

**MARKETAXESS EUROPE LIMITED**  
MTF RULEBOOK

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## 1. DEFINITIONS

### 1.1 For the purposes of this Rulebook:

"**Admission Criteria**" has the meaning given in Rule 4.1;

"**Affiliate**" means in relation to an entity, a person, company, partnership or other entity that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such entity, where relevant;

"**Applicable Law**" means all applicable laws, regulations, regulatory requirements (including any guidance, orders or other directions of a regulatory authority), market rules and / or market conventions any laws, all judgments, orders, instructions or awards of any court or competent authority and applicable to: (a) MarketAxess; or (b) a Participant (or Principal as the case may be); as the case may be and in each case having regard to the context;

"**Authorised Person**" means an individual authorised by a Participant to have access to and (if so authorised by such Participant) transact through the System on the Participant's behalf, and who has been given or is utilising a User ID and password issued by MarketAxess for such purposes;

"**Clearly Erroneous**" in respect of any Transaction shall have the meaning in the Clearly Erroneous Trade Policy;

"**Clearly Erroneous Trade Policy**" means the policy set out in APPENDIX I (*Clearly Erroneous Trade Policy*);

"**Competent Authority**" shall have the meaning in given in Article 4(1)(26) of Directive 2014/65/EU;

"**Controller**" has the meaning given in the General Data Protection Regulation (2016/679);

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms;

"**CSDR**" means the Regulation on improving securities settlement in the European Union and on central securities depositories (Regulation No 909/2014 of the European Parliament and Council);

"**Data Protection Laws**" means the following legislation to the extent applicable from time to time: (a) national laws implementing the Data Protection Directive (95/46/EC) and the Directive on Privacy and Electronic Communications (2002/58/EC); (b) the General Data Protection Regulation (2016/679); and (c) any other similar national privacy law. "Personal Data", "process" and "**Controller**" and "**Processor**" shall have the respective meanings attributed to them in the foregoing legislation the General Data Protection Regulation (2016/679);

"**Dealer Agreement**" means a Membership Agreement between MarketAxess and any Participant that MarketAxess has categorised as a liquidity provider;

"**Disclosed RFQ**" means the Trading Protocol as described in in Rule 11.2;

"**DNT**" means the expiry of an Inquiry without Execution as a result of one of the following circumstances: (1) cancellation of Inquiry, (2) all responses are passed, (3) the Inquiry times out; or (3) counter/ negotiation process fails to reach Execution;

"**EEA State**" means any member state of the European Economic Area;

"**Execution**" means the point in time at which the Transaction is executed over the System;

"**Eligible Instrument**" means the individual financial instruments that are eligible for trading on the MTF as described in Rule 10.2;

"**EST**" means Eastern Standard Time;

"**FCA**" means the UK's Financial Conduct Authority and its successor body or bodies from time to time;

"**Indicative Price**" has the meaning given in Rule 17.4;

"**Information**" means data, pricing, research and other information made available over the System to Participants in relation to instruments admitted to trading on the MTF;

"**Inquiry**" means an RFQ or similar other non-actionable indication of interest submitted over the System by a Participant and interpreted in accordance with the definition of Request-for-Quote trading system set out in Annex1 of RTS 2;

"**Insolvency Event**" means the occurrence of any of the following circumstances with respect to a Participant: (a) the Participant is declared insolvent or is unable or admits inability to pay its debts as they fall due or suspends making payments on any of its debts; (b) any step, application or proceeding has been taken by or against the Participant or in respect of the whole or any part of its undertaking, for a voluntary arrangement or composition or reconstruction or rescheduling of its debts, winding up, bankruptcy, dissolution, administration, receivership or otherwise or any similar proceeding in any jurisdiction; (c) the appointment of a liquidator, trustee, receiver, administrative receiver or similar officer; (d) a voluntary or involuntary petition for a bankruptcy order; or (e) any similar action, application or proceeding in any jurisdiction under Applicable Law to which it is subject;

"**Instruction**" means any electronic order request, response, instruction or similar communication from a Participant into the System;

"**Internal Crossing**" means the Trading Protocol described in Rule 11.2(c) including any technical updates, revisions or rebranding of such Trading Protocol from time to time;

"**Internal Cross Trade/s**" means a transaction executed pursuant to the Internal Crossing Trading Protocol;

"**LEI**" the Legal Entity Identifier, a unique code based on the ISO standard 17442;

"**MarketAxess Website**" shall mean the website at [www.marketaxess.com](http://www.marketaxess.com);

"**MarketAxess**" means MarketAxess Europe Limited;

"**Market Abuse**" means any behaviour that constitutes market abuse, market manipulation or insider trading or any other similar or analogous behaviour prohibited or subject to sanctions or penalties under Applicable Law;

"**MarketAxess Composite Price**" means any of the composite pricing products developed by MarketAxess or its Affiliates, and references to "**MarketAxess Composite Prices**" shall be interpreted accordingly;

"**Membership Agreement**" means the agreement between a Participant and MarketAxess relating to such Participant's use of the MTF, as replaced or amended from time to time, including any supplemental terms thereto;

**"MiFID II"** means Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as may be amended or replaced from time to time, and Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments as may be amended or replaced from time to time. References to MIFIR only shall be to the Regulation (EU) No 600/2014. A reference to an "RTS" means the relevant Commission Delegated Regulation adopted by the European Commission pursuant to MiFID II / MIFIR as may be amended replaced or superseded from time to time;

**"MiFID Instruments"** are those Eligible Instruments within the categories set out in Table 2.1 and 2.2 of Annex III of RTS 2, which are admitted to trading on the MTF and subject to the provisions of MIFID II including without limitation, the transparency and transaction reporting requirements as set out in Rules 18 and 19;

**"MiFID Firm"** means a Participant which is an investment firm authorized under MIFID II or a credit institution authorized under CRD IV (including an EU branch of a non-EU investment firm or credit institution which is itself subject to the requirements of MIFID II);

**"MTF"** means the FCA regulated multilateral trading facility operated by MarketAxess for the trading of Eligible Instruments in accordance with these Rules;

**"MTF Business"** means any execution-related business conducted via the MTF;

**"MTF Client"** means a Participant that MarketAxess has categorised as a liquidity seeker;

**"Non-MiFID Firm"** means a Participant which is not a MiFID Firm;

**"Non-MiFID Instruments"** are Eligible Instruments that are not MiFID Instruments;

**"Non-MTF Business"** means any commercial interaction by a Participant with MarketAxess or an Affiliate of MarketAxess which is not MTF Business;

**"Notice"** has the meaning given to it in Rule 22.2;

**"On-Boarding Documentation"** means the supporting documentation that may be required by MarketAxess from the Participant from time to time to support a person's application to become a Participant;

**"Open Trading"** means the Trading Protocols described in Rule 11.2(b) including any technical updates, revisions or rebranding of such Trading Protocol from time to time;

**"Open Trading Transaction"** has the meaning given in Rule 11.2(b);

**"Participant"** means an entity that has been admitted as a member of the MTF pursuant to Rule 4;

**"Participant Eligibility Criteria"** has the meaning given in Rule 3;

**"Participant Obligations"** means the obligations described in Rules 7.1 and 7.2;

**"Principal"** means an underlying entity, or client of a Participant, on behalf of whom a Participant executes Transactions (whether disclosed and/or identified to MarketAxess or not);

**"Process Trades"** has the meaning given in Rule 11.2(d);

**"Relevant Regulator"** means any authority that has jurisdiction over MarketAxess or any other companies in MarketAxess's corporate group, including, for the avoidance of doubt, the FCA;

**"Retail Client"** has the meaning given in the FCA Handbook (as amended from time to time);

"**RFQ**" means a request for quote as such term is defined in Annex 1 of RTS 2;

"**RTS 2**" means Commission Delegated Regulation (EU) 2017/583;

"**RTS 7**" means Commission Delegated Regulation (EU) 2017/584;

"**RTS 22**" means Commission Delegated Regulation (EU) 2017/590;

"**Rulebook**" means this document, as amended or replaced from time to time including any Appendices;

"**Rule(s)**" means the rules set out in this Rulebook;

"**Suspicious Trade**" means a Transaction that:

- (a) Is executed in circumstances of Market Abuse, System abuse or misuse; and/or
- (b) MarketAxess believes is or may be manipulative or deceptive, or part of a manipulative or deceptive scheme.

"**System**" means the interactive electronic data communications system made available by MarketAxess for Participants to obtain Information in relation to instruments admitted to trading on the MTF and to effect transactions over the MTF with other Participants;

"**Third Party Service Provider**" means any person, including any affiliate of the Participant, whose services a Participant uses to access the MTF or to which a Participant outsources or delegates any activity in the course of accessing the MTF;

"**Trading Day**" means a day when the MTF is open for trading in accordance with Rule 11.1;

"**Trading Protocols**" means the functionality and method of trading the Eligible Instruments on the MTF as specified in this Rulebook;

"**Transaction**" means a transaction executed via the MTF by a Participant (including, for the avoidance of doubt, and unless the context expressly states otherwise, an Open Trading Transaction);

"**Transaction Reporting Fields**" means, for Non-MiFID Firms, certain fields contained in the Annex to RTS 22 that MarketAxess may require to be submitted to the MTF for the purpose of enabling it to meet its transaction reporting obligations pursuant to Article 26(5) MIFIR;

"**User Agreement**" means a Membership Agreement between MarketAxess and an MTF Client; and

"**User ID**" means the password and identification criteria that are given to each Authorised Person by MarketAxess.

1.2 References to statutory provisions, regulations, notices or Applicable Law shall include these provisions, regulations, notices or rules as amended, extended, consolidated, substituted, re-stated or re-enacted from time to time.

1.3 Unless the context requires otherwise, words importing the singular shall be deemed to include the plural and vice versa.

## 2. INTRODUCTION

2.1 MarketAxess is authorised by the FCA to operate a multilateral trading facility on which professional Participants may trade Eligible Instruments.

- 2.2 These Rules are publically available on the MarketAxess Website, and are supplemental to the Membership Agreement entered into by each Participant. Each Participant's access to and use of the MTF shall be governed by the applicable Membership Agreement and these Rules.
- 2.3 These Rules shall prevail over any terms and notices available on the MarketAxess MTF graphical user interface.
- 2.4 A Membership Agreement may have provisions that govern both MTF Business and Non-MTF Business.
- 2.5 Unless stated expressly otherwise herein, these Rules takes precedence over any inconsistent terms in the Membership Agreement to the extent of any inconsistency.

### **3. PARTICIPANT ELIGIBILITY CRITERIA**

MarketAxess will only consider an applicant for admission as a Participant of the MTF if:

- (a) It carries on business from an establishment maintained in a jurisdiction in which MarketAxess is permitted to carry on MTF business, or from an establishment maintained in a jurisdiction which does not prohibit the provision of MTF Business by MarketAxess; and
- (b) It meets the criteria in either (i) or (ii) below:
  - (i) it is an investment firm or credit institution authorised by the Competent Authority of any EEA State as defined in MiFID or CRD IV (including a branch in the EEA of a non-EEA investment firm or credit institution); or
  - (ii) it meets all of the following criteria:
    - 1) It is authorised to carry on business by a regulatory authority in its jurisdiction of incorporation or is otherwise licensed or permitted by a regulatory authority to participate in the MTF, or, in the absence of any requirement for authorisation, licensing or permission, it can demonstrate to the satisfaction of MarketAxess that it of sufficient good repute;
    - 2) It carries on a business of dealing in the Eligible Instruments or can otherwise demonstrate to the satisfaction of MarketAxess that it has a sufficient level of trading ability, competence and experience, and that it has adequate organisational arrangements and sufficient financial resources to perform its intended role on the MTF; and
    - 3) It meets any other eligibility criteria in relation to participation on an MTF under Applicable Law.

together, the "Participant Eligibility Criteria".

### **4. ADMISSION**

- 4.1 Applicants wishing to become Participants on the MTF must satisfy the following conditions:
- (a) It must satisfy the Participant Eligibility Criteria;
  - (b) It must have passed any required relevant KYC checks, sanctions and anti-money laundering checks (including providing such additional information as MarketAxess may require to satisfy such checks); and



- (c) For new applicants seeking admittance following the first publication of this Rulebook, it must have acknowledged that it has read, understood and agreed to be bound by this Rulebook.

together, the "Admission Criteria".

4.2 Applicants must submit the following to MarketAxess:

- (a) A signed Membership Agreement as applicable to the category of Participant (as shall be determined by MarketAxess);
- (b) Completed and signed On-Boarding Documentation including, without limitation a valid LEI and a declaration of its status as a MiFID Firm or Non-MiFID Firm together with such supporting documentation as MarketAxess may require; and
- (c) any such additional information as MarketAxess may reasonably require to enable it to assess whether or not the applicant meets the Admission Criteria.

4.3 Once MarketAxess has received all the relevant documentation and information, MarketAxess will decide whether or not to admit an applicant as a Participant of the MTF.

4.4 Participation on the MTF at any time following 1 October 2015 or after the publication of a Notice constitutes deemed acknowledgement and acceptance by a Participant of these Rules and/or such Notice ("participation" includes, for the avoidance of doubt, access to information and/or the execution of Transactions over the MTF by such Participant).

4.5 MarketAxess may reject an applicant if it does not meet the Admission Criteria or if MarketAxess considers in its sole discretion that accepting the applicant as a Participant would be inconsistent with the obligation of MarketAxess to maintain a fair and orderly market.

## 5. RESIGNATION AND CESSATION OF PARTICIPATION ON THE MTF

5.1 A Participant may resign from its status as a Participant of the MTF by terminating its Membership Agreement in accordance with its terms.

5.2 After any Participant has ceased to be a Participant, it shall continue to be liable for its acts or omissions in connection with MTF Business that occurred at any time before it ceased to be a Participant of the MTF, including during the resignation notice period.

## 6. SUSPENSION AND TERMINATION

6.1 MarketAxess may suspend or terminate a Participant's right to access and/or use the MTF if:

- (a) the Participant's Membership Agreement is terminated;
- (b) the Participant does not trade on the MTF for an extended period of time;
- (c) MarketAxess becomes aware that the Participant has made a misrepresentation to MarketAxess or another Participant or has otherwise breached Applicable Law in any material respect;
- (d) MarketAxess becomes aware that an Insolvency Event has occurred in relation to the Participant;
- (e) in the circumstances envisaged in Rule 12.2 (*Suspicious Trades*) or Rule 16 (*Disciplinary Sanctions*); or



- (f) MarketAxess deems it necessary in its sole discretion to ensure a fair and orderly market on the MTF and to uphold the integrity of the MTF or to comply with Applicable Law, or if so required by a Relevant Regulator.
- 6.2 MarketAxess may also suspend a Participant's right to use the MTF if that Participant so requests.
- 6.3 A Participant whose right to use the MTF has been suspended or terminated shall remain subject to these Rules in respect of acts and omissions while it was a Participant and shall comply with any request for information in relation to the period of its participation which MarketAxess may make at any time following the termination of its participation.
- 6.4 A Participant whose right to use the MTF has been suspended or terminated shall remain subject to these Rules in respect of any outstanding obligations under these Rules until those obligations are satisfied.

## 7. PARTICIPANT OBLIGATIONS

- 7.1 Each Participant shall, on an on-going basis:
- (a) meet the Admission Criteria;
  - (b) ensure that it complies at all times with the requirements of these Rules, the Membership Agreement and any Notices;
  - (c) ensure the User ID given to each Authorised Person by MarketAxess is kept confidential to such individual and not disclosed to any other person;
  - (d) ensure that it has established appropriate organisational procedures and has systems and controls in place to supervise its Authorised Persons;
  - (e) ensure that all of its traders, decision makers and staff involved in the conduct of MTF Business are fit and proper, suitable, appropriately and adequately trained or qualified, and properly supervised..
  - (f) co-operate with MarketAxess and any Relevant Regulator in relation to any query or investigation regarding, directly or indirectly, the MTF;
  - (g) be responsible for the Information that it submits to the MTF for the purpose of complying with these Rules;
  - (h) ensure that its systems are compatible with the System;
  - (i) have appropriate internal systems and controls to ensure that it trades in an orderly manner, to prevent erroneous Transactions and to ensure ongoing compliance with, and prevent breaches of, Applicable Law (including but not limited to laws prohibiting Market Abuse) and these Rules;
  - (j) have in place appropriate arrangements to ensure the timely clearing and settlement of Transactions in accordance with Rule 15.4;
  - (k) have the legal and regulatory capacity to transact in, clear (where applicable) and settle the Eligible Instruments it trades on the MTF;
  - (l) ensure that it holds a validated, issued and duly renewed LEI at all times, and if so required for the purposes of compliance with Rule 19.3 (*Transaction Reporting*) or Rule 20 (*Order Record Keeping*), and ensure that any Principals on behalf of whom it is acting on the MTF, holds validated, issued and duly renewed LEIs at all times;

- (m) correctly inform, and keep updated, MarketAxess as to its status either as a MiFID Firm or a Non-MiFID Firm;
- (n) provide all relevant information as required by MarketAxess in order to ensure compliance with Rules 18 (*Trade Reporting*), 19 (*Transaction Reporting*) and 20 (*Order Record Keeping*);
- (o) for Participants that engage in Algorithmic Trading on the MTF, comply with the Rules for Algorithmic Trading set out in APPENDIX VI; and
- (p) procure that any Third Party Service Provider shall operate in compliance with these Rules.

7.2 A Participant must notify MarketAxess promptly upon becoming aware of any of the following:

- (a) if the information it has provided to MarketAxess on the On-Boarding Documentation ceases to be relevant, accurate or correct, or it does not meet the Admission Criteria, or if it ceases to be regulated under any Applicable Law;
- (b) a failure by the Participant or any other Participant to settle any Transaction in accordance with Applicable Law and/or good settlement practice (in accordance with the obligation to notify in Rule 15.5);
- (c) any breach of these Rules or any event, act or omission which may affect the ability of the Participant to comply with these Rules or which may impair a fair and orderly market on the MTF;
- (d) any litigation or enforcement action which could impair the ability of the Participant to comply with these Rules (where such disclosure is permitted by law or any relevant regulatory authority);
- (e) an Insolvency Event with respect to the Participant;
- (f) any of the Participant's User IDs are lost, stolen or compromised;
- (g) any application or notification to a relevant regulatory authority in respect of a direct or indirect change in ownership or control of the Participant;
- (h) any changes to its LEI or those of its Principals (if applicable);
- (i) any change in its status as a MiFID Firm or Non-MiFID Firm; or
- (j) any other material event or matter of which MarketAxess might reasonably expect to be made aware.

7.3 A Participant must make a notification under Rule 7.2 in writing addressed to ComplianceUK@MarketAxess.com.

7.4 A Participant shall be fully liable for any acts and omissions of its Third Party Service Providers. MarketAxess shall not be liable for any losses that a Participant may suffer as a result of the acts or omissions of any Third Party Service Providers.

7.5 Where a Participant executes a Transaction on behalf of one or more Principal/s, each Participant represents and warrants that:

- (a) it has full power and actual authority to act on behalf of the Principals in all dealings over the MTF and that such dealings are all in accordance with the arrangements in place between that Participant and the relevant Principal;

- (b) it has no reason to believe that the Principal will not be able to perform any settlement obligation in accordance with this Rulebook;
- (c) it will not effect any Transaction on behalf of any Principal where it has reason to doubt the ability of the Principal to meet its obligations under such Transaction; and
- (d) it has obtained and recorded evidence of the identity of the Principal or any underlying principal of such Principal in accordance with Applicable Law.

## **8. MARKETAXESS'S OBLIGATIONS**

### 8.1 MarketAxess shall:

- (a) make the MTF available to the Participants, subject to the provisions of the Membership Agreements, these Rules, and Applicable Law;
- (b) operate the MTF in accordance with these Rules and Applicable Law.

#### Data Protection

8.2 Notwithstanding anything to the contrary in the Membership Agreements, with effect from 3 January 2018, when processing Personal Data provided by Participants in connection with the operation of the MTF or otherwise pursuant to these Rules, MarketAxess shall be a Controller. MarketAxess shall comply with its obligations as a data Controller pursuant to Data Protection Laws applicable to it, and shall:

- (i) implement appropriate technological and organisational security measures to safeguard personal data provided by Participants;
- (ii) notify relevant Participants of any breach of data security affecting the personal data that the Participants have provided within the timescales required by the applicable Data Protection Laws; and
- (iii) provide reasonable assistance to Participants in relation to their compliance with applicable Data Protection Laws relating to their use of the MTF.

## **9. COMMUNICATIONS**

9.1 The MTF shall be configured to rely on, and other Participants may rely on, any Instruction or communication that the System records as having been given by an Authorised Person on behalf of a Participant and such Participant will be bound by any obligations (including but not limited to, Transactions) arising from such communications.

9.2 Any Instruction will be transmitted at the Participant's own risk and in such manner as may be specified by MarketAxess. MarketAxess will not be liable for any loss suffered on account of any Instruction not being received by MarketAxess or not being acted upon.

## **10. INSTRUMENT ELIGIBILITY CRITERIA**

10.1 The decision whether or not to admit an instrument to trading on the MTF is at the sole discretion of MarketAxess.

10.2 The MTF facilitates secondary market trading only in the instruments admitted to trading on the MTF.

10.3 The type and nature of financial instruments capable of admission to trading on the MTF is limited to the following:

- (a) European high-grade bonds;

- (b) European high-yield bonds;
- (c) Sovereign, supranational and agency bonds;
- (d) Emerging market bonds;
- (e) US high-grade bonds;
- (f) US high-yield bonds;
- (g) any other category of financial instrument determined and notified to Participants by MarketAxess from time to time including non-MiFID instruments, such as loans.

(together, the "**Eligible Instruments**").

10.4 Participants shall be able to determine, by means of a search facility on the System whether a particular Eligible Instrument is admitted to trading on the MTF at any particular time. If an Eligible Instrument is not admitted to trading on the MTF, it will not be listed on the System. All Eligible Instruments that are admitted to trading on the MTF shall be searchable on the System search facility.

#### 10.5 Suspension and Removal of Eligible Instruments

- (a) MarketAxess may suspend a particular Eligible Instrument, from trading on the MTF if MarketAxess deems this necessary in order to comply with these Rules, maintain a fair and orderly market on the MTF, to comply with Applicable Law or in response to a request from a Relevant Regulator, or for any other reason at its discretion.
- (b) MarketAxess shall make public and notify the FCA of any decision to suspend or remove any Eligible Instrument pursuant to this Rule 10.5.

### 11. **TRADING RULES**

#### 11.1 Hours of operation

- (a) The MTF will be open for business Monday to Friday (a "Trading Day") save that it shall not be available between 6pm EST to 7pm EST each Trading Day or from 6pm EST Friday until 7pm EST on Sundays, nor during any other scheduled maintenance slots or as may otherwise be determined by MarketAxess.
- (b) There is nothing to prevent or restrict the right of MarketAxess to extend (or reduce) trading hours generally, or in relation to any Eligible Instrument during the course of any Trading Day.

#### 11.2 Trading Protocols

The MTF operates the following RFQ Trading Protocols (as may be amended by any technical updates, revisions or rebranding of such Trading Protocols from time to time):

- (a) "**Disclosed RFQ**":

Under the Disclosed RFQ Trading Protocol, the MTF facilitates Transactions between Participants that have established bilateral relationships for the purpose of executing trades opposite one another.

Disclosed RFQ trading is conducted on a fully-disclosed basis, such that the parties disclose to each other who they are when posting or responding to an RFQ, and clearing and settlement of Transactions executed pursuant to Disclosed RFQ occurs without MTF involvement.

(b) **"Open Trading"**:

**"Open Trading Transactions"** are Transactions which are executed by a Participant over the System by such Participant having either: (i) anonymously posted; or (ii) anonymously responded to a trade inquiry or indication of interest from or to other Participants (**"Open Trading"**). A third party is selected and approved by each Participant as the matched principal counterparty to the Open Trading Transactions.

The terms applicable to Open Trading Transactions when MarketAxess or an authorised and regulated Affiliate of MarketAxess is selected and approved by the Participants as the matched principal counterparty to the Open Trading Transaction in question, are set out in APPENDIX II (*Open Trading*).

(c) **"Internal Crossing"**

"Internal Crossing" means the simultaneous purchase and sale, on the MTF, of an Eligible Instrument, by MarketAxess (or an authorised and regulated Affiliate of MarketAxess selected and approved by the Participant for these purposes) to a single Participant acting on behalf of its Principals, where both the buy and sell Transactions are executed at the same price (save for any fees imposed by MarketAxess or its Affiliates by adjusting the price of the Eligible Instrument in the amount of the applicable fee set by MarketAxess or its Affiliates from time to time).

The terms set out in the Appendix V shall apply to Internal Crossing.

(d) **"Process trades"**

Participants may arrange a potential trade between themselves off venue in an Eligible Instrument that is to be submitted to the MTF for execution pursuant to the Rulebook (a **"Process Trade"**) provided that, in respect of MiFID Instruments, the transaction is eligible for a waiver pursuant to Rule 17.3(a) or 17.3(b). The terms of a Process Trade must be submitted to the MTF in a manner prescribed from time to time by MarketAxess. Both Participants shall confirm Process Trades through the System within 15 minutes of being arranged (or sooner, if technologically practicable), but will not be deemed to become a Transaction that has been executed pursuant to these Rules until confirmed on the MTF.

(e) **"Auto Execution"** is the Trading Protocol described further in APPENDIX VII

11.3 Direct Electronic Access (including Direct Market Access and Sponsored Access)

No Participant may allow any person to submit their own orders directly to the MTF under the Participant's trading codes by way of direct electronic access (as such term is defined in Article 4(1)(41) of Directive 2014/65/EU).

11.4 Market Making

No Participant may act as a Market Maker on the MTF, as such term is defined in Article 4(1)(7) Directive 2014/65/EU.

11.5 Co-location and high frequency trading

The use of high frequency algorithmic trading techniques and the use of co-location structures (as each is defined in Article 4 (40) of Directive 2014/65/EU) is prohibited on the MTF.

## 12. MARKET MONITORING

### 12.1 Monitoring

- (a) MarketAxess shall monitor that the System is resilient, has sufficient capacity to deal with peak order and message volumes, is able to ensure orderly trading under conditions of severe market stress, is fully tested and is subject to effective business continuity arrangements to ensure continuity of its services.
- (b) MarketAxess shall monitor Participants' use of the MTF for signs of disorderly trading conditions, conduct that may involve Market Abuse and/or manipulation, Suspicious Trades, and compliance with this Rulebook.
- (c) MarketAxess shall co-operate with any Relevant Regulator on matters related to the functioning of the MTF and report to, and provide full assistance to, Relevant Regulators in relation to the conduct of Participants on the MTF, including conduct relating to breaches of these Rules, disorderly trading conditions and potential Market Abuse.

### 12.2 Suspicious Trades

- (a) MarketAxess may conduct a review of a Transaction to determine whether such transaction is a Suspicious Trade as it deems necessary in accordance with Applicable Law. In determining whether a Transaction is a Suspicious Trade, MarketAxess may utilise such information and consult with any relevant parties that it deems appropriate.
- (b) In the event that MarketAxess determines a trade is a Suspicious Trade, it may take whatever action it deems necessary or appropriate in the circumstances including, without limitation, imposing disciplinary action in accordance with Rule 16.

12.3 The principles of this Rule 12 shall apply equally to orders that do not result in a Transaction. MarketAxess shall not be liable for any losses that Participants suffer as a result of a decision taken or not taken pursuant to this Rule.

## 13. TRADING HALTS AND CONSTRAINTS

13.1 MarketAxess may temporarily halt or constrain trading on the MTF if there is a significant price movement during a short period in an Eligible instrument on the MTF or a related trading venue. Where MarketAxess considers it appropriate, it may cancel, vary or correct any Transaction.

13.2 MarketAxess may reject orders that exceed predetermined volume and price thresholds or which are Clearly Erroneous.

## 14. TELEPHONE RECORDING AND ELECTRONIC CORRESPONDENCE

MarketAxess may record and retain certain telephone conversations and electronic correspondence between MarketAxess and Participants that takes place over the MTF and all Participants are deemed to consent to such recordings and retention. Such recordings will be and shall remain the sole property of MarketAxess.

## 15. POST TRADE CONFIRMATION, CLEARING AND SETTLEMENT

### Trade messages

15.1 Following each Transaction the MTF provides trade messages to each Participant containing the details of that Transaction. Subject to MTF approval and System functionality, the

configuration and method of delivery of these messages depends upon the Participant's systems settings and method of connectivity to the MTF.

#### Settlement

- 15.2 Transactions, other than Open Trading Transactions, are effected on a bilateral basis between the relevant two Participants, creating rights and obligations between those Participants. MarketAxess shall not be a party to, or be responsible or liable to a Participant under or in connection with such Transactions.
- 15.3 MarketAxess is not responsible or liable for the settlement of the Transactions executed by a Participant on the MTF (other than pursuant to the Open Trading Terms set out Appendix II). MarketAxess will, however, provide or make available to each Participant the details of each Transaction in order to facilitate the prompt settlement of these Transactions by that Participant.
- 15.4 Each Participant shall have adequate arrangements in place for the clearing and settlement of Transactions. In particular, each Participant shall ensure that every Transaction is settled in accordance with Applicable Law.
- 15.5 Each Participant shall notify MarketAxess promptly upon becoming aware of a failure by the Participant or any other Participant to settle any Transaction in accordance with Applicable Law and/or good settlement practice, as the case may be.
- 15.6 For certain Eligible Instruments, the MTF may provide a default settlement date in accordance with the CSDR. A Participant may change the default settlement date, where permitted, in order to conduct a privately negotiated Transaction involving a different settlement date.
- 15.7 Each Participant that is subject to the CSDR shall ensure that (from such time as CSDR comes into force for the respective obligations below):
- (a) Transactions in transferable securities executed on the MTF are recorded in book entry (dematerialised) form on or before the intended settlement date;
  - (b) where applicable, it takes measures to limit the number of settlement failures, including making arrangements to: (i) ensure the prompt communication of an allocation of securities to the Transaction; (ii) confirm that allocation; (iii) confirm the acceptance or rejection of terms in good time before the intended settlement date; (iv) settle Transactions in transferable securities on the intended settlement date in compliance with CSDR; and (v) comply with the Applicable law with respect to buy-ins.
- 15.8 MarketAxess may suspend a Participant's rights to use the MTF in the event that it becomes aware that that Participant fails consistently and systematically to deliver transferable securities on the intended settlement date in compliance with CSDR or otherwise in accordance with Applicable Law.
- 16. DISCIPLINARY SANCTIONS**
- 16.1 MarketAxess may take disciplinary action against a Participant in circumstances including but not limited to:
- (a) breach by the Participant of the Rulebook and/or its Membership Agreement;
  - (b) repudiation or rejection of a Transaction by the Participant;
  - (c) engagement by the Participant in conduct indicative of disorderly trading or any other conduct which may involve Market Abuse; or



- (d) being a party to a Suspicious Trade.
- 16.2 MarketAxess may take any action that it deems necessary or appropriate in the circumstances and in order to preserve a fair and orderly market and the integrity of the MTF, including but not limited to:
- (a) cancellation of all and any outstanding Instructions to the extent technologically possible; or
  - (b) if so required in accordance with Applicable Law, reporting any circumstances concerning a Participant's conduct on the MTF to the Relevant Regulator; or
  - (c) suspending or terminating the Defaulting Participant's right to use the MTF or access the System; or
  - (d) written warning or private censure.
- 16.3 A Participant may appeal a decision made by MarketAxess under this Rule 16 giving its reasons for appealing and any information relevant to the appeal. Any appeal must be made in writing (providing sufficient particulars of the basis for the appeal) and submitted to MarketAxess within a reasonable time of receiving notice from MarketAxess of its decision under this Rule 16. The Chief Operating Officer (or his delegate) shall consider the decision of MarketAxess which is the subject of the appeal and shall notify the Participant of its decision within 15 business days of reaching a decision. The decision of the Chief Operating Officer (or his delegate) shall be final.
- 16.4 MarketAxess shall not be liable for any losses that any Participant suffers as a result of a decision to use, or not to impose, any disciplinary action.
17. **PRE TRADE TRANSPARENCY**
- 17.1 MarketAxess shall publish on a continuous basis, during normal trading hours, responses to an Inquiry in MiFID Instruments in accordance with Applicable Law.
- 17.2 Pre-trade transparency publications pursuant to Rule 17.1 are subject to any or all pre-trade transparency waivers set out in Rule 17.3 as applicable.
- 17.3 The Pre-trade transparency waivers operate as follows:
- (a) **Waiver for Illiquid instruments** – means the waiver in respect of a financial instrument or a class of financial instruments for which there is not a liquid market as set out in MiFIR Article 9(1)(c) which has the effect that particular responses are not published under Rule 17.1.
  - (b) **LIS Waiver** – means the waiver in respect of orders which are large in scale as set out in MiFIR Article 9(1)(a) which has the effect that particular responses are not published under Rule 17.1.
  - (c) **SSTI Waiver** – means the waiver in respect of actionable indications of interest in request-for-quote that are above a size specific to the financial instruments as set out in MiFIR Article 9(1)(b) which has the effect that certain responses are not published under Rule 17.1. Where the SSTI Waiver applies, MarketAxess shall publish the Indicative Price.
- 17.4 The “**Indicative Price**” is the volume weighted average taking into account the current prices and associated notional amount in current responses to an Inquiry. The point at which responses are assessed for publication is the earlier of immediately prior to Execution or DNT.

17.5 Rule 17 shall apply with effect from 3 January 2018, subject to being granted the waiver by the FCA.

## 18. TRADE REPORTING

18.1 MarketAxess shall publish as close to real-time as technically possible, the price, volume and time of Transactions in MiFID Instruments in accordance with Applicable Law.

18.2 The publications pursuant to Rule 18.1 are subject to any or all post-trade transparency deferrals set out in Rule 18.3 and Rule 18.5 as applicable.

18.3 The Post-trade transparency deferrals set out in (a)-(c) below (“**Deferrals**”) each have the effect that, subject to Rule 18.5, the details of a particular Transactions are not published under Rule 18.1 until no later than 19:00 local time on the second Trading Day after the date of the Transaction as set out in MiFIR Article 11(1) and Article 8(1) of RTS 2.

(a) **Deferral for Illiquid instruments** – means the deferral in respect of Transactions in MiFID Instruments for which there is not a liquid market as set out in MiFIR Article 11(1)(b).

(b) **Post Trade LIS Deferral**– means the deferral in respect of Transactions in MiFID Instruments which are large in scale as set out in MiFIR Article 11(1)(a).

(c) **Post Trade SSTI Deferral** –means the deferral in respect of Transactions in MiFID Instruments which are (i) executed between a Participant dealing on own account other than on a matched principal basis as per article 4(1)(38) of Directive 2014/65/EU and another Participant, and (ii) is above a size specific to the financial instruments as set out in MiFIR Article 11(1)(c).

18.4 For the purpose of implementation of Rule 18.3(c) Participants are required to confirm through the System whether or not they are dealing on own account other than on a matched principal basis.

18.5 In addition, the following supplementary or extended deferrals shall apply:

(a) For Transactions in MiFID Instruments other than sovereign debt, either

(i) **Volume Masked Extended Deferral** – means the extended Deferral in whereby no later than 19:00 in the second Trading Day following the Transaction Date all of the details of an individual Transaction are published with only the omission of volume, and all of the details of the individual Transaction are published before 09:00 local time on the next Trading Day following 4 weeks from the date of the Transaction, pursuant to Article 11(3)(b) MiFIR and Article 11(1)(b) of RTS 2; or

(ii) **Weekly Aggregated Extended Deferral** –means the extended Deferral during which the aggregation of several Transactions per ISIN code executed over the course of one calendar week shall be published on the following Tuesday before 09:00 local time for a period of 4 weeks from the date of the Transaction, pursuant to Article 11(3)(c) MiFIR and Article 11(1)(c) of RTS 2.

(b) For Transactions in MiFID Instruments which are sovereign debt instruments, either

(i) **Weekly Aggregated Sovereign Debt** – means the extended Deferral during which the aggregation of several Transactions per ISIN Code executed over the course of one calendar week shall be published on the following Tuesday before 09:00 local time for an indefinite period pursuant to Article 11(3)(d) MiFIR and 11(1)(d) of RTS 2.

- (ii) **Volume Masked Weekly Aggregated Sovereign Debt** means the extended Deferral whereby no later than 19:00 in the second Trading Day following the Transaction Date all of the details of an individual Transaction are published with only the omission of volume, and following the expiry of four weeks from the Transaction Date, the aggregation of several Transactions per ISIN Code executed over the course of one calendar week shall be published on the following Tuesday before 09:00 local time for an indefinite period, pursuant to Article 11(3) of MiFIR and Article 11(1)(b) and (d) of RTS 2.
- 18.6 Where data is aggregated pursuant to any supplementary or extended deferral in Rule 18.5, the aggregated data shall contain the weighted average price, the total volume traded in terms of total nominal value and the total number of Transactions.
- 18.7 When the time limit of the deferral pursuant to Rule 18.3 or 18.5 (as applicable) has lapsed, the price, volume and time of Transactions of the transaction shall be published in accordance with Applicable Law.
- 18.8 Participants shall notify MarketAxess in the event of any cancellation or amendment of a Transaction.
- 18.9 Rule 18 shall apply with effect from 3 January 2018 subject to being granted the above deferrals by the FCA. References in this Rule to “local time” shall be the time in the United Kingdom.
- 19. TRANSACTION REPORTING**
- 19.1 Each Participant acknowledges and agrees it must satisfy itself that it can and shall comply with any Applicable Law relating to post trade MiFID transaction reporting, to the relevant Competent Authority, as such rules apply to it.
- 19.2 MarketAxess is required to report details of Transactions executed by Non-MiFID Firms to the FCA in MiFID Instruments in accordance with Article 26(5) MiFIR. MarketAxess shall not transaction report on behalf of those Participants that are MiFID Firms.
- 19.3 A Participant which is a Non-MiFID Firm must:
- (a) provide MarketAxess with accurate and complete Transaction Reporting Fields in respect of their Transactions in MiFID Instruments as required by MarketAxess, in the format and within the timescale prescribed by Rule 19.5 in order that the MTF may fulfil its obligations under Article 26(5) MiFIR;
  - (b) have appropriate controls in place to ensure that the required Transaction Reporting Fields are accurately populated; and
  - (c) report to the MTF immediately in the event that it discovers that one or more Transaction Reporting Fields have been inaccurately or incompletely populated and cooperate with MarketAxess to rectify any errors.
- 19.4 Participants which are Non- MiFID Firms but which carry on business from an establishment in the United Kingdom may be exempted from the requirements in Rule 19.2 subject to confirmation from the FCA that it is complying with the transaction reporting requirements of Article 26 MiFIR as if it was a MiFID investment firm, and provided that such Participant immediately notifies MarketAxess in advance of any change to such status.
- 19.5 The information to be provided pursuant to Rule 19.2 shall be delivered as soon as possible following the execution of the Transaction and, in any event before midday on the Trading Day following the Transaction date.
- 19.6 Rules 19.2 to 19.5 inclusive shall apply with effect from 3 January 2018.

## 20. ORDER RECORD KEEPING

- 20.1 Each Participant must provide all relevant information, as may be required by MarketAxess from time to time, or procure that all relevant information is provided immediately upon request in the format prescribed by MarketAxess and shall do so before the end of each Trading Day following the Transaction date in order that the MTF can fulfil its regulatory obligations to keep records pursuant to MiFIR Article 25.
- 20.2 MarketAxess shall maintain records of all orders for a minimum of 5 years from the date of the record or otherwise in accordance with Applicable Law.
- 20.3 MarketAxess shall synchronise the business clocks it uses to record the date and time of any reportable event pursuant to this Rule 20 with the Coordinated Universal Time (UTC).
- 20.4 Rule 20 shall apply with effect from 3 January 2018.

## 21. COMPLAINTS

- 21.1 If a Participant has a complaint about MarketAxess, or another Participant's conduct in using the MTF, such complaint should be made in writing (including by electronic mail) and addressed to:

Compliance Department  
MarketAxess Europe Limited  
5 Aldermanbury Square  
London  
EC2V 7HR  
Email: ComplianceUK@MarketAxess.com

- 21.2 If the Participant is not satisfied with the response (or does not wish to raise the matter with its usual contact), it may contact the MarketAxess CEO, General Counsel or Head of Compliance.

## 22. AMENDMENTS

- 22.1 MarketAxess may in its absolute discretion, and at any time, supplement, amend, or replace these Rules partially or wholly.
- 22.2 Participants shall be notified of any such change to the Rules by notice (a "Notice") which will be issued to all Participants giving reasonable prior notice for any material changes. MarketAxess may make any non-material changes without prior notice.
- 22.3 Any such Notices shall supplement and form part of these Rules effective from the date specified in the Notice. Such notification may be made by letter, e-mail or notice on the MarketAxess Website describing the relevant changes or by otherwise sending to Participant an electronic copy of the amended Rulebook. Continued participation on the MTF (in accordance with Rule 4.4) following the expiry of the notice period stated in the relevant Notice constitutes deemed acceptance by the Participant of the amendments and acknowledgement of the revised Rulebook. In the event there is no express notice period in a Notice, the effective date of any proposed amendment shall be the date 30 days from the date of the Notice.

## 23. GOVERNING LAW AND OTHER PROVISIONS

- 23.1 Without prejudice to any provisions of other documents which are expressed to survive termination of a Participant's participation on the MTF, Rules 21 (*Complaints*) and 16 (*Disciplinary Sanctions*) will survive termination of a Participant's participation on the MTF.

- 23.2 This Rulebook and all non-contractual or other obligations arising out of or in connection with this Rulebook shall be governed and interpreted in accordance with the laws of England. Any dispute arising out of or in connection with this Rulebook shall be subject to the exclusive jurisdiction of the English courts.

## APPENDIX I CLEARLY ERRONEOUS TRADE POLICY

Article 47(1)(d) of Directive 2014/65/EU establishes the general organisational requirement for all trading venues to have transparent and non-discriminatory rules and procedures that provide for fair and orderly trading and establish objective criteria for the efficient execution of orders. Pursuant to this requirement, MarketAxess will use this Clearly Erroneous Trade Policy to address trade errors and disputes for all trades executed utilising the Open Trading Protocols.

### 1. Definitions

1.1 Capitalised Terms in this Appendix I shall have the same meaning as given in the Rulebook unless expressly stated otherwise.

1.2 For the purposes of this Appendix I.

**"Clearly Erroneous Trade"** is a Transaction which MarketAxess considers in its sole discretion to have been executed (i) at a price that is substantially away from, or inconsistent with, the current market for that security at the time of execution, and/or (ii) on terms (e.g., CUSIP, paramount, spread, price, size) that would reasonably appear to MarketAxess to be entered or calculated in error under the given circumstance or would otherwise be detrimental to market integrity;

**"Clearly Erroneous Trade Powers"** has the meaning given in paragraph 2 of this Appendix I;

**"Participant on Notice"** has the meaning given in paragraph 2.11(b) of this Appendix I; and

**"System Disruption or Malfunction"** means (i) any disruption, malfunction or technical failure of the System, including any electronic communications, which results in a Transaction being incorrectly processed by the System; or (ii) any incorrect, stale or otherwise erroneous reference data incorporated into or used by the System; or (iii) for Eligible Instruments trading on a spread to treasury basis, the failure of the System to use the benchmark treasury accepted by the bond markets as the convention for such Eligible Instrument or the failure of the System to use current prices of such benchmark treasury during the spotting process.

### 2. Clearly Erroneous Trade Policy

2.1 In order to promote the integrity of the MTF and to provide transparent and non-discriminatory rules and procedures providing for fair and orderly trading, MarketAxess will use the Clearly Erroneous Trade Policy to address trade errors and disputes for all Open Trading Transactions.

2.2 In the event MarketAxess determines that the Open Trading Transaction is a Clearly Erroneous Trade, or is the result of a System Disruption or Malfunction, MarketAxess may: (i) break the Open Trading Transaction; (ii) modify the terms of the Open Trading Transaction (subject to the consent of the parties to the applicable Transaction); or (iii) cancel the Open Trading Transaction ("**Clearly Erroneous Trade Powers**").

2.3 If MarketAxess determines a trade should be cancelled in accordance with this Appendix I, the relevant Participants shall take such steps as may be necessary to effect such cancellation in accordance with market convention.

2.4 Subject to paragraph 2.5, MarketAxess may conduct a review of an Open Trading Transaction to determine whether such transaction is a Clearly Erroneous Trade either:

(a) at the request of a Participant to an Open Trading Transaction within sixty (60) minutes of the execution of an Open Trading Transaction;

(b) at its own discretion; and / or

- (c) otherwise in accordance with Applicable Law or market convention.
- 2.5 MarketAxess may determine in its sole discretion prior to settlement of the Open Trading Transaction that circumstances warrant a trade review regardless of whether or not a review request has been submitted.
- 2.6 In no event shall MarketAxess carry out a review of an Open Trading Transaction or resolve any trade errors or disputes which occur after the Open Trading Transaction has settled.
- 2.7 Within sixty (60) minutes of the execution of an Open Trading Transaction, a Participant may request a review of an Open Trading Transaction in accordance with this Appendix I. MarketAxess will consider each trade review request on a case-by-case basis. MarketAxess shall determine in its sole discretion whether the circumstances warrant a trade review.
- 2.8 MarketAxess will use its reasonable efforts to resolve any issue arising in connection with a trade review and will promptly notify the relevant Participants of any final determination that it makes, by electronic communication.
- 2.9 In determining whether an Open Trading Transaction is a Clearly Erroneous Trade, MarketAxess may utilise such information and consult with any relevant parties or Participants that it deems appropriate, including, without limitation:
- (a) the review request (if applicable);
  - (b) Transactions on the System which occurred prior to and following the alleged erroneous trade;
  - (c) indicative pricing either available on the System or sourced from third parties;
  - (d) outgoing calls to independent Participants to determine a fair level of the Eligible Instrument traded at the time in question;
  - (e) MarketAxess's in-house market knowledge and expertise;
  - (f) any recorded communication of trade terms;
  - (g) any electronic or other communication in connection with the trade may also be a significant consideration in determining whether such trade is considered Clearly Erroneous or the result of a System Disruption or Malfunction; and/or
  - (h) any other information MarketAxess deems to be relevant in the circumstances.
- 2.10 MarketAxess shall not be liable for any losses that Participants suffer as a result of a decision to review, or not to review, an Open Trading Transaction; or to use, or not to use, its Clearly Erroneous Trade Powers. MarketAxess reserves the right, in its sole discretion, not to declare a trade to be Clearly Erroneous in markets too volatile or too illiquid to discern the true market level of the Eligible Instrument at the time.
- 2.11 In all circumstances the Open Trading Transaction shall remain an obligation of the relevant Participants who are a party to the Open Trading Transaction until MarketAxess notifies the Participants by telephone or mail that the Open Trading Transaction has been adjusted or cancelled pursuant to this Policy.
- 2.12 **Review Process**
- (a) To request a review of an Open Trading Transaction, a Participant to the applicable Transaction must notify MarketAxess by telephone at +44 (0) 207 709 3290 or via email to **opentradingdesk@marketAxess.com** within sixty (60) minutes of execution of the Transaction. Review requests must include the following information:



- execution(s);
  - issuer Name and CUSIP/ISIN;
  - number of bonds;
  - spread/Price(s);
  - side (bought or sold);
  - factual basis for believing that the execution is either clearly erroneous or the result of a System Disruption or Malfunction, or other.
- (b) Upon receipt of a request from a Participant to review an Open Trading Transaction, MarketAxess will notify, by telephone or email, the other Participant that acted as counterparty to the Open Trading Transaction or the counterparty to the opposite leg of the Open Trading Transaction, as applicable (the "Participant on Notice") of the details of such request (the "Cancellation or Modification Notice").
- (c) The party requesting a review of an Open Trading Transaction may withdraw its request by telephone at +44 (0)207 709 3290 or via email to **opentradingdesk@marketaxess.com** at any time prior to the time MarketAxess notifies the parties to the Open Trading Transaction of its final determination.
- (d) In the event that a trade review is initiated later than sixty (60) minutes after the trade, MarketAxess may nonetheless, in its discretion, attempt to get a mutually agreed upon price adjustment or trade cancellation from the counterparties to each trade.

### **3. Variation**

MarketAxess reserves the right to modify this Appendix I from time to time at its sole discretion in accordance with Rule 22 of the Rulebook. A Participant's continued use of the MTF shall constitute its acceptance of such modifications such modifications, and of MarketAxess's Clearly Erroneous Trade Powers.

## **APPENDIX II OPEN TRADING TERMS**

### **1. Application**

- 1.1 The Open Trading Protocol is a Trading Protocol which allows Participants to publish or respond anonymously to indications of interest from other Participants, with whom they do not have an existing trading relationship, in a way that results in a Transaction. In these circumstances MarketAxess Capital Limited (a private limited company incorporated in England and Wales with registered company number 09777893 and authorised and regulated by the FCA, with FCA reference number 724949) ("**MACL**"), an Affiliate of MarketAxess, selected and approved by the Participants for such purpose, is interposed as the trading counterparty on a matched principal basis between the two relevant Participants who have agreed the parameters of the Transaction, thereby preserving their anonymity.
- 1.2 Pursuant to the terms of this APPENDIX II and notwithstanding anything to the contrary in a relevant Membership Agreement, subject to
- (a) the counterparty credit risk approval; and
  - (b) any other approval which may be deemed necessary by MarketAxess or MACL as a pre-requisite for entering into Open Trading Transactions.

MarketAxess hereby extends the License in the Membership Agreement to cover a Participant's use of the System for the purposes of entering into Open Trading Transactions via the System.

- 1.3 Terms applicable to Open Trading are set out in this Appendix II and only apply where a Participant executes an Open Trading Transaction, and where MACL is selected by the relevant Participant as a matched principal counterparty prior to execution.
- 1.4 The terms in this Appendix II are supplemental to the Rulebook and Membership Agreement, and apply to a Participants' use of Open Trading. Subject to paragraph 1.2 of these Terms (with respect to the Membership Agreement only), in the event that a Participant has already entered into supplemental Open Trading terms with MarketAxess and where such terms have not been expressly terminated, such terms shall apply to the extent those terms are inconsistent with this Appendix II.
- 1.5 In providing Open Trading to a Participant, neither MarketAxess nor MACL is required by FCA rules to assess whether a proposed Open Trading Transaction is suitable or appropriate for the relevant Participant entering into the Open Trading Transaction. Each Participant must at all times take responsibility for the execution of its Open Trading Transactions. Nothing in this Appendix II will imply that either MarketAxess or MACL has a duty to provide a Participant with on-going information or guidance in respect of any Open Trading Transaction or any investment.
- 1.6 In respect of all Open Trading Transactions entered into by a Participant, neither MarketAxess nor MACL shall be:
- (a) obliged to identify to any Participant or any other person or Participant involved in an Open Trading Transaction under any circumstances; nor
  - (b) obliged to verify, correct, complete or update any Information displayed on the System.

### **2. Instructions**

- 2.1 In respect of any Instruction transmitted by a Participant to execute an Open Trading Transaction ("**OT Instruction**"):

- (a) each Participant will be responsible for and bound by all contracts, obligations, costs and expenses entered into in consequence of or in connection with OT Instructions; and
- (b) MarketAxess or MACL may, in its absolute discretion, decline to accept any Open Trading Instruction a Participant may give, or having accepted it, refuse to act on it, if MarketAxess believes that the Open Trading Instruction concerned (or the consequences of it) would be improper, unlawful or clearly erroneous in accordance with the MarketAxess Clearly Erroneous Trade Policy.

### **3. Agency & Allocation**

- 3.1 Solely for the purposes of the FCA client categorisation rules, each of MarketAxess and MACL, shall treat the Participant as its client in accordance with the relevant MiFID client categorisation if so required. This is the case irrespective of whether the Participant is acting as agent or intermediary for a Principal.
- 3.2 In the event that a Participant, acting as agent, executes an Open Trading Transaction on behalf of a Principal, the Participant will allocate the Open Trading Transaction either to a single Principal or to more than one Principal and shall notify MarketAxess or MACL, or MACL's settlement agent (as notified by MarketAxess) of such allocation. The allocation and notification shall be made as soon as possible and, in any event before the earlier of (i) the close of business on the Trading Day following the Open Trading Transaction date; or (ii) one hour before the regulatory deadline for transaction reporting according to Applicable Law. Pursuant to such allocation each Principal shall be responsible only for that part of the Open Trading Transaction allocated to it, *provided that* the Participant as agent allocates the entire Open Trading Transaction to one or more Principals.
- 3.3 Where a Participant is acting as agent on behalf of a Principal, then with effect from execution of the Open Trading Transaction, a contract on the terms of the Open Trading Transaction shall be deemed to have been entered into between MACL and each Principal or Principals in question, regardless of the whether or not the Principal was disclosed or identified at the time of execution of the Open Trading Transaction.
- 3.4 For the avoidance of doubt neither MarketAxess nor MACL shall act as agent for any Participant under Open Trading.

### **4. MACL's Warranties**

MACL warrants that:

- 4.1 MACL is authorised and regulated by the FCA;
- 4.2 MACL is a Participant on the MTF;
- 4.3 MACL shall comply with all Transaction reporting obligations applicable to it in respect of all Open Trading Transactions subject to these terms; and
- 4.4 Should MACL cease to be regulated by the FCA, it shall make all reasonable efforts to notify the Participants prior to such change in regulatory status, to the extent permissible under Applicable Law.

### **5. Event of Default**

In addition to the disciplinary actions available to it under Rule 16 of the Rulebook, in the event of a trade fail or Insolvency Event in respect of a Participant in an Open Trading Transaction, subject to and in addition to remedies available under Applicable Law MACL may close out, terminate, void or reverse all or any part of any Open Trading Transaction to which the defaulting Participant is a party and instruct its settlement agent not to settle such Open Trading Transaction (or any part of it).

## **6. Post trade and Settlement**

In respect of all Open Trading Transactions subject to these terms, MACL will be responsible for all obligations including settlement, relating to its side of the Open Trading Transaction. A settlement agent selected by MACL and notified to the Participant will act on behalf of MACL in relation to the clearing and settlement of all Open Trading Transactions, and settlement of such trades is subject to the procedures of such firm in the normal course of business.

## **7. Transaction Reporting and Open Trading Services**

In respect of Open Trading Transactions subject to these terms, MACL will comply with transaction reporting requirements applicable to it in accordance with the FCA rules. Other than the representations and warranties contained in paragraph 4 of these terms, neither MarketAxess nor MACL provides any further representations, nor makes any undertakings, in relation to transaction reporting. Each Participant acknowledges and agrees that it must satisfy and comply with any applicable FCA rules relating to transaction reporting as they apply to it.

## **8. Fees**

Fees for Open Trading Transactions shall be as disclosed on the Website and may also be disclosed electronically to a Participant prior to or at the point of trading.

## **9. Conduct of Business Obligations and Open Trading Services**

9.1 For the avoidance of doubt, under the FCA rules (COBS 1 Annex 1) neither MarketAxess nor MACL (in their respective capacities as MTF operator and Participant on the MTF) owes any Participants a duty of best execution with respect to Open Trading Transactions. Each Participant may however owe a duty of best execution to its underlying client.

9.2 The rules relating to client limit orders do not apply to Open Trading and accordingly, neither MarketAxess nor MACL can obtain consent to the non-publication of limit orders in connection with a Participant's use of Open Trading.

9.3 Participants (and not MarketAxess or MACL) control the orders / Instructions entered using Open Trading and neither MarketAxess nor MACL aggregate orders on behalf of a Participant utilising Open Trading.

## **10. Client Money / Assets**

MarketAxess does not offer custodial services and accordingly neither MarketAxess nor MACL will hold any client money or client assets on behalf of a Participant.

## **11. Variation**

MarketAxess reserves the right to modify this Appendix II from time to time at its sole discretion in accordance with Rule 22 of the Rulebook and a Participant's continued use of the Open Trading, and MACL's continuance of its role as matched principal counterparty to the Open Trading Transactions shall constitute their respective acceptance of such modifications.

## **12. Tax**

Participants are responsible for determining whether any tax liability may arise from their Transactions, and for applying for any relevant exemption from such taxes. Participants are solely liable for the payment of any taxes in relation to their Transactions.

### **APPENDIX III CONTINGENT CONVERTIBLE SECURITIES**

1. Any contingent convertible securities ("**CoCo Securities**") traded on the MTF are complex financial instruments and are not a suitable or appropriate investment for all investors.
2. Under section 22 of the COBS Sourcebook of the FCA Handbook (as amended or replaced from time to time, "**COBS**"), an authorised person (as defined in the Glossary of the FCA Handbook) must not sell the CoCo Securities to Retail Clients (as defined in the Glossary of the FCA Handbook) in the European Economic Area ("**EEA**") and must not do anything that would or might result in the buying of the CoCo Securities or of a beneficial interest in the CoCo Securities by a Retail Client in the EEA, other than in accordance with the limited exemptions set out in COBS 22.
3. For the purposes of this Appendix III, a "**Non-Exempt Retail Client**" means a Retail Client that does not fall within one of the exemptions set out in COBS 22.
4. By accessing the MTF, each Participant represents and warrants to MarketAxess and to any counterparty with which it trades over the MTF that:
  - 4.1 it is not a Non-Exempt Retail Client in the EEA;
  - 4.2 it will not sell or offer the CoCo Securities to Retail Clients in the EEA or do anything (including the distribution of relevant documents) that would or might result in the buying of the CoCo Securities, or of a beneficial interest in the CoCo Securities by a Retail Client in the EEA, other than in circumstances that do not and will not give rise to a contravention of COBS 22 by any person.
5. Where acting as agent on behalf of a disclosed or undisclosed client when accessing the MTF, the foregoing representations and warranties will be given by and be binding upon both the agent and its underlying client.

## **APPENDIX IV API LICENSE**

### **1. Scope**

- 1.1 An API License applies only where a Participant wishes to use, and MarketAxess has agreed to provide, certain application programming interfaces together with supporting documentation which allows the integration of certain of that Participant's systems with the System ("API") in order to engage in and execute Transactions (together the "API Services"). The terms applicable to the API services are set out in this Appendix IV.
- 1.2 This API License is supplemental to the terms set out in the Rulebook and applies to a Participant automatically where that Participant installs, accesses or uses the API Services (either directly or indirectly through a third party). Capitalised terms used in this API License have the same meaning as given to them in the Rulebook or the Membership Agreement as applicable unless expressly stated otherwise.
- 1.3 Pursuant to this API License, MarketAxess may make the API and the API Services available to a Participant. For the purposes of this API License: (i) the API shall be deemed to form part of the System; and (ii) "**Content**" shall include any information generated by a Participant or Information made available to a Participant over the API from time to time including, but not limited to, any market data originating from third parties.

### **2. API License**

#### **2.1 Grant of license**

Subject to the terms of the Rulebook and this API License, MarketAxess grants each Participant a non-exclusive, non-sub licensable and non-transferable license during the term of this API License to use the API to:

- (a) develop, build, support and maintain the software application, website or other interface that the Participant develops, owns or operates solely to interact with the API (an "Application"); and /or
- (b) to interact with the System in both a test environment and a production environment; and / or
- (c) to receive and transmit Content solely as necessary to facilitate the API Services through the Application.

#### **2.2 Restrictions**

Except as otherwise provided for under this API License, the Participant will not, and will not permit any person under its control to:

- (a) tamper with, adapt, reverse engineer, translate, decompile, disassemble, modify, copy, disseminate or otherwise dispose of the API, in whole or in part;
- (b) create any upgrades or other translations, adaptation, variation, modifications or enhancements to the API;
- (c) rent, lease, or transfer any part of the API to any person or entity (other than to Third Party Developers pursuant to 5.3 below) without the prior written consent of MarketAxess;
- (d) sublicense, assign, delegate or otherwise transfer (other than to Third Party Developers pursuant to 5.3 below) the license granted to the Participant under this

API License or the API or any of the related rights or obligations either under this API License or in the API for any reason;

- (e) attempt to download, connect, gain or provide access to or use the API for any purpose not expressly authorised by this API License; or
- (f) use any Content received via the API in whole or in part for any purposes other than directly in connection with Participant's execution of Transactions during the term of the Membership Agreement.

### 2.3 No Distribution

- (a) The Participant agrees that it will not, and will not permit any Third Party Developer or any other person under its control to disclose, re-circulate, republish, copy, sell, distribute or otherwise provide Content or access to the API to any third party, including, without limitation, to any of Participant's Affiliates, through (without limitation) written, oral or electronic means, without the prior written consent of MarketAxess.
- (b) For the avoidance of doubt, the Participant is not permitted to create, redistribute or sell any derived data from the Content. In this context the term "derived data" shall mean data of any kind containing the Content or any part of it and/or resulting directly or indirectly from the manipulation or analysis of the Content (whether generated by human or machine) whether alone or in conjunction with other data regardless of whether or not the Content is in any way identifiable from or within such derived data by any means.

### 2.4 Reservation of Rights

Nothing in this API License grants the Participant any rights in or in connection with the System, the API and/or Content (or any intellectual property rights therein) other than the limited license in respect of the System set out in a Membership Agreement and in respect of the API set out in 2.1 above.

## 3. **API Access**

### 3.1 Access

MarketAxess shall, during the term of this API License, provide a Participant with access to the API in accordance with the terms of this API License in order to enable the Participant to benefit from the license granted hereunder.

### 3.2 Interruption of Service

MarketAxess reserves the right at any time, without prior notice and without any liability of MarketAxess as a consequence thereof, to temporarily or permanently suspend the Participant's use of the API, in particular in circumstances where the Participant's access to the MTF has been suspended or terminated in accordance with the Rulebook and/or Membership Agreement. In any other circumstance MarketAxess will, where such suspension is due to or arising from circumstances which are entirely within its control, endeavour to give reasonable notice to Participants, although failure to do so shall not give rise to any liability.

### 3.3 Misuse of the API

Each Participant shall:

- (a) comply with all reasonable instructions notified to it by MarketAxess from time to time in relation to its access to and use of the API (including but not limited to paragraph 5.3);



- (b) meet certain System Protocols as specified by MarketAxess in writing from time to time;
- (c) use commercially reasonable efforts to notify MarketAxess of any defect in the API or change to the API of which it becomes aware;
- (d) promptly notify MarketAxess of any unauthorised access to the API or the Application of which it becomes aware; and
- (e) be responsible for any API Services performed on the System by Participant via the API.

### 3.4 Trade Threshold

MarketAxess makes the API Services available to Participants with the expectation that Participant will execute a certain threshold of trades through the System per calendar quarter, as determined by MarketAxess and communicated to the Participant (the "API Threshold"). In the event that Participant does not meet the API Threshold, MarketAxess reserves the right to terminate its use of the API.

## 4. **Modification**

MarketAxess may modify the API, the permitted uses under this API License, or any of the benefits and/or features provided in connection with use of the API at any time with or without notice to Participants. Modifications may affect the Application and may require a Participant to make changes to the Application at its own cost to continue to be compatible with or interface with the API.

## 5. **Participant's Application**

### 5.1 Application

Each Participant will be responsible for and agree to develop its own Application in order to connect its systems to the API. Each Participant will be responsible (at its own expense) for conducting all design, development and maintenance work relating to the production and maintenance of the Application.

### 5.2 Technical requirements

Each Participant agrees to ensure that the Application meets any technical requirements which may be specified by MarketAxess from time to time. Each Participant will be responsible for procuring, installing, operating and/or maintaining any software, hardware and Internet bandwidth, access, communications or other information technology items that are required in order to access the API. Operating instructions and a description of the minimum required configuration to access and use the API are available from MarketAxess at any time upon reasonable request.

### 5.3 Third Party Developers.

- (a) Notwithstanding any other provision in this API License, a Participant may engage the services of a third party software developer to develop, build, support and maintain the Application on its behalf ("Third Party Developer"), provided that a Participant first obtains MarketAxess's approval of such third party in writing. MarketAxess may refuse such consent if, in the opinion of MarketAxess, such third party is a competitor of MarketAxess or if MarketAxess has reasonable concerns regarding (without limitation) the systems, processes or data security arrangements of such third party.
- (b) A Participant may provide such Third Party Developer with access via the test environment to the API and Content for the sole purpose of facilitating such development. Each Participant agrees prior to the commencement of any

development to make the Third Party Developer aware of the terms of this API License, including but not limited to the fact that: (i) the API, the System and Content shall be treated as MarketAxess Confidential Information pursuant to and in accordance with the terms of the Membership Agreement; and (ii) the Third Party Developer shall have a right to use the API and Content in the test environment solely to the extent necessary to perform the development work for that Participant.

- (c) The Participant will be responsible for each Third Party Developer's compliance with the terms of the Rulebook and this API License. A breach of the Rulebook or this API License by a Third Party Developer shall be deemed a breach by the Participant.

## **6. Assistance**

MarketAxess will provide reasonable assistance to each Participant to enable Participant to connect the Application to the API, but shall have no responsibility for their technical compatibility. Such assistance will be made available either via telephone or other such reasonable means determined by MarketAxess during regular business hours on a Trading Day. MarketAxess will only be responsible for providing such services in connection with the interaction between the Application and the API. Each Participant will be responsible (at its own expense) for all support queries solely relating to the Application (including technical support in connection with its access to and use of the Application).

## **7. Production login**

A Participant will only be provided with a production login to access the API following the completion of successful testing of the Application which will be conducted in conjunction between that Participant and MarketAxess.

## **8. Maintenance and Modification**

Each Participant shall bear the sole responsibility and expense for the maintenance of and any amendment, modification or change to the Application.

## **9. Computer Viruses**

Each Participant will ensure that the Application and/or its use of the API will not contain or transmit any computer virus on the API, the System or into the software comprising the API and System.

## **10. Failures of the Application**

For the avoidance of doubt, MarketAxess shall not be responsible for any misuse or failures in the API or System which are attributable to the Application.

## **11. Monitoring and Enforcement**

### **11.1 Right to Monitor and Audit.**

The Participant agrees that MarketAxess may monitor or audit the Application or activities relating to Participants' use of the API. A Participant will not seek to block or otherwise interfere with the monitoring or audit, and MarketAxess may use technical means to overcome any methods Participant may use to block or interfere with such monitoring. Audits may include requests for documents and information, and, upon reasonable notice and subject to MarketAxess's compliance with reasonable confidentiality and security procedures, visits to a Participant's facilities. A failure by a Participant to reasonably comply with MarketAxess's efforts to audit its compliance with this API License shall constitute a material breach of this API License.

11.2 Remedy for Breach.

If MarketAxess, in its sole discretion, believes that a Participant or a Participant's service providers have breached the Rulebook and/or the Membership Agreement or this API License, or that a Participant or a Participant's service providers have engaged in fraudulent activity, in respect of its use of the API, MarketAxess may take any and all steps it deems appropriate, including conducting an investigation, or suspending a Participant's license to use the API.

**12. Indemnity**

Where this API License is applicable, Participant will indemnify MarketAxess and its Affiliates, and their respective directors, officers, employees and agents from and against any and all losses, liabilities, judgments, suits, actions, proceedings, claims, penalties, damages or costs (including attorneys' fees as incurred) resulting from or arising out of (i) its use or misuse of the API; and (ii) the development, maintenance, use and contents of the Application, including but not limited to any infringement of any third party intellectual property rights.

**13. Variation**

MarketAxess reserves the right to modify this API License from time to time at its sole discretion in accordance with Rule 22 of the Rulebook and a Participant's continued use of the API and the API Services shall constitute its acceptance of such modifications.

## **APPENDIX V INTERNAL CROSSING**

### **1. Scope & Definitions**

- 1.1 This Appendix V sets out the terms of business relating to Internal Cross Trades executed on the MTF.
- 1.2 Capitalised terms used in this Appendix V have the same meaning given in paragraph 1.1 of the Rulebook unless expressly stated otherwise.

### **2. Rules applicable to Internal Cross Trades**

- 2.1 Internal Crossing is only available to Participants that have been approved for Open Trading, and shall be conditional upon ongoing satisfaction of MarketAxess compliance requirements, which may include, without limitation, a requirement to evidence approvals from the person/s employed by, and responsible for compliance of, the relevant Participant who wishes to undertake Internal Cross Trades.
- 2.2 The Clearly Erroneous Trade Policy set out in APPENDIX I and the Open Trading Terms of Business set out in APPENDIX II, shall each apply to Internal Crossing, mutatis mutandis. In the event of any conflict between those terms and the terms of this Appendix, this Appendix shall prevail.
- 2.3 Internal Cross Trades may trigger an alert through the MTF market surveillance monitoring system and be subject to further scrutiny, and Participants are required to promptly assist MarketAxess, or any person acting on behalf of MarketAxess, with any enquiries arising therefrom.
- 2.4 Each Participant must satisfy itself that it can and shall comply with any Applicable Law relating to Internal Cross Trades as such rules apply to itself or its Principals.
- 2.5 When executing Internal Cross Trades, a Participant (or its Principal) will face MarketAxess Capital Limited (a private limited company incorporated in England and Wales with registered company number 09777893 and authorised and regulated by the FCA, with FCA reference number 724949) ("**MACL**"), as the matched principal counterparty for both sides of the Internal Cross Trade. In such instances the MACL is acting as principal (in a matched principal capacity) and not as agent, to the Internal Cross Trade in question.
- 2.6 All Internal Cross Trades are executed at a price determined by the Participant and not by MarketAxess or MACL. Without derogating from paragraph 2.8 of this APPENDIX V, the execution price of all Internal Cross trades executed on the MTF shall be determined by the Participant by one of the following methods:
- (a) by reference to the MarketAxess Composite Price (if available); or
  - (b) such other price submitted electronically through the System (other than email) by the Participant; or
  - (c) by clear and unambiguous written instructions to execute at a specific price (i.e., not involving any element of discretion by MarketAxess), sent to **opentradingsdesk@marketaxess.com** (and, for these purposes, subject to Rule 9 of the Rulebook, email is sufficient).

If no price is determined by the Participant pursuant to any of paragraphs 2.6 (a), (b) or (c) above, the Internal Cross Trade will not be executed on the MTF through the Internal Crossing Trading Protocol.

- 2.7 The Internal Cross Trade will be executed on the MTF at the price determined by the process described in paragraph 2.6, and will be adjusted (marked up/down) to reflect the MarketAxess fees, which will be displayed at the time of trading or otherwise disclosed on the Website.
- 2.8 Use of the MarketAxess Composite Price or any of the pricing methods as described in paragraph 2.6 of this APPENDIX V does not constitute investment advice on the part of any MarketAxess or any affiliated entity, to execute an Internal Cross Trade at that price.
- 2.9 MarketAxess Composite Prices are based on the internal methodologies of MarketAxess or its Affiliates. MarketAxess and its Affiliates do not warrant, either expressly or impliedly, the accuracy, validity, timeliness, completeness, merchantability fitness for any particular purpose or availability of the MarketAxess Composite Prices.
- 2.10 In all cases, MarketAxess or MACL reserve the right to refuse to facilitate or act as matched principal counterparty to any Internal Cross Trade, or to temporarily or permanently suspend the provision of Internal Crossing for any reason and without liability.
- 2.11 MarketAxess may cancel any Internal Cross Trade in its sole discretion if the Participant does not or cannot settle either side of the Transaction. For the avoidance of doubt, under the FCA rules (COBS 1 Annex 1), and Article 19(4) of Directive 2014/65/EU, certain conduct of business rules including, without limitation, those relating to best execution, are not applicable between MTF participants to transactions concluded under the rules of that MTF. All Open Trading and Internal Cross trades are executed on the MTF and, accordingly, neither MarketAxess nor MACL owe any Participants a duty of best execution with respect to Internal Cross Trades executed through Open Trading. Participants may, however, owe a duty of best execution to their Principals.

### **3. Variation**

MarketAxess reserves the right to modify this APPENDIX V from time to time at its sole discretion in accordance with Rule 22 of the Rulebook and a Participant's continued use of the Internal Crossing Protocol shall constitute their respective acceptance of such modifications.

## APPENDIX VI ALGORITHMIC TRADING RULES

### 1. Scope & Definitions

- 1.1 This Appendix VI sets out the Rules relating to Algorithmic Trading on the MTF.
- 1.2 Capitalised terms used in this Appendix VI have the same meaning given in paragraph 1.1 of the Rulebook unless expressly stated otherwise.
- “Algorithmic Trading” has the meaning given in Article 4(1)(39) of Directive 2014/65/EU and “Algorithm” shall have cognate meaning.
- “RTS 6” means Commission Delegated Regulation (EU) 2017/589.

### 2. Rules applicable to Algorithmic Trading

- 2.1 Participants are required to meet the following minimum conditions in order to operate an algorithm in connection with MTF Business (“**Conditions**”):
- (a) Participants must have pre-trade controls on price, volume and value of orders and usage of the system and post-trade controls on trading activities in place. Pre-trade controls must be reasonably designed to comply with Article 15 of RTS 6. Post-trade controls should be reasonably designed to comply with Article 17 of RTS 6.
  - (b) Participants must ensure all key staff (such as, without limitation, compliance, risk, traders and senior management) responsible for MTF Business be suitably qualified and possess proper relevant experience.
  - (c) Participants must be in compliance with Rule 2.3 of this Appendix relating to technical and functional conformance testing and Rule 2.3(a) in relation to Order Record Keeping.
  - (d) Participants must have a policy in place relating to use of kill functionality which is reasonably designed to limit use of kill functionality to emergency situations, as discussed in Articles 2 and 12 of RTS 6; and
  - (e) provide evidence upon request that they continue to satisfy the Participant Eligibility Criteria.
- 2.2 Participants that operate or plan to operate an Algorithm in connection with MTF Business must, prior to the deployment or substantial update of a trading Algorithm or trading strategy related to that Algorithm, and at such other times as MarketAxess may require,
- (a) provide evidence that it complies with the Conditions and Rules in relation to Algorithmic Trading set out in this Appendix;
  - (b) certify to MarketAxess that the Algorithm to be deployed has been tested so as to avoid contributing to or creating disorderly trading conditions; and provide a short code identifier for each Algorithm once tested;
  - (c) notify MarketAxess immediately if it is no longer in compliance with any of the above requirements.
- 2.3 Participants are required to conduct conformance testing reasonably designed to comply with Article 6 of RTS 6, including the appropriate testing of Algorithms, prior to the deployment or substantial update of either the access to the System; or the Participant’s trading system, trading Algorithm or trading strategy. A Participant’s conformance testing shall ensure that the

basic functioning of the Participant's trading system, Algorithm and strategy complies with all relevant Conditions, and shall verify the functioning of the following

- (a) the ability of the system or Algorithm to interact as expected with the MTF's trading logic and the adequate processing of the data flows from and to the trading venue;
  - (b) the basic functionalities such as submission, modification or cancellation of an Instruction, static and market data downloads and all business data flows;
  - (c) the connectivity, including the cancel on disconnect command, market data feed loss and throttles, and the recovery, including the intra-day resumption of trading and the handling of suspended instruments or non-updated market data.
- 2.4 Participants must report orders generated by an Algorithmic Trading system to the MTF in accordance with Rule 20 (Order Record Keeping), identifying:
- (a) the different Algorithms used for the creation of orders; and
  - (b) the persons initiating those orders.
- 2.5 Participants must synchronise the business clocks they use to record the date and time of any reportable event.

### **3. Variation**

MarketAxess reserves the right to modify this APPENDIX V from time to time at its sole discretion in accordance with Rule 22 of the Rulebook and a Participant's continued use of the Algorithms on the MTF shall constitute their respective acceptance of such modifications.



## **APPENDIX VII AUTO EXECUTION RULES**

### **1. Scope & Definitions**

- 1.1 This Appendix VII sets out the terms of business relating to Auto Execution on the MTF.
- 1.2 Capitalised terms used in this Appendix VII have the same meaning given in paragraph 1.1 of the Rulebook unless expressly stated otherwise.

“**Auto Execution**” means the automated execution Trading Protocol whereby a Participant will have the ability to submit RFQ on the System for Eligible Instruments, and the MTF will automatically execute Transactions on those instruments if responses meet the Parameters previously entered into the System by the Participant.

“**Parameters**” are the parameters or conditions for execution of Transactions pursuant to the Auto Execution Protocol which are set by the Participant, and which may include trading terms such as price, size and number of responses, among other things.

### **2. Rules applicable to Auto Execution**

- 2.1 Participants shall provide to MarketAxess, in such format specified by MarketAxess, a list of Eligible Instruments that the Participant seeks to transact through the Auto Execution Protocol, or in the alternative, Participant may select from a subset of Eligible Instruments that meet the minimum liquidity requirements for the Auto Execution Protocols, as determined by the MTF.
- 2.2 Participants may provide their own target price for each Eligible Instrument that Participant seeks to transact through the Auto Execution Protocol, or, if made available by MarketAxess and chosen by Participant, Participant may use MarketAxess’s Composite Price to supply a target price. In the event that Participant chooses the MarketAxess Composite Price or other price suggested by MarketAxess as its price target, Participant acknowledges and agrees that it is solely responsible for confirming that such price is an appropriate price target. MarketAxess provides the MarketAxess Composite Price in connection with the Auto Execution Protocols solely on the condition that Participant agrees that neither MarketAxess nor any of its Affiliates shall be responsible for any losses or claims related to Participant’s use of the MarketAxess Composite Price for such purpose.
- 2.3 Participant shall be solely responsible for setting the Parameters of each order placed through the Auto Execution Protocol, including any reliance on MarketAxess Composite Prices. Participant acknowledges that submission of an Instruction through the Auto Execution Protocol may result in an automatic execution without further action by Participant, and that submission of such Instruction, including orders or Instructions placed in error, shall be at Participant’s sole risk.
- 2.4 Participant represents that with respect to its use of MarketAxess Composite Prices and the Auto Execution Protocol, it:
- (a) is capable of evaluating investment risks independently, both in general and with regard to particular transactions using MarketAxess Composite Prices and/or executed by the Auto Execution Protocol; and
  - (b) exercises independent judgment in evaluating MarketAxess Composite Prices and the Auto Execution Protocol.
- 2.5 Participant shall provide any documentation that MarketAxess may reasonably request in order to comply with any Applicable Law, rule or regulation related to the Auto Execution Protocols, including if required, those related to Algorithmic Trading pursuant to Directive 2014/65/EU.

- 2.6 Participant agrees that the MarketAxess Composite Prices are provided solely for purposes ancillary to the execution of transactions on the MTF pursuant to the Auto Execution Protocol. MarketAxess Composite Prices shall be considered confidential information of MarketAxess and shall not be distributed to third parties without MarketAxess's written consent.
- 2.7 MarketAxess reserves the right at any time, without prior notice and without any liability of MarketAxess, to temporarily or permanently suspend or terminate Participant's use of the Auto Execution Protocol.
- 2.8 There are no additional fees for use of the Auto Execution Protocol; provided, however, MarketAxess may impose fees for the Auto Execution Protocol on not less than thirty (30) days' notice.
- 2.9 In the event that an order submitted through the Auto Execution Protocol results in an Open Trading Transaction, the terms of APPENDIX I (*Clearly Erroneous Trade Policy*) and APPENDIX II (*Open Trading Terms of Business*) shall apply to that Transaction.
- 2.10 Participant agrees that the Auto Execution Protocol and the MarketAxess Composite Price are provided on an "as is" and "as available" basis and, to the fullest extent permitted by Applicable Law, provided without any warranties, representations, guarantees, undertakings, terms or conditions of any kind, whether express or implied, including those relating to satisfactory quality, quantity, fitness for purpose or use, completeness, accuracy, timeliness and uninterrupted or error-free availability. MarketAxess shall not be responsible or liable in any way for the content of the MarketAxess Composite Price or uses to which such MarketAxess Composite Price is put by Participant, or Authorised Persons (including, but not limited to, any reliance placed on such MarketAxess Composite Prices or for any missed trading opportunities or other losses). Participant shall be solely responsible for verifying any pricing information provided by MarketAxess when utilising the Auto Execution Trading Protocol.

### **3. Variation**

MarketAxess reserves the right to modify this APPENDIX VII from time to time at its sole discretion in accordance with Rule 22 of the Rulebook and a Participant's continued use of the Auto Execution Protocol shall constitute their respective acceptance of such modifications.

### Version Control

Version/ Date of implementation	Update (with a reference to a relevant part of the Rulebook)	Reviewed By
v1 - September 2015	N/A	General Counsel, EU and Asia
v2 - March 2017	<ul style="list-style-type: none"> <li>• Clarification of the order of precedence between the Rulebook and the membership agreements (paragraph 2.5);</li> <li>• Removal of credit default swaps as an 'Eligible Instrument' (paragraph 10.3);</li> <li>• Updates to the CETP (Appendix I); and</li> <li>• Additional language to reflect the introduction 'Internal Cross Trades' as a new Trading Function (Appendix V).</li> <li>• Other minor changes.</li> </ul>	General Counsel, EU and Asia
V3 October 2017	<ul style="list-style-type: none"> <li>• Updates pursuant to MIFID II and GDPR;</li> <li>• Introduction of Auto Execution Trading Protocol rules; and</li> <li>• Introduction of Processed Trades.</li> </ul>	General Counsel, EU and Asia