

# TAH RULES

3 March 2026

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



**BORSA ITALIANA**

# TAH Market Rules

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

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

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

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

## Glossary

<b>Term</b>	<b>Meaning</b>
<b>Trading Code</b>	means the FirmID used to identify the trading member on the market
<b>Logical Access</b>	Means the set-up to connect to trading system containing the technical configuration for the market intermediary connectivity. Each logical access allows access to a unique trading platform technical segment.
<b>Admission to Trading</b>	Admission to trading of financial instrument in the <b>TAH market</b>
<b>TAH Market</b>	The <b>Market</b> in which are traded the <b>TAH financial instruments</b> as provided by rules 220 from 18.00 to 20.30 hours
<b>Algorithmic trader</b>	means the operator using an algorithmic trading technique, as specified in Article 4(1)(39), of Directive 2014/65/EU and in Article 18, of Regulation 2017/565/EU
<b>Algorithmic trading</b>	means the trading technique specified in Article 4(1)(39) of Directive 2014/65/EU and in Article 18 of Regulation 2017/565/EU
<b>Borsa Italiana</b>	The management company " <b>Borsa Italiana</b> S.p.A
<b>TAH financial instrument</b>	The financial instruments admitted to trading in the <b>TAH Market</b> as provided by rules 220 and subsequent
<b>Central counterparty</b>	means the legal person authorised to operate a clearing system, pursuant to Regulation 2012/648/EU
<b>CSD</b>	means the legal person authorised to operate a securities settlement system, pursuant to Regulation 2014/909/EU
<b>Direct Electronic Access</b>	means the connection to the market as specified in Article 4(1)(41) of Directive 2014/65/EU
<b>Euronext Market Undertakings</b>	Borsa Italiana, Euronext Amsterdam, Euronext Brussels, Euronext Dublin, Euronext Lisbon, Euronext Paris and Oslo Børs;
<b>Euronext Market</b>	any Euronext Derivatives market or Euronext Securities market;

<b>Exceptional circumstances</b>	means the exceptional circumstances identified in Article 4, of Regulation 2017/578/EU
<b>Guide to the parameters</b>	the document accompanying the Rules of the regulated markets and relevant Instructions, as well as the Rules of the multilateral trading facilities organized and managed by Borsa Italiana S.p.A., referred to as "Guide to the Parameters" notified in a <b>Notice</b> and available on the <b>Borsa Italiana</b> website
<b>Guidelines</b>	Indicates the provisions for the implementation of the content of <b>TAH Market</b> Rules and shall be published together with these Rules.
<b>High-frequency trader</b>	means the intermediary using a high-frequency algorithmic trading technique, as specified in Article 4(1)(40), of Directive 2014/65/EU and in Article 19, of Regulation 2017/565/EU
<b>High-frequency algorithmic trading or HFT</b>	means the trading technique specified in Article 4(1)(40), of Directive 2014/65/EU and Article 19, of Regulation 2017/565/EU
<b>Issuer</b>	It indicates the subjects that have requested the admission to trading in the <b>TAH market</b> pursuant to article 210 of the financial instruments issued by itself. In the case of equity depositary receipts the issuer indicates both the issuer of the receipts and the issuer of the represented shares.
<b>Interconnection</b>	The linking to markets, via market <b>intermediaries</b> : of Customers of market <b>intermediaries</b> , the connection of which may take place in " <b>direct electronic access</b> " mode or in another mode; or organizational units of market <b>intermediaries</b> other than units assigned to the activities of trading in the markets and settlement and the control thereof; computer-based systems for the automatic generation of orders even if they are installed in an organisational unit of a market <b>intermediary</b> . The connection of customers of the market intermediary, in "direct electronic access" mode (DEA), can take place through the technical structure of the market intermediary (Direct Market Access or DMA) or directly (Sponsored Access or SA).
<b>Internal Matching Facility</b>	A trading facility that allows intermediaries who have requested it to use a matching mechanism that applies a price-participant-time priority instead of price-time in relation to financial instruments eligible for the <b>Internal Matching System</b> as specified in the <b>Appendix</b> to the <b>Trading Manual</b> .
<b>Large in scale transaction or Large in scale order</b>	means the transaction or the order that are large in scale with respect to the normal size of the market, according to the definitions in Regulation 2017/287/EU and in Regulation 2017/583/EU

<b>Liquid market for the financial instrument</b>	means the liquid market as specified in Article 2, paragraph 1(17), of Regulation 2014/600/EU
<b>Markets of OECD Countries or OECD Markets</b>	It means a market established, organized and regulated by the dispositions adopted or approved by the Authority in charge according to the rules in force in an <b>OECD Country</b>
<b>Market making agreement</b>	means the market making agreements that Borsa Italiana must offer, in compliance with Regulation 2017/578/EU, to the Intermediaries pursuing a market making strategy
<b>Negotiated transactions</b>	means the transactions negotiated privately between intermediaries, placed on the market according to the rules specified in Article 2050
<b>Market Maker</b>	means the intermediary that has underwritten a market making agreement with Borsa Italiana, in accordance with Regulation 2017/578/EU
<b>Market making strategy</b>	means the trading that is carried out on own account by an algorithmic trader on one or more financial instruments and that involves the entering of firm and simultaneous purchase and sale quotes, for comparable size and at competitive prices and is carried out for at least 50% of the duration of the continuous trading session, for at least half of the days in a month, as indicated in Regulation 2017/578/EU
<b>Notice</b>	The publication prepared and distributed by Borsa Italiana containing information relevant to the operation of the <b>TAH</b> market
<b>Market intermediary or intermediary</b>	The entity admitted to trading in the <b>TAH market</b> by <b>Borsa Italiana</b> , as provided in accordance with article 1000 and subsequent
<b>Minimum trading lot or "minimum lot"</b>	Means the minimum tradable quantity of each financial instrument. Only multiples of the lot itself may be traded
<b>Liquidity Provider</b>	Any <b>member firm</b> that undertakes to support the liquidity of <b>TAH financial instruments</b> , and performs the functions referred to in Article 4001
<b>Reference Market</b>	It means the regulated market organized and managed by <b>Borsa Italiana</b> in which <b>TAH financial instruments</b> are traded or, if the <b>TAH financial instrument</b> is not traded in any regulated market organised and managed by <b>Borsa Italiana</b> , the most liquid <b>OECD</b> market
<b>Retail Member Organisation</b>	An operator having the characteristics set out in Article 2.9.5 of the <b>Trading Manual</b> and authorised by the market to transmit <b>Retail Orders</b> with the characteristics, and in accordance with the provisions, set out in in the present Rules.

<b>Retail Liquidity Firm Quote</b>			any limit order posted in the Central Order <b>Book</b> by a <b>Retail Liquidity Provider</b> acting in such capacity and available to be matched only with <b>Retail Orders</b> submitted by <b>Retail Member Organisations</b> ;
<b>Retail Liquidity Provider</b>			An intermediary authorised by the market to place Retail Liquidity Firm Quote in the Central Order Book.
<b>Retail Orders</b>			any order for which the Retail Member Organisation has sufficient reason to believe that it originates from a natural person or a legal entity that is exclusively and directly controlled by a natural person, neither of whom meeting the criteria of MIFID Annex II, part I ("categories of client who are considered to be professionals") and regardless of whether or not they have been classified as professional at their request. In respect of a broker established in a country outside the European Economic Area, the definition shall apply by using equivalent definition and criteria in the relevant country.
<b>Relevant Undertaking</b>	<b>Euronext</b>	<b>Market</b>	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 or admission to trading is pending, as the context requires;
<b>Trading Manual</b>			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.
<b>Tick</b>			the minimum difference between the prices of orders, established in the Guidance, for each financial instrument traded;

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

## **General provisions**

### **Purpose of the Rules**

100	These Rules govern the organization and management of the multilateral trading facility operated by <b>Borsa Italiana</b> and called the <b>TAH market</b> .
110	These Rules establish the organizational and operational conditions and procedures of the <b>TAH market</b> and, in particular, govern: <ul style="list-style-type: none"> <li>110.1 the conditions and procedures for the admission, exclusion and suspension of <b>TAH financial instruments</b> from trading.</li> <li>110.2 the conditions and procedures for the admission, exclusion and suspension of <b>intermediaries</b> from trading and their obligations;</li> <li>110.3 the conditions and procedures for the performance of trading and the functioning of the related instrumental services;</li> <li>110.4 the procedures for verifying, publishing and disseminating prices and information.</li> </ul>

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

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

## **Instruments that can be traded on the TAH market**

### **Tradable Instruments**

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

G	210	<b>Borsa Italiana</b> may admit financial instruments referred to in Article 200 to trading at the request of an <b>issuer</b> or of an <b>intermediary</b> , in accordance with what is provided for in the guidelines provided the conditions set out in the following articles are satisfied.
	211	Financial instruments referred to in Article 200 may be admitted to trading at the initiative of <b>Borsa Italiana</b> , provided the conditions of the following articles are satisfied.
	212	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.

**Conditions for the admission of financial instruments**

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

*Sec. Guidelines**10 Procedure for instruments' admission to trading*

- 10.1 Persons referred to in Article 210 shall present an application that is signed by their legal representative or agent, drawn up in accordance with the model form available on **Borsa Italiana's** website and accompanied by the documentation indicated therein.*
- 10.2 After verifying the completeness, **Borsa Italiana** confirms the receipt of applications.*
- 10.3 Within 10 trading days of the date of confirming receipt of an application, **Borsa Italiana** must inform the applicant that the application has been rejected or, in the case of its being accepted, issue a **Notice** establishing the date of the start of trading and making available the information needed for trading.*
- 10.4 The time limits referred to in the Sec. 10.3 guidelines may be interrupted by a notification from **Borsa Italiana** if it becomes necessary to acquire new information and documents. In this case the time limits shall start to run again from the date of receipt of the relevant documentation. The time limits referred to in the Sec. 10.3 guidelines may be suspended at the request of the person referred to in Article 210.*

- 10.5 *Applications shall be deemed annulled if they are not modified, completed or corrected within two months of their receipt.*
- 10.6 **Borsa Italiana** shall issue a **Notice** for the **admission to trading** of instruments referred to in Article 211, establishing the date of the start of trading and making available the information needed for trading.

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

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

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

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

### **Support to liquidity**

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

## **General provisions**

1000

The **member firm** is an entity that has been admitted to trading by **Borsa Italiana** in the **TAH 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 **TAH 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 guidelines.

#### *Guidelines*

Sec. 100

#### **Intermediaries admitted to trading**

100.1

The following **intermediaries** may participate in trading in the **TAH market:**

- a) persons authorised to provide the services and engage in the activity of dealing for own account and/or executing orders on behalf of clients under the Consolidated Law on Finance, the Consolidated Law on Banking or other special provisions of Italian law;
- b) banks and investment firms authorised to provide the services and engage in the activity of dealing for own account and/or executing orders on behalf of clients under laws of other EU countries;
- c) the firms of non-EU countries entered in the register of third country firms kept by ESMA pursuant to Article 48 of Regulation (EU) No. 2014/600 and the firms authorized to provide investments service, and, where applicable, insurance companies, entities authorized to provide collective asset management services and pension funds in non-EU countries in which **Borsa Italiana** can operate in compliance with the provisions of article 70 of the Consolidated Law on Finance;
- d) the entities authorised by the competent Authority of an EU country to provide one or more investment services and activities; insurance companies, the entities authorised to provide collective asset management services, and pension funds. These entities must satisfy the requirement indicated at letter e), point 2.
- e) firms 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. 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 line Sec. 100.1 letter e), established in a non-EU Country is subject to the conclusion of agreements between Consob and the corresponding supervisory authorities in the home country.

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 <b>TAH market, intermediaries</b> shall send <b>Borsa Italiana</b> a written application using the standard form provided by Borsa Italiana in compliance with the provisions set out in the guidelines.
	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 the applicant of its decision in writing, which in case of approval is admitted to trading.
	1013	Once admitted the intermediary, Borsa Italiana verifies technical requirements and post trade readiness and in case of positive outcome confirms the date of start of operation.

Sec. *Guidelines*

110 *Applications for admission and activation*

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 specifying whether it takes place through the technical structure of the market intermediary through a DMA or directly through a sponsored access;*
- c) *declaration showing that before use of each trading algorithm, and whenever a substantial update is made to each of them, the operator has run tests as appropriate to avoid creating abnormal trading conditions and indicates the environment in which the tests of these algorithms were run;*
- d) *information about "high frequency algorithmic trading";*
- e) *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) *a declaration of the legal representative of the company containing a statement of the adequacy of the financial resources to ensure the business continuity of the trading service and which are not less than 50.000 euros.*
- g) *for the market intermediaries that offer the "direct electronic access" service to sponsored customers and, where present, their sub-delegates:*
  1. *request for a specific access code for each sponsored customer and, where present, their sub-delegates;*
  2. *the declaration by the intermediary confirming that it has verified the suitability of the sponsored customers and, where present, their sub-delegates in accordance with Regulation EU 589/2017 and certifying that those parties comply with the participation requirements for market intermediaries;*
  3. *the request of activation of appropriate features necessary to suspend the access of the sponsored customers and, where present, their sub-delegates, to proceed with the massive cancellation of unexecuted orders entered by them and to monitor in real time the*

- operation in the market of the sponsored customers and, where present, their sub-delegates.
4. for each access code given to the sponsored customer and, where present, its sub-delegates, a specific list of the trading staff authorised to request the deletion of the orders entered, referring to the access code given to each of those parties. This list must comply with the requirements of Guidance 160.3.
  5. the indication of the name of the contact person for the information technology function for the operations of the sponsored customer, and, where present, its sub-delegates, available during market hours, if different from the contact person for the information technology function of the market intermediary.
  6. a declaration certifying that they have access to the information relating to the trading activity of the sub-delegates in order to enable Borsa Italiana to provide any information requested by the competent authority.
- 110.3 *In the case of intermediaries already admitted to trading on a market managed by **Euronext** requesting to participate in the **TAH market**, managed by Borsa Italiana, the latter reserves the right to consider fulfilled membership requirements referred to in guideline Sec. 100 and 120 and not to require the documentation already provided by the **intermediary** in connection with its participation in other markets managed by **Euronext**. The procedure referred to in rules 1011, and 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 of 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.*

1015	Market <b>intermediaries</b> shall ensure continued satisfaction of the authorisation and other requirements referred to in rule 1010 and of the conditions referred to in rule 1020.
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1016	<p>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:</p> <ol style="list-style-type: none"> <li>a) suspension or cancellation of a stockbroker under Article 201 of the Consolidated Law on Finance;</li> <li>b) extraordinary administration;</li> <li>c) compulsory administrative liquidation;</li> <li>d) another bankruptcy procedure;</li> <li>e) other measures taken by Competent Authority that result in it being impossible, even if only temporarily, for <b>intermediaries</b> to enter into undertakings or perform undertakings they have entered into,</li> </ol>
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**Borsa Italiana** may suspend or exclude the **intermediary** from trading.

1017	The cessation of direct or indirect participation in the settlement system and in the clearing and guarantee settlement system of transaction in financial instruments must be immediately notified in writing to <b>Borsa Italiana</b> by <b>market intermediaries</b> and shall result in their being promptly suspended from trading in the market until they are again able to settle trades, directly or indirectly.
1018	After six months have passed without the cessation of the condition that gave rise to the suspension from trading, Borsa Italiana may exclude the intermediary.

**Condition for admission and continued eligibility**

G	1020	The participation of intermediaries to trading shall be subject to verification by <b>Borsa Italiana</b> , in accordance with objective non-discriminatory criteria, of fulfilment of the following conditions on a continuing basis:
	1020.1	adequacy of the technological systems used for trading and associated activities carried on and the number and types of interconnections with the market, and their compatibility with the electronic data processing and telecommunication support systems adopted by <b>Borsa Italiana</b> for the operation of the market;
	1020.2	sufficient staff with adequate professional qualifications in relation to the types of activity carried on and the types of interconnection with the market;
	1020.3	adequate internal procedures and controls for trading activity;
	1020.4	adequate clearing, guarantee and settlement procedures.
	1020.5	<b>Intermediaries</b> may entrust the management of technological systems to third parties, subject to the conditions laid down in the guidance Sec. 130.
	1020.6	The participation of <b>intermediaries</b> shall also be subject to verification: <ul style="list-style-type: none"> <li>a) of direct or indirect participation in the settlement system provided in the guidelines Sec. 500 and participation in their accessory systems (trade checking systems);</li> <li>b) direct participation of the <b>central counterparty</b> provided in the guidelines Sec. 501 or for intermediaries that are not participant in the <b>central counterparty</b>, appropriate agreement with a general clearing member of the mentioned <b>central counterparty</b>, pursuant to which: <ul style="list-style-type: none"> <li>- the general clearing member, at the conclusion of the contract on the market, becomes counterparty of the <b>central counterparty</b> for that contract; and</li> <li>- the intermediary, at the same time, becomes counterparty of the general clearing member.</li> </ul> </li> </ul>
	1020.7	The intermediary, in order to comply with the conditions laid down in 1020.6, letter b), must attest the direct or indirect participation in the central counterparty identified as market default central counterparty. For the markets for which more than one central counterparty operates, an intermediary may also attest the direct or indirect participation in a further central counterparty, identified as its Preferred CCP. In this case, Borsa Italiana reserves the right to request that an intermediary activates a new access code.
	1020.8	In order to comply with the conditions of this paragraph, intermediaries must satisfy the minimum requirements laid down in the Guidance to Rules.

## Sec. 120 Guidelines

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 TAH BIt Eq 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 paragraphs (a) and (b) apply to the market intermediaries providing trading and specialist services in financial instruments other than derivatives, including through the use of systems that do not involve human intervention. These systems shall be programmed in accordance with the rules, the operating procedures of the market and the technical instruments used for the activity concerned. The operators assigned to the programming of these systems shall have appropriate professional qualifications;
  - e. they have systems, procedures and controls for trading activity including specific procedures for use of the order cancellation function, and settlement procedures that reflect the characteristics of the firm and activity performed;
  - f. and specialisation of the staff to guarantee the continuous and prompt functioning of the trading and settlement systems used, taking into account the degree of automation of their internal procedures and any recourse made to outsourcing;
  - 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. The conformance certification must also be completed for each direct connection of sponsored costumers (the so-called sponsored access). For the execution of the conformance test the subscription of specific general conditions for the supply of services is requested.
- 120.3 Traders and **Liquidity Providers** may not perform their activities for more than one market **intermediary** only when the market intermediaries they are acting for belong to the same group.

- 120.4 Market **intermediaries** may use a third party and/or a group company to perform the activities referred to in the preceding paragraph provided they remain fully responsible for compliance with all the obligations of the Rules and control and coordinate the activities performed by the persons referred to in the preceding paragraph. Market **intermediaries** must inform **Borsa Italiana** accordingly. The agreement between the **intermediary** and the third party/group company must provide for the possibility of Borsa Italiana, or its appointees, verifying compliance with the requirements laid down in the Rules directly on the premises of the third party and/or the group company the market **intermediary** uses.
- Sec.  
130 Conditions for outsourcing technological systems
- 130.1 Pursuant to Rule 1020.5, **intermediaries** may use **Borsa Italiana** or third parties:
- a) for connection to the market;
  - b) for the other functions related to the management of technological systems other than connection to the market (e.g. housing and facility management).
- 130.2 The company offering the connection to the market may provide that the single connection is shared among many intermediaries, in the respect of specific segregation criteria. In such case, the company offering the connection to the market is known as a Service Provider and shall be specifically accredited. To this purpose the company shall have a contract for the purpose with **Borsa Italiana**, that shall, among other things:
- a) provide for **Borsa Italiana** or its appointees to be able to check the adequacy of the technological systems with respect to the services provided and their compatibility with **Borsa Italiana**'s ICT structures;
  - b) provide for **Borsa Italiana** to be able to limit the number of **intermediaries** that a Service Provider may connect to the market;
  - c) require the Service Provider to have back-up and disaster recovery procedures in place.
  - d) **Provide for** the possibility for the Service Provider to offer also the services referred to in the preceding guidance 130.1 letter b).
- 130.3 **Borsa Italiana** may refrain from requiring the Service Provider contract referred to in Sec. 130.2 to be signed by **intermediaries** that provide the connection to the market to other **intermediaries** belonging to its group.
- 130.4 **Market intermediaries** must inform **Borsa Italiana** of the execution with third parties, including Service Providers. Such contracts must contain a clause permitting **Borsa Italiana** or its appointees to verify compliance with the technological requirements established in these rules, inter alia on the premises of the third party used by the market **intermediary**.
- 130.5 Market **intermediaries** must also keep adequate documentation on their premises regarding the architecture, functionalities, operating procedures, service levels, controls and contractual guarantees for the activities entrusted to third parties, including Service Providers.
- 130.6 The contracts between Service Providers and market **intermediaries** must indicate whether in turn the Service Provider subcontracts some of the services outsourced by the market **intermediary**. If the Service Provider uses subcontractors, provision must be made for **Borsa Italiana** to verify the adequacy of the technological infrastructure on the latter's premises.
- 130.7 It is understood that the supervision and control of quotes sent to the market may not be delegated to third parties.

- Sec.  
135 Participation in the Settlement Service
- 135.1 Pursuant to Article 1020.6 a) the **intermediary** must participate directly or indirectly in the settlement service indicated in the guidelines 500.1.
- 135.2 Participation in the clearing and guarantee system  
Pursuant to article 1020.6 b), the **intermediary** must participate directly or indirectly in the clearing and guarantee system managed by Cassa di Compensazione e Garanzia S.p.A.

1021	If in the performance of its surveillance activity <b>Borsa Italiana</b> finds situations or conduct likely to entail risks for the integrity of the market, it may apply one or more of the following measures against the market <b>intermediaries</b> in question, until the reasons for their application cease to exist:
1021.1	Suspension from trading;
1021.2	imposition of specific requirements relating to the number and professional qualifications of trading staff; trading system and <b>Interconnection</b> procedures and controls; and any other matters relevant to ensuring the continued satisfaction of market <b>intermediaries'</b> admission requirements;
1021.3	restrict access to the market, including access via <b>Interconnections</b> or segregation of specific trading activities;
1021.4	imposition of limits on operations or interconnections;
1021.5	Where a measure of suspension from trading is adopted, from the time such measure takes effect the market <b>intermediary</b> to which it is applied shall only be permitted, under the surveillance of <b>Borsa Italiana</b> , to close out any positions still open and carry out any related transactions that are necessary to protect customers' interests, from the moment in which starts the suspension.
1021.6	<b>Borsa Italiana</b> may modify or revoke the measures referred to in this rule at any time.
1021.7	<b>Borsa Italiana</b> shall promptly inform the market <b>intermediary</b> concerned of the adoption of the measures.

G 1022	Market <b>intermediaries</b> shall notify, in the manner and within the time limits specified in the guidance Sec. 140, every variation with respect to the operating conditions referred to in the information provided at the time of submission of the application for admission, according to rules 1020 and 1050.
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- Sec.  
140 Guidelines:  
Notification of changes in 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 the dedicated portal of **Borsa Italiana**, of any change in the conditions referred to in rules 1010 and 1020, as well as any change resulting from corporate actions, including changes to the company's name.
- 140.2 **Intermediaries** must notify changes referred to in the previous paragraph to **Borsa Italiana** promptly or, in the case of changes in the technological

framework or of corporate actions, with due prior notice with respect to the date on which the changes will become effective, so that **Borsa Italiana** may make the necessary verifications, carry out any technical measures required and inform the market.

140.3

**Borsa Italiana** may request **intermediaries**, with a specific communication, to submit an update of the conditions referred to in rules 1010 and 1020.

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

1030	1030.1	<b>Intermediaries</b> admitted to trading on the market may request to be excluded from trading in the manner specified below with 10 days prior written notice.
	1030.2	Borsa Italiana may postpone the effective date if it considers it necessary for the protection of clients, or otherwise in the interests of the market. If Borsa Italiana does so, it may waive the Member's liability for some or all the fees and charges arising in respect of the period following the date on which his resignation notice would otherwise have taken effect.
	1030.3	Upon a Member's notification of its resignation pursuant to paragraph 1, all amounts owed by such Member to Borsa Italiana shall become immediately due and payable. The Member shall forth with return to Borsa Italiana any software, equipment and documentation which may have been made available by Borsa Italiana.

#### **Challenge of the measures**

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

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

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

1210	For the purpose of verifying compliance with these rules and the accompanying guidance, and, more generally, in order to ensure the performance of its functions of organising and managing the market, <b>Borsa Italiana</b> may:
	1210.1 request <b>issuers</b> and market <b>intermediaries</b> to provide all the necessary information and documents concerning transactions carried out on the market;
	1210.2 convoke the representatives of <b>issuers</b> and market <b>intermediaries</b> to clarify specific conduct or situations;
	1210.3 exclusively for the purpose of verifying compliance with the requirements of rule 1020, carry out examinations on the premises of market <b>intermediaries</b> .

1210.4 Market **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** on whose behalf the operators assigned to the trading activity are acting. **Market intermediaries** are also responsible to **Borsa Italiana** for compliance with Directive 2014/65/EU, EU Regulations 600/2014/EU and 596/2014 and **Borsa Italiana** Regulation by their customers and, where present, their sub-delegates connected directly to the market through sponsored access.

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, **Borsa Italiana** 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 and communicated to customers.

## **Rules of conduct**

### **Rules of conduct**

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 **TAH 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 and offsetting thereof;
- 1400.5 Intermediaries applying **market making strategies** through **algorithmic trading techniques** on one or more financial instruments, at the occurrence of the conditions indicated in Regulation 2017/578/EU, must inform Borsa Italiana, in accordance with such Regulation, and conclude a **market making agreement**, in the terms indicated in the present from articles 4020 to 4023 and related guidelines. This obligation does not apply to. This obligation does not apply to **Liquidity Providers**.
- 1400.6 In conducting its activities aimed at offering the best execution conditions to retail investors (**Retail Trading Facility**), a **Retail Member Organisation**, identified pursuant to Article 2.9.5 of the **Trading Manual**, may not change the terms of the client's orders in relation to price, size or buy-sell or sell-buy, either manually or through the use of a trading algorithm or other automated methodology.

- 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 in the terms provided.

## Order entry

### Transmission of orders to the market

- G 1450 Market **Intermediaries** shall be liable for all the interactions with the electronic data processing and telecommunication support structures adopted by **Borsa Italiana** for the operation of the market, including trading orders sent to the market and those sent via **Interconnections**, and their effect. 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 <sup>1</sup>. 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 guidelines Sec. 110.2.
- 1454 Following the procedures indicated in the guidelines, intermediaries must:

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

- 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 of the liquidity carried out by specialists, **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;
- e. use a specific **logical** access code to segregate the activities carried out by customers directly connected to the market through sponsored access and, where present, their sub-delegates. This code is assigned by **Borsa Italiana** following the approval of the sponsored access application by the market intermediary for its customer.

Sec. *Guidelines:*  
145 *Transmission of orders to the market*

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

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

- the professional qualifications of the persons assigned to trading;
- the controls on access to systems that permit the entry of orders via **Interconnections**; such controls must make it possible to ensure the fitness and recognition of the persons who operate via **Interconnections** and the access controls of the order enter via **Interconnections**. In the case of "direct electronic access", which consists of a DMA or a sponsored access, the market intermediary has to implement procedures enabling it to ensure that the persons who may be guaranteed that access comply with the requirements of Article 22 of Regulation 2017/589/EU. In the event of sponsored access subject of sub-delegation, the market intermediary is required to segregate the different order flows of the recipients of the sub-delegation. If the market intermediary becomes aware that a customer connected to the market through "direct electronic access" does not longer meet the above requirements, it shall suspend the access and promptly notify Borsa Italiana
- the controls on the quantities, on the maximum countervalue and prices of orders entered. The sponsored customer and, where present, their sub-delegates is not allowed to set or modify the parameters that apply to the checks on orders entered through the sponsored access mode;
- the controls on the overall trading activity carried out by the different persons who operate via **Interconnections**;
- the frequency according to which persons who operate via **Interconnections** enter order which have overridden controls and systems alert in terms of price, size, countervalue or number.

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

- a) the price of the last contract;

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

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

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

- prevent the entry of orders that exceed the maximum variation thresholds;
  - instruct such persons regarding the manner of entering orders. With particular regard to the Interconnections providing a sponsored access, the market intermediary also provides specific training to the subjects included in the list of authorized subject to request the cancellation of the orders submitted, referable to the access code dedicated to the sponsored customer or the dedicated access code to the customer's sub-delegates, where present. With regard to the Interconnections providing direct electronic access to the market, market intermediaries shall also assess whether additional checks are necessary for the appropriate management of the orders of the sponsored customers, taking into account the nature and complexity of the activity carried out by them.
- 145.5

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

145.6

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

- a) client identification code
  - b) code used to identify the person or algorithm used internally by the intermediary responsible for the investment decision;
  - c) code used to identify the person or algorithm that is responsible for execution of the order.
- 145.7

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

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

145.8 *The communication of the information indicated at sub-indent b) and c) constitute confirmation that the indicated trading algorithms have been tested in advance.*

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

## Technological systems and trading

### **Technical breakdowns of market intermediaries' systems**

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

Sec. *Guidelines*

150 *Technical breakdowns in market intermediaries' systems*

150.1 *Pursuant to rule 1500, **market intermediaries** shall promptly inform **Borsa Italiana** of technical breakdowns in the technological systems they use for trading and their systems for accessing market, in particular if they intend to request the deletion of orders entered or suspension or reduction of the obligations in these rules in case of **Liquidity Providers**. Market **intermediaries** shall also notify **Borsa Italiana** of the subsequent reactivation of their systems.*

150.2 *Market **intermediaries** must be able to delete orders they enter. In the event that this is impossible, they may request **Borsa Italiana** to delete orders on their behalf either all the orders entered, and orders associated with specific **trading codes**.*

150.3 *Market **intermediaries** shall send **Borsa Italiana**, via the **dedicated portal**, the list of persons who may request the deletion of orders. The list may include traders, **the Responsible Person**, and other persons deemed by the market **intermediary** to possess adequate professional qualifications and subject to Rule 1212.*

150.4 ***Borsa Italiana** may delete orders only at the request of persons assigned to trading and included on the list referred to in the previous paragraph. **Borsa Italiana** shall notify the names of the persons on the list only to the persons indicated in the list. Requests for the deletion of orders made by persons not included in the list will not be carried out.*

150.5 *Market **intermediaries** must notify the list referred to in paragraph 150.3 and every change to the list itself, via the dedicated portal. Changes to the list will be effective from the effective date indicated on the portal. Market*

- intermediaries** that configure their access to the market using several **trading codes** may send the list referred to in paragraph 150.3 for each **trading code**.
- 150.6 When requests are made for the deletion of orders, the following information must be given in addition to the market **intermediary's** name and identification code: the **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.
- 150.7 **Borsa Italiana** shall promptly carry out deletions of orders for which the request complies with what is set out above. If the orders in question have given rise to the conclusion of contracts, such contracts shall be binding on the market **intermediary**, without prejudice to the application of the procedures referred to in guidance Sec. 610 and guidance Sec. 620.

# ORDER BOOK TRADING RULES

## Trades

G	2001	<b>Borsa Italiana</b> may divide the derivative instruments traded on the <b>TAH market</b> into homogeneous segments according to their capitalization, to the methods of admission to trading, to the settlement system used and to the methods and hours of trading.
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	2002	<b>Borsa Italiana</b> may specify minimum tradable quantities for each <b>TAH financial instrument</b> or categories of <b>TAH financial instruments</b> different from 1, reconciling the need for the market to operate effectively, for investors to have easy access to it and for the execution of orders to be cost efficient, and inform the public with Notice.
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### Trading methods and phases

G	2010	Trading is carried on using the methods of continuous trading, as indicated in the guidelines.
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	2011	<i>The trading hours shall be as follows:</i>  <i>18.00 – 20.30</i> <span style="float: right;"><i>Continuous trading</i></span>
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### Orders

	2020	Approved <b>intermediaries</b> shall express their willingness to trade through anonymous orders. Orders shall contain at least the information relative to the financial instrument to be traded, the quantity, the type of transaction, the type of account, the price, and the method of execution and include a special indication when originated from an algorithm or entered by a <b>direct electronic access</b> . The orders may also specify different validity parameters based on time and execution of the order and contain the additional information necessary for <b>Borsa Italiana</b> to comply with the Regulation 2017/580/EU.
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G	2021	The following types of orders may be entered:
	2021.1	limit 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. The price limit must be consistent with the tick specified in the Guidelines.
	2021.2	market order is an order to buy or to sell a stated amount of a security that is to be executed at the best price(s) obtainable when the order reaches the Central Order Book, as described also in Articles 2.1.1 and 2.1.3 of the Trading Manual;
	2021.3	Stop orders and stop limit orders are proposals that are automatically activated when a specific price level is reached during trading. In case of stop orders, a market order is automatically generated and added to the Central Order Book; in the case of a stop-limit order, a limit order is automatically generated and added to the Central Order Book. Please refer respectively to articles 2.1.4 and 2.1.5 of the Trading Manual;
	2021.4	iceberg orders, are orders, that may not be less than a size specified, in accordance with the article 8 of Delegated Regulation (EU) 2017/587 and article 4 of Delegated Regulation (EU) 2017/583. Iceberg orders are orders of which

only specified tranches are successively entered in the Central Order Book, and disclosed to the market, with the current time stamp following full execution of the preceding tranche. Borsa Italiana sets in the Guide to Parameters the minimum value and the other limits for the entry of iceberg orders (orders with a limit price and with a partial quantity displayed).

### **Order Matching and Execution in the Central Order Book**

2022	The <b>orders</b> for each security shall be ranked on the <b>Central Order book</b> . <b>Orders</b> subject to pre-trade transparency in the <b>Central Order Book</b> shall be executed according to strict price priority decreasing if buying and increasing if selling - as well as, at the same price according to strict time priority determined by the time of entry with the exception of a <b>Retail Liquidity Firm Quote</b> which takes precedence when combined with a <b>Retail Order</b> . Modified orders lose their acquired time priority if the modification implies an increase in quantity or a change in price.
2023	<u>Continuous Trading</u> During continuous trading, each incoming order shall be checked immediately for possible execution against orders on the opposite side of the <b>Central Order Book</b> . <b>Orders</b> in the <b>Central Order Book</b> shall be executed pursuant to Article 2022 with the exception of orders entered by a dealer using the <b>Internal Matching Facility</b> which will be executed, at the same price, in priority against orders in the <b>Central Order Book</b> from the same dealer. <b>Retail Liquidity Firm Quote</b> can only be matched with <b>Retail Orders</b> while <b>Retail Orders</b> can be matched with any other order in the <b>Central Order Book</b> . A <b>Retail Liquidity Firm Quote</b> cannot be executed until it matches or better the best price on the opposite side of the <b>Central Order Book</b> .
2024	In the cases referred to in 20032, orders may be for the minimum lot or multiples thereof.
2025	In order to ensure the regularity of trading in a financial instrument, Borsa Italiana may, on a general basis in the Guide to the Parameters communicated in a <b>Notice</b> , establish the maximum countervalue and quantity of <b>financial instruments</b> that may be the subject of an order, the maximum quantity and countervalue of <b>financial instruments</b> .

Sec. *Guidelines*  
200 *Orders*

200.1 *Orders entered into the Central Order Book may be valid for the Trading Day.*

Sec. *Prices of orders*  
203 *Prices of orders*

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

[Table of Regulation EU 2017/588]

Price ranges	A	B	C	D	E	F
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$0 \leq \text{price} < 0,1$	0,0005	0,0002	0,0001	0,0001	0,0001	0,0001
$0,1 \leq \text{price} < 0,2$	0,001	0,0005	0,0002	0,0001	0,0001	0,0001
$0,2 \leq \text{price} < 0,5$	0,002	0,001	0,0005	0,0002	0,0001	0,0001
$0,5 \leq \text{price} < 1$	0,005	0,002	0,001	0,0005	0,0002	0,0001
$1 \leq \text{price} < 2$	0,01	0,005	0,002	0,001	0,0005	0,0002
$2 \leq \text{price} < 5$	0,02	0,01	0,005	0,002	0,001	0,0005
$5 \leq \text{price} < 10$	0,05	0,02	0,01	0,005	0,002	0,001
$10 \leq \text{price} < 20$	0,1	0,05	0,02	0,01	0,005	0,002
$20 \leq \text{price} < 50$	0,2	0,1	0,05	0,02	0,01	0,005
$50 \leq \text{price} < 100$	0,5	0,2	0,1	0,05	0,02	0,01
$100 \leq \text{price} < 200$	1	0,5	0,2	0,1	0,05	0,02
$200 \leq \text{price} < 500$	2	1	0,5	0,2	0,1	0,05
$500 \leq \text{price} < 1000$	5	2	1	0,5	0,2	0,1
$1000 \leq \text{price} < 2000$	10	5	2	1	0,5	0,2
$2000 \leq \text{price} < 5000$	20	10	5	2	1	0,5
$5000 \leq \text{price} < 10000$	50	20	10	5	2	1
$10000 \leq \text{price} < 20000$	100	50	20	10	5	2
$20000 \leq \text{price} < 50000$	200	100	50	20	10	5
$50000 \leq \text{price}$	500	200	100	50	20	10

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

### **Continuous Trading**

2040	Trading shall take place on a continuous basis in accordance with Articles 2022 and 2023.
2041	Orders that are wholly or partly unfilled at the end of continuous trading shall be automatically cancelled.

### **Automatic controls on trading**

G	2042	Where, during the continuous trading of a financial instrument, the price of a contract that is being concluded exceeds one of the <b>reservation thresholds</b> referred to in the <b>Guide to the Parameters</b> , according to the trading segment:
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- the continuous trading of that financial instruments shall be automatically suspended and a **reservation period** begun, which shall be carries out as provided **in the guidelines**; or
- the continuous trading of that financial instrument shall be automatically suspended for a period whose duration shall be established in the **guidelines** and the order that caused the suspension shall be automatically cancelled.

In such case during the temporary suspension of trading orders may not be entered or modified.

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

Sec.  
205

Automatic control of trading

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

- a) *order controls upon entry, referred to as price collars, defined as the maximum price variation limits of orders with respect to the static reference price;;*
- b) *reservation thresholds respect to the static reference price, defined as the maximum price variation of trades with respect to the static reference price;*
- c) *reservation thresholds respect to the dynamic reference price, defined as the maximum price variation of trades with respect to the dynamic reference price.*

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

Sec.  
206

The exceeding of the price variation limits as to article 2041

206.1 *Pursuant to article 2041.2, exceeding the price variation limits in the continuous trading phase determines the start of a reservation period. The duration of the reservation period is at least 3 minutes, plus a variable interval of up to thirty seconds.*

**Special procedures for the conclusion of contracts**

G 2050

It is possible to enter guaranteed cross trades only for instruments traded continuously. Those trades shall be effected at a price within the market's best bid/ask spread at the time of execution, boundaries included. Those trades are negotiated transactions as defined in the Delegated Regulation (EU) 2017/587, involve the simultaneous production and execution by a single Euronext Securities Member of opposing buy and sell orders of Clients for an identical quantity of a particular Security and at the same price in the Central Order Book. It is possible to enter guaranteed principal trades whereby intermediaries trade voluntarily against their clients and shall be effected on the conditions applicable to guaranteed cross trades.

The execution of guaranteed cross trades and guaranteed principal trades is further described in paragraph 2.3.2 of the Trading Manual.

**Static and dynamic reference price**

2070	<p>The <u>static reference price</u> is equal to</p> <p>a) the reference price of each financial instrument traded on the <b>Euronext Milan</b> market or of the reference price of each security determined pursuant to article 2072.</p> <p>b) where it is not possible to determine the reference price pursuant to letter a), the static price is equal to the average price of the previous trading session.</p>
2071	<p>The <u>dynamic reference price</u> is equal to</p> <p>a) the price of the last contract concluded during the session;</p> <p>b) if no contracts have been concluded in the session, the dynamic price is equal to the static price.</p>
<p>2072</p> <p>2072.1</p> <p>2072.2</p>	<p>The <b>TAH market</b> average price is equal to the weighted price of the contracts concluded during the trading session <b>in the TAH market</b></p> <p>If no contracts were concluded during the entire trading session, then the <b>TAH market</b> average price is equal to the reference price of the daily session in the <b>reference market</b> of the <b>TAH financial instrument</b>.</p> <p>In order to guarantee the regularity of trading and the significance of prices, <b>Borsa Italiana</b> may establish, on a general basis and with reference to specific trading segments or a single <b>TAH financial instrument</b>, that the <b>TAH market</b> average price shall be determined in a different manner to that laid down in the previous paragraphs and announce the decision in a Notice.</p>
2073	<p><b>Borsa Italiana</b> shall establish on a general basis the criteria for the determination of price collars, reservation thresholds, and static and dynamic reference prices in the <b>Guide to the Parameters</b>, notified in a <b>Notice</b>. <b>Borsa Italiana</b> may modify such limits during the trading session for the purpose of control of the regularity of trading.</p>

# **DISCLOSURE OF INFORMATION**

## **Market Data**

3000	The provision of market data to intermediaries is governed by a separate agreement.
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## **Information provided to the public – General principles**

3010	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 <b>TAH financial instrument</b> .
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3011	Borsa Italiana shall not disclose information to the public on the identity of the parties to trades.
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3012	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.
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3020	During the trading session, the following information shall be available to the public in real time for each <b>TAH financial instrument</b> :
3020.1	the prices and quantities of the best buy and sell orders;
3020.2	the buy and sell quantities and aggregate orders on the book for the best prices;
3020.3	the price, day and time of execution, and quantity of the last contract concluded and the ID of the financial instrument within the limits specified in Article 3021;
3020.4	the cumulative quantity and value traded, within the limits specified in Article 3021.

3021	Guaranteed cross transaction concluded with the procedures referred to in Article 2050 shall be identified with specific indicators.
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3022	The <b>Retail Liquidity Firm Quotes</b> and the contracts resulting from the combination with the <b>Retail Liquidity Firm Quotes</b> are specifically identifiable within the information to the public distributed by <b>Borsa Italiana</b> pursuant to Article 3020.
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# **PROVISION REGARDING LIQUIDITY PROVIDERS AND MARKET MAKERS**

## **Liquidity Providers**

	4000	Without prejudice of rule 300, trading in <b>TAH market</b> may be carried on with the intervention of a <b>Liquidity Provider</b> referred to in rule 4001.
	4001	<b>Market intermediaries</b> admitted to <b>TAH market</b> that require Borsa Italiana to be qualified as <b>Liquidity Providers</b> 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 <b>Liquidity Providers</b> .
	4002	Borsa Italiana reserves the right to refuse the request referred to in the preceding article, considering, among other things, the liquidity conditions of the financial instruments for which the engagement in the activity of <b>Liquidity Provider</b> is requested.
G	4003	Liquidity Provider shall respect, for each of the TAH financial instruments for which it intervenes, the quoting obligations of the Liquidity Provider contained in the guidelines and in the Guide to the Parameters. Borsa Italiana publishes and regularly updates the list of Liquidity Providers.
	4004	The intention to cease the <b>Liquidity Provider</b> activity in the <b>TAH market</b> must be notified promptly in writing to <b>Borsa Italiana</b> that communicates to the intermediary, within 30 days, the date from which the obligations terminate. Borsa Italiana shall disclose this information also to the public.

## MARKET MAKERS

G	4020	<b>Market Makers</b> are intermediaries admitted to trading that, pursuant to Article 1400.5, sign with Borsa Italiana a <b>market making agreement</b> . Market makers are also operators, including Liquidity Providers, who voluntarily adhere to the market making schemes envisaged for the TAH market.
	4021	<b>Market Makers</b> are required to display continuously bids and offers for financial instruments for which signs a <b>market making</b> agreement, in compliance with the obligations established by Borsa Italiana in the guidelines and in the <b>Guide to the Parameters</b> .
	4022	<b>Borsa Italiana</b> publishes and regularly updates the list of market makers.
	4023	The <b>intermediary</b> that intends to cease its market making strategy must promptly notify <b>Borsa Italiana</b> , that communicates to the intermediary, within 30 days, the date from which the obligations terminate.

Sec.

402

*Guidelines*

***Specialist, Liquidity Providers and Market Maker quoting obligations***

402.1

**Specialists, 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

**Specialists, Liquidity Providers and Market Makers** must comply with the quoting obligations referred to in guidance 402.1, for each trading day, in accordance with the conditions set out in the **Guide to the Parameters**.

402.2

In stressed market conditions, which may occur in the cases indicated in Sec. 600:

- a. **Liquidity Providers** are required to quote with reduced obligations.
- b. **market makers** may quote with reduced obligations if they have specifically requested this when entering into the market making agreement.

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

402.3

**Liquidity Providers and market makers** are not required to comply with the quoting obligations upon occurrence of exceptional circumstances communicated by Borsa Italiana. In the cases envisaged by Article 3, letter d) of Regulation 2017/578/EU, the intermediaries shall give **Borsa Italiana** written notice of this circumstance, in order to be exempted from these obligations.

402.4

**Borsa Italiana** shall verify compliance with the obligations entered into by the **Liquidity Providers** and the market makers.

402.5

In evaluating possible violations of the obligations, **Borsa Italiana** shall also take account of compliance, on a monthly basis, with the quoting obligations.

# **CLEARING, GUARANTEE AND SETTLEMENT**

## **Settlement**

G	5000	Immediately after the conclusion of contracts on the <b>Euronext TAH Market, Borsa Italiana</b> shall send the contracts to the central counterparties or for non-guaranteed markets directly to the settlement systems. On request from operators using the <b>Internal Matching Facility, Borsa Italiana</b> does not transmit the contracts to central counterparties or settlement systems. In this case, trading members are required to ensure the timely transmission of settlement instructions to the settlement systems designated by the market.
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	5001	Sale and purchase orders concluded on the <b>Euronext TAH Market</b> are acquired by the central counterparties referred to in Guideline No. 501.1 and forwarded to the settlement services through the pre-settlement service managed by Monte Titoli S.p.A. or through the direct connection systems to the T2S platform managed by the central counterparties and authorised by Monte Titoli S.p.A.
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*Sec. 500*      *Guidelines:*

### Settlement service

*500.1*      *The settlement services of the financial instruments are the services managed by Monte Titoli S.p.A. or other **CSDs** using the T2S platform allowing for cross-**CSD** settlement, as defined in the Monte Titoli Settlement Service Regulations<sup>3</sup>.*

## **Time of settlement**

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

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

<sup>3</sup> The entry into force of the amendment will be communicated with subsequent Notice

Sec.  
501 Clearing and guarantee system

501.1 *The central counterparty operating on the TAH market is Cassa di Compensazione e Garanzia SpA, as the market's default central counterparty;*

**Late settlement**

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

Procedures for enforcing the settlement of contracts

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

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

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

## Controls and measures concerning trading

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

### Measures concerning trading parameters, hours and phases

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

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

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

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

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

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

**Handling of input errors**

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

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

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

Sec. *Guidelines:*

605 *General principles*

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

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

605.3 **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.

605.4 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**.

605.5

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

Sec.

610 *Ordinary procedure*

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

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

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

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

Sec.  
620 *Extraordinary procedure*

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

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

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

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

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

Sec.  
630 *Determination of the "theoretical prices"*

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

- *the arithmetic mean of the prices of a minimum of three and a maximum of ten consecutive contracts concluded on the same day, chosen among those preceding or following the error;*
- *the static price of the **TAH financial instrument**;*
- *objective reference values available to the market.*

Sec.  
640 *Determination of the maximum divergence thresholds*

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

640.2 *The maximum divergence threshold for each financial instrument shall be equal to the static collar, which means the reservation thresholds with respect to the static reference price as referred to in article 2070.*

Sec. Determination of the fee for handling errors  
650

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

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

where:

$C$  = the fee in euro;

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

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

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

#### **Handling of technical breakdowns**

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

Sec. *Guidelines:*  
660

#### Handling of technical breakdowns

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

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

- 660.2 Where the controls referred to in the preceding paragraph reveal anomalies involving a significant number of approved **intermediaries**, **Borsa Italiana** may adopt one of the following measures for an individual **TAH financial instrument**:
- prolong or postpone one or more market phases;
  - suspend one or more market phases;
  - prolong the session;
  - 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:
- the nature of the breakdowns and the operational limitations (access or information) observed;
  - the procedures for connecting the approved **intermediaries** affected to the market;
  - the fact that the breakdowns concerned all or part of the technical resources available to approved **intermediaries**;
  - 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:
- with a phase which permits approved **intermediaries** to cancel unexecuted orders they had entered in the market before the suspension.
  - according to the continuous trading procedure.

# COMPLIANCE PROCEDURES

## Measures against market intermediaries and issuers

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

C013	Where there is a violation of quotation obligations by <b>Liquidity Providers, Borsa Italiana</b> may initiate the procedure referred to in rule C020.
C014	Where a measure of suspension or exclusion from trading is adopted, from the time such measure takes effect the market <b>intermediary</b> to which it is applied shall only be permitted, under the surveillance of <b>Borsa Italiana</b> , to close out any positions still open and carry out any related transactions that are necessary to protect customers' interests from the date of commencement of the period of suspension or exclusion from trading.
C015	The use to which fines are put shall be established on a general basis by <b>Borsa Italiana</b> in an ad hoc measure communicated to <b>Consob</b> and published in a <b>Notice</b> .
C016	In derogation to the provision at article C010, in the case of breach of the provisions of articles 1400.5, 4021 and the obligations contained in the guidelines Sec. 402, 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 <b>Borsa Italiana</b> learned of the presumed violation. In the latter case the procedure described in this rule may not be initiated after three years have elapsed from the date of the alleged violation.
C021	For the purpose of applying the measure referred to in rule C010.2, C010.3, C010.4 and C010.5, <b>Borsa Italiana</b> sends the <b>issuer</b> or the market <b>intermediary</b> concerned a notification: <ul style="list-style-type: none"> <li>C021.1 containing a description of the alleged violation;</li> <li>C021.2 setting a time limit of not less than 15 days within which a written brief may be submitted and possibly a request for a hearing in which to examine the matter jointly.</li> </ul>
C022	The notification referred to in rule C021 may indicate the measure <b>Borsa Italiana</b> intends to apply. In such case, if the time limit referred to in rule C021.2 expires without the <b>issuer</b> or the market <b>intermediary</b> having submitted a written brief or requested a hearing, <b>Borsa Italiana</b> shall apply the measure indicated in the notification.
C023	If the <b>issuer</b> or the market <b>intermediary</b> requests a hearing in which to examine the question jointly or if <b>Borsa Italiana</b> considers such a hearing to be necessary, <b>Borsa Italiana</b> shall establish the date for the hearing and inform the <b>issuer</b> or the market <b>intermediary</b> accordingly. The <b>issuer</b> or the market <b>intermediary</b> shall be represented in the meeting either by its legal representative or by a person appointed for the purpose, being allowed to be assisted by a lawyer of its choice. If the market <b>intermediary</b> fails to attend the hearing without due cause, <b>Borsa Italiana</b> shall proceed on the basis of the evidence collected up to that time. At the end of the hearing, at the request of the party concerned, <b>Borsa Italiana</b> may set a new time limit of not less than 10 days for the submission of another written brief.
C024	On the basis of the evidence collected as part of the procedure, <b>Borsa Italiana</b> shall decide within 45 days of the hearing or the subsequent expiry of the time limit for the submission of another written brief as provided for rule C023, or if no such hearing is requested or scheduled by <b>Borsa Italiana</b> , within 45 days of the expiry of the time limit set pursuant rule C021.2.
C025	Decisions adopted pursuant to the preceding rule C024 shall be promptly notified to

the interested party giving the reasons for the decision.

#### **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 of a 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 matter being referred to the Appeals Board or, where it has been so referred, after 10 days have elapsed from the notification of the Appeals Board's decision to the parties.

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<sup>st</sup> August to 31<sup>st</sup> August of each year.

#### **Governing Law**

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

#### **Settlement of disputes - Jurisdiction**

C070 Disputes concerning the fees referred to in rules 1300 and 1451, and the amounts contained in guidelines Sec. 650 referring to fees payable by intermediaries where due, shall be submitted exclusively to Italian judges and the competent courts shall be exclusively the Courts 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 <b>Borsa Italiana</b> shall appoint a substitute; such appointment shall last until the termination of the appointments of the other members of the Appeals Board.
C093	The decisions of the Appeals Board shall be adopted in accordance with law allowing debate within 30 days of the date of the petition for review referred to in rule C030 and C031 the challenge referred to in rule C030 and shall be promptly notified to the parties. The language of the proceedings shall be the Italian language.
C094	In agreement with the other members of the Board, the chairman may assign a matter to a single member of the Board.
C095	The decisions of the Appeals Board shall not be binding on the parties and where one of the parties initiates arbitration pursuant to rule C100, they shall not be binding on the arbitrators, who shall have the broadest prerogatives and powers to re-examine the entire dispute without any preclusion.
C096	The fees of the members of the Appeals Board shall be borne by the losing party.

#### **Arbitration Board**

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



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