

**MARKETAXESS EUROPE LIMITED**  
MTF RULEBOOK

March 2017

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

"**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);

"**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;

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

"**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;

"**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;

"**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.

**"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;

**"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"** means the Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and Council) and any legislation that amends, restates or replaces that Directive from time to time (including MiFID II / MiFIR);

**"MiFID II / MiFIR"** 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.

**"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;

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

**"Notice"** has the meaning given to it in Rule 18.2;

**"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);

"**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;

"**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;

A "**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);

"**User Agreement**" means a Membership Agreement between MarketAxess and any Participant that MarketAxess has categorised as a liquidity seeker; 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 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 cross-border business, or from an establishment maintained in a jurisdiction which does not prohibit the provision of cross-border services 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 is fit and proper;
  - 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 and competence 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; 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 15 (*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) co-operate with MarketAxess and any Relevant Regulator in relation to any query or investigation regarding, directly or indirectly, the MTF;
  - (f) be responsible for the Information that it submits to the MTF;
  - (g) ensure that its systems are compatible with the System;
  - (h) 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;
  - (i) have in place appropriate arrangements to ensure the timely clearing and settlement of Transactions in accordance with Rule 14.4;
  - (j) have the legal and regulatory capacity to transact in, clear (where applicable) and settle the Eligible Instruments it trades on the MTF; and
  - (k) 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 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 14.5);



- (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; or
- (h) 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](mailto: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**

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.

## **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 instrument determined and notified to Participants by MarketAxess from time to time,

(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 MarketAxess may suspend a particular Eligible Instrument from trading on the MTF if MarketAxess deems this necessary in order to 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.

## 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 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.

## 12. **MARKET MONITORING**

### 12.1 Monitoring

(a) 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.

(b) MarketAxess may retain records 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 15.

12.3 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 12.

### 13. 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.

### 14. POST TRADE CONFIRMATION, CLEARING AND SETTLEMENT

#### Trade messages

14.1 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

14.2 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.

14.3 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.

14.4 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.

14.5 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.

14.6 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.

14.7 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.
- 14.8 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.
- 15. DISCIPLINARY SANCTIONS**
- 15.1 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.
- 15.2 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.
- 15.3 A Participant may appeal a decision made by MarketAxess under this Rule 15 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 15. 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.
- 15.4 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.

## 16. TRANSACTION REPORTING

- 16.1 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 Regulator appropriate for it, as such rules apply to it.
- 16.2 Portfolio managers under the FCA rules may be able to rely on a relevant exemption. Each Participant is responsible for determining whether a relevant exemption applies from MiFID transaction reporting to it under the Applicable Law.

## 17. COMPLAINTS

- 17.1 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](mailto:ComplianceUK@MarketAxess.com)

- 17.2 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 Chief Operating Officer, General Counsel or Head of Compliance.

## 18. AMENDMENTS

- 18.1 MarketAxess may in its absolute discretion, and at any time, supplement, amend, or replace these Rules partially or wholly.
- 18.2 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.
- 18.3 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.

## 19. GOVERNING LAW AND OTHER PROVISIONS

- 19.1 Without prejudice to any provisions of other documents which are expressed to survive termination of a Participant's participation on the MTF, Rules 17 (Complaints) and 15 (Disciplinary Sanctions) will survive termination of a Participant's participation on the MTF.
- 19.2 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

In order to promote the integrity of the System and to maintain safeguards, 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 an Open Trading Transaction which has 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, par amount, 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, 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 [tradingdesk@MarketAxess.com](mailto:tradingdesk@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 tradingdesk@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 18 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. Definitions

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

"Open Trading Approval Conditions" means:

- (a) the counterparty credit risk approval; and
- (b) any other approval which may be deemed necessary by MarketAxess as a pre-requisite for entering into Open Trading Transactions.

### 2. Application and Open Trading Transactions

- 2.1 Open Trading are Trading Protocols 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, or an authorised and regulated Affiliate of MarketAxess, in each case 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.
- 2.2 Pursuant to these Terms of Business and notwithstanding anything to the contrary in a relevant Membership Agreement, subject to satisfaction of the Open Trading Approval Conditions 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.
- 2.3 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 MarketAxess (or an authorised and regulated Affiliate of MarketAxess) is selected by the relevant Participant as a matched principal counterparty prior to execution.
- 2.4 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 2.2 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, such terms shall apply to the extent those terms are inconsistent with this Appendix II.
- 2.5 In the event an authorised and regulated Affiliate of MarketAxess is selected and approved by the Participant as a matched principal counterparty for the purposes of Open Trading the terms of this Appendix II shall apply mutatis mutandis so that all references to 'MarketAxess' herein are deemed to be references to that Affiliate of MarketAxess.
- 2.6 In providing Open Trading to a Participant, MarketAxess is not 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 MarketAxess has a duty to provide a Participant with on-going information or guidance in respect of any Open Trading Transaction or any investment.
- 2.7 In respect of all Open Trading Transactions entered into by a Participant, MarketAxess shall not 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.

### **3. Instructions**

- 3.1 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 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.

### **4. Agency & Allocation**

- 4.1 Solely for the purposes of the FCA client categorisation rules, MarketAxess shall treat the Participant as its client in accordance with the relevant MiFID client categorisation. This is the case irrespective of whether the Participant is acting as agent or intermediary for a Principal.
- 4.2 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 its settlement agent 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. MarketAxess agrees and acknowledges that 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.
- 4.3 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 MarketAxess and each Principal or Principals in question, regardless of the whether or not the Principal was disclosed or identified to MarketAxess at the time of execution of the Open Trading Transaction.
- 4.4 For the avoidance of doubt MarketAxess does not act as agent for any Participant under Open Trading.

### **5. MarketAxess's Warranties**

MarketAxess warrants that:

- 5.1 MarketAxess is authorised and regulated by the FCA;
- 5.2 MarketAxess shall comply with all Transaction reporting obligations applicable to it in respect of all Open Trading Transactions subject to these terms; and
- 5.3 Should MarketAxess 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.

## **6. Event of Default**

In addition to the disciplinary actions available to it under Rule 15 of the Rulebook, in the event of an Insolvency Event in respect of a Participant in an Open Trading Transaction, subject to and in addition to remedies available under Applicable Law MarketAxess 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).

## **7. Post trade and Settlement**

In respect of all Open Trading Transactions subject to these terms, MarketAxess will be responsible for all obligations including settlement, relating to its side of the Open Trading Transaction. A settlement agent selected by MarketAxess and notified to the Participant will act on behalf of MarketAxess 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.

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

In respect of Open Trading Transactions subject to these terms, MarketAxess will comply with transaction reporting requirements applicable to it in accordance with the FCA rules. Other than the representations and warranties contained in paragraph 5 of these terms, MA provides no 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.

## **9. Fees**

On Open Trading Transactions, MarketAxess's Fees are either disclosed electronically to a Participant prior to or at the point of trading, or incorporated in the relevant Membership Agreement.

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

10.1 For the avoidance of doubt, under the FCA Rules (COBS 1 Annex 1) MarketAxess does not owe 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.

10.2 The rules relating to client limit orders do not apply to Open Trading and accordingly, MarketAxess cannot obtain consent to the non-publication of limit orders in connection with a Participant's use of Open Trading.

10.3 Participants (and not MarketAxess) control the orders / Instructions entered using Open Trading and MarketAxess does not aggregate orders on behalf of a Participant utilising Open Trading.

## **11. Client Money / Assets**

MarketAxess does not offer custodial services and accordingly will not hold any client money or client assets on behalf of a Participant.

## **12. Variation**

MarketAxess reserves the right to modify this Appendix II from time to time at its sole discretion in accordance with Rule 18 of the Rulebook and a Participant's continued use of the Open Trading shall constitute its acceptance of such modifications.

**13. 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  
SUPPLEMENTAL DOCUMENTATION  
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

- (a) 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 18 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.

“**MarketAxess Global Composite Price**” means the composite pricing product developed by MarketAxess or its Affiliates, and references to “**MarketAxess Global Composite Prices**” shall be interpreted accordingly.

### **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, (or an authorised and regulated Affiliate of MarketAxess approved by the Participant for these purposes), as the matched principal counterparty for both sides of the Internal Cross Trade. In such instances the MarketAxess entity 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 the MarketAxess entity that is acting as the matched principal counterparty. 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 Global 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 [opentradingdesk@marketaxess.com](mailto:opentradingdesk@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 agreed in writing.
- 2.8 Use of the MarketAxess Global 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 Global 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 Global Composite Prices.
- 2.10 In all cases, MarketAxess and its Affiliates 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) MiFID II, certain conduct of business rules including, without limitation, those relating to best execution, are not applicable to transactions concluded under the rules governing an MTF between its members or participants. All Open Trading and Internal Cross trades are executed on the MTF and accordingly, neither MarketAxess (nor any of its Affiliates) 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.
- 2.12 For the purpose of MiFID transaction reporting, Internal Cross Trades will be reported to the Relevant Regulator as '*principal cross*' transactions.

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### 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