any change resulting from corporate actions, including changes to the company's name.

2. Market Intermediaries must notify any changes under the paragraph above 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.

3. Borsa Italiana may request Market Intermediaries, by way of a specific communication, to submit an update of the conditions under articles 3.1.2 and 3.3.1.

9. Market Intermediaries shall observe these rules, the accompanying Guidance to Rules, the applicable Notices and any other technical and operational documents accompanying these Rules, including Service Manuals. Market Intermediaries shall maintain conduct based on principles of correctness, diligence and professionalism in their relations with market counterparties, obligations towards Borsa Italiana and use of the trading systems. Market Intermediaries require that their Interconnected Intermediaries adopt the same conduct based on the above principles.

Article 3.4 Exclusion from trading upon request

1. Market Intermediaries admitted to trading on the markets may request to be excluded from trading in the manner specified in the General Conditions for the supply of services referred to in article 3.10.2.

Article 3.5 Appeals and complaints

1. Appeals and complaints shall be conducted in accordance with the procedures set out in the Compliance Procedures.

Article 3.6 Notifications

1. Market Intermediaries shall promptly notify Borsa Italiana of any circumstances of which they are aware, including technical problems with their systems, that prejudice or might prejudice their compliance with these Rules.

Article 3.7 Indirect participation in settlement system

1. In the case of indirect participation in the settlement system in the case of trading of instruments belonging to unsecured asset classes the Market Intermediary and the settlement Intermediary must send Borsa Italiana a declaration containing:

- a. 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;
- b. an authorisation for the Market Intermediary, if any, to be suspended by Borsa Italiana, at the request and on the responsibility of the Intermediary participating

in the settlement system, without Borsa Italiana 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.

Section 2 Compliance and enforcement

Article 3.8 Verification activity and co-operation

1. For the purpose of verifying compliance with these rules and the accompanying Guidance to Rules and, more generally, in order to ensure the performance of its functions of organising and managing the market, Borsa Italiana may:

- a. request Market Intermediaries to provide all the necessary information and documents concerning transactions carried out on the market and compliance with reporting obligations. If necessary, the Market Intermediary will obtain the information requested by Borsa Italiana from its Interconnected Intermediary;
- b. summon the representatives of the admitted Market Intermediaries to clarify specific conduct or situations;
- c. exclusively for the purpose of verifying compliance with the requirements of article 3.3, carry out examinations on the premises of Market Intermediaries.

2. Where evidence is found of presumed violations of these Rules or the accompanying Guidance to Rules, Borsa Italiana, after acquiring appropriate substantiating elements, decides whether, in its opinion, a violation has been or has not been objectively completed and, if so, it adopts any of the measures referred to in article 9.4, after it started the procedure under article 9.3, when applicable.

3. Market Intermediaries shall be liable vis-à-vis Borsa Italiana for the conduct of their employees and collaborators. Conduct by traders that violates these rules shall be considered as the conduct of the Market Intermediary.

4. Borsa Italiana may co-operate, also by the sharing of information, with other regulated markets and Multilateral Trading Facilities.

5. Where in the course of market surveillance Borsa Italiana acquires evidence suggesting that acts of insider trading or market manipulation may have been committed, it shall immediately report such evidence to Consob.

Article 3.9 Imposition of sanctions for Market Intermediaries

1. Imposition of sanctions shall be conducted in accordance with the procedures set out in the Compliance Procedures.

Section 3 Charges and fees

Article 3.10 General conditions for the supply of services and fees

1. Market Intermediaries are required to pay fees for the services provided in accordance with the amounts, intervals and time limits established by Borsa Italiana on the basis of transparent and non-discriminatory criteria and indicated in the Price List attached to the General Conditions for the supply of services.
2. Relations between Borsa Italiana and Market Intermediaries as regards participation in trading on the market are governed by the General Conditions for the supply of services, published on the Borsa Italiana's website.
3. Borsa Italiana shall announce changes to the General Conditions for the supply of services by posting the revised text on the Borsa Italiana's and in the manner specified in the General Conditions themselves.

Section 4 Rules of conduct

Article 3.11 Rules of conduct for Market Intermediaries

1. Market Intermediaries shall refrain from acts that may prejudice the integrity of the markets. *Inter alia* they may not:
 - a. commit acts that are likely to give a false or misleading impression to other market participants;
 - b. carry out transactions, whose objective is not to transfer ownership of the EuroTLX financial instruments traded or to modify their exposure to the market;
 - c. commit acts that may prevent the maintenance of the liquidity of the market and/or make it difficult for Liquidity Providers to fulfil their commitment;
 - d. carry out, directly or through a nominee, transactions under a prior agreement for the execution and offsetting thereof.
2. Market Intermediaries must adopt effective forms of control in order to monitor the contractual positions taken on the market and avoid situations that could hinder the orderly conduct of trading and the regular settlement of contracts with settlement systems. Market intermediaries must implement precise strategies in order to ensure the settlement of contracts within the envisaged deadlines.

In order to comply with the conditions set out in this article, Market Intermediaries must, furthermore, satisfy the provisions within the Guidelines.

3. The Liquidity Providers applying a market making strategy through algorithmic trading techniques on one or more financial instruments, other than those for which they have already undertaken the obligations laid down in article 6.4, at the occurrence of the conditions indicated in Regulation 2017/578/EU, must inform Borsa Italiana, and include this financial instrument between what operating in accordance with the provisions of

article 6.4, in accordance to such Regulation.

4. Market Intermediaries trading financial derivatives on commodities must inform Borsa Italiana of the positions held, with the procedures and the schedule indicated in the guidance to the Rules 3.11.

Guidance to Rules 3.11

Positions on commodities securitised derivatives

1. Market Intermediaries that trade in commodities securitised derivatives, must report detailed information on the positions they hold, including the positions of their clients and the clients of those clients, until the end client, classified in accordance with the procedures indicated in Consob Regulation of Markets and the terms and conditions contained in the Manual for reporting positions on commodities derivatives.

2. Borsa Italiana reserves the right to ask Market Intermediaries for all useful information and documents, including those concerning the transactions of their clients and the clients of those clients, down to the end client, to check the position limits, and it may ask the intermediary to close or promptly reduce the positions if the limits are exceeded or otherwise by the deadline that is periodically announced by Borsa Italiana.

3 If the positions have not been reduced by the deadline envisaged in paragraph 2, Borsa Italiana made assign an intermediary to close the positions that can be associated with the intermediary.

4. If necessary to reduce the effects of a dominant position, Borsa Italiana may ask the intermediary to place orders on the market for agreed quantities and prices.

Guidance to Rules 3.11 (1)

Monitoring of positions to be settled

1. In order to ensure the monitoring of the contractual positions taken and to ensure the settlement of contracts traded in the unsecured classes, the Market Intermediaries must adopt internal procedures that allow:

- a) the reconciliation of the contracts concluded on the market with the bilateral net balances forwarded to the settlement service;*
- b) the identification of unsettled contracts;*

c) for the instruments of the international non-guaranteed classes, upon request of Borsa Italiana, enter settlement instructions aimed at maximizing the settlement of contracts concluded, according to the criteria specified by the specific Technical Communication.

Article 3.12 Rules of conduct for Intermediaries

1. Market Intermediaries acting as Intermediaries may carry out trading activities on behalf of clients and on principal basis in instruments traded in the segments Bond-X, Equity and Cert-X.
2. Intermediaries shall not engage in conduct characteristics of market makers (abusive market making) and shall require that their Interconnected Intermediaries do not engage in similar conduct characteristics of market makers (abusive market making).

Guidance to Rules 3.12 (1)

1. Abusive market making shall consist in repeated submission and cancellation of bid and/or ask orders with regard to a financial instrument, the amount of which renders it alike market making activity.

Such abusive market making shall likewise consist in:

- a) repeated submission and cancellation of bid and/or ask orders with regard to a financial instrument, the frequency of which is constant or otherwise similar to that of Liquidity providers on the instrument;*
- b) repeated submission and cancellation of bid and/or ask orders with regard to a financial instrument, continued even if orders already placed have been executed for the quantities sought.*

2. To ascertain abusive market making, Borsa Italiana, based on that reported by the Market Intermediaries, shall mainly consider:

- a) the conduct of the Intermediary or of its Interconnected Intermediaries in its entirety, taking account of other cases showing a pattern of trading as described in the preceding paragraph;*
- b) the dynamics as regards the contribution of Liquidity Providers on the instrument concerned.*

3. Should the Borsa Italiana ascertain abusive market making, as defined in paragraph 1 above, it may request that the Intermediary promptly seek observance of the conduct rules on the part of the Interconnected Intermediary with a view to ceasing the activity of abusive market making.

3. Intermediaries shall refrain from any activity detrimental to liquidity on the market and shall require that their Interconnected Intermediaries also refrain from any activity detrimental to liquidity on the market. Trading which has as its object the taking advantage of temporary and significant price misalignment by other Market Intermediaries shall be considered detrimental to liquidity on the market.

Guidance to Rules 3.12 (2)

1. To identify abusive conduct detrimental to liquidity on the market, Borsa Italiana shall consider conduct by Intermediaries, including by their Interconnected Intermediaries, in its entirety, taking account of other cases of advantage being taken of temporary and significant price misalignment. To this end, the following trading patterns can be considered indicative of abusive conduct detrimental to liquidity on the market:

- a) conclusion of repeated contracts, even if concluded on different trading days and/or with regard to diverse financial instruments, concluded on occasion of temporary and significant price misalignment by other Market Intermediaries;*
 - b) conclusion of contracts in a short period of time, including for diverse financial instruments, in order to take advantage of temporary and significant price misalignment by the same Intermediary;*
 - c) use of program trading software to conclude contracts in circumstances described under a) and, b) above.*
-

4. Contracts considered the object of suspect manipulative conduct and of conduct detrimental to liquidity as mentioned above may be cancelled by Borsa Italiana, as part of the procedures covered by articles 8.8 and 8.9.

Article 3.13 Rules of conduct for Liquidity Providers

1. Entities operating as Liquidity Providers may carry out trading activities on their own account solely in instruments in relation to which they have undertaken to comply with liquidity requirements.

2. Liquidity Providers shall adopt and maintain efficient price-setting processes for the financial instruments of which they are to provide liquidity, in a manner independent and autonomous from the price-setting processes of other Liquidity Providers dealing in the same financial instrument.

3. Liquidity Providers shall operate in accordance with the liquidity requirements set out in Title 6.

Section 5 Transmission of orders

Article 3.14 Transmission of orders to the market

1. Market Intermediaries shall be liable for all interactions with the electronic data processing and telecommunication support systems adopted by Borsa Italiana for the operation of the markets, including trading orders sent to the market and those sent via Interconnections, 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, countervalue and number.

2. Market intermediaries using trading algorithms must certify, before using them and any time these have undergone substantial changes, that the trading algorithms used were tested, to avoid contributing to or creating disorderly trading conditions, and must indicate the environments used for these tests. To this purpose, they issue to Borsa Italiana a special statement according to the guidance to the Rules 3.14.

3 In order to ensure the smooth technical functioning and efficient use of the electronic trading support systems, Market Intermediaries must observe the technical limits for order entry established on a general basis by Borsa Italiana in the Guide to the Parameters. Borsa Italiana may also establish further limits on the entry and modification of orders in terms of daily frequency, total daily number or the ratio of orders to contracts concluded. Borsa Italiana shall establish such limits and any fees payable by Market Intermediaries where they are exceeded.

4. Intermediaries shall never provide interconnections to legal persons whose main scope of business consists in trading on own account. Intermediaries may provide such interconnection, on a case by case basis, to fund and/or asset management companies by means of interconnection, without prejudice to the overall obligation to observe the conduct rules set up in the present section 4. Intermediaries require that their Interconnected Intermediaries comply with the provisions of this paragraph.

5. Market Intermediaries can request to use more than one code to segregate specific trading activities or to segregate different participations in the settlement system. For this purpose Market Intermediaries must take previous contact with Borsa Italiana.

6. Following the procedures indicated in the guidance to the Rules 3.14, intermediaries must:

- a) transmit the information needed to allow the association between the content of the orders and the information needed to guarantee to Borsa Italiana the completeness of records requested by Regulation 2017/580/EU;
- b) acquire the appropriate controls to ensure the correctness and completeness of the information entered in the orders and in the systems used to associate the information, according to letter a) above;
- c) provide Borsa Italiana with the information on executed contracts needed to comply with transaction reporting obligations, if such obligations pertain to the market.

Guidance to Rules 3.14

1. Market Intermediaries are required to fulfil the participation requirements and shall be liable for the orders sent to the markets.

2. Intermediaries must organise themselves in order to be able to control orders entered, including those entered via Interconnections. To this end, attention must be paid to:

- the professional qualifications of the persons assigned to trading;*
- the controls on access to systems that permit the entry of orders via Interconnections; such controls must make it possible to ensure the fitness and recognition of the persons who operate via interconnections and the access controls of the order enter via Interconnection. In the case of "direct electronic access" the participant is required to put in place procedures to ensure that the subjects that may be guaranteed such access comply with the requirements of Article 22 of Regulation 2017/589/EU;*
- the controls on the maximum quantities, on the countervalue and prices of orders entered;*
- the controls on the overall trading activity carried out by the different entities operating via Interconnections;*
- the frequency according to which the entities operating via Interconnections enter order which have overridden controls and systems alert in terms of price, size, countervalue and number.*

3. In order to ensure the adequacy of the systems referred to in art. 3.14.1, 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) price quantity and countervalue limits, possibly by instrument;*
- c) possible price impact caused by the order entered;*
- d) minimum order quantity, taking into account the economic significance of the order;*

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

5. As for Interconnections, in addition to providing submitters of orders via Interconnections with appropriate professional support, Intermediaries shall equip themselves with controls and monitoring systems in order to:

- prevent the entry of orders that exceed the maximum variation thresholds;*
- instruct submitters regarding the manner of entering orders.*

6. 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 submitters of orders via Interconnections.

7. The Intermediaries undertake to inform their Interconnected Intermediaries of the rules of conduct set out in these Rules and, where required by Borsa Italiana, to request their collaboration in identifying and terminating, within an adequate period of time, any breach of the obligations set out in article 3.12.

8. Intermediaries have to report the following information via the Member Portal of Borsa Italiana. This information is necessary to complete the content of orders which Borsa Italiana is required to file pursuant to Regulation No. 2017/580:

- a) client identification code;*
- b) code used to identify the person or algorithm used internally by the intermediary responsible for the investment decision;*
- c) code used to identify the person or algorithm that is responsible for execution of the order.*

The intermediaries shall ensure that each these codes (long-code) corresponds, in the trading orders, to a single code (short code), and vice versa.

The communication of the information indicated at letter b) and c) constitute confirmation that the indicated trading algorithms have been tested in advance.

9. The intermediaries that are not subject to Regulation (EU) 2014/600 must report all the additional information that has not already been reported pursuant to paragraph 8, so that Borsa Italiana may properly discharge its obligation pursuant to Article 26 paragraph 5 of that Regulation, in accordance with the terms and conditions indicated in the Manual of transaction reporting.

Section 6 Systems and trading

Article 3.15 Technical breakdowns of Market Intermediaries' systems

1. Market Intermediaries shall promptly inform Borsa Italiana of any technical breakdowns of the systems they use for trading or of those for accessing the markets referred to in articles 3.1.3 and 3.6.

2. In the cases referred to above, Market Intermediaries shall follow any instructions received from Borsa Italiana and may request, in the manner laid down in the Guidance to Rules, the deletion of orders sent to the market.

Guidance to Rules 3.15

Technical breakdowns in Market Intermediaries' systems

1. For the purpose of article 3.15.1, the Market Intermediaries shall promptly inform Borsa Italiana of any 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. The Market Intermediaries shall also notify the subsequent reactivation of their systems.

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 on their behalf either all of the orders entered or of those associated with specific access code.

3. Market Intermediaries shall send Borsa Italiana, through the Member portal the list of persons who may request the deletion of orders. The list may include traders, the compliance officer under Guidance to Rules 3.3 (1) and other entities deemed by the Market Intermediary to possess adequate professional qualifications and subject to the provisions of article 3.8.3.

4. Borsa Italiana may only delete orders at the request of persons assigned to trading and included on the list under paragraph 3. Borsa Italiana shall only notify the names of the persons on the list 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.

5. Market Intermediaries must notify the list under paragraph 3, and every change to the list itself, through the Member Portal of Borsa Italiana. Changes to the list will be effective from the moment in which the receipt is confirmed by Borsa Italiana, Market Intermediaries that configure their access to the market using more than one access code must send the list under paragraph 3 for each access code.

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 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.

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 under articles 8.6 and 8.7.

Title 4 Trading Conditions

Section 1 Trading segments

Article 4.1 Trading segments

1. Borsa Italiana identifies homogeneous segments or market classes from the point of view of financial instruments, post-trading services.

Guidance to Rules 4.1

Segments of the EuroTLX market

1. The financial instruments admitted to the EuroTLX market are divided according to the characteristics of the instruments and the methods of negotiation in the following segments:

- *Bond-X segment, for trading on financial instruments referred to in article 2.1, paragraph 1, letters a), e), f) and g);*
- *Equity segment, for trading on financial instruments referred to in article 2.1, paragraph 1, letter b);*
- *Cert-X segment, for trading on financial instruments referred to in article 2.1, paragraph 1, letters c) and d);*
- *EuroTLX^{Quote} segment, for trading on financial instruments referred to in article 2.1, paragraph 1.*

2. Within the segments, the EuroTLX financial instruments are divided into classes based on the characteristics of the post trading services, distinguishing:

- *guaranteed domestic class*
- *domestic class not guaranteed*
- *international class guaranteed*
- *international class not guaranteed*

Section 2 Trading

Article 4.2 Trading methods and phases

1. Trading on the EuroTLX market shall be carried out using the continuous method with the following trading hours:

08.45 a.m. – 09.00 a.m.	pre-trading
09.00 a.m. – 5.30 p.m.	continuous trading

During the pre-trading phase, only liquidity providers can enter, change and eliminate Quotes. The continuous trading phases and the contract conclusion shall start at the end of the pre-trading phase in accordance with that set out in article 4.4.

2. Borsa Italiana may set different trading hours for specific trading days, different from those set out in paragraph 1. Borsa Italiana shall communicate such specific trading days and trading hours in advance to the public.

3. Borsa Italiana establishes for each financial instrument a minimum negotiable amount, according to the characteristics of the instrument, in order to ensure the regularity of trading, upon admission of a financial instrument.

4. The minimum negotiable amount of a financial instrument must not be set at below the minimum piece size as determined by the terms and conditions of the issue thereof.

5. The minimum negotiable amount may be subsequently modified and, in such case, shall be promptly made public. The communication to the public shall indicate the date from which the new minimum negotiable amount will apply.

Article 4.3 Trading rules

1. Shares, certificates representing shares, other equity securities, option rights, covered warrants, certificates and units and/or shares in Investment Funds shall be dealt in at their unit price, irrespective of their nominal value.

2. Bonds, other debt securities and asset backed securities shall be dealt in at their current value, being the percentage of their nominal value, the latter being equal to 100 (trading in percentage).

3. As regards a financial instrument which pays coupons and is traded clean price, upon conclusion of a contract therein, accrued interests shall be calculated according to one of the modes envisaged in Guidance to Rules 7.1 of the present Rule Book and added to the price to be paid.

4. Borsa Italiana shall communicate in a Notice whether a financial instrument which pays coupons is traded clean price or otherwise.

Article 4.4 Orders

1. Market Intermediaries shall express their willingness to trade through anonymous orders. Orders shall contain at least the information relative to the EuroTLX financial instrument to be traded, the quantity, the type of transaction, the type of account, the price and the method of execution and include a special indication when originated from an algorithm or entered by a direct electronic access. The orders may also specify different validity parameters based on time and outcome of the order and contain the additional information necessary for Borsa Italiana to comply with the Regulation

2017/580/EU. The methods for entering such information and the parameters admitted for each order shall be established in the Guide to the new Trading System.

2. In the pre-trading phase only "quotes" orders can be entered.

3. In the continuous trading phase the following types of orders may be entered:

a) with limit price (or limit order), orders that can be executed at an equal or better price compared to their limit price;

b) without limit price (or market order), orders that can be executed at any price;

c) requests for quotes (RFQs), that is, requests for the display of binding quotes. Notwithstanding the present Article, RFQs shall contain details of the financial instrument to be traded, and the quantity may contain the type of the transaction. RFQs and may also be expressed either anonymously or otherwise, depending on the criteria and methods set out in the Guide to the Parameters of EuroTLX market. The RFQs are submitted in accordance with the criteria, and in the manner, set out in Article 4.6.

The Guide to Parameters of EuroTLX market specifies the length of validity of these types of orders and the types of financial instruments for which functionality is active.

Limited to banking bonds non Eurobonds and to covered warrant and certificates about article 2.6 the activation of the functionality must be required by the Specialist.

In segments referred to in Article 4.1, from letters a) to d), RFQs may only be admitted for those instruments referred to in Articles 2.3, letters A and B; 2.6, 2.8 and 2.9. Limited to banking bonds non Eurobonds referred to in Article 2.3, letter B and to covered warrant and certificates referred to article 2.6 the activation of the functionality must be required by the Specialist.

3. Orders can be modified and cancelled in the pre-trading and the continuous trading phases.

4. The orders for each financial instrument shall be automatically ranked on the book according to the price – by decreasing price for buy orders and by increasing price for sell orders – and, where the price is the same, according to entry time. Modified orders shall lose their time priority if the modification involves an increase in the quantity or a change in the price.

5. Limit orders may not be entered with prices above or below the maximum percentage limits for price variations established in Guidance to Rules 4.5.

6. In order to ensure the regularity of trading in a financial instrument, Borsa Italiana may establish the maximum quantity and countervalue of financial instruments in an order and give notice through its Borsa Italiana's website.

Guidance to Rules 4.4

The maximum duration that may be specified for "good till date" orders shall be 1 day.

Prices of orders

Borsa Italiana establishes in the Guide of the Parameters the tick of the instruments traded in the EuroTLX market and communicates it to the public through the Borsa Italiana's website.

Execution of the RFQs referred to in Article 4.4, par. 3, letter c) may result in the conclusion of contracts at prices with thresholds that differ from the minimum thresholds ("ticks") referred to in the preceding paragraph.

Contracts shall be valued on the basis of the currency of denomination of the EuroTLX financial instruments, except as otherwise specified in the admission to trading Notice.

Article 4.5 Continuous trading

1. 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 4.4, as follows:

a) 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;

b) 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 and 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 and until the quantities available are exhausted. Market orders may be entered only where there is at least one limit order of the opposite sign on the book.

2. For each contract concluded via automatic matching in accordance with paragraph 1, the price shall be equal to that of the order having higher time priority.

3. 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.

4. Orders that are unfilled at the close of trading shall be automatically cancelled.
 5. The execution of Contracts between the Liquidity Providers is allowed only for contracts in financial instruments classified as "Government Bonds" and "Other Bonds" concluded between liquidity providers who have duly requested to be allowed to conclude such valid contracts, as per art. 6.2.1.
 6. Following a request by an Market Intermediary who intends to deal in quantity not present on the book of a financial instrument, a Liquidity Provider may enter an opposite order for the quantity requested. The price quoted by the liquidity provider must fall between the best bid and ask prices present on the book of the financial instrument, outliers excluded.
 7. The Liquidity Provider shall notify to Borsa Italiana the details of contracts concluded in the manner described under the preceding paragraph by the beginning of the next trading day, by sending an e-mail to MSEuroTLX@borsaitaliana.it.
 8. Where, during the continuous trading of an EuroTLX financial instrument, the price of a contract that is being concluded exceeds the price variation limit referred to in the Guidance to Rules, the continuous trading of the EuroTLX financial instrument shall be automatically suspended for the interval of time specified in the Guidance to Rules below and the order that gave rise to the suspension from trading is automatically cancelled.
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Guidance to Rules 4.5

Automatic trading controls

1. For the purpose of the automatic control of the regularity of trading, the following types of price variation limits, specified by class of instrument according to the residual life of each instrument, shall be established:

- a) the maximum price variation limit for orders with respect to the static price;*
- b) the maximum price variation limit for contracts with respect to the static price;*
- a) the maximum price variation limit of contracts with respect to the dynamic price.*

The reference values are specified in the Guide of Parameters of EuroTLX market.

2. Where, during the continuous trading of a financial instrument, the price of a contract exceeds one of the price variation limits under paragraph 1, letters b) and c), the continuous trading of that financial instrument shall be automatically suspended for a period of 2 minutes. During the temporary suspension of trading orders may not be entered or modified. At the end of the temporary suspension, trading shall restart with

the continuous trading method unless Borsa Italiana provides otherwise pursuant to Title 8.

Article 4.6 Method of execution of RFQs

1. The RFQs, complete with the indications referred to in Article 4.4, par. 3, letter c), may be visible by the Liquidity Providers, in accordance with the conditions set out in the Guide to Parameters of EuroTLX market and in the guidelines 4.6.
2. An RFQ shall not be modified. The intermediary who has entered an RFQ may cancel the order, and said cancellation automatically implies cancellation of any corresponding responses.
3. Responses to RFQs must be entered for a quantity at least equal to the quantity of the RFQ and, before execution, if any, they may only be viewed by the Market Intermediary who entered the RFQ. They are automatically ranked according to the price – decreasing price if to buy, and increasing price if to sell – and also, if prices are the same, in order of urgency.
4. Responses to a RFQ may only be modified, until execution of the RFQ or until the expiry of the terms as referred to in Article 4.4, par. 3, letter c).
5. Responses to an RFQ present at the time of the temporary trading suspension, referred to in the 4.5 guidelines, in the financial instrument to which the RFQ refers, shall be automatically cancelled, while the RFQ is cancelled if the terms set out in the Guide to Parameters of EuroTLX market have expired. During the temporary suspension, the entering of responses to a RFQ is not allowed.
6. Contract shall be concluded on the initiative of the requesting intermediary, that within the terms as per Article 4.4, paragraph 3 letter c), can confirm his intention to trade, making executable the responses, or at the time of the entering of the order, is able to identify the parameters which, when verified for a period of time defined by the system, make the responses executable. Consequently the system makes public the information on the responses to the RFQ, which satisfy the parameters provided by Borsa Italiana, and subsequently conclude the contract by matching of the RFQ with the response with the best price. The information is disclosed according to article 5.4.
7. The conclusion of contracts with the procedures indicated in this Article, takes place at the conditions indicated below:
 - a. the price must fall within a percentage deviation with respect to the best prices of purchase and sale on the trading book, or in the absence of purchase and sale proposals, within a percentage deviation with respect to the dynamic price, indicated in the Guide to Parameters of EuroTLX market;
 - b. the size of the contract must be at least equal to the size indicated in the Guide to Parameters of EuroTLX market.

8. The execution of the orders referred to in this Article shall not contribute to the formation of the reference price, or of the dynamic price, referred to in Articles 4.7 and 4.8.

Guidance to Rules 4.6

RFQs

1. RFQs may be entered anonymously or otherwise, in accordance with the criteria and instruments indicated in the Guide to the Parameters of EuroTLX market.

2. Pursuant to Article 4.6, par.1, RFQs entered in non-anonymous form may be addressed to a maximum number of qualified Market intermediaries indicated in the Guide to the Parameters of EuroTLX market. In such event, Market Intermediaries qualified to reply shall be selected by the requesting Market Intermediary.

3. Market Intermediaries authorized to reply to RFQs, must avail themselves for such purpose of the "quote response" function.

Article 4.7 Reference price

1. For instruments other than shares, covered warrants and certificates the reference price is equal to:

a) the weighted average of the contracts concluded in a specific time period of the continuous trading phase and whose value is specified in the Guide of Parameters of EuroTLX market with reference to the financial instrument type;

b) where it is not possible to determine the reference price pursuant to letter a), the reference price shall be equal to a significant number of best bids and orders displayed on the order book during the continuous trading phase, giving greater weight to the most recent;

c) where it is not possible to determine the reference price pursuant to letter b), the reference price shall be equal to a significant number of best bids displayed on the order book during the continuous trading phase, giving greater weight to the most recent;

d) where it is not possible to determine the reference price pursuant to letter c), the reference price is equal to that of the previous session.

2. For shares, covered warrants and certificates, the reference price is equal to:

a) a significant number of best bids and orders displayed on the order book during the continuous trading phase, giving greater weight to the most recent;

b) where it is not possible to determine the reference price pursuant to letter a), the reference price shall be equal to a significant number of best bids displayed on the order book during the continuous trading phase, giving greater weight to the most recent;

c) where it is not possible to determine the reference price pursuant to letter b), the reference price is equal to that of the previous session.

3. In order to guarantee the regularity of trading and, Borsa Italiana may establish, on a general basis and with reference to specific trading segments or a single financial instrument, an interval of time different from that set out in paragraph 1, letter a), or that the reference price shall be determined in a manner having a different sequence to that laid down in the previous paragraphs and announce the decision in a Notice.

4. Any contracts concluded in the manner indicated in Article 4.6 shall not contribute towards formation of the price.

Article 4.8 Static and dynamic price

1. The static price shall be given by:

- a) the reference price of the previous day for non Eurobond bank bonds, covered warrants and certificates;
- b) the price of the first contract concluded in the continuous trading phase for other instruments.

2. The dynamic price referred shall be:

- a) the price of the last contract concluded in the current session;
- b) the previous day's reference price if no contracts have been concluded in the current session.

Article 4.9 Cancellation of Financial Instruments at Maturity

1. Upon maturity automatic cancellation of a financial instrument from the Book shall be carried out in the following manner:

- covered warrants and/or certificates, alternatively:
 - on the settlement day preceding the last settlement day on which the rights inherent in the financial instrument may be exercised, even if prior to maturity;
 - the second settlement day preceding the date of maturity of the financial instrument;
 - if the settlement amount is to be determined prior to maturity date, the day of the determination of the price of the underlying assets. In the latter case, based on the characteristics of the financial instrument and the time to maturity, Borsa Italiana may decide to postpone the cancellation day;

- bonds and/or other debt securities, including participatory instruments, structured bonds, bonds with warrant, Government Bonds, atypical bonds and asset backed securities:
 - on the second settlement day preceding the day on which the financial instrument may be redeemed, even if prior to maturity, Borsa Italiana may dispose of the automatic deletion date as a result of similar action taken by the of the relevant market and/or communications or actions by the settlement system;
- convertible bonds:
 - on the settlement day preceding the last settlement day on which the financial instrument may be converted, even if prior to maturity.

In all cases where the automatic cancellation date does not correspond to a Business Day, the date of cancellation shall run from the first subsequent Business Day.

Article 4.10 Method of collection of acceptances of market takeover bids and exchange offers

1. The collection of acceptances of purchase and market takeover bids for financial instruments traded on EuroTLX market and the execution of purchase obligations referred to in Article 108 of the Consolidated Law on Finance may be carried out using the trading support system, unless Borsa Italiana deems that the characteristics of the transaction and/or the offeror do not permit the collection of acceptances using the support system. To this end the issuer and/or the offeror shall contact Borsa Italiana without delay.

2. The collection of acceptances and the execution of purchase obligations referred to in the preceding paragraph shall be at the price established by the offeror or the person obliged to do so, and entered into a special book. Acceptances and requests to sell shall be entered into the book as orders without a price limit and with the method of execution specified in the Trading Service Manual; they may be cancelled by Borsa Italiana upon receipt of a reasoned request from approved intermediaries.

3. The contracts concluded shall be matched by the X-TRM service and settled in the settlement services referred to in Guidance to the Rules 7.1 (1), in the manner established on a case-by-case basis by Borsa Italiana and notified to Consob provided the consideration consists exclusively of cash; if even part of the consideration consists of securities, the acceptances shall not be transmitted to the CSDs referred to in Title 7.

Section 3 Trading in the EuroTLX^{Quote} segment

Article 4.11 Trading methods and phases

1. Trading of instruments admitted to the EuroTLX^{Quote} segment of the EuroTLX Market shall be carried out by Market intermediary with the following trading hours:

09.00 a.m. – 5.30 p.m.

Trading using the RFQ methods

2. Borsa Italiana may set different trading hours for specific trading days, different from those set out in paragraph 1. Borsa Italiana shall communicate such specific trading days and trading hours in advance to the public.

3. Borsa Italiana establishes for each financial instrument a minimum negotiable amount, according to the characteristics of the instrument, in order to ensure the regularity of trading, upon admission of a financial instrument.

4. The minimum negotiable amount of a financial instrument must not be set at below the minimum piece size, insofar as such applies, as determined by the terms and conditions of the issue thereof.

5. The minimum negotiable amount may be subsequently modified and, in such case, shall be promptly made public. The communication to the public shall indicate the date from which the new minimum negotiable amount will apply.

6. Article 4.6 shall apply, it being understood that:

- a. RFQs must be entered on own account or on account of third parties, and the responses to the RFQs must be entered on own account or in third party account;
- b. RFQs entered in anonymous form shall be addressed to a maximum number of EuroTLX^{Quote} segment Intermediary as established in the Guide to Parameters of EuroTLX market. In such cases, Intermediary to which the request is addressed are selected by the requesting intermediary.

7. Article 4.3, paragraphs 2, 3 and 4, Article 4.4 paragraph 3, letter c), and Article 4.6 shall apply, insofar as they are compatible.

Title 5 Disclosure of information

Article 5.1 Market data

1. Intermediaries may access the market information through informatics and technological systems of Borsa Italiana. In this case, the relationships between Borsa Italiana and the intermediaries for the supply of the data are governed by the data supply contracts or the data distribution contract, which can be found on the Borsa Italiana website.

Article 5.2 Information provided to the public – General principles

In order to facilitate investment and disinvestment decisions and the verification of the conditions at which transactions are executed in the markets, EuroTLX 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 EuroTLX financial instrument.

Borsa Italiana shall not disclose information to the public on the identity of the parties to trades.

Article 5.3 Information provided to the public – Contents

1. In the continuous trading phase the public shall have access to the following information for each financial instrument, updated in real time:

- a. the prices and quantities of at least the five best buy and sell orders;
- b. the aggregate buy and sell quantities and orders for at least the five best prices;
- c. the price of the last contract concluded, the day and time of execution, the quantity traded and the ID data of the financial instrument within the limits provided in the following paragraph 2;
 - a. the cumulative quantity and value traded; within the limits provided in the following paragraph 2;
 - b. information on those securities in the EuroTLX^{Quote} Segment for which an interest in trading has been expressed;
 - c. prices and quantity of the responses to RFQs, referred to in Article 4.6 of a smaller size than the specific size of the instrument, on bonds or structured financial instruments for which there is a liquid market, made available when the requiring intermediary confirm its intention to trade¹;
 - d. average of the prices of the responses to RFQs, referred to in Article 4.6, made

¹ The amendment enters into force on the 2 January 2018

available when the requiring intermediary confirm its intention to trade, on bonds or structured financial instruments for which there is a liquid market, of size equal or greater than the specific size of the instrument and smaller than the size of large in scale transactions²;

2. The publication of the information on the contracts concluded with the procedures referred to in Article 4.6 takes place at the latest on the second business day after the day of conclusion, in compliance with the conditions referred to in Article 8 of the Regulation 2017/583/EU³.

3. Borsa Italiana shall disclose to the public and intermediary of the changes in the list of the intermediaries admitted to trade on Borsa Italiana and on financial instruments traded as a result of admission, and exclusion through IT facilities and/or through Borsa Italiana's website.

4. Borsa Italiana publishes on its website the name of the liquidity provider with the relevant obligations for each financial instrument.

Article 5.4 Disclosure obligation of the issuers admitted to trading in Single Listing EuroTLX

For all financial instruments admitted to trading in Single Listing EuroTLX, the issuer, the controlling entity or the person acting on its behalf or for its account, shall communicate without undue delay to Borsa Italiana the information relevant for all of the legislative and regulatory provisions applicable to financial instruments admitted to trading on a multilateral trading facility established both at national and community level (for example, the rules on market abuse set out in Regulation (EU) 596/2014), by e-mail sent to the address eurotlx.notice@borsaitaliana.it. In case of impossibility to comply via e-mail, the disclosure obligations towards Borsa Italiana will be discharged sending them by fax by dialling no. (+39) 02 30328543.

Article 5.6 Disclosure obligations of the financial instruments admitted to trading on EuroTLX market with the consent of the issuer

For all financial instruments admitted to trading on EuroTLX market with the consent of the issuer, the issuer, the controlling entity or the person acting on its behalf or for its account, shall communicate to Borsa Italiana all information referred to in Article 6.8, without undue delay, by e-mail sent to the address eurotlx.notice@borsaitaliana.it. In case of impossibility to comply via e-mail, the disclosure obligations towards Borsa Italiana will be discharged sending them by fax by dialling no. (+39) 02 30328543.

² The amendment enters into force on the 2 January 2018

³ The amendment shall enter into force with a subsequent Notice

Article 5.7 Publication of news and data on the quality of the market

1. Borsa Italiana shall disseminate, by means of a Notice or messages sent via the electronic trading support systems, information of interest for the proper operation of the market.
2. Borsa Italiana publishes on its website data on the quality of the execution of the transactions, according to the provisions of the Regulation 2017/575/EU.

Title 6 Liquidity Providers

Section 1 General conditions

Article 6.1 Recording

1. Trading on the EuroTLX market can be carried out through Liquidity Providers.
 2. Market Intermediaries admitted to trading on EuroTLX market intending to act as Liquidity Providers shall fill in the relevant form available on Borsa Italiana website, indicating the instruments for which they intend to provide liquidity.
 3. Liquidity Providers are required to comply with the rules of conduct set out in articles 3.13 and 6.3 and can operate as:
 - Specialists with respect to the instruments set out in article 6.7, undertaking to comply with the quotation obligations set out of article 6.4 and 6.5;
 - Market Makers with respect to the instruments set out in article 6.6, undertaking to comply with the quotation obligations of articles 6.4 and 6.5.
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Guidance to Rules 6.1.1

Procedure for authorisation to operate in the capacity of Liquidity Provider

- 1. To be entitled to act as Liquidity Providers, the procedure referred to in Article 3.2 shall apply.*
 - 2. A liquidity provider who intends to provide liquidity of financial instruments shall file a request for admission to trading or, if already admitted to trading, shall request an extension to operate on such financial instruments.*
 - 3. For parties other than Intermediaries, the authorisation to operate in the capacity of liquidity providers is governed by the procedure set out in article 3.2.*
 - 4. Borsa Italiana shall inform the Liquidity Provider of the starting date from which it is authorised to operate in the capacity of Liquidity Provider, along with the date from which it shall provide liquidity of the financial instruments covered by the request. On the day prior to the starting date, Guidance to Rules 6.3 shall apply.*
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Guidance to Rules 6.1.2

Procedure for withdrawal

1. The Liquidity Provider who intends to cease the activity of providing liquidity shall file with Borsa Italiana a request to withdraw having considered the circumstances as per Guidance to Rules 6.1.3, paragraph 5, Borsa Italiana decides on withdrawal and, where necessary for some instruments, commences a procedure for withdrawal. Borsa Italiana may request Liquidity Provider to continue its activity of liquidity provider, in full or in part, for a period of up to three months from the date of the decision to grant withdrawal.

Guidance to Rules 6.1.3

Extension / Modification/Withdrawal from financial instrument trading

1. The Liquidity Provider intending to extend the activity of providing liquidity to other financial instruments shall file a request to Borsa Italiana in the manner set out in the relevant Technical Communication. Because of its similarity, the Procedure for authorisation to operate in the capacity of Liquidity Provider set out in Guidance to Rules 6.1.1 applies.

2. For liquidity providers that intend to modify their quotation obligations under Article 6.4 and to quote in accordance with Article 6.5 or vice versa, the methods specified in paragraph 1 shall apply.

3. The liquidity provider intending to cease the activity of providing liquidity to one or more financial instruments shall file a request to withdraw in the manner set out in the relevant Technical Communication.

4. In case of financial instruments admitted to trading on EuroTLX market more than 6 months before and for which no contracts have been executed, the request of withdrawal shall be granted from the third business day on from the date of the request; until the financial instrument is withdrawn from EuroTLX market, the liquidity provider shall continue its activity of providing liquidity to the financial instrument.

5. In its examination of the request for termination, and unless the conditions set out in paragraph 4 are met, Borsa Italiana shall consider:

- a) whether the liquidity conditions are such that ensure fair dealing in the financial instruments concerned;
- b) whether there are other liquidity providers to provide liquidity to those financial instruments;
- c) whether it is possible to trade in the financial instruments concerned in other execution venues;
- d) the number of contracts executed on EuroTLX market on the specific financial instruments;

e) what specified in the relevant Technical Communication relating to the terms for the withdrawal from EuroTLX market of a financial instrument

6. Borsa Italiana shall decide on withdrawal and commence a procedure for withdrawal, where this proves necessary.

Borsa Italiana may, taking account of the circumstances as per paragraph 4, request the liquidity provider to continue its activity of support to liquidity for a period of up to three months from the date of the decision granting the withdrawal.

7. Borsa Italiana shall communicate to the public and the liquidity provider that, from a specified date, the liquidity provider will cease the activity of providing liquidity with regard to the financial instruments subject to the request to withdraw under paragraph 3.

8. Borsa Italiana may decide to refuse the request if between the trading commencement date in the financial instruments concerned and the date of request to withdraw with regard to the same less than six months have passed.

9. The decision to grant or refuse the request shall be delivered within the following business day after the date of request under the conditions as per paragraph 4 and within 7 business days in any other case.

Article 6.2 Specific modes of trading of Liquidity Providers

1. A liquidity provider may request to be allowed to conclude valid contracts in financial instruments classified as "Government Bonds" and "Other Bonds" with other Liquidity Providers who filed the same request, by filing the specific request.

2. The request to terminate the functionality under the paragraph above shall be sent via the specific form, through the Member Portal of Borsa Italiana and confirmed by telephone at the number 02.3030.1429. In such case, if immediate termination is requested in the electronic mail, Borsa Italiana shall made the termination effective on the next business day subsequent to the receipt of the communication, provided that it is received before noon on an ordinary business day.

3. Once the access under paragraph 2 is effectively terminated, all the contracts executed with the requesting Market Intermediary and the other Liquidity Providers allowed to conclude contracts shall be cancelled

4. Borsa Italiana shall promptly inform the Market Intermediaries of the termination through specific Notice.

Article 6.3 Liquidity providers' obligations

1. The Liquidity Provider shall comply with the obligations set out in the article below concerning to the financial instruments listed therein.
2. The liquidity provider is required to specify the instruments on which he intends to operate in compliance with the obligations of articles 6.4 and 6.5.
3. Borsa Italiana may modify the obligations of Liquidity Providers through a Notice.
4. Borsa Italiana checks compliance with Liquidity Providers' obligations.
5. Borsa Italiana, in evaluating possible violations of the obligations, shall also take account of monthly compliance with the quotation obligations indicated in Article 6.4, paragraph 2 and article 6.5, paragraph 2.

Article 6.4 Liquidity Providers quotation obligations

1. The Liquidity Provider undertakes for each of the financial instruments on which it intervenes, to place on the market buy and sell orders at competitive prices, i.e. the difference between buying and selling prices may deviate from the maximum spread indicated in the Guide to Parameters of EuroTLX market, for comparable quantities and at least equal to the minimum amounts communicated by Borsa Italiana (listing obligation).

The maximum spread limit is calculated for each trading day as a percentage of the instrument reference price recorded on the open market day prior to the trading day, according to the values reported in the Guide to the Parameters of EuroTLX market.

2. Liquidity Providers are required to comply with the obligations referred to in the previous paragraph for at least 50% of the duration of the continuous trading session for each trading day.
3. The Liquidity Providers during stress market situations, that may occur in the cases referred to in Article 8.16, may quote with reduced obligations. Such reduced obligations are indicated in the Guide to Parameters of EuroTLX market.
4. Liquidity Providers are not required to comply with the obligations under the preceding paragraphs in the event of the exceptional circumstances communicate by Borsa Italiana. In the cases provided for in Article 3 (d) of Regulation No 2017/578/EU, Market Intermediaries shall notify Borsa Italiana in writing of this circumstance in order to be exempted from these obligations.

Article 6.5 Single-side quotation obligation

1. The Liquidity Provider undertakes to place on the market buy or sell orders from the starting of the continuous trading phase, exclusively using the "single side quote" type of orders, for quantities at least equal to the minimum amounts communicated by Borsa Italiana.
2. The Liquidity Providers are required to comply with the obligations of the preceding paragraph for at least 80% of the duration of the continuous trading session for each trading day.
3. The Liquidity Providers during stress market conditions, that may occur in the cases referred to in Article 8.16, may quote with reduced obligations. Such reduced obligations are indicated in the Guide to Parameters of EuroTLX market.
4. Liquidity Providers are not required to comply with the obligations under the preceding paragraphs in the event of the exceptional circumstances communicate by EuroTLX. In the cases provided for in Article 3 (d) of Regulation No 2017/578/EU, Market Intermediaries shall notify Borsa Italiana in writing of this circumstance in order to be exempted from these obligations.

Guidance to Rules 6.5

1. One day prior to commencement of trading in the financial instruments subject to admission to trading on Borsa Italiana, or for which extension is sought, the liquidity provider shall communicate the reference price at which it intends to begin providing liquidity to the financial instruments concerned to Borsa Italiana by electronic mail sent to the following e-mail addresses:

- EuroTLX@borsaitaliana.it for bonds, ABS, CIUs and for financial instruments referred to in Article 2.1, paragraph 1, letter g;
- equityEuroTLX@borsaitaliana.it for equity financial instruments and the other financial instruments referred to in Article 2.1, paragraph 1, letter b;
- certx@borsaitaliana.it for covered warrant and certificates.

2. With regard to financial instruments characterized by a buyback obligation, the Liquidity Provider shall communicate to Borsa Italiana, by electronic mail sent to MSEuroTLX@borsaitaliana.it all the information that must be made public on an ongoing basis, in compliance with paragraph 3 of Consob Communication No. DEM/DME/9053316 of 8 June 2009 including any subsequent amendments thereof. In case the issuer has chosen EuroTLX Market as the channel through which the ongoing information will be published, Borsa Italiana shall communicate it to the public in the Section Market News publicly available on the Borsa Italiana's website. In the same way Borsa Italiana shall make publicly available the ongoing information received.

Article 6.6 Financial instruments on which Liquidity Provider can operate in capacity of Market Makers

1. A Market Maker can provide liquidity of financial instruments other than non-Eurobonds, certificates and covered warrants.
2. The market maker may assume the listing obligations referred to in Article 6.5, limited to the financial instruments referred to in Article 2.1, paragraph 1, letter a), other than non-eurobond bank bonds and government bonds.

Guidance to Rules 6.6

The Market Intermediary who operates in the capacity of Market Maker can take a different role depending, among other things, on the number of financial instruments for which it acts.

Article 6.7 Financial instruments on which Market Intermediaries can operate in the capacity of specialists

1. Specialists can provide liquidity of certificates and/or covered warrants and/or bonds other than Eurobonds and/or other bonds and/or other debt securities alternatively:
 - a) issued by the same or by its controlled, controlling or affiliated company, as per article 2359 of the Italian Civil Code, or by a company being part of the same group, as per article 60 of the Legislative Decree 385/93, or
 - b) issued by other banking entities and placed by the Specialist and/or by its controlled, controlling or affiliated company, as per article 2359 of the Italian Civil Code, or by a company being part of the same banking group, as per article 60 of Legislative Decree 385/93, among its clients and/or clients of such controlled, controlling or affiliated company as per article 2359 of the Italian Civil Code or such company being part of the same banking group as per article 60 of Legislative Decree 385/93. Alternatively, "control" or "affiliation" shall be defined pursuant to article 1.1, letters (a), (b) and (d) and art. 41.1 of 7PthP Company Law Directive 83/349/EEC. Companies shall be considered belonging to the same banking group if they have the same parent undertaking with which to be consolidated; or
 - c) with regard to which any of the above mentioned entities committed itself vis-à-vis the issuer and/or Intermediaries, other than a sovereign or a supranational entity or an agency, to provide liquidity of the financial instrument in the secondary market; or
 - d) distributed using EuroTLX market.

Article 6.8 Information obligations of specialists

1. The Specialist shall promptly communicate to Borsa Italiana, by electronic mail sent to eurotlx.notice@borsaitaliana.it, the following information regarding certificates, covered warrants and bonds other than Eurobonds of which it provides liquidity:

- a) if with variable or indexed interest rate, which renders interest on periodic basis - the amount of the coupon to be paid as soon as it is determined;
- b) if renders a premium at maturity and/or a series of indexed coupons - the amount of the coupons, determined in the manner set in the terms and conditions of the issue;
- c) if amortizable from nominal value - the face value or the minimum piece size of the still outstanding financial instruments, as well as their amount;
- d) if callable – the intention to and the dates on which the call may be exercised;
- e) if modification of its characteristics upon occurrence of specific market events or at the option of the issuer allowed – such modification having taken place and the new characteristics of the financial instrument;
- f) if indexed – each modification in the composition of the underlying assets and the date on which it takes effect. In particular, corporate transactions which affect the underlying assets or the multiplier or the exercise price shall be communicated, with indication of the relevant corrections once available;
- g) if early redemption upon occurrence of specific market events (e.g. knock-out clause) allowed – occurrence of such event or exercise of such option which results in redemption of the financial instrument;
- h) if financial instruments characterised by a buyback obligation, all the information that must be made public on an ongoing basis, under par. 3 of Consob Communication No. DEM/DME/9053316 of 8 June 2009 including any subsequent amendments thereof. In case the issuer has chosen the EuroTLX Market as the channel through which the ongoing information will be published, Borsa Italiana shall communicate it to the public in the Section Market News on the Borsa Italiana's website. In the same way Borsa Italiana shall make publicly available the ongoing information received.

Title 7 Clearing, guarantee and settlement

Article 7.1 Settlement

1. Right after the conclusion on the market, the contracts are sent to the clearing and daily adjustments services for the purpose of forwarding them to the settlement systems indicated in the guidelines. For the purposes of forwarding to settlement systems, contracts may be aggregated in the cases and on the basis of the criteria defined in the guidelines. In the case of the collection of acceptances of market takeover bids and exchange offers referred to in article 4.10 where the consideration consists, even partially, of securities, the acceptances collected shall not be transmitted to the settlement systems.
2. Market Intermediaries may ask Borsa Italiana to install systems filtering for contracts having the same Market Intermediary as counterparty, whether on bid or ask side, allowing thereby that contracts having certain characteristics are not to be sent to clearing and settlement.
3. Contracts concluded on Borsa Italiana may be corrected or cancelled solely by Borsa Italiana until their effective settlement.
4. In exceptional cases, given the characteristic of the financial instrument, notwithstanding the provisions of paragraph 1 Borsa Italiana may not send the data about these contracts to clearing and daily adjustment services, for their settlement. Borsa Italiana informs the market through a Notice. In such cases, Market Intermediaries are required to enter in the settlement system the appropriate settlement instructions.

Guidance to Rules 7.1 (1)

Matching and Clearing systems

The daily clearing and settlement is X-TRM.

The designed settlement systems are the systems managed by:

- Monte Titoli, or by other CSDs using the T2S platform with which is possible cross-CSD settlement, as defined in the Monte Titoli Settlement Service Regulations,⁴ operating for the financial instruments of the domestic classes;
- Euroclear and Clearstream Banking Luxembourg, operating for the financial instruments of the international classes.

The contracts concerning:

- the instruments of the Equity and Cert-X Segments, non-guaranteed domestic classes, concluded on the same trading day are aggregated in bilateral net balances;

⁴ The entry into force will be announced with a subsequent Notice

*- the instruments of the international non-guaranteed classes are aggregated in bilateral balances that separately take into account purchases and sales.
The calculation criteria for the balances indicated above are defined in the X-TRM Service Instructions.*

Guidance to Rules 7.1 (2)

Accrued interest calculation

1. In the Notice to admit to trading, Borsa Italiana shall specify the calculation methods of accrued interest applied to financial instruments.

Article 7.2 Time of settlement

1. Purchase and sale contracts concluded on the EuroTLX market shall be settled on the second day following their conclusion.
2. The settlement time limits shall be determined according to the calendar defined by Borsa Italiana, as per the relevant Technical Communication.
3. Borsa Italiana may specify in Notice of the admission to trading a different settlement time limit to take account of the characteristics of the reference market of the EuroTLX financial instrument.

Article 7.3 Clearing and guarantees

1. Contracts related to financial instruments belonging to the guaranteed classes, as per article 4.1 are sent to the central counterparty referred to in the guidance to the rules.
2. The central counterparties, as per paragraph 1, act in accordance with these Rules and the conditions set out in the relevant regulations.

Guidance to Rules 7.3

Clearing and guarantee system

The clearing and guarantee system for the financial instruments operating for the EuroTLX market is that managed by Cassa di Compensazione e Garanzia S.p.A..

Article 7.4 Late settlement

1. Where the sale and purchase contracts are not settled within the prescribed time limit:
 - a) the provisions provided by the rules of the central counterparty referred to in article 7.3 shall apply to the guaranteed classes segments;
 - b) the provisions laid down in the following articles shall apply to the non-guaranteed classes segments.

Guidance to Rules 7.4 (1)

Activation timing of the buy-in procedure

Compliant Market Intermediaries can start the buy-in procedure on the sixth day subsequent to the settlement day (S+6) in the case of a contract (or a bilateral balance, in the case of bilateral netting) covering a financial instrument which belongs to the domestic guaranteed and non-guaranteed international and domestic segments. The request of initiation of the mandatory execution (buy-in) procedure shall take account of the eventual buyer protection and of the features of the financial instrument.

An individual buy-in process may also cover more than one contract (or more than one bilateral balance) provided that they are executed on the same financial instrument with the same Market Intermediary, and that for each contract, the above period of time has elapsed without non-delivery of securities.

Guidance to Rules 7.4 (2)

Start of the procedure

1. Compliant Market Intermediaries start the buy-in procedure by e-mailing a Buy-in Notice to Market Intermediaries in Fail to Borsa Italiana (MSEuroTLX@borsaitaliana.it) and, if already appointed, to the Buy-in Agent who accepted the appointment.

2. If no Market Intermediary has accepted the appointment, the compliant Market Intermediary shall specify an appointment on its own authority in the Buy-in Notice. Appointment on its own authority shall be made by means of specific communication (confirmed by e-mail) by Borsa Italiana and selection shall be based among the Market Intermediaries who expressed their willingness to be included in the Buy-in or Sell-out Agent List to be appointed by authority.

3. However, a Buy-in Agent shall not belong to the same Group as the compliant Market Intermediary and, if appointed by authority, as the Market Intermediary in Fail.

Terms of the mandatory execution procedure (buy-in)

1. The Buy-in Agent cannot operate before the second day subsequent to the sending of the Buy-in Notice from the compliant Market Intermediary to the Market Intermediary in Fail.

Over this period of time, the Market Intermediary in Fail can settle the contract or the contracts covered by the Buy-in; should it deliver the part of the securities due, the Market Intermediary in Fail shall promptly inform the Buy-in Agent, the compliant Market Intermediary and Borsa Italiana. In this case, the Buy-in procedure shall be immediately cancelled.

2. After the same period of time, the Buy-in Agent can purchase a quantity of securities equal to that covered by the Buy-in. The Buy-in Agent shall send the compliant Market Intermediary, the Market Intermediary in Fail and Borsa Italiana an e-mail setting out:

- a) the performance of the mandatory execution procedure;*
- b) the terms of the agreed contracts;*
- c) the costs incurred and the requested fees.*

3. The Buy-in Agent cannot purchase the quantity of securities necessary for the execution of the Buy-in procedure from the Market Intermediary in Fail. The Buy-in Agent who purchases OTC the quantity of securities necessary for the execution of the Buy-in procedure shall preliminarily ensure that the market counterparty can make the delivery.

4. The compliant Market Intermediary shall deliver the cash necessary for the successful performance of the mandatory execution procedure, along with the costs and fees dues, to the Buy-in Agent.

5. No later than the day subsequent to the Buy-in Agent's communication, the Market Intermediary in Fail shall pay the compliant Market Intermediary the negative differential, if any, between the price of the Buy-in execution contract/s and the price/s of the original contract/s. The negative differential shall be paid through a settlement instruction in favour of the compliant Market Intermediary with the same value date as that of the settlement of the original contract/s.

6. Subsequent to the Buy-in execution, the compliant Market Intermediary and the Market Intermediary in Fail shall delete the Settlement Instructions of the original contract/s from the settlement system.

Should it be impossible to execute the Buy-in procedure for the entire necessary quantity, but only for a part thereof, the Buy-in Agent may purchase said partial quantity of securities.

Cash settlement

1. If, within 30 days of the settlement date of the original contract/s, the Buy-in Agent failed to execute the Buy-in procedure, recovering all or part of the necessary quantity of securities, the Buy-in Agent shall assess the current value of all or the residual quantity covered by the Buy-in and communicate the assessment via e-mail to the compliant Market Intermediary, the Market Intermediary in Fail and Borsa Italiana.

2. No later than the first day following that of the Buy-in Agent's communication, the Market Intermediary in Fail shall pay the compliant Market Intermediary the differential, if any, between the price as per the assessment of the Buy-in Agent and the price/s as per the original contract/s. The differential shall be paid through a Settlement Instruction in favour of the compliant Market Intermediary, with the same value date as that of the settlement.

3. If the Buy-in Agent does not carry out the buy-in transaction before the securities mature, the Buy-in Agent's assessment shall be equal to the cash difference between the redemption value and the cum-coupon price of the original contract, calculated with account taken of any intervening coupon detachments.

Activation timing of the sell-out procedure

1. The compliant Market Intermediary may initiate the sell-out procedure as of the day subsequent to the settlement date (S+1).

Each sell-out procedure shall cover several contracts, provided that they are executed on the same financial instrument with the same counterparty, and that for each contract the above period of time has elapsed without non-delivery of cash.

Start of the procedure

1. The compliant Market Intermediary starts the sell-out procedure by e-mailing a Sell-out Notice to the Counterparty in Fail, Borsa Italiana (MSEuroTLX@borsaitaliana.it) and, if already appointed, to the Sell-out Agent who accepted the appointment. In the Sell-out Notice, the compliant Market Intermediary may specify whether it intends to appoint the Sell-out Agent after the day the Sell-out Notice was sent. During this period of time – as set out in the following paragraph – the Market Intermediary in Fail may deliver the cash due.

If no Market Intermediary has accepted the appointment, the compliant Market Intermediary shall specify an appointment on its own authority in the Sell-out Notice.

Appointment on its own authority shall be made by means of specific communication (confirmed by e-mail) by Borsa Italiana and selection shall be based among the Market Intermediaries who expressed their willingness to be included in the Buy-in or Sell-out Agent List to be appointed by authority.

However, a Sell-out Agent shall not belong to the same Group as the compliant Market Intermediary and, if appointed by authority, as the Market Intermediary in Fail.

Terms of the mandatory execution of the Sell-out procedure

1. The Sell-out Agent cannot operate before the second day subsequent to the sending of the Sell-out Notice from the compliant Market Intermediary to the Market Intermediary in Fail.

On the first day subsequent to the sending of the Sell-out Notice, the Market Intermediary in Fail can settle the contract or the contracts covered by the Sell-out.

Over this period of time, the Buy-in Agent can sell a quantity of securities equal to that covered by the Sell-out. The Sell-out Agent shall send the compliant Market Intermediary, the Market Intermediary in Fail and Borsa Italiana an e-mail setting out:

- a) the performance of the mandatory execution procedure;*
- b) the terms of the agreed contracts;*
- c) the costs incurred and the requested fees.*

The compliant Counterparty shall deliver the securities necessary for the successful performance of the mandatory execution procedure, along with the costs and fees due, to the Sell-out Agent.

2. No later than the day subsequent to the Sell-out Agent's communication, the compliant Market Intermediary in Fail shall pay the Market Intermediary the differential, if any, between the price of the Buy-in execution contract/s and the price/s of the original contract/s. The differential shall be paid through a Settlement instruction in favour of the compliant Market Intermediary with the same value date as that of the settlement.

3. Subsequent to the Sell-out execution, the compliant Market Intermediary and the Market Intermediary in Fail shall delete the settlement instruction of the original contract/s from the settlement system.

Should it be impossible to sell all or part of the securities on the first business day, the Sell-out Agent shall do so in the next few days.

Buy-in or Sell-out Notice format

The Buy-in or Sell-out Notice may be prepared as summary tables and shall provide the following information:

Information about each contract (or bilateral balance) covered by Buy-in or Sell-out

- Settlement instruction number*
- Compliant counterparty*
- Counterparty in Fail*
- Financial instrument ISIN*
- Financial instrument description*
- Trading date (dd/mm/yyyy)*
- Settlement date (dd/mm/yyyy)*
- Quantity*
- Price*
- Countervalue*

The Buy-in or Sell-out Agent (if already appointed) or the Request for appointment on its own authority (only with respect to Sell-out), the Request to appoint to the Sell-out Agent on the day after the sending of the Sell-out Notice.

Article 7.5 Adjustment procedures for corporate events

1. In the event that contracts are not settled within the prescribed time limits and a corporate event occurs in the meantime:
 - a) the discipline provided in the rules of the central counterparty referred to in article 7.3 shall apply to the contracts of the guaranteed classes;
 - b) The discipline provided in the following Guidance to Rules shall apply to the contracts of the non guaranteed classes.

Guidance to Rules 7.5

Where the contracts are not settled within the prescribed time limits and a corporate event occurs in the meantime, the procedures provided by the settlement system are applied. If the settlement system does not provide the management of relevant corporate action the Market Intermediaries shall deliver the securities ex coupon or ex repayment to the counterparty based on the original settlement date of each contract executed on the EuroTLX market, adjusted to reflect any financial or tax effect.

In the case of corporate action which provide the possibility to for the in bonis buyer the right to express a choice, the buyer may request the in malis seller to exercise the option derived from the corporate action concerning the instrument purchased (so called buyer protection), notifying it to Borsa Italiana.

For the purpose of buyer protection request, the form available in the website of the settlement system shall be used. Also, the counterparties, directly or through the intermediaries that settle respectively on their behalf, shall insert in the settlement system the settlement instruction on the resulting and possibly cancel the original settlement instruction.

Title 8. Supervision of the market

Section 1 General Provisions

Article 8.1 Scope of this Title

1. The supervision on EuroTLX market shall consist in the examination of compliance with and the enforcement of the present Rule Book and of Technical Communications, as well as in all other activities inherent in such examination and enforcement, with a view to ensure orderly and efficient functioning of the market.

2. In carrying out its supervisory functions, with the aim of ensuring orderly trading, Borsa Italiana, *inter alia*:

a) shall monitor the performance of the markets and individual financial instruments, *inter alia* with reference to related instruments and the information available to the market and may intervene on the quoting obligations of the Liquidity Providers where needed;

b) shall monitor the behaviour of approved intermediaries in the market and compliance with the obligations of Liquidity Providers;

c) shall monitor intermediary compliance with the rules of conduct referred to under Title 3, Section 4 and Title 6;

d) shall verify the updating of records, including the orders' content and information required by Regulation 2017/580/EU, procedures and any other matters necessary to ensure orderly trading;

e) shall monitor the operation of the technical equipment and transmission networks of the electronic data processing and telecommunication systems;

f) shall regulate trading conditions in accordance with the procedures and criteria referred to in Section 2;

g) shall promptly inform the market of the measures it adopts that affect trading in the markets or the performance of financial instruments;

h) shall promptly suspend the intermediary at the request of the intermediary participating in the settlement service referred to in Article 3.3, paragraph 3, and immediately inform Consob;

i) shall promptly suspend the intermediary following the latter's suspension or exclusion by the management company of the clearing and guarantee system identified by Title 7;

j) may suspend intermediaries at the request of the management company of the clearing and guarantee system identified by Title 7.

3 Borsa Italiana shall supervise the market through the Market Supervision.

Section 2 Intervention on parameters, trading hours and conditions

Article 8.2 General Conditions

1. Borsa Italiana may modify the general trading conditions on EuroTLX market set out in the preceding Title 4, also with regard to certain financial instruments, if at least one of the following circumstances occurs:

- a) a lack of proper disclosure regarding the issuer or the financial instrument requires that further information be retrieved, with a view to ensure due transparency;
- b) a potential contravention on the part of the Market Intermediary has been revealed so that further examination thereof is necessary, with a view to protect investors;
- c) political, economic, social or other capital market-relevant events have occurred such that are likely to significantly affect orderly dealing on EuroTLX market;
- d) variation limits as per Guidance to Rules 4.5 do not allow for fair and efficient dealing on EuroTLX market;
- e) for technological or other similar reasons the regular functioning of EuroTLX market cannot be ensured.

Article 8.3 Intervention by Borsa Italiana

1. If the circumstances as per art. 8.2 occur, Borsa Italiana may consider adoption of the following measures:

- a) to shorten or extend trading hours giving a prompt notice thereof to the public;
- b) to modify other trading conditions, provided that they would not be prejudicial to investors;
- c) to suspend or recommence dealing giving a prompt notice thereof to the public.

2. In considering adoption of any of the measures indicated above, Borsa Italiana shall take account primarily of:

- a) the quantities traded on EuroTLX market, the prices and the observed volatility of the financial instrument, also as against the performance of other similar financial instruments;
- b) the current liquidity of the financial instrument;
- c) the level of transparency of disclosures by the issuer.

Article 8.4 Intervention on orders by Borsa Italiana

1. Borsa Italiana may cancel one or more orders submitted by the Market Intermediary or the balance thereof, still displayed on the Book, and which are such that are likely to affect orderly trading on EuroTLX market, if the Market Intermediary, when requested by EuroTLX—cannot, within a reasonable time, confirm or withdraw them or when Borsa Italiana finds that such orders have been submitted at manifestly erroneous prices.

2. Following a decision to suspend its trading operations, Borsa Italiana shall cancel all quotes entered by the Liquidity Provider.

3. Borsa Italiana shall notify the Market Intermediary the details of the quotes cancelled.

Section 3 Management of Errors and Measures to Cancel Contracts

Article 8.5 General Provisions

1. Borsa Italiana may decide to:

- d) cancel contracts concluded on EuroTLX market in the period between the time of its decision until the technical implementation of the same, if necessary to avoid prejudice to the interests of investors; such cancellation shall be duly made public and notified to the interested counterparties on Borsa Italiana's website;
- b) cancel contracts concluded on EuroTLX market:
 - (i) when the requisites of art. 8.6 are met.
 - (ii) when a Market Intermediary who entered an erroneous order in the system which has been already matched leading to the conclusion of a contract immediately notifies Borsa Italiana thereof, requesting the Borsa Italiana to intervene, and when the requisites of art. 8.7 are met;
 - (iii) when the requisites of articles 8.8 and 8.9 are met.

The provisions under letter a) above do not apply to contracts concluded on EuroTLX market in the period between the decision by the EuroTLX market and its technical implementation regarding the cancellation of orders on request from an Market Intermediary as under art. 3.15. The Error Management procedure, as per articles 8.6 and 8.7, shall apply.

2. In order to facilitate the error management procedure, exclusively with regard to contracts subject to the relevant request, Borsa Italiana may reveal to the Market Intermediaries involved in the process the identity of the counterparty, unless the same does not appear in the execution reports.

3. In order to reduce or remove the effects of possible errors in the entry of orders, Borsa Italiana may arrange or perform one or more of the following actions:

- a) insertion of transactions of opposite sign to partial or total netting of the original operations;
- b) transfer of positions in financial instruments between the intermediaries involved;
- c) transfer of liquidity (cash adjustment) between the intermediaries involved;
- d) adjustment of the prices of transactions concluded as a result of errors;
- e) cancellation of contracts in the market or in the X-TRM service, within the day before the contract settlement date.

Article 8.6 Intervention on Common Request

1. Market Intermediaries who, by common accord and for duly justified reasons, intend to cancel one or more contracts concluded on EuroTLX market shall notify Borsa Italiana thereof by electronic mail sent to MSEuroTLX@borsaitaliana.it within two hours of the conclusion of the contract subject to a cancellation request. Borsa Italiana shall cancel the contract.
2. Borsa Italiana shall communicate to the interested Market Intermediaries the proceeding of the error management procedure and the measures adopted in the case, sending the details regarding the cancelled contract.
3. Borsa Italiana shall immediately notify the public of the contracts cancelled through Borsa Italiana's website.

Article 8.7 Intervention on Unilateral Request

1. Market Intermediaries who, in the absence of common accord by the counterparty, intend to cancel one or more contracts concluded on EuroTLX market shall promptly request Borsa Italiana to initiate the error management procedure. A request to cancel contracts may not refer to more than five (5) contracts or otherwise to all contracts concluded on EuroTLX market within a maximum period of two (2) minutes and in any case the contracts subject to the request must have been generated by the same error. Except in cases of error management procedure provided for under paragraph 3 of the present article, each request to cancel shall be liable to a fee, as determined by the Borsa Italiana Fee Schedule.
2. Borsa Italiana shall verify if:
 - a) the notice of error has been promptly released (a notice to arrive within 1 hour from the conclusion of the first contract subject to the request);
 - b) order entered in the system are manifestly erroneous. In this regard, an order for quantity inadequate to the risk and investment profile of the ultimate investor that had placed the order shall not be considered manifestly erroneous.Borsa Italiana shall verify a) and b) above are met and, if so, proceed according to the matters set forth in the present article.
3. Contracts executed at prices exceeding the maximum amount realisable by the purchaser at maturity for which, on request of the Market Intermediary who committed the error, the error management procedure has been initiated shall be cancelled.
4. In cases other than as per sec. 3 above, Borsa Italiana shall verify if the contract may be cancelled on common accord of the counterparties and, if so, cancel the same.
5. In cases other than as per sections 3 and 4 above, Borsa Italiana shall cancel contracts executed at prices that differ from the relevant theoretical price ("of reference") by more than the threshold levels set out below.

Such theoretical price shall be determined by Borsa Italiana according to one of the three (3) following methods, considered most favourable for the subject requesting the error management:

- a) the average price of five (5) consecutive contracts preceding and five (5) consecutive contracts following the series of contracts subject to the request to cancel or generated by the same error, if such average price is calculated based on at least three (3) contracts. Otherwise, it shall be the average of the five (5) best bid and best ask prices displayed on the Book of the financial instrument at the time of entry of the erroneous order, if such average price is calculated based on at least two (2) bid and two (2) ask orders, the number of orders on both sides being always equal. Should both options be practicable, Borsa Italiana shall choose the average price based on the nature, liquidity and volatility of the financial instrument in question;
- b) the value of the financial instrument registered on another Trading Venue and whose prices are available to Borsa Italiana. Such value shall be equal to the price of the contract preceding by not more than 60 minutes the first contract subject to the request to cancel. Otherwise, the Reference Price shall be the average of best bid and best ask prices available at the time of entry of the erroneous order. The Market Intermediary requesting the error management may provide Borsa Italiana with evidence of prices registered on other Trading Venues and Borsa Italiana may consider such evidence for the determination of the Reference Price;
- c) the average price of the three (3) bid and ask orders, their size being more than zero, most recent at the time of entry of the erroneous order, made available by major information providers. Such average is calculated based on at least one (1) bid and one (1) ask order, the number of orders on both sides being always equal. The Market Intermediary requesting the error management may provide Borsa Italiana with evidence of prices furnished by other institutional players. In order to consider such prices in the determination of the Reference Price, Borsa Italiana may ask the Market Intermediary to provide evidence regarding a confirmation of such prices by the institutional player involved.

Should the theoretical price be impracticable to determine in any of the above outlined manner or should it appear incoherent with the nature, liquidity or volatility of the financial instrument concerned, the theoretical price shall equal to its theoretical value, as established by Borsa Italiana with assistance of the Liquidity Providers not involved in the error management procedure or based on its own models.

The threshold levels shall be determined in the following manner:

- with regard to contracts in shares, certificates representing shares, option rights, convertible bonds and units and/or shares in Investment Funds - it shall equal to 5% of the theoretical price;
- with regard to contracts in covered warrants, leveraged certificates and not equity protection certificates - it shall be determined according to the following table a):

Theoretical price in €	Threshold Level
≤ 0,0029	superior = 100% inferior = 50%
0,0030 - 1,4999	25%
1,5000 - 2,9999	20%
3,0000 – 29,9999	10%
30,0000 – 70,000	5%
>70,000	3,5%

- with regard to contracts in equity protection certificates and partially equity protection certificates it shall be determined according to the following table b):

Time to Maturity (days)	Threshold Levels per correct theoretical price * in €			
	≤ 30,000	30,001 – 80,000	80,001 – 120,000	> 120,000
≤ 365	7%	3,5%	2,50%	3,00%
366-1095	8%	4%	3,00%	3,5%
1096-1825	9%	4,5%	3,50%	4,00%
>1825	10%	5%	4,00%	4,5%

** Correct theoretical price shall be theoretical price divided by the equity protection level multiplied by 100.*

- with regard to contracts in Italian Government Bonds it shall be determined according to the following table c):

Time to Maturity (days)	Threshold Levels per theoretical price			
	≤ 60,000	60,001- 90,000	90,001 – 120,000	> 120,000
≤ 365	1,00%	0,40%	0,25%	0,25%
366-1095	1,25%	0,50%	0,35%	0,30%
1096-2556	1,50%	0,75%	0,55%	0,50%
> 2557	2,75%	1,25%	0,80%	0,75%

In case of Inflation Linked Italian Government Bonds, the above threshold level shall be multiplied by a correction factor equal to 1,5.

- with regard to contracts in government bonds other than Italian Government Bonds, in Sovereign, in Supranational/Agency bonds and bonds guaranteed by a member State of the European Union, it shall be determined according to the following table d):

Life to Maturity (days)	Threshold Levels / Theoretical price				
	≤ 30,000	30,001– 60,000	60,001– 90,000	90,001– 120,000	> 120,000
≤ 365	1,50%	0,75%	0,50%	0,40%	0,30%
366-730	2,50%	1,25%	0,75%	0,60%	0,50%
731-1095	3,25%	1,50%	1,00%	0,75%	0,60%
1096-1825	4,00%	2,00%	1,50%	1,00%	0,75%
1826-2556	5,00%	2,50%	1,75%	1,25%	1,00%
2557-3650	5,75%	3,00%	2,00%	1,50%	1,25%
> 3650	6,75%	3,50%	2,25%	1,75%	1,50%

- with regard to contracts in financial instruments not specified in the preceding paragraphs, it shall be determined according to the following table e):

Life to Maturity (days)	Threshold Levels per theoretical price				
	≤ 30,000	30,001– 60,000	60,001– 90,000	90,001– 120,000	> 120,000
≤ 365	4,00%	2,00%	1,25%	1,00%	0,75%
366-730	6,00%	3,00%	2,00%	1,50%	1,00%
731-1095	7,50%	3,75%	2,50%	1,75%	1,50%
1096-1825	9,00%	4,50%	3,00%	2,25%	1,75%
1826-2556	10,00%	5,00%	3,50%	2,50%	2,25%
2557-3650	12,00%	6,00%	4,00%	3,00%	2,50%
> 3650	15,00%	8,00%	5,00%	4,00%	3,00%

As regards contracts in financial instruments named under letters d) and e) above and which have the following features, the threshold level to be applied shall be determined as follows:

- (i) for subordinated financial instruments the threshold level determined according to the applicable tables shall be multiplied by a correction factor equal to 1,5;
- (ii) for financial instruments whose issuer has a value for a Credit Default Swap with maturity date similar to that of the financial instrument concerned and such CDS is priced in ask and in bid and this price is not older than 60 minutes from the first contract subject to the request to cancel, the threshold level applicable shall be multiplied by a correction factor equal to 0,8 - if the most recent average price is inferior to 200 basis points - otherwise, equal to 0,9 - if the most recent average price is ranged between 200 and 400 basis points inclusive. The Market Intermediary requesting the error management may provide Borsa Italiana with evidence of other CDS pricing furnished by other institutional players. Borsa Italiana may consider such evidence in the determination of the threshold levels;
- (iii) for plain vanilla financial instruments with variable coupon rate – the threshold level applicable shall be multiplied by a correction factor equal to 0,8.

6. Borsa Italiana shall communicate to the interested Market Intermediaries the proceeding of the error management procedure and the measures adopted in the case, sending the details regarding the cancelled contract, if any.

7. Borsa Italiana shall immediately notify the public of the contracts cancelled through Borsa Italiana's website.

Article 8.8 Measures to Cancel Contracts Suspect of Manipulation

1. A Liquidity Provider that suspects to have been affected by a conduct of a abusive market making under art. 3.12.2, may request that the following contract cancellation procedure be initiated by Borsa Italiana.

2. Borsa Italiana shall verify that:

a) the request to cancel has been promptly released (the request to arrive within 15 minutes from the conclusion of the first contract subject to the request);

b) the Liquidity Provider concerned has contemporarily issued a statement that its quotes have been wrongly altered, via email sent to MSEuroTLX@borsaitaliana.it. Such statement shall indicate the pricing model employed by the Liquidity Provider, the reference market and the parameters used;

c) such conduct of abusive market making includes all the following factors, verified according to the internal procedures of Borsa Italiana:

- (i) placement on the reference market, employed by the Liquidity Provider concerned in its pricing model, of short-lived orders for quantity sufficient to move the price quoted by the Liquidity Provider on EuroTLX;
- (ii) change in prices quoted on EuroTLX market by the Liquidity Provider concerned; the altered quotes shall differ from prices quoted prior or successive to the manipulative conduct complained and shall be the consequence of placement of orders as per letter (i) above;
- (iii) placement on EuroTLX market of orders by the same client Identification Code assigned to an Interconnected Intermediary, in respect of those causing price alteration for Liquidity Providers;
- (iv) contracts concluded on the EuroTLX market, being the match between the altered quotes under point (ii) and the orders placed immediately following price manipulative orders under point (iii).

3. Borsa Italiana shall cancel all contracts with regard to which the conditions as per section 2 above are met.

4. Borsa Italiana shall notify the Market Intermediary concerned of the contract cancellation proceedings being under way, the decision taken and the details of the contracts cancelled.

5. Borsa Italiana shall notify the public of the contracts cancelled by way of Borsa Italiana's website.

Article 8.9 Measures to Cancel Contracts for activities detrimental to liquidity on EuroTLX market

1. A Liquidity Provider that suspects to have been affected by an activity detrimental to liquidity on EuroTLX market as per art. 3.12.3, may promptly request the following contract cancellation procedure be initiated by Borsa Italiana. A single request may affect a maximum of 5 contracts or all the contracts executed within a maximum period of 2 minutes, in both cases provided that such contracts arise from the same detrimental activity. Each request to cancel shall be liable to a fee, as determined by the Borsa Italiana Fee Schedule.

2. Borsa Italiana shall verify that:

a) the request to cancel has been promptly released (the request to arrive within 30 minutes from the conclusion of the first contract subject to the request);

b) the Liquidity Provider has effectively supported the liquidity of the financial instrument concerned through competitive prices. Such effectiveness shall be verified according to the criteria defined in specified in the relevant Technical Communication;

c) contracts arising from the same detrimental activity are at least 2 when executed on the same financial instrument, or more than 2 when executed on more than one financial instrument. Both cases have to concern with a unique counterparty, which always has to be a price taker. For this identification, EuroTLX market shall refer to the single distinct identification codes assigned by Market Intermediaries to their Interconnected Intermediaries, which have crossed the proposals already in the order book with their order. Contracts arising from market orders (orders which do not specify a maximum execution price) shall not be considered.

3. Borsa Italiana shall cancel all contracts with regard to which the conditions as per section 2 above are met and their prices differ from the relevant theoretical price, determined according the procedure stated by the article 8.7, by more than 50% of the threshold levels set out in the same article.

4. Borsa Italiana shall notify the Market Intermediaries concerned of the contract cancellation proceedings being under way, the decision taken and the details of the contracts cancelled.

5. Borsa Italiana shall notify the public of the contracts cancelled by way of Borsa Italiana's website.

Section 4 Management of Technical Failures

Article 8.10 General Conditions

1. Borsa Italiana shall examine the maintenance of an adequate and efficient IT infrastructure by implementing exact and continued controls of the IT systems:

a) of the market, with particular reference to the trading and matching of orders;

b) Market Intermediaries' connection to the market;

c) employed to disseminate trading-relevant information;

- d) related to monitoring of bilateral net balances and consequent processes;
- e) related to post-trading.

2. Borsa Italiana shall establish such time and manner of the IT system failure management that would permit to promptly remedy a failure and to continue, in a correct and timely manner, regular trading on EuroTLX market.

3. Borsa Italiana shall immediately notify the public of the remedies implemented, if the latter can significantly affect trading on EuroTLX market. It shall likewise promptly notify CONSOB of any IT and other technology system failure that distorts regular trading on EuroTLX market, as well as the remedies implemented in the case.

4. Borsa Italiana shall in any case notify Market Intermediaries of the remedies implemented, if the latter can affect or have affected their operation.

Article 8.11 Intervention by Borsa Italiana

1. Having found an IT system failure, Borsa Italiana shall intervene in the process of trading in order to contain the effects of the failure and to ensure a continued fair and orderly dealing and the integrity of the market. In particular it may:

- a) decide a temporary suspension of an Market Intermediary from trading giving a prompt notice thereof to the public;
- b) decide a temporary suspension of trading on EuroTLX market giving a prompt notice thereof to the public.

2. Following a decision as per sec. 1 Borsa Italiana shall consider whether to cancel all orders displayed on the Book.

3. The remedies as per sec. 1 may be implemented with regard to certain financial instruments.

4. Should it be technically impossible to duly announce the decision to temporary suspend trading on Borsa Italiana as per sec. 1 letter b) by the usual publication channel, Borsa Italiana shall post a relevant notice on Borsa Italiana's website to indicate the time of suspension. Contracts concluded thereafter shall be considered null and void.

Section 5 Suspension of Financial Instruments

Article 8.12 General Conditions

1. Borsa Italiana shall suspend a financial instrument from trading on EuroTLX market in order to preserve fair dealing therein on EuroTLX market or if continued dealing can prejudice the interests of investors or to ensure proper settlement of transaction and containment of the risk of contagion.

2. While suspended, orders with regard to the financial instrument entered into by the Market Intermediaries on the financial instrument shall be rejected. The liquidity requirements shall be suspended.

3. Suspension of a financial instrument from trading must not extend beyond a period of 12 months. Upon expiration thereof, and in the absence of circumstances for re-admission, Borsa Italiana shall commence the proceedings to terminate admission to trading.

Article 8.13 Conditions for Suspension

1. In considering the suspension of a financial instrument from trading, Borsa Italiana shall take account primarily of:

- a) the dissolution of the issuer;
- b) the insolvency of the issuer;
- c) an injunctive or emergency decision served by a competent authority;
- d) pending suspension of the financial instrument by a regulated market on which the financial instrument is admitted to listing;
- e) dissemination of or a failure to disseminate information on the financial instrument by the issuer;
- f) a change in the characteristics of the financial instrument;
- g) with regard to guaranteed financial instruments, a communication sent by central counterparty referred to in Article 7.3 concerning with the guarantee of such instruments through the Central Counterparty Guarantee's System;
- h) a loss of a requisite for admission to trading.

2. Borsa Italiana shall immediately notify the public of the suspension and/or the re-admission the financial instrument to trading by publication on Borsa Italiana's website.

Section 6 Termination of Admission to Trading of Financial Instruments

Article 8.14 General Conditions

1. Borsa Italiana shall terminate admission of a financial instrument to trading on EuroTLX market in case of a continued lack of trading therein, or if the conditions for its suspension from trading continue to exist or upon a duly substantiated request by the Liquidity Provider concerned.

2. Without prejudice to the provisions of the preceding paragraph, Borsa Italiana may provide for the suspension of a financial instrument traded on the EuroTLX^{Quote} segment, should said instrument be the subject of an admission resolution to trading following proceedings commenced in accordance with paragraph 1 of Article 2.10.

Article 8.15 Conditions for Termination

1. In considering the termination of admission of a financial instrument to trading, Borsa Italiana shall take account primarily of:

- a) the dissolution of the issuer and/or the guarantor;
- b) the insolvency of the issuer and/or the guarantor;
- c) an injunctive or emergency decision served by a competent authority regarding the issuer and/or the guarantor;
- d) a pending termination of admission by a regulated market on which the financial instrument is admitted to listing;
- e) dissemination of or a failure to disseminate information by the issuer on the financial instrument traded;
- f) the counter value and quantity traded on EuroTLX market in the last 6 months;
- g) the frequency and continuity of trading on EuroTLX market in the last 6 months;
- h) circulation of the financial instrument among the public;
- i) negotiability of the financial instrument in other execution venues;
- j) with regard to guaranteed securities, a communication sent by central counterparty referred to in Article 7.3 concerning with the guarantee of such instruments;
- k) a loss of a requisite for admission of the financial instrument.

2. If a financial instrument is admitted to listing on a regulated market of the European Union and the Liquidity Providers file requests to withdraw from the activity of market making, Borsa Italiana shall decide to terminate admission of the financial instrument to trading on EuroTLX market.

3. Following the decision to terminate admission Borsa Italiana may request the Liquidity Providers concerned to continue to display bid orders for a period of up to three months from the date of the decision to terminate the admission, with a view to facilitate selling of the financial instrument by retail clients.

Section 7 Non standard Market situations

Article 8.16 Stressed market conditions

1. Borsa Italiana declares in general, pursuant to the present Article, that market stress market situations exist on a financial instruments and on the financial instruments of which it is the underlying, during the period after resumption of trading following its interruption for volatility, as indicated in guidance to the Rules 4.5, paragraph 2, for each category of financial instruments in the Guide to Parameters.

2. Borsa Italiana may declare, through a communication to the market intermediaries, that a stressed market condition exists when, on single financial instruments, groups of financial instruments, index or derivatives financial instruments, the change of prices and of the volumes in a specific time interval exceeds specific thresholds as indicated in the Guide to Parameters.

In those cases, Borsa Italiana informs the market intermediaries when the stressed market condition exists and when it ceases with reference to the current session, with a free text message or a specific message on the trading platform, according to the modalities indicated in the Guide to Parameters.

Title 9. Procedure for verifying violations

Article 9.1 General Conditions

1. Borsa Italiana shall apply the provisions of the present Title if it finds a contravention of the present Rule Book or of any binding Technical Communication, duly communicated by Borsa Italiana, on the part of an Market Intermediary, including as result of interconnection provided to third parties and the use of its trading code.
2. The provisions of the present Title shall apply in all cases of significant risks arising to the integrity of the market.

Article 9.2 Oversight of Market Intermediaries

1. In its examination of the operation of the Market Intermediaries Borsa Italiana, may:
 - a) request an Market Intermediary to supply any information or document relevant for their operation on EuroTLX market; the Market Intermediary shall seek to obtain all information and documents requested by Borsa Italiana, from its interconnected Intermediary, as necessary;
 - b) request the Market Intermediary to reply in writing to its specific query;
 - c) request the Market Intermediary to reply to its specific query at a hearing;
 - d) in cases considered of particular gravity, inspect the premises of the Market Intermediary;
 - e) in cases in which the continued operation of a Market Intermediary may seriously prejudice the market, temporarily suspend the Market Intermediary from trading on EuroTLX market.
2. If the controls put in place by Borsa Italiana reveal a presumed contravention of any obligation imposed upon the Market Intermediaries, EuroTLX market may commence disciplinary proceedings before the Disciplinary Board.

Article 9.3 Disciplinary Proceedings

1. Having ascertained a contravention, Borsa Italiana shall notify the Market Intermediary of the presumed contravention, indicating the abusive conduct complained of, its valuation and the reasons thereof. In its notification the Market Supervision shall fix a period within which the Market Intermediary may file its position in writing or request a hearing before the Disciplinary Board. The hearing shall be held within ten business days from the date of such a request.
2. Should the case concern an alleged contravention of articles 3.12 and 3.14 by an Interconnected Intermediary, the disciplinary proceedings shall be held against the Intermediary who provided interconnection to the latter. The Intermediary shall seek to obtain from its interconnected Intermediary all information and documents requested by Borsa Italiana, as necessary.

3. Borsa Italiana shall inform CONSOB of the commencement of disciplinary proceedings.

Article 9.4 Sanctions

1. Having completed disciplinary proceedings, the Disciplinary Board shall, depending on the gravity of the contravention and the possibility of repetition of the abusive conduct, impose the following sanctions on the Market Intermediaries, unless a specific sanction is envisaged by the present Rule Book:

- a) a written warning;
- b) a fine between euro 500 and 100.000;
- c) restrict the operation of the Market Intermediary;
- d) restrict trading in new financial instruments;
- e) suspend the Market Intermediary from trading in one or in a class of financial instruments or on a market segment;
- f) suspend the Market Intermediary generally from trading on EuroTLX market;
- g) terminate authorisation to operate on EuroTLX market.

2. The disciplinary decision providing for a sanction indicated in par. 1 letters c), d), e) and f) shall specify the period, not exceeding 6 months, for which the latter is imposed. In addition to sanctions indicated in par. 1 letter c), d), e), f) and g) a fine, as per par. 1 letter b), may be imposed.

3. The disciplinary decision shall be communicated to the Market Intermediary and contain at least:

- a) a due justification of the sanction imposed which led Borsa Italiana to make provision for the sanction;
- b) the date on which the imposition of the sanction shall be made public, should the disciplinary decision provide so;
- c) a grace period in which a contravention of organisational or technical nature may be remedied, if applicable;
- d) the terms of the sanction imposed.

4. The imposition of the sanction shall be made public solely:

- a) if the Market Intermediary repeatedly violated other decisions by Borsa Italiana to sanction the latter's conduct, and such conduct may potentially prejudicing the integrity of the market;
- b) in cases indicated in par. 1 letter f) and g).

5. The Market Intermediary may appeal against the disciplinary decision before an arbitral tribunal which shall be appointed and proceed according to the provisions of the General Conditions for the supply of services.

Article 9.5 Sanctions for contravention of articles 3.11 and 3.12 by a Interconnected Intermediary

1. In cases of contravention of articles 3.11 and/or 3.12 by an Market Intermediary and/or its interconnected Intermediary, and in the latter case, the Intermediary did not succeed to have such contravention stopped in due time, the Disciplinary Board shall, depending on the gravity of the contravention and the possibility of repetition of the offending conduct, impose upon the Market Intermediary a monetary sanction from 10.000 € to 100.000 €.
2. Imposition of the sanction shall be made public in cases of particular gravity or repetition of the offending conduct.

Article 9.6 Monetary Sanctions

1. By a relevant notice posted on Borsa Italiana's website Borsa Italiana shall communicate to the public and to the Market Intermediaries the cause for which the monetary sanction is destined.

Title 10. Final Provisions

Section 1 Miscellaneous

Article 10.1 Applicable Law

1. The present Rule Book and the relationship between the Company and the Market Intermediaries shall be subject to Italian law.
2. Issuers which have requested or authorised the admission to trading of their financial instruments on EuroTLX market must comply with all of the legislative and regulatory provisions applicable to issuers of financial instruments admitted to trading on a multilateral trading facility established both at national and community level (for example the rules on market abuse set out in Regulation (EU) 596/2014).
3. The issuer shall also advise Borsa Italiana, even in the short and reasonably anticipated manner, of the possibility of disclosing inside information while financial instruments are being traded.

Article 10.2 Financial instruments admitted *ex officio* to trading on the EuroTLX multilateral trading facility

1. All financial instruments traded on the TLX regulated market on December 31st, 2009, shall be admitted to trading on the EuroTLX market multilateral trading facility as of January 1st, 2010, *ex officio*.