SEDEX
MARKET RULES

19 October 2026

The Italian text of these Rules shall prevail over the English version

BORSA ITALIANA

SeDeX Market Rules

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The Rules are divided in articles contained in the boxes.
Moreover the Rules contain guidance to rules that supplement these rules, which indicates the provisions for the implementation of the content of the Rules.
Rules with supplementary Guidance are flagged with the notation "G".
The Guidance is divided in Section (Sec.) with an identification number.
Rules that have a reminder to Compliance Procedure are flagged with the notation "C"

Glossary

Term	Meaning
Trading Code	means the FirmID used to identify the trading member on the market
Logical Access	Means the set-up to connect to trading system containing the technical configuration for the market intermediary connectivity. The logical access corresponds to different trading platform technical segments
Admission to trading	Admission to trading of financial instrument in the SeDeX market
Algorithmic trader	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
Algorithmic trading	means the trading technique specified in Article 4(1)(39) of Directive 2014/65/EU and in Article 18 of Regulation 2017/565/EU
Borsa Italiana	Borsa Italiana SpA
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
Domestic segment	shall mean the segment in which are tradable financial instruments referred to in article 220 and divided pursuant to the guidance sec. 200.1 and settled via the settlement systems referred to in the guidance sec 500.2 a)
Exceptional circumstances	means the exceptional circumstances identified in Article 3, of Regulation no. 2017/578/E
Euronext Market	any Euronext Derivatives market or Euronext Securities market;
Financial instruments issued on the basis of a programme	means the securitised derivatives financial instruments that may be admitted to trading on the basis of an issuance programme

Guidance to the Rules	Indicates the provisions for implementing the content of the SeDeX Rules and is published jointly with the Rules.
Guide to the Parameters	the document accompanying the Rules of the regulated markets and the relevant Instructions, as well as the Rules of the multilateral trading facilities organized and managed by Borsa Italiana S.p.A., referred to as "Guide to the Parameters", communicated in a Notice and available on the Borsa Italiana website
High-frequency algorithmic 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
ICSD Segment	shall mean the segment in which are tradable financial instruments referred to in article 220 and divided pursuant to the guidance 200.1 and settled via the settlement systems referred to in the guidance 500.2 b)
Issuer	Indicates the subjects issuing the instruments referred to in Article 220
Interconnection	means the linking to markets, via market intermediaries: of customers of market intermediaries, the connection of which may take place in "direct electronic access" mode or in another mode; or organisational units of market intermediaries other than units assigned to the activities of trading in the markets and settlement and the control thereof computer-based systems for the automatic generation of orders even if they are installed in an organisational unit of a market intermediary. The connection of customers of the market intermediary, in "direct electronic access" mode (DEA), can take place through the technical structure of the market intermediary (Direct Market Access or DMA).
Liquidity Provider	Any market intermediary that undertakes to support the liquidity of the instruments traded in the SeDeX market or the third party appointed to perform the functions referred to in Article 4001
Secondary Liquidity Provider	Any market intermediary that undertakes to support the liquidity of the instruments

	traded in the SeDeX market in addition of the Liquidity Provider appointed by the issuer.
Liquid market for the financial instrument	means the liquid market as specified in Article 2, paragraph 1(17), of Regulation 2014/600/EU
Market making agreement	means the market making agreements that Borsa Italiana must offer, in compliance with Regulation 2017/578/EU, to the Intermediaries pursuing a market making strategy
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 2016/578/EU
Market Maker	means the intermediary that has underwritten a market making agreement with Borsa Italiana, in accordance with Regulation 2017/578/EU
Minimum lot	the minimum quantity of financial instruments that may be traded in market; the trading lots higher than the minimum lot may be traded only if they are a multiple of the minimum lot.
Multilateral trading facility	a facility referred to in article 4, subparagraph 1, number 22 of directive 65/2014/EU
Negotiated transactions	means the transactions negotiated privately between intermediaries, placed on the market according to the rules specified in Article 2050
Notice	The publication prepared and distributed by Borsa Italiana containing information relevant to the operation of the SeDeX market
Parity/multiple	means the number of underlying assets for each securitised derivative financial instrument traded on the SeDeX market
Public rating	Public rating means the creditworthiness: a) requested by the issuer and disclosed

	to the market following Consob regulations, and/or notified by the issuer to persons that are not subject to a duty of confidentiality – regardless or whether such duty is based on law, on regulations, on articles of association or on a contract – or notified by the rating agency to persons different from the issuer itself; b) not requested but somehow attained by the issuer, if disclosed by the issuer itself to persons that are not subject to a duty of confidentiality, regardless or whether such duty is based on law, on regulations, on articles of association or on a contract.
Regulated Markets	The Markets authorized pursuant to Article 44 of Directive 2014/65/EU
Relevant Euronext Market Undertaking	The **Euronext market Undertaking** which has approved, or is in the process of reviewing, the application for Euronext Membership of the relevant Member or prospective Member, or the **Euronext Market Undertaking** which has admitted the relevant Financial Instrument to listing or trading on a **Euronext Market** or with which the relevant application dor admission to trading is pending, as the context requires;
SeDeX financial instruments	The financial instruments admitted to trading in the SeDeX market as provided in accordance with Article 200
SeDeX Market	A MTF of securitised derivatives financial instruments managed and organised by Borsa Italiana
Statutory audit	The audit of solo or consolidated annual accounts, carried out pursuant to Legislative Decree no. 39 of 27 January 2010 by a statutory auditor or a statutory auditing company. The audit cannot be performed by the supervisory body of the issuer or either of its members.
Statutory audit or statutory audit company	A party entered in the Register set up pursuant to Article 2 of legislative decree January, 27 2010 no. 39
SDIR	shall mean the dissemination system of regulated information pursuant to transparency Directive

Trading Manual	The trading manual of the Optiq trading platform which describes the functionalities of the platform both for the regulated markets and the multilateral trading facilities. The provisions of the trading manual apply to the Borsa Italiana's markets when they have been incorporated by reference or replicated in the Rules of such trading venues
TCS Trading Manual	The Transaction Confirmation Service (TCS)'s trading manual which describes the transactions benefiting from a pre-trade transparency waiver and executed outside the Euronext central order book, but in the Euronext Transaction Confirmation Service (TCS) system and therefore deemed executed on the relevant regulated market or multilateral trading facility as appropriate.
Tick	the minimum difference between the prices of orders, established in the Guidance, for each financial instrument traded;

GENERAL PROVISIONS AND INSTRUMENTS ADMITTED TO TRADING

General provisions

Purpose of the Rules

100	These Rules govern the organization and management of the multilateral trading facility operated by Borsa Italiana and called the SeDeX market.

110		These Rules establish the organizational and operational conditions and procedures of the SeDeX market and, in particular, govern:
	110.1	the conditions and procedures for the admission, exclusion and suspension of SeDeX financial instruments from trading;
	110.2	the conditions and procedures for the admission, exclusion and suspension of intermediaries from trading and their obligations;
	110.3	the conditions and procedures for the performance of trading and the functioning of the related instrumental services;
	110.4	the procedures for verifying, publishing and disseminating prices and information.

Organizational principles of the market

120	Borsa Italiana performs its functions, in particular the admission, suspension and revocation and the surveillance of the SeDeX market in a non-discriminatory manner and using procedures defined on a general basis.

121	Borsa Italiana, in its operation of the SeDeX market, equips itself with and maintains an organizational structure likely to prevent potential conflicts of interest. In particular, it ensures that the heads of the departments responsible for the functions referred to in Article 120 enjoy complete independence in carrying out examinations and making proposals. In performing these functions, the heads of department answer exclusively to the CEO.

122	Borsa Italiana equips itself with and maintains an internal control system that checks compliance with the law and internal rules and procedures.

Instruments that can be traded on the SeDeX market

Tradable instruments

200	Shall be admitted in the electronic securitized derivatives market (SeDex market) securitized derivatives financial instruments.

	201	Securitised derivative financial instruments shall mean financial instruments whose value is linked to the prices of the underlying assets referred to in Article 230.

	202	Issuers must take all necessary measures to have a valid and constantly updated Legal Entity Identifier (LEI) for as long as their financial instruments are admitted to trading.

Request for Admission

G	210	Borsa Italiana may admit financial instruments referred to in Article 200, to trading at the request of an issuer, in accordance with what is provided for in the guidance, provided the conditions set out in the following articles are satisfied.

	211	The issuer must produce an admission document, which may consist of the following categories of documents: a) a prospectus approved by the competent authority in accordance with the Prospectus Regulation; or b) a base prospectus approved by the competent authority in accordance with the Prospectus Regulation, with the definitive conditions; or c) a registration document accompanied by the information note on the financial instruments approved by the competent authority in accordance with the Prospectus Regulation or, alternatively, accompanied by the KID required by Regulation No. 1286/2014; or d) an admission document containing information referred to Annexes 6 or 7 and 14 or 15 of Delegated Regulation 2019/980. In any event, this information must be sufficient to permit investors to make an investment decision concerning the financial instruments and contain all other information that Borsa Italiana may request to facilitate the orderly conduct of trading. This document must be made available to the public on the Issuer's website as soon as possible and in any case at least one day before the start of the trading. The documents referred to at letters a), b) and c) must be valid pursuant to the regulation from the moment of the submission to the date of admission to trading. As regards the document referred to in letter d) if, with reference to the financial information, where the closing date of the annual account is more than 9 months before the date of admission, they should include at least an interim balance sheet and income statement of the issuer on a solo or consolidated basis – drawn up on the basis of the formats in force for listed issuers, accompanied by explanatory notes – with reference to at least the 6 months subsequent to the closing date of the last annual account. At any time after the admission document is filed and before the admission date, new material facts, errors or imprecisions arise or emerge in respect of the information set out in the admission document, or which may impact the evaluation of the product, a supplementary admission document must be prepared containing the details of the new facts, errors or imprecisions. On the first page of the document referred to in letter d), or the admission document supplementary where required in a prominent position, in boldface type, the following sentence should be written:

			"Consob and Borsa Italiana have neither examined nor approved the content of this document."

Conditions for the admission of financial instruments

G	220		SeDeX financial instruments must be:
		220.1	Issued by companies or national or foreign entities subject to prudential supervision with, at the time of submission of the application for admission to listing for each instrument, an amount of own funds of at least €25 million and risk management and control systems in conformity with the prudential supervisory provisions to which they are subject; or
		220.2	Issued by companies or national or foreign entities whose exclusive corporate purpose is to make one or more issues of financial instruments; or
		220.3	Issued by companies or entities for which the obligations connected with the issue are unconditionally and irrevocably guaranteed by another person (guarantor) belonging to the category referred to in article 220.1.
		220.4	In the case referred to in article 220.3 the requirements and duties provided into the article 220 to for the issuer shall be deemed to refer to the guarantor of the issue.
		220.5	Securitised derivative financial instruments may be admitted to trading when they are of an issuer that has published and filed, in compliance with national law, the solo and, where applicable, consolidated annual accounts for the latest two financial years (or of the last financial year if the issuer has been in operation for a shorter period), of which at least the latest must be accompanied by an opinion of a statutory auditor or an statutory auditing company drawn up in accordance with Legislative decree no. 39 of 27 January 2010 or the corresponding applicable provisions of foreign law. Admission to listing may not be granted where the statutory auditor or the statutory auditing company has rendered an adverse opinion or a disclaimer. In the case of recently created issuers Borsa Italiana may accept, instead of audited annual accounts, a balance sheet and income statement for a period of less than one year provided they have been audited by a statutory auditor or a statutory auditing company. The issuer must also have assigned the statutory audit mandate to audit the annual accounts for the current year at the date the application for admission to listing is submitted in accordance with Legislative decree no. 39 of 27 January 2010 or the corresponding applicable provisions of foreign law.
		220.6	Where the issuers of securitised derivative financial instruments or the securitised derivative financial instruments has been rated by a local or international credit rating agency in the twelve months preceding the submission of the application, the rating or its update must be notified to Borsa Italiana if public, with an indication of the rating, if any, of the individual issue.
		220.7	Borsa Italiana may, for the purpose of evaluating the suitability of the issuer of securitised derivative financial instruments, take into consideration the latter's previous experience with securitised derivative financial instruments, and may ask it to describe the risk-hedging strategies it intends to adopt in connection with the issue.

Underlying assets

	230	230.1	Securitised derivative financial instruments may be admitted to listing that are based on underlying assets specified in the guidance sec 10 , for which a reliable and up-to-date price or some other measure of value is available to the public.

230.2 Borsa Italiana may require the issuer of securitised derivative financial instruments to demonstrate that the issuers of the underlying financial instruments are subject to rules concerning the information to be made available to the public and the supervisory authorities substantially equivalent to those in force in Italy.

230.3 Where, upon the reaching of given values of the underlying or the occurrence of given events, securitised derivative financial instruments provide for the extinction thereof and/or for a change in the original contractual conditions or for the issuer to be able to repay the principal early, the issuer must make the required communications within the time limits specified by Borsa Italiana.

230.4 For the admission to listing of securitised derivative financial instruments, the following conditions must be satisfied:

a. the characteristics of the instruments must be clear and unambiguous and permit a correlation between the price of the financial instrument and the price or other measure of the underlying; Borsa Italiana may require the issuer to specify the percentage composition of the various components of the financial instrument and the commissions;
b. where settlement in cash is envisaged, the procedure for fixing the settlement price must guarantee that such price correctly reflects the price or other measure of the value of the underlying;
c. where the underlying is a financial instrument in conformity with what is established in the listing prospectus, settlement may consist in the physical delivery of the underlying, provided that the underlying financial instrument can be settled within the settlement system in which the securitised derivative financial instrument is settled;
d. provision must be made for adjustments where extraordinary events occur regarding the underlyings. Such adjustments must be based on generally accepted methods and tend to neutralise the distortionary effects of the event as far as possible. The issuer notifies such adjustments to Borsa Italiana, for dissemination to the market, appropriately in advance of the date on which the adjustments will take effect. The Guidance sec. 10.3 shall apply.
e. when the payment of one or more conditional periodic amounts is envisaged, that the record date of the periodic amount is set in such a way as to ensure that there is at least one cum coupon trading day following the valuation date.

230.5 For securitised derivative financial instruments issued by persons referred to in Article 220.2, the following conditions must also be satisfied:

a) the assets acquired with the proceeds deriving from the subscription of an issue must constitute, to all intents and purposes, an independent pool of assets separated from that of the issuer;
b) the assets acquired with the proceeds deriving from the subscription of an issue and the income earned on such assets must be assigned exclusively to satisfy the rights incorporated in the financial instruments and possibly to meet the costs of the transaction;
c) actions may not be brought against assets acquired with the proceeds deriving from the subscription of an issue by creditors other than the holders of the financial instruments in question subject to those creditors who, by virtue of the law applicable from time to time, may collect the claim in priority.

230.6 For the listing of securitised derivative financial instruments, there must be a Liquidity Provider.

230.7 In any case, Borsa Italiana shall reserve the right to reject the admission to listing of securitised derivative financial instruments in order to ensure the stability and proper trading of the underlyings related thereto.

230.8 For securitised derivative financial instruments belonging to the segments referred in the Guidance 200.1, letters a), c) and d) class A, a parity/multiple must be established.

230.9 For securitised derivative financial instruments identified in the present Rules, provision must be made for their exercise as specified in the present Rules.

Sec *Guidance to the Rules*

10 *Underlying Asset*

10.1 *Pursuant to Article 230, the following assets may underlie the securitised derivative financial instruments admitted to trading:*

*a) shares or certificates representatives of shares traded on a **regulated market** or in multilateral trading facilities or in markets of countries belonging to the OECD and are highly liquid;*

*b) bonds or other debt securities, traded in a **regulated market** or in multilateral trading facilities or in markets of countries belonging to the OECD and are highly liquid;*

c) official interest rates or interest rates widely used in capital markets that are not open to manipulation and that are marked by transparent methods of observation and dissemination;

d) foreign currencies whose exchange rate is recorded continuously by the competent authorities or bodies and which are convertible;

e) commodities for which there is a reference market characterised by the availability of continuous and updated information on the prices of the assets traded;

f) indexes or baskets of the assets referred to in the subparagraphs of this paragraph and baskets of indexes of the same assets, provided such baskets and indexes are characterised by transparent methods of calculation and dissemination. Borsa Italiana may ask issuers what methods of calculation and management they use for such baskets and indexes;

g) derivative instruments based on assets referred to in the preceding subparagraphs for which there is a liquid market characterised by the continuous availability of updated information on the prices of the contracts;

h) units/shares of open-end CIUs. The units/shares of open-end CIUs underlying securitised derivative financial instruments belonging to the categories "covered warrant plain vanilla" and "leverage certificates" referred to in guidance sec. 201.1, paragraphs 1(a) and 1(c), must be admitted to trading on regulated markets or in multilateral trading facilities or in markets of countries belonging to the OECD with continuous trading; covered warrant plain vanilla whose underlying is represented by units or shares of open-ended CIUs, with a daily NAV and not traded continuously are eligible in the category "structured/exotic covered warrant" referred to in the guidance sec. 201.1, paragraph 1(b).

10.2 *Borsa Italiana reserves the right to admit, at the request of an issuer, securitised derivative financial instruments based on assets other than those*

referred to in the preceding paragraph to listing, without prejudice to article 230.

10.3 *These adjustments must be notified ordinarily with an advanced of 2 days with respect to the date in which the adjustment will take effect. In the case of extraordinary events for which the adjustment coefficient can be calculated only at the end of the trading session immediately preceding the effective date, the deadline is to be understood as 1 day compared to the date in which the adjustments will be effective.*

10.4 *Pursuant to Article 230.9, for securitised derivative financial instruments provision must be made for automatic exercise at maturity, to be activated if the settlement amount is positive.*

Transferability of financial instruments

G	231		Financial Instruments must be:
		231.1	freely transferable; and
		231.2	suitable for settlement in the manner referred to in Article 5000.

	232	Borsa Italiana may make admission to trading subject to any condition regarding the financial instrument that it deems desirable and that is explicitly notified to the applicant subject; it may also exercise discretion in admitting financial instruments to trading for which an application has been made, also by way of derogation from the requirements for admission of the preceding articles.

	233	Borsa Italiana may reject an application for admission to trading, taking account, among other things, of the characteristics of the Issuer and of financial instrument, of the characteristic of the transaction and the liquidity of the market on which the instrument is traded. Borsa Italiana shall inform the applicant subject.

Sec. *Guidance to the Rules*

20 *Procedure for instruments' admission to trading*

20.1 *Persons referred to in Article 210 shall present an application that is signed by their legal representative or duly authorized person, drawn up in accordance with the model form available on Borsa Italiana's website and accompanied by the documentation indicated therein.*

20.2 *Borsa Italiana confirms the completeness of the application.*

20.3 *Within 5 trading days of the date of confirming receipt of an application, Borsa Italiana must inform the applicant that the application has been rejected or, in the case of its being accepted, issue a Notice establishing the date of the start of trading and making available the information needed for trading. In the event that the person referred to in article 210 does not have other financial instruments admitted to trading on the markets organized and managed by Borsa Italiana and/or in the event that the admission document referred to in article 211 has never been included in a previous admission application, Borsa Italiana may order admission within 20 open market days of completion. The issuer may request Borsa Italiana to admit to trading instruments in a state of inactivity, i.e. uploaded to the market but disabled from trading. The Liquidity Provider has the right to activate intraday the start of trading of an inactive*

product (sending a KIBI message).

20.4 *The time limits referred to in Sec. 20.3 may be interrupted by a notification from Borsa Italiana if it becomes necessary to acquire new information and documents. In this case the time limits shall start to run again from the date of receipt of the relevant documentation. The time limits referred to in Sec. 20.3 may be suspended at the request of the person referred to in Article 210.*

20.5 *Applications shall be deemed annulled if they are not modified, completed or corrected within two months of their receipt.*

20.6 *In the context of the admission procedure, the parties referred to in article 210 may use the* ***SeDeX market*** *for the distribution of the financial instruments referred to in Article 200. In this case,* ***Borsa Italiana*** *shall verify the admission requirements of the issuer and of the financial instruments and shall receive the request for admission to trading. Following this, it shall admit the financial instrument and commence trading of purchase and sales contracts on the market. At the end of the sale phase, if successful, and subject to compliance with the requirements laid down in these Rules, the admission shall become final and Borsa Italiana shall establish the date for the start of trading on the* ***SeDex market****.*
If the issue of financial instruments does not take place because the admission requirements 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 ***SeDex market*** *shall be established each time by* ***Borsa Italiana*** *in a* ***Notice****. To this end the issuer shall inform Borsa Italiana of the name of the intermediary appointed to display quotes for the sale of the financial instruments that are to be issued if it does not intend to perform this task itself. The issuer shall also 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.*

Based on defined and transparent criteria, the issuer has the option to restrict participation to the distribution process to specific intermediaries admitted to trading[1].

Suspension and revocation of instruments

234		**Borsa Italiana** may:
	234.1	suspend the trading of financial instruments if the regularity of the market for the instrument is temporarily not guaranteed or risks not being guaranteed, if this is necessary to protect investors, if the instruments have been suspended on other regulated markets where they are traded;
	234.2	revoke the admission to trading of financial instruments in the event of a prolonged lack of trading or where Borsa Italiana deems it to be necessary subject to its giving the market advance Notice;

235	The suspension of an financial instrument may not be for more than 6 months, except in exceptional circumstances; where, at the end of such period, the reasons for the suspension still exist, Borsa Italiana shall initiate the procedure for the revocation of the financial instrument.

236	Suspensions and revocations shall be announced in a Notice.

[1] *In force as of 10 November 2025*

Exclusion from trading of the financial instrument upon request

237 Issuers may also apply for the delisting of financial instruments listed on the **SeDeX market** if the following conditions occur:
a) the issuer possesses all the financial instruments;
b) they were not traded in the two sessions preceding the date of the application for their delisting;
c) an undertaking by the issuer guaranteeing there will be no trading until the delisting date established by Borsa Italiana.

237.1 For the purpose of delisting, issuers shall send **Borsa Italiana** an application using the electronic channel (Myeuronext), or, in case of malfunctioning, by sending a written application, signed by their legal representative, compliant with Model 4 and completed with the same documentation indicated in Model 4.

237.2 **Borsa Italiana**, having received a delisting application from an issuer and made the necessary checks, within 5 trading days of receiving the application, shall delist the financial instruments and indicate the date from which the delisting shall be effective.

Delisting

240 **Borsa Italiana** shall delist securitised derivative financial instruments the second day prior to the maturity date of the securities themselves, taking into account of the opening days of the settlement system involved. If such day is a non-trading day, the delisting day is the first following trading day.

241 **Borsa Italiana** shall delist securitised derivative financial instruments, for which the settlement amount at maturity is observed in advance of the cancellation determined in accordance with article 240, in the following manner:

a) for "leverage certificates" and "investment certificates", in cases where the detection of the price of the underlying asset is carried out no later than the fourth day before the maturity date on the trading day after the prescribed one for the observation of the price of underlying asset itself.
b) for "plain vanilla covered warrants" and "structured/exotic covered warrants", in cases where the detection of the price of the underlying asset is carried out no later than the third day before the maturity date on the trading day in which the price of the underlying asset itself is determined.

If the date of cancellation is a non-trading day, the date of cancellation shall be the first subsequent trading day.

242 Notwithstanding article 241, **Borsa Italiana**, taking into account the characteristics of the financial instrument contained in the documents referred to in article 211, and of the time remaining to maturity, may keep securitised derivative financial instruments referred to in paragraph 2 listed and promptly announce the decision in a **Notice**. **Borsa Italiana** reserves the right to exercise the waiver referred to in this Article in consideration of a reasoned request by the issuer.

Method for calculating the ex-right trading date

243 For instruments providing for the payment of one or more periodic amounts, the ex-right-of-payment trade date of each periodic amount starts on the first open calendar day of the relevant settlement system prior to the respective

		record dates. If such day is a closed market day, the ex-right-of-payment trading date of the periodic amount starts from the relevant record date.

244		The delisting of securitised derivative financial instruments may be ordered by Borsa Italiana, in accordance with the provisions of Article 240, in the event of the termination of the activity of Liquidity Provider as per the Guidance to the Rules 402.4. Borsa Italiana will communicate it through a Notice.

Disclosure obligations

310	310.1	The subject referred to in Article 210 shall send Borsa Italiana the information of a technical nature needed for the functioning of the market.
	310.2	The guarantors of issues of securitised derivative financial instruments must comply with the same disclosure requirements vis-à-vis Borsa Italiana as, under laws and regulations in force, issuers of financial instruments admitted to listing.
	310.3	Issuer shall transmit the technical information using the specific electronic venue made available by Borsa Italiana, (Myeuronext), or, in the case of malfunctioning, by using the following e-mail address: infofi&sd@euronext.com.
	310.4	Should the applicant not avail itself of a SDIR, the inside information must be sent to Borsa Italiana using the e-mail address: infofi&sd@euronext.com.
	310.5	The issuer shall anticipates Borsa Italiana, also verbally and giving adequate Notice of the possibility of publishing inside information while financial instruments are being traded.

311		The entity referred to Article 210:
	311.1	must publish their statutorily audited annual accounts without delay and in any case not later than six months from the end of the financial year to which they refer;
	311.2	where the issuer or a single issue has received a rating from a local or international independent rating agency, such ratings, if in the public domain, must be made known to the market. Issuers shall also undertake to disclose any subsequent changes in their ratings in the same way;
	311.3	must communicate, before the start of the trading, the website where it makes available the KID required by the Regulation 1286/2017;
	311.4	at the time they are admitted to the market, issuers must choose whether they will use Italian or English for their disclosures to the public and no change may be made to the language chosen without the agreement of the holders of the financial instruments.

312		In the case of the financial instruments referred to in Articles 220 Borsa Italiana may request to provide any further information in the manners and in the terms considered appropriate. Borsa Italiana may also request to publish such information.

313	313.1	Borsa Italiana shall establish, within the framework of the market calendar, the dates for the corporate actions involving detachment of coupons representative of rights of securitised derivative instruments. In the calendar the reference date shall be any open market day.

313.2 Payment of periodic amounts on securitised derivative financial instruments shall be paid in accordance with the dates established in the relevant provisions of the financial instruments as described in the documents referred to in article 211, and considering the settlement calendar of the instrument.

313.3 The issuer shall also notify the name of the person in charge of the communication of the information referred to in this article or the substitute.

313.4 Issuers that provide for the payment of a periodic amount must promptly inform Borsa Italiana of the amount thereof and in any case at least one trading day before the first day on which the financial instrument is traded ex rights. The date from which the financial instrument is traded ex rights will be announced by Borsa Italiana in a Notice taking into account the provisions of the financial instruments as described in the documents referred to in article 211.

313.5 Issuers that provide for the possibility of early redemption must notify the planned date as soon as known, and in any case with at least three trading days in advance to that date.

313.6 Issuers, in the cases referred to in the Guidance sec 10.4 and article 313.5 shall promptly inform Borsa Italiana, at the latter's request, of the settlement amount of maturing securitised derivative financial instruments.

MEMBERSHIP

General provisions

	1000	The market intermediary is an entity that has been admitted to trading by Borsa Italiana in the SeDeX market as described above.

Intermediaries admitted to trading and procedure for admission to trading and start of operation

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

Sec. *Guidance to the Rules*

100 *Intermediaries admitted to trading*

100.1 *The following may participate in trading in the SeDeX market:*

a. *persons authorised to provide the services and engage in the activity of dealing for own account and/or executing orders on behalf of clients under the Consolidated Law on Finance, the Consolidated Law on Banking or other special provisions of Italian law;*
b. *banks and investment firms authorised to provide the services and engage in the activity of dealing for own account and/or executing orders on behalf of clients under laws of other EU countries or of non-EU countries;*
c. *the firms of non-EU countries entered in the register of non-EU countries kept by ESMA pursuant to Article 48 of Regulation (EU) No. 2014/600 and the firms authorized to provide investments service in non-EU countries in which Borsa Italiana can operate in compliance with the provisions of article 70 of the Consolidated Law on Finance;*
d. *the entities authorised by the competent Authority of an EU country to provide one or more investment services and activities; insurance companies, the entities authorised to provide collective asset management services, and pension funds. These entities must satisfy the requirement indicated at letter e), point 2;*
e. *firms which trade on their own account within the limits imposed in Article 4-terdecies, paragraph 1, letter d), of the Consolidated Law on Finance provided that:*
    1. *satisfy adequate integrity requirements;*
    2. *have an adequate internal organisation;*
    3. *have adequate skills and sufficient experience in trading financial instruments;*
    4. *they have adequate financial resources to ensure the business continuity of the trading service and which are not less than 50,000 euros.*

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

100.3 *Natural persons and sole proprietorships are not eligible to become Euronext Securities Members*

G	1011	For the purposes of admission to trading in the SeDeX market, intermediaries

	shall send Borsa Italiana a written ~~request~~ application using the standard form provided by Borsa Italiana conforming with what is provided for in the guidance.

1012	Following receipt of the application for membership and the participation documentation requested by it in accordance with the provisions of the guidelines, Borsa Italiana approves or rejects such application or approves it subject to the conditions and/or restrictions as it considers appropriate. Borsa Italiana shall notify its decision in writing to the applicant, which in case of approval is admitted to trading.

1013	Following the admission of the intermediary, Borsa Italiana verifies the technical requirements and post-trade configurations and in the event of a positive outcome confirms the date of start of operation.

Sec. *Guidance to the Rules*

110 ***Applications*** *for* ***admission and start of operation***

110.1 *The Application referred to in rule 1011 must be sent signed to Borsa Italiana via a dedicated portal, together with a copy of the authorisation issued by the competent Authority, if any. In case of technical unavailability of the portal, the information and documentation will be sent in paper format.*

110.2 *Market intermediaries are required to complete the participation documentation, using the forms and functions available via a dedicated portal 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) 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);
f) in the case of indirect participation in the settlement service, a declaration referred to in rule 1100 communicated by the market intermediary and the intermediary participating in the settlement service;
g) a declaration of the legal representative or by a duly authorised person of the company containing a statement of the adequacy of the financial resources to ensure the business continuity of the trading service and which are not less than 50.000 euros.

110.3 *In the case of intermediaries already admitted to trading on a market managed by* ***Euronext*** *requesting to participate in the* ***SeDeX,*** *managed by* ***Borsa Italiana****, the latter reserves the right to consider fulfilled membership requirements referred to in guidance Sec. 100 and 120 and not to require the documentation already provided by the intermediary in connection with its participation in other managed. The procedure referred to in articles 1011, 1012 and 1013 shall apply insofar as it is compatible.*

110.4 *A Firm which is a Euronext Member and who wishes to extend its Membership to other Euronext Markets should submit a written application to the Relevant Euronext Market Undertaking to that effect. The Relevant Euronext Market Undertaking to which the Euronext Member is applying may perform checks*

to ensure that the Member satisfies its additional Membership requirements (if any).

110.5 *After the admission and in order to start the operation on the market the intermediary will have to provide 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, including the conformance test and the signing of the agreement with Euronext for access to the trading platform.*

	1014	Market intermediaries shall ensure continued satisfaction of the authorisation and other requirements referred to in article 1010 and of the conditions referred to in article 1020.

	1015	Revocation or expiry of the authorisation to trade or cessation of fulfilment of the requirements for unauthorised persons shall result in suspension or exclusion from trading, without prejudice to any measures adopted by the supervisory authorities to ensure the closure of any positions still open and the carrying out of any related transactions required to protect customers' interests. In the event of: a) suspension or cancellation of a stockbroker under Article 201 of the Consolidated Law on Finance; b) extraordinary administration; c) compulsory administrative liquidation; d) another bankruptcy procedure; e) other measures taken by Competent Authority that result in it being impossible, even if only temporarily, for intermediaries to enter into undertakings or perform undertakings they have entered into, Borsa Italiana may suspend or exclude the intermediary from trading.

	1016	The termination of direct or indirect participation in the settlement system of transaction in financial instruments must be immediately notified in writing to Borsa Italiana by market intermediaries and shall result in their being promptly suspended from trading in the market until they are again able to settle trades, directly or indirectly.

	1017	After six months have passed without the cessation of the condition that gave rise to the suspension from trading, Borsa Italiana may exclude the intermediary.

Participation requirements

G	1020		The participation of 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:
		1020.1	adequacy of the technological systems used for trading and associated activities carried on and the number and types of interconnections with the market, and their compatibility with the electronic data processing and telecommunication support systems adopted by Borsa Italiana for the operation of the market;
		1020.2	sufficient staff with adequate professional qualifications in relation to the types of activity carried on and the types of interconnection with the market;
		1020.3	adequate internal procedures and controls for trading activity;

	1020.4	adequate settlement procedures;
G	1020.5	intermediaries may entrust the management of technological systems to third parties, subject to the conditions laid down in the guidance sec. 130;
G	1020.6	the participation of intermediaries shall also be subject to verification of direct participation in the settlement systems provided in the guidance sec. 500 and participation in their accessory systems (trade-checking systems); sec. 135 shall apply; for intermediaries who are not participants in the central securities depository, the agreement with a participant in the central securities depository, under which the intermediary joining the settlement service undertakes to settle contracts concluded on the markets by the intermediary until the agreement is terminated;
	1020.7	in order to comply with the conditions of this paragraph, intermediaries must satisfy the minimum requirements laid down in the guidance to rules.

Sec. *Guidance to the Rules*

120 *Requirements for participation*

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

a. *they have a sufficient number of Responsible Persons for the nature and scale of business being conducted. The Responsible Person shall be responsible for trading activity conducted on the SeDeX market and follow all the requirements defined pursuant to the Notice 2-01 "Registration of Authorised Representatives and Responsible Persons". Trading activity may be conducted by Responsible Persons or by other individuals within the Member, at the discretion of the Member, provided all such individuals are suitable and adequately trained in accordance with the Rules. Traders who are not Responsible Persons may only submit orders under the general authority of a Responsible Person. Borsa Italiana may impose requirements, and publish such requirements by Notice, in respect of training and competence of the Responsible Person;*
b. *their trading staff know the rules and operating procedures of the market and the technical instruments for trading and have adequate professional qualifications;*
c. *must know the rules governing and the manner of performing the activity of Liquidity Providers and the related technical instruments;*
d. *the obligations set out in paragraph a), b) and c) ~~(a) and (b)~~ apply to the market intermediaries providing trading services in financial instruments, including through the use of systems that do not involve human intervention. These systems shall be programmed in accordance with the rules, the operating procedures of the market and the technical instruments used for the activity concerned. The operators assigned to the programming of these systems shall have appropriate professional qualifications;*
e. *they have adequate systems, procedures and controls for trading activity including specific procedures for use of the order cancellation function and settlement procedures that reflect the characteristics of the firm and activity performed;*
f. *they have an internal IT unit that is in terms of number, experience and specialisation of the staff to guarantee the continuous and prompt functioning of the trading and settlement systems used, taking into account the degree of*

automation of their internal procedures and any recourse made to outsourcing.

g. they have a sufficient number of Authorised Representatives as defined pursuant to the Notice 2-01 "Registration of Authorised Representatives and Responsible Persons".

120.2 When carrying on the trading activity and associated activities, the market intermediary shall avail itself of technological systems which are adequate for the interaction with the electronic data processing and telecommunication support systems of the market, for which the market intermediary has achieved the conformance certification (so called conformance test). The conformance certification must be completed before the market access systems are used and before any substantial updating of such access systems or of the market trading system.

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

120.4 Market intermediaries may use a third party and/or a group company to perform the activities referred to in guidance sec. 120.3 provided they remain fully responsible for compliance with all the obligations of the Rules and control and coordinate the activities performed by the persons referred to in the preceding guidance. Market intermediaries must inform Borsa Italiana accordingly. The agreement between the intermediary and the third party/group company must provide for the possibility of Borsa Italiana, or its appointees, verifying compliance with the requirements laid down in the Rules directly on the premises of the third party and/or the group company the market intermediary uses.

Guidance to the Rules
<u>Conditions for outsourcing technological systems</u>

Sec. 130 Pursuant to Rule 1020.5, intermediaries may use Borsa Italiana or third parties:

130.1
- *a) for connection to the market;*
- *b) for the other functions related to the management of technological systems other than connection to the market (e.g. housing and facility management).*

130.2 The company offering the connection to the market may provide that the single connection is shared among many intermediaries, in the respect of specific segregation criteria. In such case, the company offering the connection to the market is known as a Service Provider and shall be specifically accredited. To this purpose the company shall have a contract for the purpose with Borsa Italiana, 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 the preceding guidance sec 130.1 letter b).*

130.3 Borsa Italiana may refrain from requiring the Service Provider contract referred to in Sec.130.2 to be signed by intermediaries that provide the connection to the market to other intermediaries belonging to its group.

130.4 *Market intermediaries must inform Borsa Italiana of the execution with third parties, including Service Providers. Such contracts must contain a clause permitting Borsa Italiana or its appointees to verify compliance with the technological requirements established in these rules, inter alia on the premises of the third party used by the market intermediary.*

130.5 *Market intermediaries must also keep adequate documentation on their premises regarding the architecture, functionalities, operating procedures, service levels, controls and contractual guarantees for the activities entrusted to third parties, including Service Providers.*

130.6 *The contracts between the third parties and market intermediaries must indicate whether in turn the third party subcontracts some of the services outsourced by the market intermediary. 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.*

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

Guidance to the Rules

Sec. *Participation in the settlement service*

135 *Pursuant to article 1020.6 the intermediary must participate directly or indirectly both in the settlement service indicated in the guidance sec. 500.2.*

135.1 *Market intermediaries, for the purpose of complying with the conditions referred to in Article 1020.6, letter a), shall attest that:*

135.2 *i) in case of direct participation in the settlement system, the participation to the X-TRM system service;*

ii) in case of indirect participation in the settlement system, the participation to the X-TRM system service on his behalf of the intermediary participating in the settlement service.

Participation in the settlement service may differ (direct/indirect) for the Domestic Segment and the ICSD Segment, and in the case of indirect involvement, the intermediary may avail itself of different liquidators.

Borsa Italiana reserves the right to require intermediaries to use different ~~access~~ trading codes for different market segments and to limit the financial instruments tradable according to the settlement modality communicated by the intermediary.

1021 If in the performance of its surveillance activity Borsa Italiana finds situations or conduct likely to entail risks for the integrity of the market, it may apply one or more of the following measures against the market intermediaries in question, until the reasons for their application cease to exist:

1021.1 suspension from trading;

1021.2 imposition of specific requirements relating to: the number and professional qualifications of trading staff; trading system and interconnection procedures and controls; and any other matters relevant to ensuring the continued satisfaction of market intermediaries' admission requirements;

		1021.3	restrict access to the market, including access via interconnections or segregation of specific trading activities;
		1021.4	imposition of limits on operations or interconnections.
		1021.5	Where a measure of suspension from trading is adopted, from the time such measure takes effect the market 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, from the moment in which starts the suspension.
		1021.6	Borsa Italiana may modify or revoke the measures referred to in this rule at any time.
		1021.7	Borsa Italiana shall promptly inform the market intermediary concerned of the adoption of the measures.

G	1022	Market intermediaries shall notify, in the manner and within the time limits specified in the guidance sec. 140, every variation with respect to the operating conditions referred to in the information provided at the time of submission of the application for admission, according to articles 1020 and 1050.

Sec.	*Guidance to the Rule:*
140	*Notification of changes in participation requirements as well as changes resulting from corporate actions*
140.1	*Intermediaries admitted to trading shall notify Borsa Italiana, using the form and functions available via Borsa Italiana's Internet site, of any change in the conditions referred to in articles 1010 and 1020, as well as any change resulting from corporate actions, including changes to the company's name.*
140.2	*Intermediaries must notify changes referred to the guidance sec. 140.1 to Borsa Italiana promptly or, in the case of changes in the technological framework or of corporate actions, with due notice with respect to the date on which the changes will become effective, so that Borsa Italiana may make the necessary verifications, carry out any technical measures required and inform the market.*
140.3	*Borsa Italiana may request intermediaries, with a specific communication, to submit an update of the conditions referred to in articles 1010 and 1020.*

1023	Market intermediaries shall observe these Rules, the accompanying guidance, the applicable Notices and any other technical and operational documents accompanying these rules and the guidance, including Service Manuals. Market intermediaries shall maintain conduct based on principles of correctness, diligence and professionalism in their relations with market counterparties, obligations towards Borsa Italiana and use of the trading systems.

Exclusion from trading upon request

1030	1030.1	Intermediaries admitted to trading on the market may request to be excluded

		from trading in the manner specified in the following with 10 days' written notice.
	1030.2	Borsa Italiana may postpone the effective date of exclusion if it deems it necessary for the protection of customers or in any case in the interest of the market. In this case, Borsa Italiana may exempt the operator from paying all or part of the fees and charges relating to the period following the date on which the notification of the exclusion would have taken effect.
	1030.3	At the time of the request for exclusion by the operator, pursuant to paragraph 1, all amounts due to Borsa Italiana become immediately due. Where required, the operator must return to Borsa Italiana any type of software, equipment, documentation that has been made available.

Appeals and complaints

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

Notifications

	1050	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.

Indirect participation in settlement system

G	1100	In the case of indirect participation in the settlement system, i.e. where a market intermediary uses another intermediary to settle its contracts, the market intermediary authorises **Borsa Italiana**, at the request and on the responsibility of the intermediary in the central securities depository to suspend the intermediary 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.

Sec.	*Guidance to the Rule*
150	*Declaration*
150.1	*The request for suspension of the intermediary forwarded to Borsa Italiana at request of the intermediary participating in the settlement system is valid for the entire SeDeX market.*

Compliance and enforcement

Verification activity and co-operation

	1210	For the purpose of verifying compliance with these rules and the accompanying guidance and, more generally, in order to ensure the performance of its functions of organising and managing the market, Borsa Italiana may:
	1210.1	request issuers and market intermediaries to provide all the necessary information and documents concerning transactions carried out on the market and the respect of information obligations;

		1210.2	convoke the representatives of issuers and market intermediaries to clarify specific conduct or situations;
		1210.3	exclusively for the purpose of verifying compliance with the requirements of rule 1020, carry out examinations on the premises of market intermediaries.
		1210.4	Market intermediaries must guarantee that Borsa Italiana can carry out examinations on the premises of third parties entrusted with the management of technological systems under rule 1020.6.
		1210.5	Where evidence is found of presumed violations of these Rules or the accompanying guidance, 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 C010, after it started the procedure referred to in Article C020, when applicable.

	1212	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 intermediary.

	1213	Borsa Italiana may co-operate, also by the sharing of information, with other regulated markets and Multilateral Trading Facilities.

C	1214	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.

Imposition of sanctions for market intermediaries and issuers

C	1215	Imposition of sanctions shall be conducted in accordance with the procedures set out in the Compliance Procedures.

Charges and fees

Trading fees

	1300	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.

Rules of conduct

Rules of conduct

G	1400		Market intermediaries shall refrain from acts that may prejudice the integrity of the market. *Inter alia* they may not:
		1400.1	commit acts that are likely to give a false or misleading impression to other market participants;
		1400.2	carry out sham transactions, whose objective is not to transfer ownership of the SeDeX financial instruments traded or to modify their exposure to the market;
		1400.3	commit acts that may impede Liquidity Providers in fulfilling their commitments;

	1400.4	carry out, directly or through a nominee, transactions under a prior agreement for the execution, offsetting, and reverse thereof;
	1400.5	Intermediaries applying market making strategies through algorithmic trading techniques on one or more financial instruments, at the occurrence of the conditions indicated in Regulation 2017/578/EU, must inform Borsa Italiana, in accordance to such Regulation, and conclude a market making agreement, in the terms indicated in the present Rules in articles 4020 to 4021. This obligation does not apply to Liquidity Providers.
	1400.6	Intermediaries trading SeDeX financial derivatives on commodities must inform Borsa Italiana of the positions held, with the procedures and the schedule indicated in the guidance to Rules.

G	1401	Market intermediaries must put effective forms of control in place to monitor their contractual positions and avoid situations likely to hinder orderly trading and the regular settlement of contracts in the settlement service. Intermediaries must implement strategies to ensure the settlement of contracts. If they find they are unable to settle contracts on SeDeX financial instruments within the prescribed time limits, intermediaries may make new sales of such instrument for own or customer account only if they have forms of cover that ensure the availability of the SeDeX financial instruments on the settlement day for the transactions. In order to comply with the conditions set forth in this article, the intermediary must also satisfy the provisions of the Guidance.

Sec. 153

In order to ensure the monitoring of the contractual positions assumed and ensure the settlement of the contracts traded on the Domestic Segment, the intermediaries must adopt internal procedures that allow:

a) the reconciliation of the contracts concluded on the market with the net bilateral balances sent to the settlement service;

b) the identification of the contracts not settled.

Order entry

Transmission of orders to the SeDeX market

	1450	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 market, 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 or number.

	1451	In order to ensure the smooth technical functioning and efficient use of the electronic trading support system, market intermediaries must observe the technical limits for order entry established on a general basis by Borsa Italiana in the Guide to the Parameters. Borsa Italiana may also establish further limits on the entry and modification of orders in terms of daily frequency, total daily number or ratio of orders to contract concluded. Borsa Italiana shall establish such limits and any fees payable by intermediaries where they are exceeded.

	1452	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.

1453	Intermediaries using trading algorithms must certify, before using them and any time these have undergone substantial changes, that the trading algorithms used were tested, to avoid contributing to or creating disorderly trading conditions, and must indicate the environments used for these tests. To this purpose, they issue to Borsa Italiana a special statement according to the guidance sec. 110.2.

1454	Following the procedures indicated in the guidance, 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. make use of a specific logical access to identify the activities to support the liquidity carried out by Liquidity Providers and Market Makers; d. provide Borsa Italiana with the information on executed contracts needed to comply with transaction reporting obligations, if such obligations pertain to the market;

Sec. *Guidance to the Rules:*

155 *Transmission of orders to the market*

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

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

- *the professional qualifications of the persons assigned to trading;*
- *the controls on access to systems that permit the entry of orders via interconnections; such controls must make it possible to ensure the fitness and recognition of the persons who operate via interconnections and the access controls of the order enter via interconnections; In the case of "direct electronic access", the market intermediary has to implement procedures enabling it to ensure that the persons who may be guaranteed that access comply with the requirements of Article 22 of Regulation 2017/589/EU; If the market intermediary becomes aware that a customer connected to the market trough "direct electronic access" does not longer meet the above requirements, it shall suspend the access and promptly notify Borsa Italiana;*
- *the controls on the maximum quantities, on the maximum countervalue and prices of orders entered;*
- *the controls on the overall trading activity carried out by the different persons who operate via interconnections;*
- *the frequency according to which persons who operate via interconnections enter order which have overridden controls and systems alert in terms of price, size, countervalue or number.*

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

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

155.4 *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 the procedures and controls must be adequate to permit the correct entry of orders and the handling of any alarms.*

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

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

155.6 *Market intermediaries shall ensure that they can delete orders entered via interconnections or, if necessary, restrict the possibility to enter orders via interconnections with or without the prior consent of the subject who entered the order via interconnections.*

155.7 *Intermediaries have to report the following information via Borsa Italiana's Internet site. This information is necessary to complete the content of orders which Borsa Italiana is required to file pursuant to Regulation No. 2017/580:*

- *client identification code*
- *code used to identify the person or algorithm used internally by the intermediary responsible for the investment decision;*
- *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, for all Borsa Italiana markets.
The communication of the information indicated at sub-indents b) and c) constitute confirmation that the indicated trading algorithms have been tested in advance.

155.8 *The intermediaries that are not subject to Regulation (EU) 2014/600 must report all the additional information that has not already been reported pursuant to guidance 145.7, so that Borsa Italiana may properly discharge its obligation pursuant to Article 26(5) of that Regulation, in accordance with the terms and conditions indicated in the Manual of transaction reporting of Borsa Italiana.*

[2] As established in Notice 16169 of 12 September 2008, the entry into force will be announced in a subsequent Notice

Systems and trading

Technical breakdowns of market intermediaries' systems

G	1500	Market intermediaries shall promptly inform Borsa Italiana of any technical breakdowns of the systems they use for trading or of those for accessing the market referred to in rule 1020.1 and rule 1050.

G	1501	In the cases referred to rule 1500 market intermediaries shall follow any instructions received from Borsa Italiana and may request, in the manner laid down in the guidance to this rule, the deletion of orders sent to the market.

Sec.	*Guidance to the Rules*
160	*Technical breakdowns in market intermediaries' systems*
160.1	*For the purpose of article 1500, market intermediaries shall promptly inform Borsa Italiana of technical breakdowns in the technological systems they use for trading and their systems for accessing market, in particular if they intend to request the deletion of orders entered or suspension or reduction of the obligations in these rules in case of Liquidity Providers. Market intermediaries shall also notify Borsa Italiana of the subsequent reactivation of their systems.*
160.2	*Market intermediaries must be able to delete orders they enter. In the event that this is impossible, they may request Borsa Italiana to delete orders on their behalf either all the orders entered and orders associated with specific access code.*
160.3	*Market intermediaries shall send Borsa Italiana, via the dedicated portal of Borsa Italiana, the list of persons who may request the deletion of orders. The list may include traders, the responsible and other persons deemed by the market intermediary to possess adequate professional qualifications and subject to Rule 1212.*
160.4	*Borsa Italiana may delete orders only at the request of persons assigned to trading and included on the list referred to in the previous guidance sec 160.3.*
160.5	*Borsa Italiana shall notify the names of the persons on the list only to the persons indicated in the list. Requests for the deletion of orders made by persons not included in the list will not be carried out.*
160.6	*Market intermediaries must notify the list referred to guidance sec 160.3 to rule and every change to the list itself, through Borsa Italiana dedicated Portal. Changes to the list will be effective from the effective date indicted in the Member Portal. Market intermediaries that configure their access to the market using more than one trading code must send the list referred to in guidance sec 160.3 to rule for each trading code.*
160.7	*When requests are made for the deletion of orders, the following information must be given in addition to the market intermediary's name and identification code: the trading–code for which the cancellation request has been entered the name and telephone number of the person requesting the deletion, and the reason for the request. For the deletion of individual orders, it is also necessary to specify the number of the order or the name of the instrument, the sign of the order, and its price, quantity and time of entry. When the request concerns individual orders, the maximum number of orders that Borsa Italiana will delete is five.*

Borsa Italiana shall promptly carry out deletions of orders for which the request complies with what is set out above. If the orders in question have given rise to the conclusion of contracts, such contracts shall be binding on the market intermediary, without prejudice to the application of the procedures referred to in guidance sec 610 and guidance sec 620.

ORDER BOOK TRADING RULES

Trades

Trading methods and phases

2000	2000.1	Trading on the SeDeX market shall be carried on with the following hours: 7:30 – 09.05 call (pre-opening) phase 09.05 - 17.30 continuous trading.
	2000.2	Issuers may request to trade securitized derivatives in extended trading hours. At single instrument level, issuers may decide to start the continuous trading at 8:00 or 9:05 and end the continuous trading at either one of the following trading session closing times: 17:30, 20:30 or 22:00.
	2000.3	Intermediaries may include trading proposals pursuant to Article 2020 and must indicate the time validity for each trading proposal submitted.
	2000.4	Trading proposals not entered by the Liquidity Provider may be assigned the following validity conditions: - Daily - Immediate or Cancelled, except for stop-on-quote trade proposals. Immediate or cancelled validity conditions are only active when Request for Execution is disabled (RFE=0) . - 'valid until date'. The maximum duration that may be indicated for trading proposals with the execution mode 'valid until date' is determined according to Article 2.2.2 of the Trading Manual. Orders with a time validity shorter than the individual instrument trading session closing time will be automatically cancelled at the end of the session.
	2000.5 2000.6	Orders with a validity period of less than the closing time of the trading session of the individual instrument, of the type 'valid until date' with expiry on one of the trading days following the date of transmission to the market, will be automatically withdrawn from the order book at the end of the validity session. They will be re-entered at the start of the next trading session maintaining their original time validity.
	2000.7	Continuous trading shall be conducted according to the Request for Execution Market Model.
	2000.8	Upon justified request from the issuer, or the Liquidity Provider and in consideration of the market conditions, Borsa Italiana may identify the instruments for which continuous trading shall be conducted according to bid-only before buy back, methods set out in Article 2043

Sec. 200	*Guidance to the Rules*

Borsa Italiana shall notify with adequate notice and by means of Notice the instruments for which continuous trading is carried out according to the bid-only before buy back procedures referred to in article 2043.

2001	Borsa Italiana reserves the right to establish for each financial instrument a minimum lot, reconciling the need for the market to operate effectively, for investors to have easy access to it and for the execution of orders to be cost efficient.

Trading segments

2010	2010.1	Borsa Italiana shall assign the financial instruments referred to in Article 220 to the Segment. -Domestic Segment -ICSD Segment announcing the decision in the start-of-trading Notice.

Orders

2020	Approved intermediaries shall express their willingness to trade through anonymous orders. **Liquidity Providers** shall express their willingness to trade through anonymous limit orders of the Quote type with a day validity. Orders shall contain at least the information relating to the **SeDeX financial instrument** to be traded, the quantity, the order type, the type of account, the price conditions, and the execution method 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 execution of the order and contain the additional information necessary for Borsa Italiana to comply with the Regulation 2017/580/EU. The modalities of entering of such information and the parameters admitted for each order shall be established in the **Trading Manual**. The prices of trading proposals must comply with the Guidelines under 220.1, otherwise they are rejected.
2021	The following order types may be entered: a) *limit order*, orders are bid or ask orders that can only be executed at their specified price limit or at a better price as described also in Article 2.1.2 of the **Trading Manual**. b) stop-on-quote limit order, orders which are triggered when a specified price limit associated with the order (also called stop limit) is reached in trading on the **Liquidity Provider's** indications of interest. More precisely, the indication of interest on the buy side must move at or below the stop limit to trigger a selling stop order, respectively at or above the stop limit for the indication of interest on the sell side to trigger a buying stop order. When the conditions of triggering a stop-on-quote price limit proposal are met, a limit order shall automatically be generated and added to the **Order Book** as described also in Article 2.1.6 of the **Trading Manual**. In the call phase and in the continuous trading phase, the orders referred to in letter of this article may be entered, while the orders referred to in letter b) are only allowed in the continuous trading phase.

2022	**Market intermediaries** may enter, modify and cancel orders in the continuous trading, in the call and in the reservation phases.

2023	The orders for each instrument shall be automatically ranked on the book according to price — in order of decreasing price if to buy and increasing price if to sell — and, where the price is the same, according to entry time. Modified orders shall lose their time priority if the modification implies an increase in the

	quantity or a change in the price.

2024	Limit orders may not be entered with prices above or below the maximum price variation limits established by Borsa Italiana in the **Guide to the Parameters** communicated in **Notice** by **Borsa Italiana**. During the first Call Phase of the day, the maximum price variation limits are applied to the previous day Closing Price; after the start of the continuous trading phase, the maximum price variation limits are applied to the latest Valuation Price.

2025	In order to ensure the regularity of trading in a financial instrument, **Borsa Italiana** may establish, on a general basis in the **Guide to the Parameters**, the maximum quantity and countervalue of financial instruments that may be the subject of an order.

Sec. 220 *Prices of orders*

220.1 *The prices of orders may be multiples of the ticks established for each financial instrument and Stock Exchange session in relation to the prices of the orders entered, as follows:*

Price of the order entered (euro and other currencies)	*Tick*
Less than or equal to 0.0030	0.0001
0.0031 – 0.3000	0.0005
0.3001 – 1.5000	0.0010
1.5001 – 3.0000	0.0050
More than	0.0100

220.2 ***Borsa Italiana**, taking into account the unit value of the financial instruments traded in the **SeDeX market**, may establish a different tick from that specified in guidance sec 220.1; it shall announce such ticks in a **Notice**.*

220.3 *The value given to the contracts traded on the ICSD Segment, referred to in Article 2010, shall be based on the currency of the financial instruments, unless specified otherwise in the **Notice** of admission to trading.*

Sec. 221 *Call, reservation and Request for Execution phases*

221.1 *The call phase is the pre-trade phase that precedes the start of continuous trading in which no trades take place, but market participants can indicate their willingness to trade by entering, modifying and cancelling orders.*
*The reservation phase is a suspension phase in which no trades take place, and which may occur during continuous trading hours whenever one or both of the **Liquidity Provider**'s quotes are not present in the order book; continuous trading is automatically resumed as soon as the quotes are entered by the **Liquidity Provider**.*
*The Request for Execution phase identifies the period, as defined in the Guide to the Parameters, from the time the RFE message is sent to the Liquidity Provider until the **Liquidity Provider**'s quotes are updated in response to the RFE message or until the end of the maximum duration of the RFE period.*

Sec. 222		*Call and reservation phases continuous uncrossing*
	222.1	*At the end of the Call and Reservation Phase, if the **Liquidity Provider** is present in the order book and at the end of the period RFE Borsa Italiana elaborates possible combinations according to the algorithm of Continuous Uncrossing. The algorithm of Continuous Uncrossing classifies the proposals according to price and temporal priority progressively combining among them the best order in purchase with the best order in sale as long as they remain on the book proposals for matching trading.*
	222.2	*If the matching results in a execution price outside the **Liquidity Provider**'s quotations, this price will be adjusted to the **Liquidity Provider**'s price; in the case of bid-only instruments the price limits are represented by the bid share of the **Liquidity Provider** and the Virtual Offer Price.*
	222.3	*The above price adjustments shall be made in accordance with the price limits and the type of proposal.* *The Virtual Offer Price is defined in the Parameter Guide.*

Continuous trading with Request for Execution or RFE

2040	2040.1	During continuous trading, in the absence of one or both Liquidity Provider's bids and offers, or the **Liquidity Provider**'s bid-only offer, the instrument enters the reservation phase and the conclusion of contracts is not permitted. The reservation ends each time the **Liquidity Provider** resumes its quotes and continuous uncrossing takes place as described in Sec. 222. In the presence of both bids and offers from the Liquidity Provider the conclusion of contracts can only take place at a price within the price range of the orders themselves (inclusive of the limits); in the case of a bid only **Liquidity Provider**, the conclusion of contracts takes place within a price range as defined in the **Guide to the Parameters**; At the issuer's discretion, each securitised derivative financial instrument can be traded with the Request for Execution model enabled or disabled. Borsa Italiana communicates the model in force for each listed instrument by means of a Notice.
	2040.2	If the Request for Execution model is disabled, the **Liquidity Provider**'s quotes displayed on the market can be immediately executed with respect to the rest of the order book and the contracts are concluded, for the quantities available, by automatically matching opposite orders displayed on the market and ordered according to the priority criteria referred to in Article 2023.
	2040.3	If the **Request for Execution** model is enabled, the Liquidity Provider's quotes displayed on the market cannot be executed immediately, unless they are matched with orders already present in the order book.
	2040.4	When an Intermediary enters an order that can be potentially matched with the **Liquidity Provider**'s passive quote or with another passive order inside the **Liquidity Provider** bid and offer quotes (i.e. within the range represented by the **Liquidity Provider**'s bid-only bid price and the respective Virtual Offer Price), a specific Request For Execution message is sent to the **Liquidity Provider** informing them that a potential execution could happen. The Request for Execution message sent to the **Liquidity Provider** does not contain any information about the incoming order which generated the Request For Execution message. The **Liquidity Provider** can update the quotes until the end of the RFE update period associated to each product. Issuers can choose between the different lengths of the update period as indicated in the Guide to the Parameters.

		Upon receipt of an answer to the RFE from the **Liquidity Provider**, the matching algorithm is launched taking into account the RFE answer quote. If no answer to the RFE is received from the Liquidity Provider before the RFE update period expires, the matching algorithm considers the latest quote received from the **Liquidity Provider**. A Liquidity Provider quote matching a passive non-Liquidity Provider order will not trigger an RFE. Once the RFE update period has expired or a **Liquidity Provider** quote matches with a passive order, and the contracts are concluded, up to the quantities available, through the automatic matching of orders of the opposite sign and ranked according to the criteria referred to in Article 2023. Regardless of the type of Request for Execution model chosen, for each contract concluded through automatic matching, pursuant to Article 2040, the price is equal to that of the order with the time priority within the limits expressed by the orders of the Liquidity Provider, as described in Article 3.2.2 of the Trading Manual.

2041		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.

2042		Quotes and Orders that are unfilled at the close of trading shall be automatically cancelled. Trading in securitised derivatives on individual shares may also be temporarily suspended in the event of an auction of volatility on the underlying shares.

Bid-only before buy back continuous trading

2043	2043.1	During bid-only before buy back continuous trading, contracts will be concluded according to the rules of the continuous trading with request for execution, up to the quantities available, through automatic matching of buy orders, which may be issued exclusively by the Liquidity Provider, with sell orders, which may be issued by all market intermediaries. Orders are displayed on the book and ranked according to the priority criteria shown in article 2026.
	2043.2	The entry of a buy limit order by a Liquidity Provider 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. Similarly, the entry of a sell limit order shall result in its being matched with the buy order by the Liquidity Provider with a price higher than or equal to that of the order entered.
	2043.3	In the event of a lack of buy orders from the Liquidity Provider the instrument's reservation phase is triggered, therefore intermediaries are allowed to insert, modify or cancel the orders.
	2043.4	Should a sell order have already been displayed on the book and, subsequently, the Liquidity Provider issues a buy order with a price greater than that of the sell order, the matching will be at the improved price of the order issued by the Liquidity Provider.
	2043.5	The partial execution of a price limit order shall give rise, for the non-executed quantity, to the creation of an order which will remain entered with the price and the time priority of the original order.
	2043.6	Quotes and Orders that have not been executed at the end of the continuous trading will be automatically deleted from the system.

2043.7	Upon the occurrence of the resolutory condition of a product referred to in guideline 235, the **Liquidity Provider** has the faculty to start a PAKO (Payment after knock-out) trading in which the liquidity provider acts in bid-only before buy back mode in order to buy the product at its final value.
2043.8	Trading in securitised derivatives on individual shares may also be temporarily suspended in the event of an auction of volatility on the underlying shares.

Sec. 230 ***Control on order entry***

230.1 *For the purposes of the automatic control of the regularity of trading on the **SeDeX market** the maximum price variation limit of orders with respect to the previous day's Closing Price or to the Valuation Price defined for classes of instruments identified on the basis of the leverage and the type of underlying of each instrument;*

230.2 ***Borsa Italiana** shall establish the maximum price variations limits referred to above.*

230.3 *In order to ensure the regularity of trading, Borsa Italiana may modify such trading conditions during the trading day.*

230.4 ***Borsa Italiana** may establish in a **Notice** price variation limits which differ from the ones referred to in the Guide to the Parameters, taking into account the historical volatility of the underlying as well as the presumable liquidity level of the financial instruments.*

Special procedures for the conclusion of contracts in continuous trading

2050	In the **SeDeX Market** it is possible to enter pre-agreed transactions (guaranteed cross) through the **Transaction Confirmation System** according to the rules established in the **TCS Trading Manual**.

Valuation price

2051	The Valuation Price is calculated and disseminated with the frequency established by Borsa Italiana in the Guide to parameters. The Valuation Price is computed as follows: - if the Liquidity Provider is present with both bid and offer quotes, the Valuation Price is equal to the mid-point of the best bid and offer limits of the Central Order Book - if the Liquidity Provider is quoting with Bid-Only obligations, the Valuation Price is equal to the Liquidity Provider's bid price. In case of the Liquidity Provider absence, the Valuation Price is not updated.

Closing price

2060	The closing price shall be set equal to the latest among the price of the latest contract, the latest Valuation Price referred to in article 2051, or the closing price of the previous session.

2061	In order to guarantee the regularity of trading and the significance of prices, Borsa Italiana may establish different methods for the calculation of the Closing Price and announce the decision in a Notice.

Official Price

2100	The daily official price of each **SeDeX financial instruments** shall be the weighted average price of the total quantity of that instrument traded in the market during the session without taking into account the contracts concluded in the manner indicated in Article 2050.

Sec. 235 *Guidance to Rules*
Measures concerning the trading securitised derivative financial instruments subject to resolutory conditions

235.1 *Upon receiving the issuer's notification specifying the time (hour, minute and second) at which the price level causing the resolutive condition to be fulfilled was reached,* ***Borsa Italiana*** *shall suspend trading in the financial instruments subject to such condition and arrange for them to be delisted.*

235.2 *Upon receiving the notification referred to in the preceding guidance, Borsa Italiana shall cancel any contracts involving such financial instruments concluded after the time specified therein, including any concluded in the second in which the resolutive condition was fulfilled.*

DISCLOSURE OF INFORMATION

Market Data

3000	The provision of market data to intermediaries is governed by a separate agreement.

Information provided to the intermediaries – Contents

3002	Throughout the market session intermediaries shall have access to at least the following information updated in real time: a) the trading book with all the individual buy and sell orders and an indication of the quantities and prices; b) a summary of the trading conditions for each financial instrument, containing the trading parameters, the market phase, the opening price, the last price, the best buy price, the best sell price and the cumulative volume of trades; c) the situation regarding the intermediary's own orders on the book and its trades; d) a list of the individual trades for each financial instrument, showing the time, quantity and execution price.

3020	In order to facilitate investment and disinvestment decisions and the verification of the conditions at which transactions are executed in the markets, **Borsa Italiana** shall arrange for the prompt disclosure to the public including via third parties where appropriate, of information on market conditions and the contracts concluded for each **SeDeX financial instrument**.

3021	**Borsa Italiana** shall not disclose information to the public on the identity of the parties to trades.

3022	**Borsa Italiana** publishes on its website data on the quality of the execution of the transactions, according to the provisions of the Regulation 2017/575/EU.

Information provided to the public - General principles

3030		In the continuous trading phase the public shall have access to the following information for each financial instrument, updated in real time:
	3030.1	the prices and quantities of the best buy and sell orders
	3030.2	the aggregate buy and sell quantities and orders for the best prices;
	3030.3	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 specified in article 3031;
	3030.4	the cumulative quantity and countervalue traded instrument within the limits specified in article 3031;

3031	The publication of the information on the contracts concluded with the procedures referred to in article 2050 takes place at the latest on the second business day after the day of conclusion, in compliance with the conditions referred to in Article 8 of the Regulation 2017/583/EU. *The entry into force of the present article will be communicated with a subsequent Notice*

PROVISION REGARDING LIQUIDITY PROVIDERS, SECONDARY LIQUIDITY PROVIDERS AND MARKET MAKERS

Liquidity Providers

	4000		Trading in the SeDeX market shall be supported by a Liquidity Provider, appointed by the issuer, which is required to undertake the liquidity of the financial instruments traded therein. Liquidity Provider, in the SeDeX market may also fulfil their undertaking also for instruments issued by themselves.

	4001		Market intermediaries admitted to SeDeX market that require Borsa Italiana to be qualified as Liquidity Provider, may be eligible to engage in the activity of Liquidity Provider and undertake to support the liquidity of the financial instruments for which they act as Liquidity Provider.

G	4002		For the SeDeX financial instruments whose liquidity they undertake to support, SeDeX Liquidity Providers, are required to fulfil the quoting obligations defined by Borsa Italiana in the guidelines and in the Guide to the Parameters. Liquidity Providers fulfil their quoting obligations solely through "quote" order type orders. Borsa Italiana publishes and regularly updates the list of Liquidity Providers.

	4003	4003.1	Liquidity Providers can autonomously modify intraday their Liquidity Provider status from bid & ask to bid-only and vice versa by sending a Liquidity Provider command. Liquidity Providers can not change their status to offer-only.

Market Maker and Secondary Liquidity Provider

G	4020	- Market Makers are intermediaries admitted to trading that, pursuant to Article 1400.5, sign with Borsa Italiana a market making agreement on one or more listed securitised derivatives without the consent of the issuer. Market makers are also operators, including Liquidity Providers, who voluntarily adhere to the market making schemes envisaged for the SeDeX market.

G	4021	- Intermediaries are required to display continuously bids and offers for financial instruments for which they sign the market making agreement with Borsa Italiana, in compliance with the obligations established by Borsa Italiana in the guidelines and in the Guide to the Parameters.

Sec.	*Guidance to the Rules*
402	*Quoting obligations of Liquidity Providers and – Market Makers*
402.1	*Liquidity Providers and – market makers fulfil their quoting obligations by submitting simultaneous bids and offers of comparable quantities. These orders must be made at competitive prices, i.e. the bid and offer prices may differ by the maximum spread indicated in the Guide to the Parameters, and must comply with the minimum quantity indicated therein.*
402.2	*Liquidity Providers and – Market Makers must comply with the quoting obligations referred to in guidance 402.1, for each trading day and for each contract, in accordance with the conditions set out in the Guide to the Parameters.*
402.3	*In the event of the cessation of the activity of the entity acting as Liquidity Provider, the outgoing Liquidity Provider and/or the issuer must ensure the continuity of the function of Liquidity Provider and inform Borsa Italiana, with adequate notice, of the name of the replacement of the outgoing Liquidity Provider and the effective date of the replacement.*
402.4	*The intention to cease the activity of Liquidity Provider and the date of termination of the activity, in the absence of a replacement, must be promptly communicated to Borsa Italiana with a minimum of three months' notice*

SETTLEMENT

Settlement

5000	Immediately after the conclusion on the market, the contracts are sent to the daily trade-checking services for the purpose of their forwarding to the settlement systems designated in the guidance to the rules. For the purpose of the forwarding to the settlement systems, the contracts may be aggregated into net bilateral balances calculated by the daily trade-checking services in the cases and based on the criteria set forth in the guidance to the rules.

Sec. *Guidance to Rule:*

500 *Trade-checking and settlement service*

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

500.2 *The designated settlement systems are the systems managed by:*
- Monte Titoli or other CSDs using the T2S platform allowing for cross-CSD settlement, as defined in the Monte Titoli Settlement Service Regulations[3] for the financial instruments of the Domestic Segment; or
- Euroclear and Clearstream Banking Luxembourg for the financial instruments of the ICSD Segment.

500.3 *In the Notice announcing admission to trading, Borsa Italiana shall communicate the settlement service through which the contracts referred to the admitted financial instruments are settled.*

500.4 *The contracts concluded on the same trading day on the Domestic Segment are aggregated into net bilateral balances for the purpose of their forwarding to the settlement system. The criteria for calculating the net bilateral balances are defined in the Instructions of the X-TRM Service.*

Time of settlement

5010	Purchase and sale contracts concluded on SeDeX market shall be settled on the second day following their conclusion

5011	The settlement time limits shall be determined according to the contract and taking into account the open days of the relevant settlement system.

5012	Settlement deadlines are calculated bearing in mind the opening days of the settlement system in question. In the Notice establishing the date of commencement of trading of each financial instrument, Borsa Italiana indicates the settlement service via which the instruments are to be settled.

Late settlement

5020	Where purchase and sale contracts are not settled within the prescribed time limits and a payment of periodic amount or the maturity of the financial instrument occurs in the meantime, the procedures provided by the settlement system pursuant to the Rules apply.

[3] The entry into force shall be announced with a subsequent Notice

Sec.	*Guidance to the Rules*
502	*Start of the mandatory execution procedure*
502.1	*Pursuant to article 5020 of the Rules, in the event that individual purchase and sale contracts or the net bilateral balances are not settled for lack of the securities by 10:00 on the third day following the prescribed settlement date, the buyer may initiate the mandatory execution (buy-in) procedure referred to in guidance sec 503 against the seller who has failed to perform. 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. In the event that the buyer does not request the start of the buy-in procedure, guideline Sec. 504 applies.*
502.2	*Pursuant to article 5020 of the Rules, in the event that individual purchase and sale contracts or the net bilateral balances are not settled for lack of cash, at the prescribed settlement date, in case of settlement via Monte Titoli [or other CSDs using the T2S platform], or by 10:00 on the third day following the prescribed settlement date, in case of settlement via Euroclear and Clearstream, the seller may initiate the mandatory execution (sell-out) procedure referred to in Sec. 508 against the buyer who has failed to perform.*
502.3	*The calculation of the days for the buy-in and sell-out procedures shall be based on the "TARGET" calendar; in the exclusive case of instruments belonging to the ICSD Segment referred to in Article 2014, paragraph 1, the calculation of the days shall take account of the days that the settlement system in question is open for business. If this day is a non-trading day, the act in question must be performed on the next trading day.*
502.4	*The notifications referred to in the following articles shall be made by e-mail to the address ms@euronext.com.*
Sec. 503	*Buy-in procedure*
503.1	*The buyer shall initiate the buy-in procedure by appointing an intermediary (the buy-in agent) to execute the buy-in and sending a buy-in notice to the seller. The buyer shall notify Borsa Italiana of the start of the procedure using the form shown in Annex 3. Buy-in notices may be sent from 10:00 on the third day subsequent to the original settlement day (if the notice is sent after such time, it shall be deemed to have been sent on the following day).*
503.2	*In the buy-in notice the buyer shall give the name of the buy-in agent, who, except in the case referred to in Sec. 506, shall execute the buy-in according to the time limits and in the manner established in the following guidance.*
503.3	*If the seller fails to deliver the securities by the second day subsequent to the day on which the buy-in notice was sent (the expiration day) on the following day (the buy-in execution day) the buy-in agent shall purchase the securities to be delivered to the buyer and notify the same of the details of the transaction concluded. If the buy-in agent is unable to purchase some or all of the securities on the buy-in execution day, they may be purchased on the following days.*
503.4	*The buy-in must be executed on the SeDeX market, unless provided for otherwise by Borsa Italiana, which shall take account of the features of the financial instrument and the ways in which it is traded.*
503.5	*Upon receiving the notification referred to in Sec.503.3, the buyer, using the form shown in Annex 4, shall notify the seller and Borsa Italiana of the details of the execution of the buy-in and indicate any differential between the cum-*

coupon prices of the original contract or the value of the net bilateral balance and the buy-in contract, calculated with account taken of any intervening coupon detachments. If the differential is negative it shall be payable by the seller.

503.6 *For contracts to be settled by Monte Titoli [or other CSDs using the T2S platform], on the buy-in execution date Borsa Italiana shall request Monte Titoli to delete the settlement instructions of the original contract or of the net bilateral balance from the settlement system.*

503.7 *For contracts to be settled via Euroclear and Clearstream, at the buy-in execution date, the buyer and the seller shall delete the settlement instructions of the original contract from the settlement system.*

503.8 *Upon execution of the buy-in the buyer shall send settlement instructions in favour of the buy-in agent to the settlement system for the settlement with the same value date of the quantity and value of the buy-in transaction. The buyer shall notify Borsa Italiana of the sending of the settlement instructions. In the case referred to in Sec. 503.4, the seller shall send the settlement system instructions in favour of the buyer for payment of the differential with the same value date as the settlement of the buy-in transaction. The seller shall notify Borsa Italiana accordingly.*

503.9 *If the buy-in agent does not carry out the buy-in transaction before the securities mature, the buyer shall be entitled to the cash difference between the redemption value and the cum-coupon price of the original contract or of the value of the net bilateral balance, calculated with account taken of any intervening coupon detachments.*

Sec. 504 *Cash settlement procedure*

504.1 *Whenever within 30 days calculated starting from the settlement date, the original contract is not settled or whenever the buy-in agent is unable to purchase the securities by such time limits, the seller must pay the buyer an amount equal to the differential, if positive, between the valuation of the bonds on the end-of-validity day and the original value of the contract (cash settlement).*

Sec. 505 *Buy-in agent*

505.1 *Pursuant to Sec. 503.1, the buyer shall appoint an intermediary satisfying the requirements specified in the following Sec. 505.2 to purchase the securities (the buy-in agent).*

505.2 *The buy-in agent shall be chosen from among the intermediaries admitted to trading on the markets managed by Borsa Italiana that do not control the seller, are not controlled, directly or indirectly, by the seller and do not belong to the same group as the seller.*

505.3 *The buyer may revoke the appointment of a buy-in agent who fails to execute the buy-in and appoint another. The buyer shall give the seller and Borsa Italiana, at least one day's notice of the revocation and of the appointment of another buy-in agent.*

Sec 506 *Delivery of the securities during the buy-in procedure*

506.1 *The seller may delivering the securities due up to the second day subsequent to the day on which the buy-in notice was sent and shall inform Borsa Italiana and the buyer accordingly. The buyer shall inform the buy-in agent.*

506.2 *In the case referred to in Sec. 506.1, the buy-in procedure shall be immediately cancelled.*

506.3 *Partial delivery shall be permitted subject to the buyer's agreement; in such case the seller and the buyer must request the deletion and the re-entry of the settlement instructions in the settlement system regarding the original contract or the net bilateral balance and inform Borsa Italiana accordingly.*

506.4 *The seller may deliver all or some of the securities due on the third day subsequent to the day the buy-in notice was sent, provided it has given the buyer and Borsa Italiana one day's notice. The buyer shall inform the buy-in agent.*

506.5 *Except where the buy-in agent has already executed the buy-in, the seller may, subject to the buyer's agreement and notification of Borsa Italiana, by delivering some or all of the securities due on the fourth trading day subsequent to the day the buy-in notice was sent or a later day. The byer shall inform the buy-in agent.*

506.6 *In the cases referred to in Sec 506.3, Sec 506.4 and Sec. 506.5, if the seller delivers part of the quantity due, the buy-in shall be executed for the remaining quantity. If the seller delivers the entire quantity due , the buy-in procedure shall be immediately cancelled.*

Sec. 507 *Pass on*

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

507.2 *The seller shall notify the other participant and Borsa Italiana of the details of the execution of the buy-in, using the attached form referred to in Sec. 503.4,*

and filling in the pass-on section as well. The seller shall also indicate any price differential between the cum-coupon prices of the original contract and the buy-in contract, calculated with account taken of any intervening coupon detachments. If the differential is negative, it shall be payable by the other participant and in the cases in which the buy-in agent is unable to purchase the securities by the end-of-validity date of the original contract , the other participant is required to make the cash settlement referred to in Sec. 503

Sec. 508 *Sell-out procedure*

508.1 *The seller shall initiate the sell-out procedure by appointing an intermediary (the sell-out agent) to execute the sell out and sending a sell-out notice to the buyer. The seller shall notify Borsa Italiana of the start of the procedure using the form shown in Annex 3.*

508.2 *With reference to the contracts to be settled via Monte Titoli [or other CSDs using the T2S platform], sell out-notices may be sent from the end of the original settlement day (by 18:00; if the notice is sent after such time, it shall be deemed to have been sent on the following day). If the buyer fails to settle the transaction by 10.00 o'clock on the day subsequent to the day on which the sell-out notice was sent (the sell-out execution day), the sell-out agent shall sell the securities in order to deliver the cash amount to the seller and notify the same of the details of the transaction concluded. If the sell-out agent is unable to sell some or all of the securities on the sell-out execution day, they may be sold on the following days.*

508.3 *With reference to the contracts to be settled via Euroclear and Clearstream, sell-out notices may be sent from 10:00 on the third day subsequent to the original settlement day (if the notice is sent after such time, it shall be deemed to have been sent on the following day). If the buyer fails to settle the transaction by the second day subsequent to the day on which the sell-out notice was sent, on the following day (sell- out execution day), the sell-out agent shall sell the securities in order to deliver the cash amount to the seller and notify the same of the details of the transaction concluded. If the sell-out agent is unable to sell some or all of the securities on the sell-out execution day, they may be sold on the following days.*

508.4 *In the sell-out notice the seller shall give the name of the sell-out agent, who, except in the case referred to in Sec. 510, shall execute the sell-out according to the time limits and in the manner established in the following guidance.*

508.5 *The sell-out must be executed on the SeDeX market, unless provided for otherwise by Borsa Italiana , which shall take account of the features of the financial instrument and the ways in which it is traded.*

508.6 *Upon receiving the notification referred to in Sec.508.2 and Sec.508.3, the seller, using the form shown in Annex 4, shall notify the buyer and Borsa Italiana of the details of the execution of the sell-out and indicate any differential between the cum-coupon prices of the original contract or the value of the net bilateral balance and the sell-out contract, calculated with account taken of any intervening coupon detachments. If the differential is negative, it shall be payable by the buyer.*

508.7 *For contracts to be settled via Monte Titoli [or other CSDs using the T2S platform], at the sell-out execution date Borsa Italiana shall request Monte Titoli to delete the settlement instructions relating to the net bilateral balance of the original contracts from the settlement system.*

507.8 *For contracts to be settled via Euroclear and Clearstream, at the sell-out execution date the buyer and the seller shall delete the settlement instructions of the original contract from the settlement system.*

508.9 *Upon execution of the sell out the seller shall send the settlement instructions in favour of the sell-out agent to the settlement system for the settlement with the same value date of the quantity and the value in euro of the sell-out transaction. The seller shall notify Borsa Italiana of the sending of the settlement instructions. In the case referred to in paragraph 5, the buyer shall send the settlement system instructions in favour of the seller for payment of the differential with the same value date as the settlement of the sell-out transaction. The buyer shall notify Borsa Italiana accordingly. If the sell-out agent does not execute the sell out before the maturity of the securities, it is due to the seller the difference between the price of the original contract price and the redemption value, taking into account any periodic amounts paid during the period.*

Sec. 509 *Sell out agent*

509.1 *Pursuant to Sec. 508.1, the seller shall appoint an intermediary satisfying the requirements specified in the following Sec.509.2 to sell the securities (the sell-out agent).*

509.2 *The sell-out agent shall be chosen from among the intermediaries admitted to trading on the markets managed by Borsa Italiana that do not control the seller, are not controlled, directly or indirectly, by the seller and do not belong to the same group as the seller.*

509.3 *The seller may revoke the appointment of a sell-out agent who fails to execute the sell out and appoint another. The seller shall give Borsa Italiana, at least one day's notice of the revocation and of the appointment of another sell-out agent.*

Sec. 510 *Delivery of cash during the sell-out procedure*

510.1 *With reference to the contracts to be settled via Monte Titoli [or other CSDs using the T2S platform], the buyer may delivering the cash due up to 10.00 o'clock on the day subsequent to the date on which the sell-out notice was sent and inform Borsa Italiana and the seller accordingly. The latter shall inform the sell-out agent accordingly. In such case the sell-out procedure shall be immediately cancelled.*

510.2 *With reference to the contracts to be settled via Euroclear and Clearstream, the buyer may settle the original contract by delivering the cash due up to the second day subsequent to the day the sell-out notice was sent and shall inform Borsa Italiana and the seller accordingly. The seller shall inform the sell-out agent. In such case the sell- out procedure shall be immediately cancelled.*

Sec. 511 *Guidance to the Rules*
Management procedure for failed transactions in case of corporate actions

511.1 *Pursuant to article 5100 where purchase and sale contracts are not settled within the prescribed time limits and other corporate actions occur in the meantime, the discipline provided for by the settlement system referred to in article 5000 applies.*

511.2 *In cases of corporate events which provides for the in bonis buyer the possibility to notify an intention, the buyer may request the in malis seller the exercise of the option derived from the corporate action on the purschased instrument (so called buyer protection), notifying it to the market.*

511.3 *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.*

SURVEILLANCE

Controls and measures concerning trading

6000	Borsa Italiana shall control the regularity of trading, verify the compliance with these rules and the accompanying guidance and adopt all the measures necessary for the proper operation of the market. These functions shall be performed by the competent office, which shall be exclusively equipped with the means needed to carry out the related controls and interventions. These rules shall be conducted in accordance with the procedures set out in rule 1210.

6001		In carrying out its supervisory functions, with the aim of ensuring orderly trading, Borsa Italiana shall, *inter alia*:
	6001.1	may intervene on the quoting obligations of the intermediaries where needed;
	6001.2	monitor the behaviour of approved intermediaries in the market and compliance with the obligations of the Liquidity Providers ~~specialists~~ and of Market Makers;
	6001.3	apply to issuers and to approved intermediaries for information deemed necessary in relation to particular market conditions in accordance with rules 330 and 1210;
	6001.4	verify the updating of records, including the content of the proposals and information required by Regulation (EU) No. 2017/580 procedures and any other matters necessary to ensure orderly trading;
	6001.5	monitor the operation of the technical equipment and transmission networks of the electronic data processing and telecommunication systems;
	6001.6	regulate trading conditions;
	6001.7	promptly inform the market of the measures it adopts that affect trading in the market or the performance of SeDeX financial instruments;
	6001.8	promptly suspend the intermediary at the request of the intermediary participating in the settlement service referred to in rule 1100 and immediately inform Consob.

Measures concerning trading parameters, hours and phases

6010		In particular market conditions, Borsa Italiana may, with reference to categories of SeDeX financial instruments or individual SeDeX financial instruments:
	6010.1	prolong the duration or delay the start of one or more phases of trading;
	6010.2	interrupt, where possible, continuous trading with the simultaneous reactivation of the call phase auction;

	6010.3	modify the maximum price variation limits, the prices on which the maximum price variation limits are based and the other trading conditions ("parameters");
	6010.4	suspend or reactivate trading.

6011		Borsa Italiana may adopt the measures referred to in the rule 6010:
	6011.1	Where the price variation limits are exceeded;
	6011.2	where anomalous trading conditions are observed for SeDeX financial instruments in terms of prices or volumes;
	6011.3	where it is necessary to obtain information on particular market situations concerning SeDeX financial instruments;
	6011.4	where there are technical reasons or other circumstances that do not guarantee the regular operation of the market;
	6011.5	where detailed complaints are submitted by approved intermediaries that consider they have been damaged by irregular behaviour on the part of other approved intermediaries.

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

6013		Borsa Italiana may cancel orders that hinder orderly trading where the intermediary that entered them, when requested by Borsa Italiana, is unable to confirm, modify or cancel them in a reasonably short time.

	Sec.	*Guidance to the Rules*
	600	*Stressed market conditions*
	600.1	*Borsa Italiana declares in general that stressed market conditions exist:* *- on a SeDeX financial instrument on shares traded in the MTA Market: during the underlying volatility auction in the time interval after the restoring of the continuous auction indicated in the Guide to the Parameters and in the cases of declaration of underlying stressed market conditions;* *- on a SeDeX financial instrument on Italian stock indexes: in the cases indicated in the Guide to the Parameters.*
	600.2	*Borsa Italiana may declare, by means of a notice to intermediaries, that stressed market conditions exist on a SeDeX financial instruments when the conditions indicated in the Guide to the Parameters are met*. *Borsa Italiana may also declare, with communication to the intermediaries, that stressed market condition on a SedeX financial instrument exist if required by the trend in the trading of the instrument or its underlying.*

600.3 *In these cases, notice shall be given of when stressed market conditions start and when they cease with reference to the current trading session.*

Handling of input errors

G	6020		Borsa Italiana may order or effect:
		6020.1	the cancellation of contracts concluded in the market upon receipt of a joint explained request from the approved intermediaries concerned;
		6020.2	the cancellation of transactions erroneously entered in the trade-checking service referred to in the rule 5000 up to the day following that of the conclusion of the contracts for contracts of not guaranteed financial instruments and up to the day of the conclusion of the contracts for contracts of guaranteed financial instruments, upon receipt of a explained request from approved intermediaries.

G	6021		In order to reduce or eliminate the effects of entry errors, Borsa Italiana may provide for or take one of the following actions:
		6021.1	entry of a transaction of the opposite sign offsetting all or part of the original transaction;
		6021.2	transfer of positions in financial instruments between the approved intermediaries concerned;
		6021.3	transfer of liquidity (cash adjustment) between the approved intermediaries concerned;
		6021.4	correction of the prices of transactions concluded as a result of errors;
		6021.5	cancellation of contracts in the market or in the trade-checking service referred to in the rule 5000.

	6022		In order to permit the handling, in the trade-checking service referred to in the rule 5000, of contracts deriving from entry errors, Borsa Italiana may inform authorised intermediaries of the identities of counterparties, if they are not displayed.

	6023		The measures referred to in rule 6020 shall normally be adopted where:
		6023.1	the approved intermediary that made the entry error applies promptly;
		6023.2	the applicant made an obvious material error;
		6023.3	the applicant stands, in the event that the contracts concluded as a direct consequence of the error are settled, to lose an amount exceeding the limit established on a general basis by Borsa Italiana in the guidance sec 620.2.

G	6024		For the purpose of identifying transactions which may be the subject the measures referred to in rule 6021 and rule 6022, with special reference to those Borsa Italiana may adopt on its own authority, the latter shall establish the procedure for handling them in the guidance sec 600 and subsequent, determining on a general basis for each category of SeDeX financial instruments:
		6024.1	the theoretical market prices ("reference prices");

	6024.2	the differences between the prices of the contracts concluded and the reference prices.

G	6025	In determining the theoretical prices and the differences referred to in rule 6024 and specified in the guidance sec 630 and sec 640, Borsa Italiana shall take account of the nature, liquidity and volatility of SeDeX financial instruments.

	6026	The promptness of the application for the remedy of an error by its author referred to in rule 6023 shall be assessed *inter alia* in relation to the emergence of new information or changes in market conditions between the time of the error and the time the application was made.

	6027	Where approved intermediaries conclude contracts by mistake at anomalous prices and agree to annul them, they are required to inform Borsa Italiana, which shall cancel them.

	6028	**Borsa Italiana** shall give prompt notice to the intermediaries concerned of the operation of the procedure for handling errors and the measures adopted. Where these are affecting contracts that have been concluded, **Borsa Italiana** shall inform the market and provide the counterparties concerned, at their request, with the documentation relative to the corrections or cancellations effected.

G	6029	For carrying out the error handling procedure referred, **Borsa Italiana** shall charge the intermediary that made the mistake a fee proportional to the scale of its intervention, in accordance with the what is established in the **Guide to the Parameters**.

Sec. *Guidance to the Rule:*

604 *General principles*

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

604.2 *Such reports, requests for the handling of mistakes by those that made them and the related counterparty authorisations, may be sent, after contacting **Borsa Italiana's** supervision office by telephone, by sending a written request to the following e-mail address: ms@euronext.com;*
Requests for the handling of errors must contain the details of the transactions.

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

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

604.5 *The manner of determining the fees for the error handling procedure referred to in rule 6029 is specified in guidance sec 630.*

Sec. 610 *Ordinary procedure*

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

a) the error handling request is submitted to Borsa Italiana as promptly as possible;

b) the transactions to which the request refers derive from an evident mistake.

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

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

Sec. 620 *Extraordinary procedure*

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

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

a) the error handling request must be submitted to Borsa Italiana as promptly as possible;

b) the transactions to which the request refers must originate from an evident mistake;

c) the transactions to which the request refers must have prices above or below the levels established on a case-by-case basis by Borsa Italiana by calculating the theoretical "reference" prices and by applying to those prices the maximum divergence thresholds beyond which prices are to be considered abnormal set out in Table 1;

d) the amount of the loss referred to in rule 6023.3 must comply with the amounts established in Table 1.

620.3 *In the case of mistakes made as a result of the entry of a multiple order that leads to the conclusion of more contracts, connected by a continuity with the original error – with reference to a single financial instrument – in addition to the existence of the conditions referred to in guidance Sec 620.2, the interval between the conclusion of the first and last contracts to which the request refers must not exceed 5 minutes.*

620.4 *For financial instruments traded in a currency other than the Euro the theoretical reference price and the amount of the loss shall be converted into Euro on the basis of the latest available ECB foreign exchange reference rate.*

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

620.6

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

620.7

The intermediaries consulted by Borsa Italiana in order to determine the theoretical reference prices shall be selected from among those not directly or indirectly affected by the error being corrected.

TABLE 1

<table>
<tr><th rowspan="2">SEGMENT</th><th colspan="2">MINIMUM LOSS in euro</th><th rowspan="2">DETERMINATION OF THE "THEORETICAL REFERENCE PRICES" (*) based on one of the following criteria</th><th rowspan="2">DETERMINATION OF THE "MAXIMUM DIVERGENCE THRESHOLDS</th></tr>
<tr><th>SINGLE ORDER</th><th>MULTIPLE ORDERS</th></tr>
<tr><td>Leveraged certificates class B</td><td colspan="2" rowspan="2">2.000</td><td rowspan="2">(A), (B), (C), (D)</td><td>Table 2</td></tr>
<tr><td>Other segments</td><td>Table 3</td></tr>
<tr><td colspan="5">(*) Any amendments to the price characteristics or quantity of an order shall be considered equivalent to the submission of a new order.
(**) Methods of determination of the "theoretical reference prices"

A: the arithmetic mean of the prices of a minimum of three and a maximum of ten consecutive contracts concluded on the same day, chosen among those preceding or following the error;
B: the closing price referred to in Article 2060;
C: objective reference values available to the market;
D: the mean of the Liquidity Provider's bid-ask quotations entered on the same day, chosen among those prior and subsequent to the error if not affected by the error itself.</td></tr>
</table>

The maximum divergence threshold for each instrument shall be equal to the percentages shown in the table below:

TABLE 2: maximum divergence thresholds for Leveraged Certificates Class B (Z% thresholds)

Theoretical reference price in euro	Maximum price deviation (Z%)
Less than or equal to 0.005	5 * Z'%
0.0051 - 0.01	3 * Z'%
0.0101 - 0.05	2 * Z'%
Oltre 0.05	Z'%

Where the Z'% deviation is defined as follows:

	Underlying asset class			
Leverage (long/short)	Commodities (including indices and futures)	Equities (including indices and futures)	Bonds and currencies (including indices and futures)	Other asset classes
Up to 3	10%	7.5%	2.0%	15%
Above 3 up to 5	15%	10%	3.0%	20%
Above 5	25%	20%	5.0%	25%

The maximum divergence for each instrument is equal to the percentages shown in the following table, without prejudice to the provisions of the following point:

TABLE 3 (APPLICABLE FOR OTHER INSTRUMENTS)

Theoretical reference price in euro (FMV = Fair Market Value)	Maximum divergence threshold
FMV < 0,01	75%
0,01 ≤ FMV < 0,1	50%
0,1 ≤ FMV < 0,25	25%
0,25 ≤ FMV < 0,75	17,50%
0,75 ≤ FMV < 1	15%
1 ≤ FMV < 2	10%
2 ≤ FMV < 5	7,5%
5 ≤ FMV < 15	5,0%
15 ≤ FMV < 100	3,5%
100 ≤ FMV	2,5%

Handling of technical breakdowns

G	6040	*Inter alia* with the aim of ensuring equal access to the market by approved intermediaries in conditions of adequate transparency, Borsa Italiana:

6040.1	shall establish in the guidance the procedures for handling technical breakdowns of electronic data processing equipment and transmission networks, and lay down objective criteria for carrying out the procedures, determining the downtime, the time at which trading is to start again and any extension of trading hours;
6040.2	may order the temporary suspension of trading where technical breakdowns affect a significant number of approved intermediaries
6040.3	shall inform the market of the measures adopted in accordance with this rule where they impinge on approved intermediaries' operations or the trading of SeDeX financial instruments.

Sec. 660 *Guidance to Rule:*
Handling of technical breakdowns

660.1 *In monitoring the operation of the technical equipment and transmission networks of the electronic data processing and telecommunication systems referred to in rule 6001.5, Borsa Italiana shall continuously verify:*

a) approved intermediaries' operational and informational links to the market;
b) the working of the electronic data processing equipment and telecommunication networks for the provision of trading support services, the dissemination of information and the daily checking and correction of contracts;
c) the regular operation of the different market phases in accordance with the procedures and timetables prescribed.

660.2 *Where the controls reveal anomalies involving a significant number of approved intermediaries, Borsa Italiana may adopt one of the following measures for an individual SeDeX financial instrument:*

a) prolong or postpone one or more market phases;
b) suspend one or more market phases;
c) prolong the session;
d) close the session early.

660.3 *Borsa Italiana shall also assess the significance of the number of approved intermediaries affected by technical breakdowns referred to in rule 6040.2 in relation to:*

a) the nature of the breakdowns and the operational limitations (access or information) observed;
b) the procedures for connecting the approved intermediaries affected to the market;
c) the fact that the breakdowns concerned all or part of the technical resources available to approved intermediaries;
d) the market share of the approved intermediaries affected.

660.4 *The duration of the suspensions and postponements referred to in guidance sec 660.2 shall be fixed in a transparent manner and in a way that allows a significant number of approved intermediaries to assess their contractual positions and re-establish regular connections with the market.*

660.5 *Trading may be restarted:*

a) with a phase which permits approved intermediaries to annul unexecuted orders they had entered in the market before the suspension.
b) with the auction method;
c) with the continuous trading procedure.

COMPLIANCE PROCEDURES

Measures against market intermediaries and issuers

C010		Without prejudice to rule 1021, where there is a violation of these rules or the accompanying guidance, including the case of issuers or market intermediaries hindering the verification activity referred to in rule 1210, Borsa Italiana may apply one or more of the following measures against the issuers or the market intermediaries in question:
	C010.1	a written warning to observe the Rules and accompanying guidance;
	C010.2	a written censure;
	C010.3	a fine of between 5,000 and 500.000 euros;
	C010.4	suspension from trading in the market;
	C010.5	exclusion from trading in the market.

C011	The measures provided for in the rules, C010.4 and C010.5 may be made public as described in Rule C040. Measures provided in the previous rules C010.1, C010.2 and C010.3 may be made public as described in rule C040, where Borsa Italiana is of the opinion that this is deemed necessary and appropriate for the purpose of market protection. Borsa Italiana may disclose to the public the measure and the description of the violation without specifying the identity of the perpetrator, when this is deemed sufficient in order to ensure market protection. The measure referred to in rule C010.1 could be disclosed only without the name of the intermediary to which such measure applies.

C012		In order to adopt the measures referred to in the rule C010, Borsa Italiana shall take the following criteria into account:
	C012.1	the actual and potential impact on the market and the external importance of the violation and the impact on the issuer's economic and financial situation;
	C012.2	the size, duration and nature of the violation;
	C012.3	how Borsa Italiana became aware of the violation;
	C012.4	the benefits accrued by the issuer or market intermediary from the violation;
	C012.5	The issuer's or market intermediary's reaction to Borsa Italiana's requests and its actual and previous behavior;
	C012.6	magnitude of fraud and negligence;
	C012.7	functioning of system used for internal control and prevention of violations;
	C012.8	numbers and magnitude of violations previously committed by the same issuer or market intermediary;

	C012.9	size of the issuer or market intermediary and of the group it belongs to;
	C012.10	the cases in which various provisions are breached or the same provision is breached more than once.

C013	Where there is a violation of quotation obligations by Liquidity Providers, Borsa Italiana may initiate the procedure referred to in rule C020.

C014	Where a measure of suspension or exclusion from trading is adopted, from the time such measure takes effect the market 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.

C015	The use to which fines are put shall be established on a general basis by Borsa Italiana in an ad hoc measure communicated to Consob and published in a Notice.

C016	In derogation to the provision at article C010, in the case of breach of the provisions of articles 1400.5 and 4021 the obligations, Borsa Italiana shall apply the written notice, the communication to the public of the failure to comply with obligations and reporting to the Authorities. Articles from C020 to C050 shall not apply.

Procedure for verifying violations

C020	In order to apply the measures referred to in rule C010, the procedure described in this rule shall be initiated within one year of the presumed violation or of the later date on which Borsa Italiana learned of the presumed violation. In the latter case the procedure described in this rule may not be initiated after three years have elapsed from the date of the presumed violation.

C021		For the purpose of applying the measure referred to in rule C010.2, C010.3, C010.4 and C010.5, Borsa Italiana sends the issuer or the market intermediary concerned a notification:
	C021.1	containing a description of the alleged violation
	C021.2	setting a time limit of not less than 15 days within which a written brief may be submitted and possibly a request for a hearing in which to examine the question jointly.

C022	The notification referred to in rule C021 may indicate the measure Borsa Italiana intends to apply. In such case, if the time limit referred to in rule C021.2 expires without the issuer or the market intermediary having submitted a written brief or requested a hearing, Borsa Italiana shall apply the measure indicated in the notification.

C023	If the issuer or the market intermediary requests a hearing in which to examine the question jointly or if Borsa Italiana considers such a hearing to be necessary, Borsa Italiana shall establish the date for the hearing and inform the issuer or the market intermediary accordingly. The issuer or the market intermediary shall be represented in the meeting either by its legal representative or by a person appointed for the purpose, being allowed to be assisted by a lawyer of its choice. If the market intermediary fails to attend

	the hearing without due cause, Borsa Italiana shall proceed on the basis of the evidence collected up to that time. At the end of the hearing, at the request of the interested party, Borsa Italiana may set a new time limit of not less than 10 days for the submission of another written brief.

C024	On the basis of the evidence collected as part of the procedure, Borsa Italiana shall decide within 45 days of the hearing or the subsequent expiry of the time limit for the submission of another written brief as provided for rule C023, or if no such hearing is requested or scheduled by Borsa Italiana, within 45 days of the expiry of the time limit set pursuant rule C021.2.

C025	Decisions adopted pursuant to the preceding rule C024 shall be promptly notified to the interested party giving the reasons for the decision.

Review of measures

C030	The issuer or the market intermediary may ask for the review of the measure applied pursuant to rule 1021 and rule C010 within 15 days of the notification referred to in respectively rule 1021.7, and rule C025 by means petition to the Appeals Board established pursuant to C090.

C031	For the measure referred to in rule C010.1, the 15 days run from the moment in which the decision is notified to the interested party.

Disclosure to the public of measures

C040	Applications of the measures referred to in rule C010 shall be made public in Notices or via the electronic trading support systems after 15 days have elapsed from the notification of the measure to the interested party without the question being referred to the Appeals Board or, where it has been so referred, after 10 days have elapsed from the notification of the Appeals Board's decision to the parties.

C041	At the request of the issuer or the market intermediary, the complete text of the measure shall be made public, possibly together with all the acts of the proceedings, including the decisions of the Appeals Board.

Suspension of time limits

C050	The time limits referred to in this Title shall be suspended from 1 August to 31 August of each year.

Jurisdiction

C060	These rules, the accompanying guidance and any other provisions concerning the operation of market and services and subsequent amendments shall be governed by the laws of Italy. With reference to the discipline on market intermediaries (articles 1000 and following) these Rules will be applied according to the Italian Law.

Disputes submitted to the courts

C070	Disputes concerning the fees referred to in rule 1300 and 1451, and the amounts referred to in guidance sec 650 referring to fees payable by

	intermediaries where due, shall be heard exclusively by Italian judges and the competent court shall be exclusively the Court of Milan.

Other disputes

C080	Any dispute other than those referred to in rule C070 caused by or deriving from these rules, the accompanying guidance or any other provisions concerning the operation of market and subsequent amendments shall be settled finally by a Board of Arbitration set up in accordance with rule C100.

C081	Prior recourse to the Appeals Board procedure referred to in rule C090 shall be a necessary condition for initiating the arbitration procedure

Appeals Board

C090	The Appeals Board shall be composed of three members appointed by the Board of Directors of Borsa Italiana, which shall also appoint one of the members to be the chairman. The seat of the Appeals Board shall be at Borsa Italiana.

C091	The members of the Appeals Board shall be chosen from among independent persons of proven expertise in matters concerning financial markets.

C092	The appointment shall be for three years and may be renewed. Where one of the members vacates the position before the termination of the appointment, the Board of Directors of Borsa Italiana shall appoint a substitute; such appointment shall last until the termination of the appointments of the other members of the Appeals Board.

C093	The decisions of the Appeals Board shall be adopted in accordance with law allowing debate within 30 days of the date of the petition for review referred to in rule C030 and C031 and shall be promptly notified to the parties. The language of the proceedings shall be the Italian language.

C094	In agreement with the other members of the Board, the chairman may assign a question to a single member of the Board.

C095	The decisions of the Appeals Board shall not be binding on the parties and where one of the parties initiates arbitration pursuant to rule C100, they shall not be binding on the arbitrators, who shall have the broadest prerogatives and powers to re-examine the entire dispute without any preclusion.

C096	The fees of the members of the Appeals Board shall be borne by the losing party.

Board of Arbitration

C100		The Board of Arbitration shall be composed of three members appointed as follows:
	C100.1	the party that initiates the arbitration procedure shall send an instrument to the other party in which it: • declares its intention of initiating the arbitration procedure; • indicates the subject of the case; • designates its arbitrator; • invites the other party to designate its arbitrator;

C100.2	the party that receives the invitation referred to in rule C100.1 shall designate its arbitrator within 20 days of receiving the notice; in the event of its omitting to do so, the second paragraph of Article 810 of the Code of Civil Procedure shall apply;
C100.3	the third arbitrator, who shall act as Chairman of the Board of Arbitration, shall be appointed consensually by the arbitrators referred to in rule C100.1 and C100.2; where they fail to agree within 20 days, the third arbitrator shall be appointed by the Chairman of the Milan Court.

C101	The arbitration proceedings thus instituted shall be ritual and shall comply with the provisions of the Italian Code of Civil Procedure. The procedure must be initiated, on pain of debarment from action, within 60 days of the notification referred to in rule C093. The dispute shall be settled in accordance with the provisions of Italian law and the language of the arbitration proceedings shall be the Italian language.

C102	The seat of the Board of Arbitration shall be in Milan in the place designated by its Chairman.

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