



MALTA

STOCK EXCHANGE

CHAPTER 1

INTERPRETATION

CHAPTER 1 – INTERPRETATION

1.00 Powers of the Board of Directors

Power to make bye-laws

1.00.01 The Board of Directors [the Board] of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act [Cap. 345 of the Laws of Malta] [hereinafter referred to as the Act] makes the following bye-laws.

1.01 Interpretation

Definitions

1.01.01 Words importing the singular number shall include the plural and vice versa where the context so permits. Words importing the masculine gender shall include the feminine and neuter genders.

1.01.02 The following terms have the meanings as defined below.

Accredited External Reviewer	<p>An accredited external reviewer is an assessment and certification institution that meets the following conditions in line with the ICMA Guidelines for Green Bonds External Reviews:</p> <ul style="list-style-type: none"> ▶ It has established an organizational structure, workflow, technical methods, fee rates, quality control, occupational liability insurance, and other relevant rules necessary for conducting the green bond assessment and certification business; ▶ It has the qualifications for practice in the rating, certification, attestation, energy, climate, or environment field granted by competent authorities;
Accredited External Reviewer (cont.)	

	<ul style="list-style-type: none"> ▶ It has corresponding professionals in the accounting, auditing, finance, energy, climate, or environment field; ▶ It has committed no violation of laws and regulations and maintained a spotless record of integrity in the last three years or since its formation.
Accrued interest	The amount of interest accumulated in respect of an interest-bearing financial instrument from the last payment up to settlement day.
Admissible to listing	Admissible to listing in accordance with the provisions of Article 12(2) of the Act and "Admissibility to Listing" shall be construed accordingly.
Admission	Admission to listing or admission to listing and trading on the Exchange in accordance with the provisions of Article 12(2) of the Act and "Admitted to Listing and Trading" or "Admit to Listing" shall be construed accordingly.
Approved Payment System	A securities settlement system operated by the Exchange and duly approved by the Central Bank pursuant to Article 36 of the Central Bank of Malta Act [Cap. 204 of the Laws of Malta].
Auction	Specific phases during a trading session leading to, where possible, price formation in accordance

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	with the parameters set out in these Bye-laws.
Auditor	A person holding a practicing certificate to practice in the field of auditing or an auditing or an audit firm as defined by the Accountancy Profession Act [Cap. 281 of the Laws of Malta] and having experience in auditing listed and/or regulated entities.
Audit Committee	The Committee set up by the Board under the Chairmanship of a designated member of the Board.
Authorised intermediary	An investment firm authorised by the competent authority or by a foreign authority to provide services referred to in the Directive.
Best market	The current highest bid and the lowest offer in a specific security.
Books close date/record date	The day on which the register is closed.
Booking	In the context of sell orders, the expression of interest in a volume of financial instruments to be sold.
Bid	An order by a Member to buy financial instruments.
Board of Directors / Board	The Board of Directors of the Exchange.
Business day	Any day which is not a Saturday, Sunday or a Public Holiday.

Business hours of the Exchange	Operating hours on each business day or any other times as specified as such by the Exchange.
Buyer's right of forward transmission	The acquisition by the buyer in a transaction until final settlement of the forward delivery of the relevant transacted financial instruments only if he discharges his payment obligations.
CBM Directive No. 2	Directive No. 2 issued by the Central Bank of Malta under the Central Bank of Malta Act [Cap. 204 of the Laws of Malta] in respect of Payment and Securities Settlement Systems.
Chairman	The Chairman of the Exchange.
Central Bank	Central Bank of Malta established by virtue of the Central Bank of Malta Act [Cap. 204 of the Laws of Malta].
Central Securities Depository / CSD	The Central Securities Depository operated by the Exchange to carry out those functions as established in terms of the Act.
Chief Executive Officer	Chief Executive Officer of the Exchange.
Class	Financial instruments the rights attaching to which are, or will be, identical and which form a single issue or series.
Client contracts note	The record of the details of an executed trade, its total value and all relevant charges.
Competent Authority	The person or body appointed by the Minister

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	of Finance, the Economy and Investment to carry out the functions of a competent authority.	Deal / match / trade	A bid and an offer which have been either wholly or partially executed and satisfied.
Compliance & Market Operations Office	The Office within the Exchange responsible for market monitoring and regulatory reporting.	Dedicated Cash Account / DCA	Account required for T2S Clearing Participants for the purposes of cash settlement.
Compliance Officer	The person appointed by the Issuer, who shall be responsible to provide the Exchange with any information or explanation that the Exchange may reasonably require for the purpose of verifying whether the Bye-laws are being or have been complied with or which relate to the integrity or orderly operation of the Exchange's markets for financial instruments.	Default	In the context of clearing and settlement, default means the failure of a Member to satisfy his obligations towards his client/s by failing to ensure the availability of financial instruments or cash on settlement day within the stipulated time-frames.
Continuous trading	Means a trading phase which starts at the end of the Opening Auction and ends before the closing auction. At this stage orders may be placed, deleted or amended and possible trades executed according to the execution priority as set out in these Bye-laws. This stage may be interrupted by one or more intraday auctions due to extended volatility interruptions.	Delivery-versus-payment	The delivery of financial instruments occurring only if payment occurs.
Cum	Placed immediately before a distribution or benefit implies inclusion of the distribution or benefit.	Depository receipt	A certificate or other record, whether or not in the form of a document which is issued by or on behalf of a person who holds any relevant financial instruments of a particular issuer or who holds evidence of the right to receive relevant financial instruments who has an interest in the relevant financial instruments of a particular company. Such certificate or other record evidences or acknowledges that another person is entitled to rights in relation to those financial instruments and shall include the right to receive the said financial instruments from the person holding or having an interest in the same financial instruments. Relevant financial instruments means shares, debt securities or warrants.
Cut-off time	The time set in accordance with any relevant clearing and settlement rules by which all relevant conditions must be satisfied in order for the settlement of a transaction to occur.		

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Directive	Council Directive 2004/39/EC of the 21 April 2004 on markets in financial instruments as amended from time to time including any implementing measures that may be issued thereunder.
Directly Connected Party /DCP	A Participant in T2S directly connected to the platform.
Dynamic Price Range	Means the maximum percentage deviation, symmetrically above and below from the security's reference price. The reference price for dynamic volatility range purposes is the last traded price for the security determined in continuous trading or in an auction. The reference price is readjusted each time a new price is determined which is different from the previous trade price.
EU Code of Conduct on Clearing and Settlement	Pan-EU Code of Conduct regarding clearing and settlement operations and procedures to which the Exchange is a signatory.
Earmarking	Means an expression of a selling/transferring interest made by a Member on behalf of a client in an available securities balance held in the client's account at the CSD in relation to a sell order received by the member and to be executed on the market on behalf of the client.
Ex	A deal which is exclusive of distribution or benefits.
Exchange	The Malta Stock Exchange.

Exchange Floor	The room, area, and/or any other facilities from time to time designated or made available by the Exchange for effecting trades and other transactions between Members during trading sessions of the Exchange.
Exchange Notice	A notice issued in terms of these Bye-laws.
Executing Bank	The bank in which a participant of any relevant clearing and settlement system has opened the relevant settlement account for the withdrawal/deposit of settlement funds.
Execution priority	The parameters in accordance with which orders are executed during continuous trading.
Executive Committee	The Committee established by the Board under the Chairmanship of the Chief Executive Officer.
Extended Volatility Interruption	Means an event which may arise if the movement in the price of an order book security is outside allowable price volatility ranges applicable to order book equity securities established by the Exchange.
Financial Intelligence Analysis Unit / FIAU	The Financial Intelligence Analysis Unit or any other person or body appointed in terms of the Prevention of Money Laundering Act responsible for the collection, collation, processing, analysis and dissemination of information with a view to preventing, detecting and effectively combating money laundering and funding of terrorism.

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Financial Markets Act / FMA /The Act	The Financial Markets Act [Cap. 345 of the Laws of Malta].
Financial Market Rules	The Rules applicable to regulated markets issued in terms of the Act.
Free of Payment	Transactions which are included in the OTC Reporting System.
Green Bonds	Green Bonds are debt instruments the proceeds of which will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects.
Green Bond Principles	The guidelines on the recommended transparency and disclosures necessary to promote integrity in the development of the Green Bond market as issued by ICMA and as they may be amended from time to time and as also defined on the ICMA website https://www.icmagroup.org/ .
Green Project/s	Any project that falls under one or more of the categories outlined in bye-law 5.02.13.02 or, any other project which the Exchange considers to be eligible under the Green Bond Principles issued by the International Capital Markets Association (ICMA).
IFSM Applicant	An applicant for Admission of Securities pursuant to the WSM Capital Markets Rules.
Implementing Procedures	The implementing procedures issued by the FIAU, as may be amended

	and/or supplemented from time to time.
Indirectly Connected Party /ICP	A Participant in T2S connected to the platform via the CSD.
Insolvency proceedings	For the purposes of MaltaClear transactions pursuant to CBM Directive No. 2 means any collective measure provided for by applicable law in Malta or in any other country either to wind up the participant or to re-organise it where such measure involves the suspension of, or imposition of limits on transfers or payment.
IPO	Initial Public Offering.
ISIN Code	International Securities Identification Code.
Issuer	Any company or other legal person or undertaking including a Public Sector Issuer, any class of whose financial instruments have been authorised as admissible to listing or is the subject of an application for admissibility.
Listed company	A quoted company as defined by the Act.
Listed financial instrument	A quoted financial instrument as defined in the Act.
Listing Agent	Shall have the same meaning as assigned to it in the WSM Capital Markets Rules.
MFSA	The Competent Authority appointed to perform the functions as set out in Article 11 of the Act.

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Listing Particulars / Equivalent Offering Document	Listing particulars, prospectuses, supplementary listing particulars or any other document issued in connection with any offering to the public for subscription to any financial instruments.
Capital Markets Rules	The rules issued by the MFSA in accordance with the provisions of the Act as may be amended from time to time but shall (for the avoidance of doubt) not include the WSM Capital Markets Rules.
MaltaClear	A settlement system operated by the Exchange for the purpose of clearing and settlement of relevant transactions.
Market abuse	The prohibited use of inside information and the practice of market manipulation as provided for in the Prevention of Financial Markets Abuse Act, [Cap. 476 of the Laws of Malta].
Market Maker	Any person authorised by the MSE to carry out market making activity in terms of Chapter 4 of the Bye-Laws.
Market Model Principles	Trading and related procedures as set out in Appendix 4.1 to these Bye-laws.
Match/trade/deal	A bid and an offer which have been wholly or partially executed and satisfied.
MSE Account No.	An account number generated by the Exchange, unique to each registered holder of financial instruments held within the CSD.

MSE Settlement Account	A settlement account opened by the Exchange at the Central Bank and/or any other bank to facilitate clearing and settlement procedures.
Member	Any person admitted to Membership of the Exchange to access the trading infrastructure in terms of Chapter 3 of these Bye-laws.
Minimum Tradable Unit	The minimum permitted tradable amount or volume for each financial instrument or group of financial instruments as may be determined by the Exchange from time to time.
Mistrade	A trade that is deemed by the Exchange to have been erroneous and may be cancelled in accordance with the relevant rules as laid down in these Bye-laws.
Netting	For the purposes of MaltaClear transactions pursuant to CBM Directive No.2, netting is the conversion into one net claim or one net obligation of claims and obligations resulting from transfer orders which an authorised intermediary or authorised intermediaries either effect, or receive from, one or more other authorised intermediaries with the result that only a net claim can be demanded or a net obligation be owed.
OTC Reporting System	The system used by the Exchange within the current trading infrastructure for the reporting of trades effected OTC.

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OTC transaction	A transaction which has been effected outside the market/s operated by the Exchange.
Offer	An order to sell financial instruments traded on the Exchange.
Officer of the Exchange	A Director, Chief Executive, Senior Executive, Company Secretary or any other person forming part of the governing body of the Exchange charged with the representation of the Exchange, or any other employee of the Exchange.
Official List	The list prepared and published by the Exchange indicating all financial instruments admitted to the Exchange.
Operations Audit Office	The office within the Exchange performing internal compliance functions.
Order Log Book	A register maintained by each Member Firm containing details of each order received by the Member for execution which contains the information as outlined in the relevant bye-laws.
Order	An instruction from a client to a Member to buy or sell financial instruments.
Order Book Security	Means a security that has been admitted to trading on the order book of the electronic trading system of the Exchange.
PMLA	The Prevention of Money Laundering Act [Cap 373 of the Laws of Malta]

PMLFTR	The Prevention of Money Laundering and Funding of Terrorism Regulation [S.L 373.01 of the Laws of Malta]
Post-trading	A stage during the trading session following continuous trading where Members may enter orders but during which no matching takes place.
Pre-trading	A stage during the trading session prior to continuous trading where Members may enter, amend or delete orders but during which no matching takes place.
Price List	A list containing information of the latest prices of financial instruments traded on the Exchange's market/s together with such other information as the Exchange may deem appropriate.
Property Rental Business	The business of owning or leasing immovable property whether residential or commercial for the purposes of renting out such immovable property to third parties and receiving rental income therefrom.
Recognized jurisdiction	Any state that is a member state of the EEA or any other state, country or territory that may be formally declared by directive of the MFSA.
Recognized List	Any list prepared and published by any regulated market in accordance with the Bye-laws of such regulated market.

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Regulated Market Recognition Requirements	The Regulated Markets [Authorisation Requirements] Regulations, 2007 by way of Legal Notice 333 of 2007 as amended.
Related company	Any body corporate which is a company's subsidiary, associated or holding company, or is the manager of or managed by or is advisor to or is advised by or otherwise controls or is controlled by the company, its holding company or a subsidiary or associate of that company.
Real Estate Investment Trust or REIT	A publicly traded company which complies with the conditions set out in bye-law 5.02.09, 5.02.10 and 5.02.11 and which has been recognised as eligible as a REIT by the Exchange.
Risk Management Committee	The Committee set up by the Board under the Chairmanship of a designated member of the Board.
Securities	Instruments as defined in the Investment Services Act [Cap. 370 of the Laws of Malta].
Specified Accounting Period	The accounting period in which the Issuer satisfies bye-law 5.02.09
Specified Debt	Any debt incurred by a REIT in respect of monies borrowed by or advanced to the REIT.
Sponsor	A sponsor appointed in terms of Chapter 2 of the Capital Markets Rules.
Symbol	A set of alpha and/or numerical characters that

	identifies the financial instrument being traded.
Security Administrator	The person/s appointed by the Member Firm to administer on its behalf access to the trading system and to assign rights as appropriate to the traders authorised to deal on behalf of the Member.
Static Price Range	This is a static price range which defines the maximum percentage deviation of an additional reference price which generally corresponds to the last price determined in an auction on the current trading day. If this price is not available, the last traded price determined on one of the previous trading days is taken as the preference price.
Target2	The pan-Eurozone payment system operated by the European Central Bank.
Target2 – Securities /T2S	The pan-European Security Settlement System operated by the Eurosystem.
Tick Size	The step-by-step increase or decrease in price by which bids and offers may be raised or lowered.
Trade / Deal / Match	A bid and an offer which have been wholly or partially executed and satisfied.
Trader	An individual nominated by the Member and authorised by the Exchange to carry on trading on the Exchange on behalf of the Member

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Trading session	The time period established by the Exchange during which orders may be entered into the trading system, amended or cancelled or executed.
Trading system	The facilities from time to time designated or made available by the Exchange for affecting trades and other transactions between Members during trading sessions of the Exchange.
Transfer Order	For the purposes of MaltaClear transactions pursuant to CBM Directive No. 2, a transfer order is a funds transfer order consisting of any instruction by an authorised intermediary on behalf of a buying client to place a the disposal of an authorised intermediary appointed by a selling client an amount of money by means of a credit into the accounts of a settlement executing bank, a central bank or any other settlement agent, or, as the case may be, a securities transfer order consisting of an instruction by an authorised intermediary on behalf of a client selling listed financial instruments, to transfer the title to transacted financial instruments by means of a debit book entry on the relevant register and/or financial instruments account held at the Central Securities Depository in favour of the buyer of the said financial instruments by a credit book entry into the said register and/or financial instruments account of the buyer.

Tribunal	The Financial Services Tribunal established in the terms of the Act.
Volatility Interruption	A market mechanism which limits trading within stipulated price ranges in applicable financial instruments in terms of procedures set out in these Bye-laws.
WSM Capital Markets Rules	The Rules issued by the MFSA in relation to the Admissibility to Listing on the IFSM as may be amended from time to time.
XETRA	The trading platform currently in use by the Exchange.



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CHAPTER 2

ADMINISTRATION

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2.00 License

Regulated Market

2.00.01 The Malta Stock Exchange (the Exchange) is authorized to provide the services of a regulated market pursuant to Article 4 of the Act.

Central Securities Depository

2.00.02 The Exchange is authorized to provide the services of a central securities depository pursuant to Article 24 of the Act.

2.01 Management of the Exchange

The Board of Directors

2.01.01 The administration and management of the Exchange is vested in a Board of Directors (the Board) which is appointed in accordance with the Articles of Association of the Exchange.

2.01.02 The Board has the power to transact all business of whatsoever nature not expressly reserved by provisions of any law for the time being in force to be exercised by the Exchange in General Meeting or in respect of which specific provisions are made in the Articles of Association.

Company Secretary

2.01.03 The Board shall appoint a Company Secretary for such term, at such remuneration and upon such conditions as they may think fit and any Company Secretary may be removed by them.

2.01.04 The Company Secretary is responsible for keeping the minute book of general meetings and of the meetings of the Board, the register of Members and the register of debentures and such other registers and records as the Company Secretary may be required to keep by the Board.

2.01.05

The Company Secretary shall furthermore ensure that proper notices are given of all meetings and ensure that all returns and other documents of the Exchange are prepared and delivered in accordance with the requirements of the Act.

Chief Executive Officer

2.01.06 The Board may from time to time appoint any person to the office of Chief Executive Officer for such period and on such terms as they think fit.

2.01.07 The Board may entrust to and confer upon the Chief Executive Officer any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time-to-time revoke, withdraw, alter or vary all or any of such powers.

Audit Committee

2.01.08 The Board may establish an Audit Committee, under the Chairmanship of a Director so appointed by the Board, which shall exercise any powers and duties conferred upon it by the Board in terms of the Articles of Association of the Exchange.

2.01.09 The Audit Committee shall be composed of at least three [3] Directors of the

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Exchange so appointed by the Board, one of whom the Board shall appoint as Chairman and who shall have a casting vote, the Financial Controller and any other person as may be deemed appropriate.

2.01.10 The quorum for any meeting shall be three [3] Members.

2.01.11 No other person except the Audit Committee Members and, and the Chairman of the Board if deemed necessary, are entitled to attend Audit Committee Meetings unless specifically invited to attend and participate in the meeting. Other Board Members are however, entitled to request the Chairman of the Audit Committee to address specific matters.

2.01.12 The Board may entrust to and confer upon the Audit Committee any functions that it deems fit as shall be outlined in specific terms of reference and may from time-to-time revoke, withdraw, alter or vary all or any of such functions so delegated.

2.01.13 The Members of the Audit Committee shall be informed in writing of such appointment including detailed terms of reference as approved by the Board from time to time.

2.01.14 The Audit Committee shall review its terms of reference and its own effectiveness every two years and shall recommend to the Board any changes as deemed appropriate. The review shall, inter alia, outline a summary of the role of the Audit Committee, its composition during the period under review and the manner in which it has discharged its duties in accordance with its terms of reference together with any proposed amendments to its terms of reference as may be appropriate.

2.01.15 On an annual basis, within one [1] month of the year end, the Audit Committee shall prepare a report for the Board including, inter alia, the number of Audit Committee meetings held, and a summary of the matters considered during the year.

2.01.16 An officer from within the Board & Executive Secretariat shall be appointed to act as Secretary to the Audit Committee and shall be responsible to make the necessary preparations for Audit Committee Meetings and to keep minutes of such meetings.

2.01.17 The Minutes of Audit Committee Meetings shall be distributed to Audit Committee Members for approval and subsequently to the Board.

2.01.18 The Chairman of the Audit Committee shall be responsible to report to the Board on any decision or action taken by the Audit Committee at the first Board meeting following such decision or action or at any other opportune moment as deemed appropriate.

2.01.19 The Audit Committee shall have the power to regulate its own proceedings, however, it shall meet at least once every quarter.

2.01.20 At least once a year, the Audit Committee shall meet with the external and internal auditors of the Exchange, without any executives of the Exchange being present.

Risk Management Committee

2.01.21 The Board may establish a Risk Management Committee, under the Chairmanship of a Director so appointed by the Board, which shall exercise any powers and duties conferred upon it by the Board in

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terms of the Articles of Association of the Exchange.

2.01.22 The Risk Management Committee shall be composed of at least two [2] Directors of the Exchange so appointed by the Board, one of whom the Board shall appoint as Chairman and who shall have a casting vote, the Chief Executive, the General Manager and the Assistant General Manager Board & Executive Secretariat and any other person as may be deemed appropriate.

2.01.23 The quorum for any meeting shall be three [3] Members.

2.01.24 No other person except the Risk Management Committee Members and, and the Chairman of the Board if deemed necessary, are entitled to attend Risk Management Committee Meetings unless specifically invited to attend and participate in the meeting. Other Board Members are however, entitled to request the Chairman of the Risk Management Committee to address specific matters.

2.01.25 The Board may entrust to and confer upon the Risk Management Committee any functions that it deems fit as shall be outlined in specific terms of reference and may from time-to-time revoke, withdraw, alter or vary all or any of such functions so delegated.

2.01.26 The Members of the Risk Management Committee shall be informed in writing of such appointment including detailed terms of reference as approved by the Board from time to time.

2.01.27 The Risk Management Committee shall review its terms of reference and its own effectiveness every two years and shall recommend to the Board any changes as deemed appropriate. The review shall, inter alia, outline a summary of the role of the Risk

Management Committee. Its composition during the period under review and the manner in which it has discharged its duties in accordance with its terms of reference together with any proposed amendments to its terms of reference as may be appropriate.

2.01.28 On an annual basis, within one [1] month of the year end, the Risk Management Committee shall prepare a report for the Board including, inter alia, the number of meetings held, and a summary of the matters considered during the year.

2.01.29 An officer from within the Board & Executive Secretariat shall be appointed to act as Secretary and shall be responsible to make the necessary preparations for Risk Management Committee Meetings and to keep minutes of such meetings.

2.01.30 The Minutes of Risk Management Committee Meetings shall be distributed to Committee Members for approval and subsequently to the Board.

2.01.31 The Chairman of the Risk Management Committee shall be responsible to report to the Board on any decision or action taken by the Risk Management Committee at the first Board meeting following such decision or action or at any other opportune moment as deemed appropriate.

2.01.32 The Risk Management Committee shall have the power to regulate its own proceedings, however, it shall meet at least once every quarter.

2.01.33 At least once a year, the Risk Management Committee shall meet with the external and internal auditors of the Exchange, without any executives of the Exchange being present.

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Executive Committee

2.01.34 The Board may establish an Executive Committee, under the Chairmanship of the Chief Executive Officer appointed in terms of the Articles of Association of the Exchange which shall exercise any powers and duties conferred upon it by the Board in terms of the Articles of Association of the Exchange.

2.01.35 The Executive Committee shall be chaired by the Chief Executive Officer who shall nominate the Members of the Executive Committee from among the senior executives of the Exchange and who shall be approved by the Board.

2.01.36 The Executive Committee shall be composed of at least three [3] senior officials of the Exchange, including the Chief Executive as Chairman. The quorum for Executive Committee Meetings shall be one [1] less than the total number of members of the Executive Committee. One of the Members present must be the Chairman.

2.01.37 The Board may entrust to and confer upon the Executive Committee any functions that it deems fit as shall be outlined in specific terms of reference and may from time-to-time revoke, withdraw, alter or vary all or any of such functions so delegated.

2.01.38 The Members of the Executive Committee shall be informed in writing of such appointment including detailed terms of reference as approved by the Board from time to time.

2.01.39 The Executive Committee shall review its terms of reference and its own effectiveness every two years and shall recommend to the Board any changes as deemed appropriate. The review shall, inter alia, outline a summary of the role of the Executive Committee, its composition during the period under review and the manner in

which it has discharged its duties in accordance with its terms of reference together with any proposed amendments to its terms of reference as may be appropriate.

2.01.40 On an annual basis, within one [1] month of the year end, the Executive Committee shall prepare a report for the Board including, inter alia, the number of Executive Committee meetings held and a summary of the matters considered during the year.

2.01.41 The Company Secretary shall be appointed to act as Secretary to the Executive Committee and shall be responsible to make the necessary preparations for Executive Committee Meetings and to keep minutes of such meetings.

2.01.42 The Minutes of Executive Committee Meetings shall be distributed to Executive Committee Members for approval and subsequently to the Board.

2.01.43 The Chairman of the Executive Committee shall be responsible to report to the Board on any decision or action taken of the Executive Committee at the first Board Meeting following such decision or action or at any other opportune moment as deemed appropriate.

2.01.44 The Executive Committee shall have the power to regulate its own proceedings, however, it shall meet at least once every quarter.

2.01.45 At least once a year, the Executive Committee shall meet with the Board of the Exchange, and present its Annual Report prepared in accordance with Bye-law 20.01.40 above.

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Committees

2.01.46 The Board may appoint any other Committee, other than the Audit Committee and the Executive Committee, to which it may delegate any of its functions or to manage or oversee the carrying out of any of its functions.

2.01.47 The Board shall determine the composition and specific terms of reference of any Committee so appointed.

General

2.01.48 The delegation of any function by the Board to any Committee shall not affect any obligation or responsibility imposed upon the Board by the Act or otherwise.

2.01.49 In discharging their responsibilities, the members of the any Committee set up by the Board must exercise their business judgment to act in good faith and in the interest of the Exchange and its shareholders. Any conflicts of interest should be declared in advance of any related matter being discussed and shall be so recorded in the minutes. The Chairman of the relevant Committee shall determine on the appropriateness of the presence of the relevant member during the discussions. All members of the relevant Committee shall exercise due care and confidentiality regarding proceedings of the Committee. Such provisions shall also apply to any other person invited to attend and participate in Committee Meetings.

Salaries and Other Administrative Expenses

2.01.50 The Board is empowered to determine the salaries of the Chief Executive Officer and the Company Secretary. The Board is also empowered to determine the salaries of other officers of the Exchange in consultation with the Chief Executive Officer, and to pay any expenses necessary for the smooth and efficient running of the Exchange.

2.02 Bye-laws, Exchange Notices and Other Publications

Bye-laws

2.02.01 The Board shall, subject to the approval of the Competent Authority, have the power to make such Bye-laws not inconsistent with the Act, or any regulation or directive made thereunder as it may deem necessary for the proper functioning of the Exchange.

2.02.02 Where the Board proposes to amend, substitute or revoke its Bye-laws or any part thereof, the prior approval of the Competent Authority must be obtained for the validity of any such amendment, substitution or revocation.

2.02.03 A copy of such Bye-laws will be maintained by the Exchange and shall be available to the public for inspection. Availability of the Bye-laws on the Exchange's website shall constitute sufficient publication for the purposes of the Act.

Exchange Notices

2.02.04 The Board may, from time to time, issue notifications by way of Exchange Notices which shall be deemed to be binding on Members, Issuers or any other users of the Exchange Services to which such Exchange Notices may apply.

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2.02.05 Such Exchange Notices shall be distributed in writing or electronically as appropriate.

Publications

2.02.06 The Board shall cause to be issued the following publications:

2.02.06.01 the Bye-laws, duly updated from time to time;

2.02.06.02 Exchange Notices as appropriate; and

2.02.06.03 Recognized Lists, Price Lists, transaction information and any other market and Exchange information in accordance with the Exchange's transparency and reporting requirements.

2.02.07 Publications shall be distributed to all Members and to companies whose financial instruments have been admitted to any of the Exchange's recognized lists and to any other person as deemed appropriate. Publication on the Exchange's website shall be constituted to be sufficient publication and distribution.

Annual Report

2.02.08 The Board shall as soon as possible, but not later than four [4] months after the closing of each financial year, transmit to the Competent Authority, a copy of the Audited Annual Financial Statements and the Annual Report on the activities of the Exchange.

2.02.09 The Audited Financial Statements shall be published on the MSE's website within [1] month of transmission to the Competent Authority. Notification shall be given in at least two [2] daily newspapers of the publication of the Audited Financial

Statements and their availability in printed format upon request.

2.03 Urgent Action

Urgent Action

2.03.01 The Chairman, acting jointly with another Member of the Board and in consultation with the Chief Executive Officer may issue specific instructions to meet situations which require urgent action to stop malpractice, to protect investors or to safeguard the financial integrity of the Exchange.

2.03.02 Such action shall be reported immediately to the Competent Authority.

2.04 Fees and Other Charges

Fees and Other Charges

2.04.01 The Board may impose such fees and other charges as it may deem appropriate and as previously approved by the Competent Authority. Such fees and other charges shall be issued as an Exchange Notice and distributed accordingly.

2.04.02 The Board may amend, revoke or substitute any fees and other charges as deemed appropriate. Such amendments, revocations or substitutions as previously approved by the Competent Authority shall be issued as an Exchange Notice.

2.04.03 The Board may impose other fees and charges in respect of services provided by the Exchange which for commercial and competitive reasons need not be included in the public list of fees and other charges.

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2.05 Regulatory Requirements

Internal compliance

2.05.01 The Board must ensure that adequate and appropriate systems and controls are in place concerning its internal compliance requirement as set out in the Regulated Markets (Authorisation Requirements) Regulations.

2.05.02 Internal compliance functions shall be carried out by the Operations Audit Office which shall report to the Competent Authority in the manner set out in the Financial Market Rules.

Reporting requirements

2.05.03 The Exchange shall report to the Competent Authority on a regular basis as outlined in Part II – Notification Requirements of the Financial Market Rules or as may be requested by the Competent Authority from time to time.

2.06 Auditors of the Exchange

Appointment of Auditors

2.06.01 The Board shall appoint an auditor annually with the approval of the Competent Authority.

2.06.02 If, at any time, the Exchange fails to have an auditor in office for a period exceeding four [4] weeks, the Competent Authority may appoint a person to fill the existing vacancy.

Audit of Accounts

2.06.03 The Exchange shall make available to its auditor all the information and explanations necessary to discharge his responsibilities as an auditor and to enable him to meet the requirements of the Competent Authority.

2.06.04 The Exchange shall obtain from its auditor a Management Letter in accordance with International Standards on Auditing.

2.06.05 The auditor must confirm to the Competent Authority whether the audit has been conducted in accordance with International Standards on Auditing and, where, in the auditor's opinion, one or more of the requirements have not been met, the auditor shall be required to include in his report a statement specifying the relevant requirements and in which respect these have not been met.

2.07 Complaints and Breaches

Complaints arising in connection with the performance of functions of the Exchange

2.07.01 Any complaints received by the Exchange arising in connection with the performance of its functions or its failure to perform any such function shall be reviewed by the Board which must ensure that the Exchange has effective arrangements for the investigation and resolution of such complaints as outlined in the recognition requirements.

Provided that such complaints do not extend to complaints about the content of rules made by the Exchange.

2.07.02 The Exchange shall hold a register of all complaints arising in connection with the performance of its functions or its failure to perform any such function and shall notify the

CHAPTER 2 – ADMINISTRATION

Competent Authority immediately of any such event and of any remedial action taken, where applicable.

Breaches of the Act, and other regulations issued thereunder

2.07.03 Breaches of the Act and /or other regulations issued thereunder, will be reviewed by the Board, which must ensure that the Exchange has effective arrangements for the investigation and resolution of such breaches.

2.07.04 The Exchange shall keep a record of all breaches of the Act and /or other regulations issued thereunder as outlined in the Financial Market Rules and shall notify the Competent Authority immediately when it becomes aware of any such breaches and of any action taken, where applicable.

2.08 Confidentiality

Confidentiality of Exchange information

2.08.01 All officers of the Exchange shall be bound to treat all documents and any other information relating to the activities of the Exchange, or otherwise obtained for the purposes of or pursuant to, any of the provisions of the Act, Financial Market Rules and Bye-laws or any regulations made under the Act and not yet officially divulged, and all matters and things related to such documents and information as confidential and protected by the duty of professional secrecy, and shall not disclose the same to any other person not being a person who may lawfully obtain that information for the purposes of, or pursuant to, the provisions of the Act, except with the consent of the person from whom the information was obtained and provided that the information relates solely to that person.

2.08.02 No enquiries shall be made into the affairs of any person except for the purpose of ensuring compliance with the provisions of the Act and any regulations made thereunder.

2.09 Prevention of Financial Markets Abuse

Submission of information in respect of suspected market abuse

2.09.01 In the event that the Exchange has any evidence tending to suggest that any person may have committed, has committed, or is likely in the circumstances to commit acts which are tantamount to market abuse, the Exchange must supply relevant information without delay to the Competent Authority and provide full assistance to the latter in investigating and prosecuting market abuse occurring on or through its systems.

2.09.02 In the event of any suspicion as outlined in bye-law 2.09.01 above, the Exchange must immediately give the Competent Authority notice of any such event, providing full details of any such evidence in writing as outlined in the Financial Market Rules.

2.10 Prevention of Money Laundering and Funding of Terrorism

Reporting of suspicion of money laundering and funding of terrorism

2.10.01 In terms of Regulation 15(3) of the Prevention of Money Laundering and Funding of Terrorism Regulation, -2018, the Exchange, as a designated subject person in terms of the said Regulation, must report, promptly, any suspicion that a person may have been, is or may be engaged in money laundering or

CHAPTER 2 – ADMINISTRATION

funding of terrorism, to the Financial Intelligence Analysis Unit.

2.10.02 In the event that the Exchange, through the adoption of the systems, policies and procedures detects or is alerted to any unusual or suspicious transaction or activity, the Exchange may request the Member to provide further information, data and/or documentation as may be required in order for the Exchange to be able to ascertain whether the person in respect of whom the unusual or suspicious activity or transaction is detected or alerted, may have been, is or may be engaged in money laundering or funding of terrorism. Any information, data and/or documentation being requested must be provided by the Member immediately upon request. On a case-by-case basis, the Exchange may request such information, documentation and/or data directly from the individual holders of the accounts.

2.10.03 The Exchange must submit a suspicious transaction report to the Financial Intelligence Analysis Unit.



MALTA

STOCK EXCHANGE

CHAPTER 3

MEMBERSHIP

CHAPTER 3 – MEMBERSHIP

3.00 MEMBERSHIP

Membership

3.00.01 Membership of the Exchange shall consist of persons

3.00.01.01 licensed in terms of the Investment Services Act (Cap. 370 of the Laws of Malta); or

3.00.01.02 European Investment Firms, either directly or indirectly; or

3.00.01.03 deemed by the Exchange to be fit and proper, to have sufficient level of trading ability and competence, to have sufficient financial resources and, where applicable, adequate organizational arrangements.

Application for Membership

3.00.02 Subject to the provisions of the Act and any regulations made thereunder every candidate for admission to Membership must submit an application in writing to the Chief Executive as set out in Appendix 3.1 to this Chapter.

3.00.03 Such application for Membership must be accompanied by an application to approve at least one trader to carry out trading on the Exchange on behalf of the Member as set out in Appendix 3.2 to this Chapter.

3.00.04 Any Member may subsequently submit additional applications in respect of a new trader/s as he may deem appropriate.

3.00.05 The Exchange shall admit to Membership persons who qualify in terms of bye-law 3.00.01 above and exceptionally the Central Bank of Malta.

3.00.06

The Central Bank of Malta is approved to act as a Member for the purpose of:

3.00.06.01 trading in financial instruments issued by the Government of Malta and executing transactions on behalf of the Government of Malta of quoted financial instruments of companies and other entities, owned wholly or in part by the Government of Malta;

3.00.06.02 trading in quoted financial instruments as may be required for the purpose of implementing any relevant provisions of the monetary policy of the Eurosystem; and

3.00.06.03 trading on behalf of the Government of Malta in quoted financial instruments under such support programmes that the Government of Malta may determine in respect of credit institutions licensed in Malta.

Similarly, traders approved to deal on behalf of the Central Bank of Malta must have been - approved by the Exchange in the same way as laid down in Bye-laws 3.00.03 and 3.00.04 above.

3.00.07 The Central Bank as Member may take a position of principal in transactions in listed financial instruments as described in bye-law 3.00.06 above.

3.00.08 The Central Bank is exempt from the provisions of bye-laws 3.00.01, 3.00.10, 3.00.11, 3.02.01, 3.04.02, 3.08.01, 3.08.02, 3.12.06, 3.12.07 and 3.12.08.

3.00.09 Responsibility for the observance of all provisions relating to the Member and his approved trader/s shall rest jointly and severally with the Directors or other ultimate decision-taking person, board or body of persons of such Member.

CHAPTER 3 – MEMBERSHIP

Notification of pending applications

3.00.10 Once an application for Membership has been received by the Exchange, such application will be notified by Exchange Notice which will also be published on the Exchange's website. Such notification shall remain posted for the period as stipulated of at least four (4) weeks within which time any person may make written submissions to the Exchange in respect of such application.

Approval of Applications for Membership

3.00.11 The Board will consider such applications for Membership at the next Board Meeting following the four (4) week notification period provided that all relevant requirements have been satisfied and relevant confirmations have been received from the Competent Authority.

3.00.12 The Board will notify that it has approved such applications as outlined in Appendices 3.3 and 3.4 of this Chapter.

3.01 Representation of the Member

Communications with the Exchange

3.01.01 Each Member must nominate one or more Directors or senior officers of the Member to represent the Member, when communicating with the Exchange, whether verbally or in writing, on all matters concerning trading and ancillary matters. All such communication will be dealt with between the Chief Executive and the nominated individual/s.

3.02 Compliance Officer

Appointment of Compliance Officer

3.02.01 Each Member must appoint a Compliance Officer to deal with the Member's regulatory issues and in particular its continuing obligations. Communication on such matters will be between the Member's Compliance Officer and the Compliance and Market Operations Office of the Exchange.

3.03 Security Administrator

Appointment of Security Administrator

3.03.01 Each Member must appoint a Security Administrator who will be responsible to create additional Security Administrators and to assign trading access rights to approved traders in accordance with the policy of the Member.

3.03.02 The Security Administrator must not himself be assigned any trading rights either with access to the regulated market or the OTC market. In this regard in creating additional security administrators, the Security Administrator must ensure that any person given such rights must not be assigned any trading rights.

3.03.03 Members User Set-up by the Security Administrator procedures are as outlined in Appendix 3.5 to this Chapter.

3.04 Application Procedure

Application - Membership

3.04.01 An applicant wishing to apply for Membership must do so on the Application Form as prescribed in bye-law 3.00.02. Such Application Form must be accompanied by:

CHAPTER 3 – MEMBERSHIP

3.04.01.01 an application for the approval of at least one trader duly completed and signed;

3.04.01.02 appropriate Membership and Trader fees in terms of Exchange Notice 1 - Fees and other Charges; and

3.04.01.03 any other documentation which the Exchange may require from time to time.

3.04.01A Prior to confirming membership, the Exchange will undertake a due diligence assessment on the applicant. The applicant will be required to provide all information, documentation and/or data as may be requested by the Exchange in order for the Exchange to be able to undertake its due diligence on the applicant in accordance with the applicable laws and its internal policies and procedures.

Settlement Guarantee Fund

3.04.02 Prior to issuing the appropriate approval, the Exchange must receive confirmation that the prospective Member Firm has pledged an amount of cleared financial assets as may be determined by the Board from time to time, but such assets shall be of a value of not less than a minimum of twenty-three thousand three hundred euro (€23,300) by way of a guarantee in favour of the Exchange's Settlement Guarantee Fund (SGF) or pledged securities which are listed on any EU regulated market other than Maltese Government Stocks. The Exchange may from time to time review the amount to be contributed towards the SGF and will give Member Firms at least three (3) months' notice of any such change.

3.04.03 Where the contribution to the SGF has been made by means of a pledge on securities the securities shall be valued at 80% of the last quoted market price.

3.04.04 The Central Bank Broker is exempt from participation in the SGF.

3.04.05 Any contribution to the SGF by means of pledge or guarantee as required in terms of bye-law 3.04.02 above shall be released back to the Member upon voluntary cessation of Membership.

3.04.06 The SGF will be used solely to cover any shortfall in settlement obligations to the extent of the amount of the Fund in the case of a declared insolvency of a Member Firm. In the case of failure of a trade/s, the Default processes as provided for in Chapter 7 of these Bye-laws shall apply.

3.04.07 Any payout from the SGF will be approved by the Board upon the recommendation of the Chief Executive.

3.04.08 In the case of any payout from the SGF, whether in part or in full, participating Member Firms will be expected to replenish the SGF within five (5) days from receipt of notification of a payout from the Exchange.

Traders

3.04.09 The Prospective Trader Application Procedures are as outlined in Appendix 3.7 to this Chapter.

3.04.10 All prospective traders must satisfy all the requirements as prescribed by the Exchange from time to time, and where applicable must complete any relevant training and complete successfully any relevant tests.

3.04.11 Membership will only be granted if at least one of the prospective traders nominated has successfully fulfilled all the requirements stipulated by the Exchange from time to time.

CHAPTER 3 – MEMBERSHIP

3.04.12 Subsequent applications for traders other than those accompanying an application for Membership must be accompanied by the relevant fees and duly signed by representatives of the nominating Member.

3.05 Rejected Applications

Disclosure

3.05.01 Should the Board, following due consideration, reject an application for Membership, the Exchange shall inform the rejected applicant in writing, giving reasons for such rejection.

3.05.02 An applicant whose application for Membership has been rejected by the Board may not re-apply for membership before the lapse of twelve (12) calendar months from the date of such rejection.

3.05.03 The provisions of bye-laws 3.05.01 and 3.05.02 shall likewise apply to applications to approve traders.

3.06 Resignation

Notification

3.06.01 A Member wishing to resign Membership shall do so in writing to the Board. Notification of a pending resignation shall be issued by means of Exchange Notice and shall also be published on the Exchange's website. Such notification shall remain so posted for a period of one (1) calendar month from date of notification.

3.06.02 The Members of the Exchange, including the Member intending to resign shall within the period of notification as stipulated above advise the Board of any outstanding obligations, debts or

commitments of the Member intending to resign and of any outstanding dealings and transactions in which such Member may be concerned in connection with his activities as a Member of the Exchange.

3.06.03 A Member shall retain all his obligations and liabilities arising under the Act, any regulations made thereunder and the Bye-laws until such time as the Board has discharged such Member therefrom.

3.06.04 In the case of a trader no longer representing a Member on the Exchange, such Member must inform Compliance and Market Operations Office in writing of such occurrence. In such cases, the Member shall retain all obligations and liabilities arising from any activity undertaken by the respective trader.

Re-admission

3.06.05 The Member who has resigned his Membership may re-apply for admission subject to the conditions applicable to admission of new Members prevailing at the time of re-application.

3.06.06 A Member may re-nominate a trader who has resigned and may re-apply for re-approval of such trader subject to the conditions applicable to approval of traders prevailing at the time of re-application.

3.07 Suspension and Revocation of Membership

Suspension and Revocation – Membership

3.07.01 The Board shall revoke or suspend Membership should

3.07.01.01 the Member no longer hold a license under the Investment Services Act

CHAPTER 3 – MEMBERSHIP

(Chap. 370 of the Laws of Malta) or under legislation in an equivalent jurisdiction or whose eligibility status under the said Act or legislation in an equivalent jurisdiction or Legal Notice 331 of 2007 is suspended for any reason;

3.07.01.02 it be the opinion of the Board, that such Member is no longer a fit and proper person to remain a Member of the Exchange;

3.07.01.03 it be the opinion of the Board, that the Member no longer fulfills the requirements of, or has failed to satisfy or comply with or has contravened any provisions of the Act, any regulations made thereunder or the Bye-laws or in purported compliance with any such provisions has furnished the Board with false, inaccurate or misleading information;

3.07.01.04 the Board deem that the Member has acted in a manner which is detrimental to the Exchange, its Members or the public in general; and

3.07.01.05 the Member be undergoing any criminal investigation.

3.07.02 The Board may also suspend or revoke Membership in any circumstances as may be provided for in the Act and any regulations made thereunder and the Bye-laws.

3.07.03 During such period of suspension the Member and his approved traders may not continue with the business of stockbroking on the Exchange.

Suspension and revocation - trader

3.07.04 The Board may revoke or suspend the authority granted to a trader if:

3.07.04.01 it is the opinion of the Board that such trader is no longer a fit and proper person to remain a trader on the Exchange;

3.07.04.02 it is in the opinion of the Board that the trader no longer fulfills the requirements of, or has failed to satisfy or comply with or has contravened any provisions of the Act, any regulations made thereunder or the Bye-laws or in purported compliance with any such provisions has furnished the Exchange with false, inaccurate or misleading information;

3.07.04.03 the Board deems that the trader has acted in a manner which is detrimental to the Exchange, its Members or the public in general; and

3.07.04.04 the trader may be undergoing any criminal investigation.

3.07.05 The Board may also suspend or revoke authority to a trader in any circumstances as may be provided for in the Act and any regulations made thereunder and the Bye-laws.

3.07.06 During such period of suspension, the trader may not continue representing the Member having nominated him.

Notification

3.07.07 Before suspending or revoking Membership the Board shall give the Member written notice stating the reasons for such revocation or suspension of Membership.

3.07.08 Notice of revocation or suspension of Membership or authority granted to a trader

CHAPTER 3 – MEMBERSHIP

shall be recorded and posted on the Notice Board of the Exchange.

3.07.09 Revocation of a suspension order issued to a Member or a trader shall be recorded and notified by Exchange Notice and shall also be published on the Exchange's website.

3.07.10 No Member who's Membership or trader whose authority has been revoked may re-apply for Membership or for authority to trade on behalf of a Member.

Discipline

3.07.11 Where in the opinion of the Board the Member has contravened or failed to comply with the provisions of the Act, any regulations made thereunder or the Bye-laws but should not have his Membership revoked or suspended, the Board may take any other disciplinary measures as provided for in the Act including the issuing of a statement of public censure or the imposition of an administrative penalty.

3.08 Powers of Investigation

Power to request information

3.08.01 The Exchange shall have the power to monitor and investigate all matters relating to trading and ancillary operations to ensure compliance with the Act, any regulations made thereunder and the Bye-laws and other relevant rules and regulations and to ensure the orderliness of the market. In the course of such on-going monitoring or investigations but without prejudice to the generality of the foregoing, the Exchange may request any Member or authorized trader:

3.08.01.01 to furnish the Exchange at such place and in such form as it may specify, such information and documentation as it may require;

3.08.01.02 to furnish the Exchange with any information, documentation and/or data as it may require, verified in such manner as it may specify; and

3.08.01.03 to attend before the Exchange, or before a person appointed by it, at such time and place as it may specify to answer questions and provide such information and documentation as it may require.

3.08.01A Every Member shall furnish the Exchange with any policies and procedures which the Exchange may request in order to ensure that the Members have a robust financial crime framework in place.

Right of entry

3.08.02 In the course of on-going monitoring or any investigation relevant to trading and ancillary operations, the Exchange may authorize any officer, employee or other person to enter the premises occupied by the Member for the purpose of obtaining therefrom the information or documents required or otherwise for the purpose of monitoring or investigation and of exercising any of the powers conferred by the relevant rules and regulations.

3.09 Members' Staff

Compliance

3.09.01 A Member shall ensure that all its officers and staff comply with the Act, any regulations made thereunder and these Bye-laws.

CHAPTER 3 – MEMBERSHIP

Register of Members and Traders

3.09.02 The Exchange shall maintain a Register of Members and their approved traders.

3.09.03 The Member shall inform the Exchange immediately of any change in its Directors and officers as initially submitted in his application for Membership.

3.09.04 Moreover, the Member shall submit to the Exchange on an annual basis, within one month of end of the financial year of the Member, an updated list of all Directors, officers and employees of the Firm.

3.09.05 A Member shall report immediately to the Exchange any employee who has been suspended or dismissed from its service for dishonesty.

3.10 Conduct of Business

Code of Conduct for Members

3.10.01 Members must promote high standards of integrity and fair dealing and should act with due skill, care and diligence in providing a service which he provides or holds himself willing to provide and shall, at all times during the conduct of his business, conform in all respects with the “Code of Conduct for Members” as outlined in Appendix 3.6 to this Chapter.

3.10.02 Non-compliance with any of the provisions laid out in the “Code of Conduct” shall render Members liable to any penalty stipulated in the Act, any regulations made thereunder and these Bye-laws.

3.11 Restrictions on Members’ Dealing

Restrictions in dealing as principal

3.11.01 No permission shall be granted to a Member to bid in his own interest as principal during the first trading session of dealing in a financial instrument newly admitted to trading.

3.11.02 The Exchange may continue to withhold permission to deal in such financial instrument if it is considered that the market in such financial instrument has not yet settled.

3.12 Keeping of Records

Records of transactions and monies received and paid

3.12.01 For the purposes of complying with the provisions of these Bye-laws, every Member shall keep records in sufficient detail to show particulars of its trading activities including:

3.12.01.01 all monies received and paid by the Member, including money paid into and disbursed from, a clients’ account; and

3.12.01.02 all purchases and sales of securities transacted by the Member firm on behalf of clients, the charges and credits arising from such transactions, and the names of the buying and selling clients.

3.12.02 A Member shall retain for a period of not less than ten (10) years all books of accounts and other records required to be kept in pursuance of the foregoing provisions of these Bye-laws.

3.12.03 Where any matter that is intended to be used in connection with the keeping of records, referred to in these Bye-laws is recorded or stored by means of a mechanical

CHAPTER 3 – MEMBERSHIP

or electronic device or any other means in an illegible form, a Member who willfully :

3.12.03.01 records or stores in that device matter that he knows to be false or misleading; or

3.12.03.02 destroys, removes or falsifies matter that is recorded or stored in that device; or

3.12.03.03 fails to record or store matter in that device with intent to falsify any entry made or intended to be complied, wholly or in part, from that matter;

shall be subject to disciplinary action as the Exchange shall think fit. A Member who procures any person to act in any of the above-mentioned manner shall be deemed to have violated the bye-law itself and shall be subject to such disciplinary action as the Exchange shall think fit.

3.12.04 Every Member shall make all books of accounts and other records required to be kept in pursuance of the foregoing provisions of the Bye-laws available to the Exchange for inspection or audit by any auditor appointed by the Exchange, when required by the Exchange to do so.

3.12.05 Provided that no further extension is requested by the FIAU, relevant supervisory authorities or law enforcement agencies, every Member shall also retain all customer due diligence information, documentation and/or data on the client for a period of five (5) years from the termination of the Member's relationship with its client.

3.12.07 In the event that the Member applies to cease to be a Member of the Exchange, the Member shall engage with the Exchange in order to make available customer due

diligence information, documentation and/or data in respect of those clients which were clients of the Member and in respect of which trades have been undertaken by the Member for and on behalf of the client (whether such client is an account holder or has invested through the Member as nominee). On a case-by-case basis, the Exchange will assess which customer due diligence documentation, information and/or data it requires on such client.

3.12.08 Every Member shall maintain a progressive record of all purchases and sales effected daily as a memorandum record and it shall indicate clearly those purchases paid for by the Member on behalf of a client.

Members' Clients' Accounts

3.12.09 A Member shall maintain and keep one or more clients' accounts at one or more licensed banks, designated or evidenced as such, into which it shall pay only such amounts which have been received from, or on behalf of, clients for the settlement of purchases of financial instruments.

3.12.10 A Member shall retain in a bank's clients' account those amounts due to clients until the amounts are either paid to the clients or in accordance with the clients' instructions; or until the funds are required to settle the purchase of on behalf of clients.

3.12.11 A Member having received monies which must be paid into a bank's clients' account in accordance with the foregoing Bye-laws shall do so immediately, or at the latest the following working day.

Members not to make false or misleading reports

3.12.12 A Member shall not intentionally record or provide the Exchange with any

CHAPTER 3 – MEMBERSHIP

account, return, submission or other information that is false or misleading.

3.13 Waiver of Bye-laws

3.13.01 The Exchange may waive any of the preceding bye-laws under this Chapter upon approval by the Competent Authority.



MALTA
STOCK EXCHANGE

Appendix 3.1

APPLICATION FOR MEMBERSHIP

APPLICATION FOR MEMBERSHIP

How to use this Application Form

1. Applicants must submit a completed Application Form together with any supporting documents to :

The Chief Executive
Malta Stock Exchange Plc
Garrison Chapel
Castille Place
Valletta VLT 1063
2. The Application should be read in conjunction with the Financial Markets Act [Cap 345 of the Laws of Malta] and any regulations made thereunder and the Bye-laws of the Malta Stock Exchange plc [available on www.borzamalta.com.mt].
3. Applications will only be considered provided that all relevant sections have been duly completed and supporting documents have been appended.
4. Should space provided not be sufficient, additional information may be entered on a separate sheet with the heading "Continuation to Section ____" duly signed and dated.
5. Misleading or incorrect information on any material point shall render the application invalid.
6. All information submitted in the application is for the sole use of the Exchange and will not be divulged to third parties other than the Competent Authority as deemed appropriate.

NOTE:

This Application Form must be completed by applicants falling within the definitions outlined in Bye-law 3.00.01.01 and 3.00.01.02.

In the case of applicants falling within the definition outlined in Bye-law 3.00.01.03, the Exchange will need to evaluate applicants as being "fit and proper" as well as undertake a due diligence exercise. Applicants within this category would, therefore, be required to present relevant documentation and to complete Personal Questionnaires as necessary in order for the Exchange to complete such evaluations.

Applicants falling within this category should contact the Exchange for further details [marketops@borzamalta.com.mt].

1.00 SECTION 1 - MEMBER

1.01 Applicant's Name : _____

Legal Entity Identifier : _____

1.02 I.S.A. License Ref No.

Or equivalent authorisation: _____

[Kindly attach a copy of such license/authorisation]

1.03 Registered Address* :

Telephone No : _____

E-mail : _____

- The above information will appear on the Exchange's List of Licensed Members and all communications will be addressed accordingly.

2.00 SECTION 2 – DIRECTORS, OFFICERS AND EMPLOYEES

2.01 Chairman and Directors of Member

CHAIRMAN

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

DIRECTOR

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

DIRECTOR

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

DIRECTOR

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

2.02 Officers and Employees

[Including Chief Executive, Managing Director, Secretary to Board as applicable and other employees holding a position of trust within the Member firm.]

Full Name & Surname	Position	ID Card No./Passport No.	Date of Appointment

APPENDIX 3.1

2.03 Director/s / Officer/s appointed to sign on behalf of Member :

Full Name & Surname	Position	ID Card No./Passport No.	Date of Appointment
---------------------	----------	--------------------------	---------------------

(i) _____	_____	_____	_____
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(ii) _____	_____	_____	_____
------------	-------	-------	-------

Specimen Signatures :

(i) _____

(ii) _____

Kindly attach the appropriate Board Resolution in respect of the above appointment/s.

2.04 Compliance Officer

Full Name and Surname

Identity Card No/Passport No.

Date of appointment : _____

Specimen Signature : _____

Kindly attach the appropriate Board Resolution in respect of the above appointment/s

APPENDIX 3.1

2.05 Security Administration Officer

Full Name and Surname

Identity Card No/Passport No.

Date of appointment :

Specimen Signature :

Kindly attach the appropriate Board Resolution in respect of the above appointment/s

APPENDIX 3.1

3.00 SECTION 3 - SHAREHOLDING

Give details of the shareholding in the firm applying for membership and any voting rights attached thereto of each of the individuals mentioned in Section 2 above where applicable [a “NIL” reply is required where no shareholding is applicable].

Full Name & Surname	Position	ID Card / Passport No	Shareholding	Rights
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

4.00 SECTION 4 – OTHER BUSINESS INTERESTS

On the supplementary sheets, kindly provide answers to the following questions for each of the individuals mentioned in Section 2 above [“NIL” returns are also required where applicable].

(i) Are you a director, officer or employee of any companies or corporations engaged in relevant activities to that of the applicant Member?

YES

NO

If YES, please provide details.

(ii) Do you have any controlling interest, directly or indirectly in any public company?

YES

NO

If YES, please provide details.

5.00 SECTION 5 - DECLARATION

Declaration by Applicant

1. We / I declare that the information contained in this application is complete and correct.
2. We / I declare that the Member, his officers and employees are aware of the provisions of the Act, any regulations made thereunder and the Bye-laws that may be in force from time to time and will comply with and be bound by all such relevant provisions.
3. We / I declare that the Member shall be responsible for and be bound by all the actions and omissions of its officers and employees in their activities in connection with Malta Stock Exchange plc.
4. We / I declare that the Member shall keep Malta Stock Exchange plc notified of any significant changes in the information supplied in this application which occur after the date of submission of the application and prior to receiving notification of the Malta Stock Exchange plc's decision.
5. We / I declare that the applicant has presented Personal Questionnaires to the Competent Authority and has received appropriate approvals in respect of the officers mentioned in Section 2 and Section 6 of this application, except for _____.

Name in Blocks

Name in Blocks

Signature: _____

Signature: _____

Designation: _____

Designation: _____

Signed on behalf of:

[name of applicant member] _____ on [date] _____.

6.00 SECTION 6 - TRADERS

6.01 Attached please find ____ application/s in respect of [names] _____

who have been appointed by the applicant to act as traders on its behalf

[Board Resolution Ref No _____ dated _____].

7.00 SECTION 7 - FEES

Attached please find :

Cheque No : _____

Bank: _____

Dated : _____

Amount : _____

in respect of Membership / trader fees in terms of Exchange Notice:

No 1 – Fees & Other Charges.

ADDENDUM

1. The Central Bank of Malta should complete only Sections 1.01, 1.03, 2.04, 2.05, 5.00, 6.00 and 7.00.
2. The Board of the Malta Stock Exchange plc may exempt prospective applicants from completing any of the Sections of this application.



MALTA
STOCK EXCHANGE

Appendix 3.2

APPLICATION FOR TRADERS

3.2 APPLICATION FOR TRADERS

How to use this Application Form

1. Applicants must submit a completed Application Form together with any supporting documents to :

The Chief Executive
Malta Stock Exchange plc
Garrison Chapel
Castille Place
Valletta VLT 1063
2. The application should be read in conjunction with the Financial Markets Act [Cap 345 of the Laws of Malta] and any regulations made thereunder and the Bye-laws of Malta Stock Exchange plc [available on www.borzamalta.com.mt].
3. Applications will only be considered provided that all relevant sections have been duly completed and supporting documents have been appended.
4. A separate application must be completed for each individual nominated trader.
5. Should space provided not be sufficient, additional information may be entered on a separate sheet with the heading "Continuation to Section ____", duly signed and dated.
6. Misleading or incorrect information on any material point will render the application invalid.
7. All information submitted in the application is for the sole use of the Exchange and will not be divulged to third parties other than the Competent Authority as deemed appropriate.
8. If such application is being submitted with an application for Membership, Sections 3, 4 and 5 do not need to be completed.

SECTION 1 - APPLICATION

We [Member] _____
hereby apply to appoint [name of candidate] _____
as a trader to represent our Firm on the Floor of the Malta Stock Exchange plc.

Signature (Member) _____

Name in blocks _____

Date _____

Address of Member _____

Telephone No _____

E-mail _____

I.S.A. License Reference No.

Or equivalent authorisation _____

Issued on _____

SECTION 2 – PERSONAL DETAILS OF CANDIDATE

2.01

Surname _____

Name _____

Title _____

Identity Card No/Passport No. _____

[Please append copy of Identity Card/Passport]

2.02

Position [if any] of candidate held with Member _____

since [date] _____.

2.03

Date of Birth _____

Place of Birth _____

ID No/Passport _____

Nationality (of ID/Passport) _____

2.04

Academic / Professional Qualifications : _____

SECTION 3 - SHAREHOLDING

Give details of the shareholding in the Member firm on whose behalf the trader will be acting and any voting rights attached thereto of the applicant trader ["NIL" replies are also required].

Shareholding

Rights

SECTION 4 – OTHER BUSINESS INTERESTS

On Supplementary Sheets, kindly provide answers to the following questions.

1. Are you a director, officer or employee of any companies or corporations engaged in relevant activities to that of the applicant Member?

YES

NO

If YES, please provide details.

2. Do you have any controlling interest, directly or indirectly in any public company?

YES

NO

If YES, please provide details.

SECTION 5 - FEES

Attached please find :

Cheque No : _____

Bank: _____

Dated : _____

Amount : _____

in respect of trader fees in terms of Exchange Notice No 1 – Fees and Other Charges.

SECTION 6 – DECLARATION BY PROSPECTIVE TRADER

I, _____ declare that the answers to the above questions are true in all respects.

Signature : _____

Date : _____

SECTION 7 - DECLARATION BY MEMBER SUBMITTING APPLICATION

1. We declare that the information contained in this application is complete and correct.
2. We declare that _____ [name of trader] is aware of the provisions of the Act, any regulations made thereunder and the Bye-laws that may be in force from time to time and will comply with and be bound by all such relevant provisions.
3. We declare that we will be responsible for and bound by all the actions and omissions of _____ [name of trader] in his / her activities in connection with the Malta Stock Exchange plc.
4. We declare that we will keep the Malta Stock Exchange plc notified of any significant changes in the information supplied in this application which occur after the date of submission of the application and prior to receiving notification of the Exchange's decision.

Name in Block Capitals

Name in Block Capitals

Signature _____

Signature _____

Designation _____

Designation _____

Signed on behalf of [name of Member] _____

on [date] _____.

ADDENDUM

- The Central Bank of Malta is exempted from completion of Sections 3 and 4 of such application.
- The Board of Malta Stock Exchange plc may exempt prospective applicants from completing any of the sections of this application.



MALTA
STOCK EXCHANGE

Appendix 3.3

APPROVAL OF MEMBERSHIP

3.3 APPROVAL OF MEMBERSHIP MALTA STOCK EXCHANGE



The Board of Directors of Malta Stock Exchange plc hereby grants Membership to:

[Name of Member Firm]

of _____

[Registered Address of Member Firm]

for the purpose of carrying out the business of stockbroking on the Malta Stock Exchange as defined under the Investments Services Act [Chap. 370 of the Laws of Malta].

Signed on this the _____ day of the month of _____ of the year _____.

Chief Executive

Company Secretary

Ref: MSE/XXX/00/YY



MALTA
STOCK EXCHANGE

Appendix 3.4

APPROVAL OF TRADER

3.4 APPROVAL OF TRADER MALTA STOCK EXCHANGE



The Malta Stock Exchange plc hereby grants authority to

[Name of Trader]

having ID Card No./Passport No. _____ to act as trader on behalf of

[Name of Member firm]

for the purpose of carrying out the business of stockbroking on the Malta Stock Exchange as defined under the Investments Services Act [Chap. 370 of the Laws of Malta].

Signed on this the _____ day of the month of _____ of the year _____.

Chief Executive

Senior Manager Compliance & Market

Ref: MSE/TRD/XXX/00/YY



PROCEDURES IN RESPECT OF MEMBER & USER SET-UP

3.5 Procedures in respect of Member & User Set-Up

Below please find procedures in respect of Member and User set up.

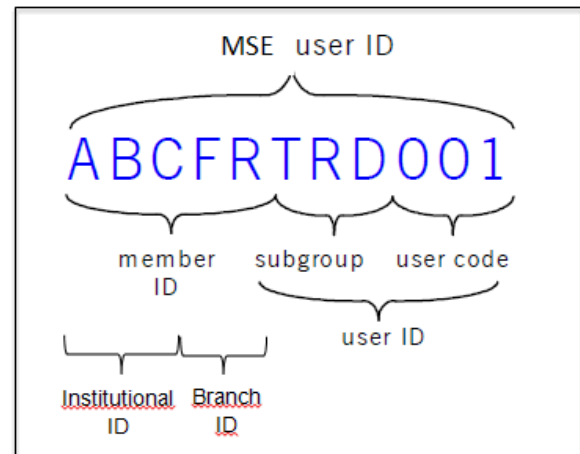
Kindly note that these notes which outline particular areas that are specific to the Malta Stock Exchange should be read in conjunction with Bye-Laws 3.03.01 – 3.03.03 and the DBAG Security Administration Manual.

1.0 Set-Up of user Groups

Once a member has been set up by DBAG Clearing Data, only the Security Administrator is created automatically. The person assigned as Security Administrator will then be responsible to set up any other Users including additional Security Administrators.

The naming convention of Member IDs is at the discretion of the Exchange. The Security Administrator shall be responsible for the naming convention of all new Users whether these are set up in the “live” or “simulation” environment.

An MSE User ID consists of 11 characters and 4 components as illustrated in following diagram:



Member ID (5 characters) - A Member ID is made up of an Institutional ID and a Branch ID. The Institutional ID is made up of the Member Code while the Branch ID is “MT”. Therefore, if the Member code is “MSE” the Member ID would be “MSEMT”.

User ID (6 characters) - A User ID is made up of a Subgroup and a User Code:

Subgroup (3 characters) – The subgroup is reflected by characters 6 to 8 and defines the access of a trader to a joint order book.

User Code (3 characters) – The User Code is reflected by characters 9 to 11.

For example, Subgroup is set as “TRD” and User Code is set as “001” or “ABC” thus resulting in a User ID “TRD001” or “TRDABC”.

It is important to note the significance of the Subgroup as this is what enables traders to view and modify any orders of the same member. (For this to be possible each trader must also be a senior trader. Please refer to User Entry – Attributes below.) Thus, for two traders to view and modify each other's orders, the Subgroup must be the same for both.

The User ID for the Security Administrator created on Member setup is always "MBRSPV". When setting up additional Security Administrators it is preferable to keep to the User Subgroup ID "MBR" and the first two characters of the User Code "SP_". The third character is to be determined by the Security Administrator.

Following the above example the MSE User ID for the Security Administrator created automatically on set up would be "MSEMTMBRSPV". The MSE User ID for the trader in the above example would be "MSEMTTRD001" or "MSEMTMSEABC". The MSE User ID is the ID to be used for log in purposes into the Xetra Trading Platform.

Other naming conventions for User IDs found in the Security Administrator Manual are not binding on the MSE and therefore not binding on any of its Members.

For new Members the Member ID will be determined by the MSE and communicated to the Member accordingly.

New Traders / Security Administrators setups must be made by the authorised Security Administrator and upon approval are subsequently activated by DBAG on the instructions of the MSE

2.0 User Entry - Attributes

General

Three attributes are applicable under this section. These are Agent, Proprietary and Designated Sponsor. Agent and Proprietary can be chosen simultaneously while Designated Sponsor applies when a Member is acting as a Market Maker. Liquidity Manager, Issuer, Liquidity Provider and BEST Executor are not applicable to the MSE.

Seniority

The Senior attribute gives the trader the right to inquire, modify and delete orders of the other traders within the same subgroup.

Default BEST Executor Service

Not Applicable

Settlement Information

Default Settlement Location: Standard value is set as "CBF" but may vary according to applying Member.

Default Settlement Account: Standard value is set as "7707" but may vary according to applying Member.

Maximum Order Value: Defines the maximum order value per user. If order value is to be unlimited set this value to a maximum of: "999,999,999,999.000"

3.0 User Entry - Authorizations

The Security Administrator must also select the various functional access rights to Users. The Resource Access Level Profiles for different Users vary according to whether the

User is a Security Administrator, Trader, Trader - No OTC, Trader - OTC only or Designated Sponsor. For guidance on these different setups kindly contact Compliance & Market Operations Office at the MSE.

4.0 Assignment of Heartbeat-Access Rights

Not applicable.

5.0 Assignment of Instrument Groups

Instrument Groups for Malta Stock Exchange plc are “MSE0” - (Equities), “MSB0” - (Treasury Bills), “MSB1” - (Government Bonds) and “MSB2” – (Corporate Bonds). Instrument Groups may be modified, deleted or new one’s added from time to time.

Instrument Groups will be assigned to each Member by the MSE depending in which type of securities each Member is allowed to trade.

It is the responsibility of each Security Administrator to assign these instrument groups to individual subgroups within the Member Firm. This function is done through the Subgroup Assignment Maintenance Window. Changes in instrument group assignments will be effective on the next trading day.

There is no need to make any changes in instrument group assignment when new securities are added/removed from existing instrument groups. The Security Administrator therefore, need not make any changes when a new Treasury Bill, equity or bond is admitted to trading under an existing instrument group.

The MSE will inform Members accordingly should any securities become tradable under new instrument groups.

6.0 Subgroup License Maintenance & Default Best Executor Assignment

Assignment as a Designated Sponsor is applicable for trading on MSE – Xetra only where a Member is authorised as a Market Maker. Assignment as Liquidity Manager, Best Executor, Issuer and Specialist are not applicable for the MSE.

7.0 Activation of Users

Assignment as Security Administrator or Information User are effective immediately upon set up. No further authorizations are required from the MSE and/or DBAG.

Other Users, mainly Trader, Trader – No OTC, Trader – OTC Only and Designated Sponsor will require authorisation from the MSE for DBAG to activate such assignment of rights. While rights such as those available to an Information User would still be effective immediately once set up, only activated user IDs would be able to trade.

8.0 De-activation of Users

An appointed Trader’s Log-in shall immediately be de-activated :

- upon notification of resignation of an appointed Trader by a Member Firm ; or
- should the Malta Stock Exchange become aware that an appointed Trader has resigned the position within the Member Firm.



MALTA
STOCK EXCHANGE

Appendix 3.6

MEMBERS' CODE OF CONDUCT

3.5 Member' Code of Conduct

Section 1 - General Principles

1.1

The purpose of this Code of Conduct [hereinafter the Code] is to protect the interest of investors and to ensure that a Member conducts his business in a manner which contributes to the maintenance of a fair and orderly market in securities.

1.2

A Member shall at all times comply with the following principles in the conduct of his business by:

a. Honesty and Fairness

- (i) observing professional standards of integrity and fair dealing;
- (ii) at all times acting honestly and fairly and in the best interests of his clients; and
- (iii) ensuring that he conducts his business in such a manner as to contribute to the maintenance of a fair and orderly market.

b. Diligence

- (i) acting with due skill, care and diligence in the best interest of his clients and the integrity of the market.

c. Capabilities

- (i) taking all necessary steps to ensure that all his employees are fit and proper persons to deal in securities business;

d. Information about Clients

- (i) taking all reasonable steps to obtain sufficient financial and other information from each client, as is relevant to the services to be provided by the Member in respect of trading as well as to ensure compliance with its obligations as subject persons under the PMLA, the PMLFTR and the Implementing Procedures.

e. Information for Clients

- (i) making adequate disclosure of all information relevant to his dealing with and on behalf of that client; and
- (ii) strictly avoid making any misleading or deceptive representations to his clients.

f. Client Priority

- (i) avoiding to treat a client's interests as subordinate to his own and to ensure that his clients are at all times treated fairly.

g. Conflicts of Interest

- (i) taking all reasonable steps to avoid conflicts of interest and where such conflicts cannot reasonably be avoided, taking all reasonable steps to ensure that clients are at all times treated fairly.

h. Compliance

- (i) complying with all regulatory and Exchange requirements applicable to the conduct of his business so as to promote the best interests of the clients and the integrity of the market; and
- (ii) having in place internal procedures dealing with customer complaints.

i. Confidentiality and Professional Secrecy

- (i) complying with all regulatory and Exchange requirements as regards professional secrecy and confidentiality of Exchange information.

Section 2 - Practical Application of the Principles

2.1 Honesty and Fairness

- a. In the course of business, a Member must not
 - (i) create, by any means and in any financial instrument, any fictitious order or transaction either on his own or in collaboration with others;
 - (ii) disclose or utilise, with a view to making a profit or to take any other material advantage, any confidential information which he has obtained by virtue of his business relationship either with listed companies or with prospective listed companies where the Member is acting as a sponsoring stockbroker;
 - (iii) create a false market by bringing about a movement in the price of a security using contrived factors such as collaboration between buyer and seller calculated to create a movement of the price of the security not justified by the assets, earnings or prospects related to that security;
 - (iv) effect, directly or indirectly, a series of transactions in any security on the Exchange creating actual or apparent active trading in such security for the purpose of inducing the purchase or sale of such security by others;
 - (v) employ any device, scheme or artifice with the intention to mislead or to defraud;

- (vi) engage in any act, practice or course of business which would operate as a fraud or deceit on any person;
- (vii) make any untrue statement of a material fact or omit to state a material fact either recklessly or with the intent to mislead; and
- (viii) solicit, accept, offer, or give any gift or inducement from or to a client or prospective client which is likely to cause the recipient to treat the giver favourably or unfairly with regard to third parties.

2.2 Diligence

- a. A Member shall take all reasonable steps to execute at the earliest opportunity, orders of clients in accordance with the instructions of such clients.
- b. A Member shall always execute orders of clients on the terms which are the best available.
- c. In dealings where a Member provides investment advice, a Member shall make no recommendation to, nor enter into a transaction for, a client unless such recommendation or transaction is appropriate and suitable for such client having due regard to the facts disclosed by the client and other facts or matters relating to the client which the Member is or should be aware of through the exercise of due diligence.

2.3 Capabilities

- a. A Member must ensure initially and on a continuing basis that any person he appoints to deal with clients or other members, is fit and proper and otherwise qualified, (either by having the relevant professional training or through experience) to act for him in the capacity so appointed.

- b. A Member must ensure initially and on a continuing basis that he has adequate resources to monitor and enforce compliance with professional standards of integrity and fair dealing by his employees and persons appointed by him to deal with clients or other members.
- c. A Member must ensure that he has, at all times, satisfactory internal control procedures which can be reasonably expected to protect his clients, other members and his operations from financial loss arising from theft, fraud, or other dishonest acts, professional misconduct or omissions.
- d. A Member must at all times possess the financial and operational capabilities which would enable him to properly conduct his business.

2.4 Information About Clients

- a. The principle set forth in Article 1.2 (d) represents a continuing obligation imposed upon Members who should also, in this respect, comply with any provisions of the PMLFTR, issued from time to time under the PMLA, the Implementing Procedures and any Guideline(s) which may be issued by the Exchange from time to time.
- b. In order to protect himself, fellow Members and the market, if a Member cannot satisfy himself of the identity of a client, he must decline to act for that person.
- c. The Exchange may prescribe, from time to time, certain minimum requirements in respect of the information Members are required to obtain from existing or prospective clients. As a minimum, the Member shall at least obtain the following details for each client:

In case of individuals

- (i) full name, place and date of birth, identity card number, address and nationality;

- (ii) satisfactory evidence regarding (a) the identity of the client by way of an identity card, passport, or any other official document which uniquely identifies the client and (b) the residential address of the client by way of an identity card, residence card, utility bill, police conduct certificate, or any other document as may be mentioned in any guidance document issued by the FIAU;
- (iii) written instructions from the client setting forth the terms and conditions under which the Member will render services to the client;
- (iv) sufficient details, and on a risk sensitive basis documentation, on the source of wealth, source of funds, employment/profession;
- (v) PEP declaration; and
- (vi) sufficient detail on the financial situation, investment knowledge and experience, objectives and risk tolerance of a client as is relevant to the services to be provided by the Member.

In case of body corporate

- (i) full name, date of incorporation, registered address, country of incorporation of the body corporate;
- (ii) satisfactory evidence to verify (i) the body corporate by way of official documents, (ii) the legal status of the body corporate, (iii)(a) the identity of the ultimate beneficial owners of the body corporate by way of an identity card, passport, or any other official document which uniquely identifies the individual client and (b) the residential address of the client by way of an identity card, residence card, utility bill, police conduct certificate, or any other document as may be mentioned in any guidance document issued by the FIAU;
- (iii) evidence that the beneficial ownership information of the body

- corporate has been filed with the competent authority;
- (iv) satisfactory evidence to verify (i) the identity of the authorised signatories of the body corporate by way of an identity card, passport, or any other official document which uniquely identifies the individual client and (ii) the residential address of the client by way of an identity card, residence card, utility bill, police conduct certificate, or any other document as may be mentioned in any guidance document issued by the FIAU;
 - (v) where the authorised signatories are not directors, satisfactory evidence that the authorised signatories have been appointed to represent the body corporate;
 - (vi) full name, date and place of birth, residential address, nationality and identification number of all the directors of the body corporate;
 - (vii) PEP Declaration on the ultimate beneficial owners of the body corporate;
 - (viii) sufficient information about the source of wealth (i.e. the activities) and the source of funds of the body corporate.

The above information and documentation is not exhaustive and the Exchange may request additional information, documentation and/or data from the Member in respect of the client.

- d. The Member may be requested by the Exchange to disclose information, documentation and/or data in relation to the account holder and/or underlying clients (in case where the Member is acting as nominee). In order to ensure compliance with its legal obligations, the Exchange may also request from any Member any of the information obtained on their existing or prospective clients. The Member must, immediately upon request, provide the Exchange with the requested customer due diligence information, documentation and/or data obtained by the Member on the underlying client. The Exchange may also require the completion of certain application forms. Such application forms shall be completed by the client and forwarded to the Exchange by the relevant Member.
- e. To the extent applicable, the Member should ensure that all information, documentation and/or data in relation to the customer is correct, accurate and up to date.

2.5 Information for Clients

- a. A Member must provide clients, on request, with adequate information about his Member firm including his business address, any relevant conditions or restrictions under which the Member conducts his business, and the identity and status of employees and others acting on his behalf with whom the client may have contact prior to or at the time of entering into a Client Agreement with a client but such information need not be contained in the Client Agreement.
- b. All agreements for services between a Member and a client must be in writing and must set out in sufficient detail the basis upon which those services are to be provided. Such an agreement, and any other communication, must not remove or seek to remove, exclude or restrict any rights conferred on clients or any liabilities of a Member to a client, under any Article contained in the Act or the Bye-laws.
- c. After a Member has carried out a transaction for a client, he must promptly confirm with the client in writing the essential features of the transaction including the date and time of the transaction, the name of the securities involved, the price paid or received, the quantity purchased or sold and any other fees or commissions payable.
- d. Where a Member deals with or advises a client, he must fully disclose all relevant facts, including details of the

remuneration attributable to the dealing or to the provision of advice.

- e. Any agreement, communication, notification or information provided by a Member to a client shall be presented fairly and clearly.

2.6 Client Priority

- a. A Member shall handle orders of clients fairly and in the order in which they are received, and ensure that such client orders have in all cases priority over orders for his own account.

2.7 Conflicts of Interest

- a. Where a Member has a material interest in a transaction to be carried out on behalf of a client, or a relationship which gives rise to an actual or a potential conflict of interest in relation to such transaction, he must neither advise, nor deal, in relation to the transaction unless he has :
 - (i) fairly disclosed that material interest to the client and received such client's consent in writing; and
 - (ii) has taken all reasonable steps to ensure fair treatment of the client.

2.8 Compliance

- a. A Member shall take all reasonable steps including the establishment and maintenance of all necessary procedures, to ensure that his employees act in conformity both with their own, as well as with the Member's relevant responsibilities under the applicable law, any regulations made thereunder and these Bye-laws.
- b. A Member shall put in place the necessary procedures to ensure that :
 - (i) complaints from clients relating to his conduct or to his dealings on behalf

of clients, are handled in a timely and appropriate manner;

- (ii) prompt steps are taken to investigate and respond to or to remedy the complaints; and
 - (iii) where the complaint is not or cannot be remedied promptly, the client is advised of any further steps which may be available to the client.
- c. A Member shall take reasonable steps, including the establishment and maintenance of procedures, to ensure that all relevant information about his business is recorded and retained.
 - d. A Member shall at all times be responsible for the acts or omissions of his employees and agents in respect to the conduct of his business.

2.9 Confidentiality and Professional Secrecy

- a. A Member (or his employees) who comes into possession of price-sensitive information in exercising his profession or carrying out his duties, where such information is not yet public and where it relates to a company or to the market in its securities, or to any event of general interest to the market, should refrain from carrying out, directly or indirectly, any transaction in which such information is used, and should refrain from passing on the information to another person, until the information becomes public.
- b. Information entrusted to a Member or acquired by reason of his profession, constitutes a professional secret even if the Member subsequently ceases to exercise such profession.



MALTA
STOCK EXCHANGE

Appendix 3.7

TRADER APPLICATION PROCEDURE

3.7 Traders Application Procedure

Approved Members

Any approved member seeking to have additional employees approved as traders must:

1.1 Submit a completed Application for Traders form (Appendix 3.2) for each prospective new trader together with the respective fees.

1.2 Where applicable notify Compliance & Market Operations when a prospective trader is to commence training under the supervision of an Approved Trader. This is done via the Prospective Trader Notification Form (Appendix 3.8)

For the purpose of the above an Approved Trader shall mean a trader who has been approved for at least one year and who has been actively trading during the last six months prior to the date of this notification.

1.3 Submit a completed Prospective Trader Competency Declaration (Appendix 3.9) after at least one month has elapsed from the date of commencement of supervised training.

1.4 Submit to any test that the Exchange might consider relevant in accordance with Bye-Law 3.04.10.

Where points 1.2 and 1.3 are not applicable the prospective trader must:

1.5 Undergo a short period of training provided either at the Exchange premises or electronically via the trading simulation environment.

1.6 Undergo any other training as may be required from time to time.

1.7 Submit to any test that the Exchange might consider relevant in accordance with Bye-Law 3.04.10

Prospective New Members

Prospective new members seeking approval for prospective traders are subject to all the above requirements except for points 1.2 and 1.3.

The Exchange will determine if a prospective trader is competent or otherwise, subject to all or part of the above requirements being adhered to, depending on each individual prospective trader application, and any specific circumstances surrounding it.

The Exchange may also request additional confirmations and / or declarations if deemed necessary for a particular applicant.



MALTA
STOCK EXCHANGE

Appendix 3.8

PROSPECTIVE TRADER NOTIFICATION FORM

3.8 PROSPECTIVE TRADER NOTIFICATION FORM

MALTA STOCK EXCHANGE



We (Member) _____ would like to notify that (name of prospective trader) _____ holder of ID Card

No. / Passport*: _____ would be undergoing training under the supervision of (name of

Approved Trader) _____, User ID _____ as from

(date) _____.

Compliance Officer

[Name & Surname]

[Signature]

Approved Trader

[Name & Surname]

[Signature]

Prospective Trader

[Name & Surname]

[Signature]

*Kindly attach a copy of a valid Identity Card / Passport.



MALTA
STOCK EXCHANGE

Appendix 3.9

PROSPECTIVE TRADER COMPETENCY DECLARATION

3.9 PROSPECTIVE TRADER COMPETENCY DECLARATION

MALTA STOCK EXCHANGE



We (Member) _____ declare that Prospective Trader

(Name & Surname) _____ holder of ID Card/Passport

No. _____:

1. Has been working under the supervision of the Approved Trader for a period of not less than one (1) month which has commenced on _____ (please insert date) or has undergone a period of training and has reached a high level of competency with the trading platform's functionality.
2. Has achieved a high level of competency as regards to the Match & Allocation Process and any other related procedures.
3. Is aware of the provisions of the Act, any regulations made thereunder and the respective Bye-laws particularly Chapter 3 & Chapter 4 including the Members' Code of Conduct.

Compliance Officer

[Name & Surname]

[Signature]

Approved Trader

[Name & Surname]

[Signature]



MALTA
STOCK EXCHANGE

CHAPTER 4

TRADING

PROCEDURES AND

REGULATIONS

TRADING PROCEDURES

4 - TRADING PROCEDURES AND REGULATIONS

4.00 General Conditions

Trading Sessions

4.00.01 Market trading sessions [“trading sessions”] shall be held on such days as the Board shall from time to time determine by Exchange Notice.

4.00.02 Market open and closing times shall be established by the Exchange and may be different for each category of listed financial instruments traded on the market. No transactions may be effected before the opening signal or after the closing signal.

4.00.03 Trading sessions will be split into the following stages:

- Pre-trading phase
- Main trading phase – Continuous trading with Auctions – starting with an opening auction and ending with a closing auction. In the case of securities where Volatility Interruptions are applicable, continuous trading may be interrupted by intra-day auctions
- Post-trading phase

Trading Restricted to Trading Session

4.00.04 Subject to the provisions set out in the Act and any regulations made thereunder, purchases and sales of listed financial instruments taking place on-market must be transacted during a trading session thereof. Unless otherwise prescribed by the Exchange, all financial instruments shall be traded using the XETRA trading platform [“XETRA”] in terms of these Bye-laws and procedures established by the Exchange for XETRA in

accordance with the Trading Procedures set out below in bye-laws 4.07.01 – 14.07.17 below and to the Market Model Principles set out in Appendix 4.1.

Access to Trading System

4.00.05 Access to the Trading System is limited to:

- approved traders
- designated Exchange personnel, and
- any other person duly approved by the Exchange

Power to Deny/Terminate access

4.00.06 The Exchange has the right to suspend for a definite period or indefinitely, as well as deny or terminate access to the trading system of any Member and/or his approved trader/s should the Member and/or his approved trader/s be in default of his contractual obligations or has failed to pay the appropriate fees in terms of Exchange Notice 1 – Fees & Other Charges, or has failed in any way to satisfy the provisions of the Act, any regulations made thereunder or the Bye-laws.

4.00.07 A Member shall not be entitled to claim against the Exchange or officers of the Exchange or any person appointed or delegated by the Exchange, for any loss or damages related to their functions executed in good faith under the above Bye-laws.

Trading Regulations

4.00.08 The rules regarding trading on XETRA are set out in Section 4.07.00 below and the Market Model Principles outlined in Appendix 4.1

TRADING PROCEDURES

4.01 Client Instructions

Instructions from Clients

4.01.01 It is the responsibility of Members

- to ensure that they have received bona fide instructions from clients,
- to have effective procedures in place to identify and verify the persons from whom they take instructions to effect transactions,
- if, the person from whom instructions are received is acting for and on behalf of someone (i.e., an agent), to have effective procedures in place to identify and verify the agent as well as the customer, and
- to have effective procedures in place to conduct all the necessary customer due diligence as prescribed under applicable law and any relevant Guidelines issued in this respect.

4.01.02 Members acknowledge that the Exchange may request the Member to disclose information, documentation and/or data in relation to the customer due diligence information, documentation and/or data obtained by the Member on the client and in respect of which transactions have been effected by the Member on behalf of the client. The Member shall immediately disclose to the Exchange all customer identification and due diligence analysis and records upon request. Furthermore, Members shall be duty bound to immediately alert the Exchange in relation to any circumstance calling for Enhanced Due Diligence measures in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations.

4.01.03 Instructions may be received from clients:

- directly on completion of the appropriate Instruction Form, duly signed,

- by completing the appropriate Instruction Form but utilizing Authorised Intermediaries, duly signed by the Authorised Intermediary,
- through their appointed attorney and in accordance with terms set out in the relevant Power of Attorney, or
- in accordance with the Client's Agreement Letter or other express and written client mandate instructions.

Orders must be recorded on a Client Instruction Form. Instruction Forms in respect of orders received over the telephone, facsimile, electronic mail or other means or from overseas clients must be backed up by express, written and signed instructions from the clients.

4.01.04 Client Instruction Forms must at least include the information outlined in bye-law 4.01.11 below.

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4.01.05 All Client Agreement Letters are to include the following standard novation clause in accordance with bye-law 7.06.05:

“In the event that

[name/s of client/s]

do not advance the appropriate funds for settlement to

[name of Member Firm]

or will not be in a position to advance the appropriate funds for settlement, consent is hereby granted to

[name of Member Firm],

for title of the purchased securities which are the subject of the default to be credited to his account”.

4.01.06 Client Instruction Forms, must also include the following statement:
For the purposes of the Financial Markets Act [Cap. 345 of the Laws of Malta], the Prevention of Money Laundering Act [Cap. 373 of the Laws of Malta], the Criminal Code [Cap. 9 of the Laws of Malta], and the Professional Secrecy Act [Cap. 377 of the Laws of Malta], I/we hereby grant my/our consent and authorisation to

name of Member Firm] to:

- Make available to the Malta Stock Exchange upon request, all such documentation, information and/or data as may be necessary for ensuring

compliance with the Prevention of Money Laundering Act and any subsidiary legislations and/or guidance issued thereunder and the Criminal Code; and

- Carry out enquiries into my/our Malta Stock Exchange Account/s kept at the Central Securities Depository or holdings of securities registered at the Central Securities Depository of the Malta Stock Exchange.

4.01.07 At no stage shall a Member offer or bid for financial instruments unless he has a genuine request by a client in accordance with these Bye-laws. The Exchange may ask any Member to prove that a genuine request exists and the Member is required to provide the necessary evidence forthwith.

4.01.08 Trading Members have the responsibility to as far as possible, ensure that prior to executing deals on behalf of a client they are in possession of the latest information about the available balance held by the client in the financial instrument that the trade is to be effected.

Order Log Book

4.01.09 Each Member shall retain an Order Log Book wherein all buying and selling orders must be listed in the order in which they are received and indicating all the information outlined in bye-law 4.01.11 below. The Order Log Book must reflect the sequence in which orders are entered into the trading system.

4.01.10 The Order Log Book may be kept in electronic format. However, for regulatory purposes, a copy highlighting any changes should be printed and duly signed by the trader effecting such changes. Such hard copy may be printed at the end of the business day to encompass all changes effected during that day.

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4.01.11 The Order Log Book shall, at least, contain the following information:

- a sequential order number [this should be cross-referenced to the order received]
- the date and time of receipt of order
- the type of order [purchase or sale]
- the name and/or symbol of the financial instrument to be traded
- the number of shares or nominal value of bonds/stocks/treasury bills [as appropriate] to be traded
- the trading price/limits and any conditions attached thereto
- expiry condition of the order, if any
- client name/s, and
- Date of Birth
- ID/Passport
- Nationality of ID/Passport
- LEI (if applicable)
- Investment Decision Maker
- Client ID
- MSE Account No

4.01.12 Members must verify with the client/s concerned all “open” orders which have not yet been executed, in full or in part, within a period of three (3) months from the date of input into the trading system, or from the date of the last revision of the order, as the case may be. Should the client confirm the original order, an appropriate note must be made on the Client Instruction Form which should be duly initialed by the authorized person.

All “open” orders or unexecuted parts thereof, whether reconfirmed by the client/s or not, will expire automatically after a period of 360

days from the date of input and will be deleted from the trading system. Reconfirmed orders must be re-inputted in the trading system after the expiry of 360 days.

4.01.13 At least on a monthly basis, the Compliance Officer must reconcile and verify the Order Log Book with the Outstanding Orders Report as generated by the trading system and sign in confirmation.

4.02 Functions of the Member

Selling Member

4.02.01 The Selling Member shall use his best endeavours to sell the financial instruments for which he has orders to trade on the first trading day following the receipt of instructions from his client/s and to ensure that his client is the registered holder of the financial instruments to be sold.

Buying Member

4.02.02 The Buying Member shall use his best endeavours to buy the listed financial instruments for which he has orders to trade on the first trading day following the receipt of instructions from his client/s.

4.03 Mistrades

Declaration of a Mistrade

4.03.01 The Exchange may, under certain circumstances, agree to cancel trades and delete them from the electronic trading system where a Member Firm makes a successful application for the cancellation of

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an order book trade. Such trades shall be deemed to be mistrades and shall be so advised to the market.

Conditions applying to Mistrades

4.03.02 The Member Firm objecting to the trade, i.e. the Member Firm applying for a declaration of a mistrade must make such application within ten [10] minutes of the determination of the execution price. In any event, the Exchange will not accept any application for a mistrade unless it is made on the same day provided that no exceptional circumstances prevail.

4.03.03 The application for a declaration of a mistrade must be made, in the first instance, by telephone to the Exchange's Market Operations Office using the relevant contact details advised by the Exchange from time to time.

Determination of a Mistrade

4.03.04 The Exchange shall only declare a mistrade in the following circumstances:

- the order limit price was entered in error and the resulting traded price is considered not to be in line with market conditions; or
- a failure in the technical systems of, or supporting, the order book, but excluding the Member Firm's own systems.

Provided that in the case of an erroneous limit being entered on an order the resulting trade shall not be cancelled if the order has been executed at a price which is in line with market conditions as defined in the Market Model Parameters irrespective of the error in the entry of the order limit.

4.03.05 When an application to declare a mistrade is made by a Member Firm, the Exchange shall, under normal circumstances, determine if the traded price is in line with market conditions for that financial instrument by considering the relevant market prices of the last three[3] months or any other period as may be determined by the Exchange.

4.03.06 If a mistrade application cannot be approved in accordance with the above requirements, an order book trade may be cancelled by agreement between the counterparties to the trade. In these circumstances the parties may effect a de facto cancellation of the trade by executing a corresponding offsetting trade, a contra trade, off the order book [OTC]. In these particular circumstances the Exchange shall not delete the trade for which the original application for a declaration of a mistrade was made.

Power of the Exchange to declare a Mistrade

4.03.07 The Exchange may cancel an order book trade without an application for a mistrade from the counterparties to the trade if the Exchange can identify and determine that the price of the trade in question fulfills the conditions for a mistrade or where the particular circumstances of that trade warrant its cancellation.

4.03.08 The Exchange shall not be liable to any Member Firm or any other party, either directly or indirectly, arising from the declaration of a mistrade.

4.04 Irregular Deals

4.04.01 Any deal which in the opinion of the Exchange is irregular or is in contravention of the Act, any regulations made thereunder or

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the Bye-laws shall be reported immediately to the Chief Executive and to the Competent Authority.

4.04.02 Any trade determined by XETRA is binding on both parties unless it violates any Court Order or any other order issued by a Competent Authority in terms of law, notified to the Exchange at any time prior to the time that such deal is entered into MaltaClear or any other relevant settlement system.

4.04.03 In such circumstances the Exchange may, in its sole and absolute discretion, take any action which is deemed appropriate including that of declaring such trade shall not continue to be processed by the Exchange.

4.05 Trading Delays and Systems Failure

4.05.01 Should a Member Firm encounter a system problem that prevents it from accessing the order book or reporting off-order book trades in order to book financial instruments, the Member Firm shall immediately notify:

- the XETRA Technical Helpdesk immediately by telephone or e-mail using relevant contact details advised by the Exchange from time to time and ensure that a suitably experienced and knowledgeable technical person takes responsibility for communicating with the XETRA Technical Helpdesk, and
- the Exchange's Market Operations Office by telephone using relevant contact details advised by the Exchange from time to time, outlining the difficulties it is encountering,

4.05.02 A Member Firm shall also notify the XETRA Technical Helpdesk and the Exchange's Market Operations Office when its system issues are resolved.

4.05.03 Should on-going issues arise which the Member Firm cannot resolve in a timely manner with the XETRA Technical Helpdesk, the Member Firm will raise such issues with the Exchange's Market Operations Office.

Individuals with authority to cancel orders

4.05.04 All active traders of a Member Firm with access to the electronic trading system shall have the authority to request deletion of all that Member Firm's orders in the event of a system failure as outlined in bye-laws 4.05.01 to 4.05.03 above.

4.05.05 In the event of a system failure, a Member Firm is responsible for the cancellation of its own orders. However, active traders of the Member Firm as indicated Bye-law 4.05.04 above may, by contacting the XETRA Trading Helpline [Market Supervision XETRA] by telephone, or by e-mail, using relevant contact details advised by the Exchange from time to time, request:

- the deletion of all of that Member Firm's orders on the order book; or
- the entry of an order or orders

4.05.06 A Member Firm is obliged to honour any order book trades which are executed prior to the notification of its system problems or which have been placed on its behalf.

4.06 Publication of Prices

Recognized Lists

4.06.01 Recognized lists shall be issued by the Exchange containing the latest transaction information and any other market and Exchange information in accordance with the Exchange's transparency and reporting requirements.

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4.07 Trading Procedures

4.07.01 The general principles governing trading on the regulated market are described below. Detailed procedures are found in the Market Model Principles, appended as Appendix 4.1 to this Chapter.

Validity of Bids and Offers

4.07.02 To be valid, bids and offers must be made:

- during the trading session
- to all Members generally and without discrimination, and
- in the manner prescribed by these Bye-laws and the Market Model Parameters established by the Exchange.

4.07.03 Furthermore, to be valid, an order must include:

- the name, symbol or ISIN No. of the financial instrument to be traded
- whether the order is a buy or a sell order
- the number or volume of financial instruments to be traded
- explicit instructions regarding the trading price
- investment decision maker
- client ID
- any conditions which must be met prior to the order becoming effective, if applicable.

Tick Sizes

4.07.04 Orders must be entered within the defined tick sizes as published from time to

time in accordance with Markets in Financial Instrument Directive 2014/65/EU Article 49.

Minimum Tradable Units

4.07.05 Minimum tradable units [Board Lots] for each security will be determined by the Exchange and will be as set out in the Market Model Principles.

Volatility Interruptions

4.07.06 All trades effected in a financial instrument or group of financial instruments as may be determined by the Exchange from time to time, and as laid out in the Market Model Parameters, shall be executed within volatility interruption limits in accordance with procedures set by the Exchange.

4.07.07 Volatility interruption limits and procedures and applicability may be amended by the Exchange in the light of prevalent market conditions.

Order Types

4.07.08 The following, which are explained in detail in the Market Model Principles, are permitted order types:

- Limit orders
- Market orders
- Market-to-limit orders

Execution conditions – continuous trading

4.07.09 Limit orders, market orders, market-to-limit orders and midpoint orders may be defined by the following execution conditions during continuous trading:

“Immediate-or-cancel”

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Bid/ask orders which are executed immediately and fully or as fully as possible. Non-executed parts are deleted without entry into the order book.

“Fill-or-kill”

Bid/ask orders which are executed immediately and fully or not at all. Should such execution not be possible these orders are deleted without entry into the order book.

“Book-or-cancel”

Bid/ask orders which are placed as resting liquidity in the order book

Once this order surpasses the entry/exit price, it becomes a market order.

Trading restrictions

4.07.10 Limit orders and market orders may be assigned trading restrictions which define during which stage of trading such orders may be traded. Applicable trading restrictions are the following :

“Opening Auction”

Bid/ask orders available for execution only in opening auction

“Closing Auction”

Bid/ask orders available for execution only in closing auction

“Auction Only”

Bid/ask orders available for execution only during auctions

“Accept Surplus”

Bid/ask orders can only be entered and are available for execution during the book balancing phase of an auction

“Main Trading Phase”

Bid/ask orders available for execution only during continuous trading

4.07.11 Limit orders or market orders not limited by a trade restriction will be available for execution during all phases of the trading session. Trading restrictions are not applicable to market-to-limit orders.

Validity constraints

4.07.12 Bid/ask orders may be entered into the order book with the following validity constraints:

“Good-for day”

Bid/ask orders valid only for the trading day on which they are entered into the order book

“Good-till-cancelled”

Bid/ask orders valid until execution, deletion by the respective Member, deletion as a result of corporate actions and other relevant market operations or until reaching the maximum validity period of 360 calendar days, that is, T+359

“Good-till-date”

Bid/ask orders valid until a specified date up to the maximum validity period.

Execution priority

4.07.13 Orders are executed according to a price/time priority during continuous trading.

Modification of orders

4.07.14 In order to change the instrument or buy/sell side, an order must be deleted and entered as a new order.

4.07.15 A new time stamp will be given to an order in the case of the following modifications:

- Changing the limit price

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- Increasing the quantity/volume to be traded
- Increasing the validity period
- Changing the discretionary range
- Changing specific trading restrictions.

4.08 Market Makers

General

4.08.01 The Market Makers Admission Committee may approve at its sole discretion that market making may be conducted in one or more of the financial instruments admitted to trading on any of its markets.

4.08.02 At least two (2) market makers must be approved to conduct market making in one or more financial instruments prior to the Market Makers Admission Committee allowing market making activity in such financial instrument or instruments.

Provided that such requirement for a minimum of two (2) market makers may be waived at the sole discretion of the Market Makers Admission Committee.

4.08.03 When giving due consideration to a waiver under bye-law 4.08.02 above, the Market Makers Admission Committee will take into consideration prevalent market conditions in the financial instruments for which application to act as market maker has been made. In cases where approval has been given for one [1] market maker in a particular financial instrument, such approval will initially be for a period of twelve [12] months. Should no second market maker be approved to deal in the same financial instruments during this period, the Market Makers Admissions Committee will review the situation nine [9] months of such approval

being given and will confirm approval or otherwise by no later than one [1] month prior to expiry of original approval given.

4.08.04 Should a market maker cease, for whatever reason, to provide market making activities in one or more financial instruments with the result that only one (1) market maker is continuing such activities in one or more financial instruments, the Market Makers Admission Committee will allow such activity to continue by the remaining market maker. However, the Market Makers Admission Committee shall review market making activity in such financial instrument/s within one (1) month of the cessation of activity by a market maker and may, at its sole discretion, suspend or revoke approval to the remaining market maker giving not less than one [1] month's notice.

Eligibility

4.08.05 Any person who is a Member of the Exchange and who also holds a Category 3 Licence issued by the Malta Financial Services Authority in terms of the Investment Services Act, 1994, or equivalent authorisation issued by a European Economic Area competent authority, and who has pass-ported its services in Malta in terms of the European Passport Rights for Investment Firms Regulations may be approved by the Exchange to conduct market making activities on one or more financial instruments admitted to trading on any of its markets. Provided that an applicant market maker confirms his adherence to the relevant Bye-laws and related rules and regulations that may be issued by the Exchange from time to time.

Provided further that where appropriate, the Exchange may, at its sole discretion, impose any other condition/s to ensure the efficient operations of its markets and to further safeguard the interest of investors.

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Application procedure

4.08.06 Any person duly licensed in accordance with bye-law 4.08.05 above wishing to apply to provide market making activities in one or more financial instruments admitted to trading on any of the Exchange's markets, may do so on the appropriate Application Form as provided for in Appendix 4.2 to this Chapter.

4.08.07 The Application Form submitted must be duly completed and signed as appropriate and must be accompanied by the following :

- a copy of the Board Resolution or appropriate authority by the governing body of the applicant stating its decision to apply to the Exchange to provide market making activities in one or more financial instruments admitted to trading on any of its markets;
- a copy of the Global Master Securities Lending Agreement [GMSLA] or its equivalent entered into by the Applicant where applicable;
- a copy of the relevant Category 3 Licence or equivalent authorisation as outlined in bye-law 4.08.05 above;
- copies of the Personal Questionnaires, or equivalent documentation, as submitted to the MFSA or other Competent Authority issuing the equivalent authorisation as outlined in bye-law 4.08.05 above;
- any other documentation as may be requested by the Exchange in order to ensure all appropriate information and authorizations are available.

4.08.08 Where an applicant market maker is also applying for membership of the Exchange as required in terms of bye-law 4.08.05 above, the application process and requirements in respect of Membership of the Exchange as outlined in Chapter 3 of these Bye-laws shall apply.

4.08.09 Any Application Form not completed or signed as appropriate and/or not accompanied by the requisite documentation as outlined in bye-law 4.08.07, shall not be processed by the Exchange and will be returned forthwith to the applicant stating the reason for such rejection.

Approval of applications

4.08.10 The Exchange shall set up a Market Makers Admittance Committee to review applications in respect of market making activities, approve or reject applications and to monitor the performance of approved market makers in accordance with these bye-laws.

4.08.11 The Market Makers Admittance Committee shall consider any application received to provide market making services in terms of bye-law 4.08.07 above, within ten [10] working days from the date of receipt provided that all relevant documentation in terms of bye-law 4.08.07 above has been submitted.

4.08.12 The Market Makers Admission Committee shall, at its discretion, grant admission as a market maker to any applicant which meets the Exchange's criteria for eligibility as outlined in bye-law 4.08.05 above.

Prior to granting approval, the Exchange shall, in all cases, obtain confirmation from the MFSA or the Competent Authority of the applicant that it has no objection to the applicant undertaking such activities.

4.08.13 Approval of an applicant as a market maker shall become effective on the date that the appropriate Exchange Notice is issued by the Exchange. Such Exchange Notice shall include

- the name of the approved market maker

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- a list of the financial instruments in which the market maker has been approved to deal, and
- the date from which such dealing shall take effect.

Such notification may, as appropriate, also provide for certain conditions that shall ensure the efficient operation of the market to safeguard the interests of investors.

Rejected applications

4.08.14 The Market Makers Admission Committee may decline to approve an applicant as a market maker, if, in its opinion,

- it does not comply with the eligibility criteria outlined in bye-law 4.08.05 above;
- it has not provided all the necessary information and documentation as required under bye-law 4.08.07 above;
- it is deemed that such approval is not in the interest of the Exchange's market or for any other reason as may be determined by the Market Makers Admission Committee.

4.08.15 The Market Makers Admission Committee shall inform the rejected applicant in writing within ten [10] working days of the receipt of the application of the circumstances such rejection and stating the reasons therefor.

4.08.16 The rejected applicant has five [5] working days from the date of such rejection notice to appeal to the Board of the Exchange against such decision by the Market Makers Admission Committee.

4.08.17 The Board shall, within ten [10] days of receipt of an appeal against a decision of the Market Makers Admission Committee review all relevant processes and

documentation pertaining to the rejected application.

4.08.18 The Board shall inform both the applicant and the Market Makers Admission Committee of its decision in writing within the time frame stipulated in bye-law 4.08.17 above.

4.08.19 Should the Board uphold the decision of the Market Makers Admission Committee the rejected applicant may appeal to the Financial Services Tribunal within the time-frames as stipulated by law.

4.08.20 An applicant whose application has been rejected by the Board following the appeal process outlined in bye-law 4.08.17 above, may not re-submit an application to provide the services of a market maker before the lapse of twelve [12] months from the date of such rejection. Provided that such period following date of reject of application may be reduced should applicant satisfy the Market Making Admissions Committee that it can satisfy the criteria outlined in the above bye-laws.

Resignation, cancellation and suspension of market maker status

4.08.21 A market maker may voluntarily resign its market maker status in all or in one or more of the financial instruments in which it has been approved to provide market making activities by submitting written notice to the Exchange.

4.08.22 The Exchange shall issue appropriate notification of such cessation of market making activities immediately upon receipt. Such cessation of market making activities will come into force within two [2] working days of issue of such notification.

4.08.23 A market maker resigning from market making activities as outlined in bye-law 4.08.21 above may be re-admitted as a

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market maker in such financial instruments upon written request to the Market Makers Admission Committee. No approval for re-admittance shall be given before the lapse of at least twenty [20] working days from the date of resignation.

4.08.24 The Market Makers Admission Committee may, at its sole discretion, suspend for a period or revoke a market maker's approval to provide market making activities should the market maker repeatedly fail in its obligation as outlined in these bye-laws having been previously censured in this regard.

Supplementary Application

4.08.25 A market maker duly approved in terms of bye-law 4.08.01 above, may submit a Supplementary Application as per Appendix 4.3 to this Chapter, to undertake market making activities in additional financial instruments.

The provisions of bye-laws 4.08.01 – 4.08.23 shall also apply to such Supplementary Applications.

Notification

4.08.26 Approval to conduct market making activities, approval of Supplementary Admission Applications, suspension, revocation and cessation of market making activities shall be notified to the market by the Exchange. Such approval, suspension, revocation or cessation of market making activities shall become effective immediately upon such notification being made.

Rights and Obligations of Market Makers

Quotes, spreads and refresh periods

4.08.27 A market maker is obliged to input continuous bid and offer prices in accordance with the minimum quote volume, maximum quote spreads and the minimum refresh period during the continuous trading sessions of the relevant market. A market maker may only enter one quote (bid and offer price) per security at any given time on the market.

4.08.28 Market maker quotes may be entered during normal operating hours of the Exchange and at defined times during the day's trading cycle as may be determined by the Exchange from time to time.

4.08.29 In order for a quote to be valid, a market maker must enter his quote in the appropriate order window of the trading system and must include:

- name of security
- buy price
- sell price
- volume which must at least be equivalent to the minimum quote volume

4.08.30 All quotes will participate in the regular market and will be considered as limit orders and matched and allocated accordingly in terms of the Market Model Principles as outlined in Appendix 4.1 to this Chapter.

4.08.31 The parameters set out in bye-law 4.08.27 above shall be calculated by the Exchange in accordance with the criteria stipulated by the Exchange and notified to the market from time to time.

4.08.32 Such parameters as set out in bye-law 4.08.33 above may be changed by the Exchange from time to time in accordance with the exigencies of the market and it shall

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notify the market within reasonable time accordingly of any such changes.

Reclusion from dealing as principal

4.08.33 A market maker may be precluded from dealing as principal in the financial instruments of an Issuer where the market maker has an interest in either the offeror or the offeree in an acquisition or merger transaction.

4.08.34 Should such circumstances as outlined in bye-law 4.08.33 above prevail, the market maker will not be obliged to maintain quotes in the financial instruments concerned. The Exchange must be immediately notified of such circumstances and will inform the market accordingly.

4.08.35 When such restrictions no longer apply to the market maker concerned, it shall notify the Exchange in writing of its intention, where applicable, to re-commence its market making activities and the Exchange shall in turn immediately inform the market accordingly.

Waiver of obligations

4.08.36 In the light of certain prevalent market conditions, such as, but not limited to, a strong one-way market or exceptional volatility, the ability of the market maker to make a market in certain financial instruments may become restricted. In such circumstances the maximum spreads, minimum quote volumes and the minimum period for maintaining quotes may be reviewed.

4.08.37 Should such circumstances as outlined in bye-law 4.08.36 above prevail, as determined by a particular market maker and previously notified to the Exchange, the market maker may:

- alter the bid/ask spread quoted for a particular financial instrument after the time when it has effected a transaction in that financial instrument or after one [1] minute from the time of the input of the relevant quote, whichever is the earlier, and/or
- reduce the minimum quote volume below that relevant to the financial instrument in question, and/or
- reduce the minimum period for maintaining quotes below that relevant to the financial instrument in question.

4.08.38 A market maker must comply with the normal parameters governing its operations immediately the extraordinary market conditions have abated.

4.08.39 The market maker shall inform the Exchange immediately of the resumption of its normal market making activities and, furthermore, shall provide the Exchange with periodic reports for the duration of its inability to fulfil its market making obligations.

Securities borrowing

4.08.40 In order to continue to satisfy its obligations in terms of these Bye-laws, a market maker may enter into a Global Master Securities Lending Agreement as per Appendix 4.4 to this Chapter with a third party (a securities lender).

4.08.41 A market maker entering into any contract with a securities lender as outlined in Bye-law 4.08.39 above, must lodge a copy of such a contract, and any amendments thereto, with the Exchange together with the application as outlined in bye-laws 4.08.07 and 4.08.08 above.

4.08.42 Any parties entering into any contract with a securities lender as outlined in Bye-law 4.08.36 above must comply with the "Code of

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Guidance on Securities Borrowing and Lending” as per Appendix 4.5 to this Chapter.

Short-selling

4.08.43 Market makers who have not entered into a GMSLA or equivalent and engage in short-selling activities are to comply with the relevant obligations of Regulation [EU] No 236/2012 of the European Parliament and of the Council of 14 March 2012.



MALTA
STOCK EXCHANGE

Appendix 4.1

MARKET MODEL PRINCIPLES

4.1 MARKET MODEL PRINCIPLES

Below please find the underlying principles of the Exchange's Market Model within the XETRA Trading Platform.

1. Trading phases and Time Schedule

The trading phases within Xetra are:

- **Pre-trading phase**
- **Main trading phase** - Continuous Trading with Auctions - Starting with an opening auction and ending with a closing auction. In case of Equities, Corporate Bonds and Malta Government Stocks continuous trading may be interrupted with intra-day auctions due to volatility interruptions.
- **Post trading phase**



Timing schedule for the MSE Regular Market and Prospects MTF – Equities, Corporate Bonds and Malta Government Stocks

Pre-Trading Phase - Starts at 09:00:00 with duration of 30 minutes.

The pre-trading phase precedes the main trading phase. During this phase traders may enter orders but no trades will be effected. Orders with Book or Cancel restrictions will be rejected at this stage. During pre-trading the reference price is either the last price determined during the last auction of the previous day or the last traded price.

Main Trading Phase - Commences at 09:30:00 with:

- **Opening Auction** - Duration of 2 minutes with a random end from 1 to 30 seconds.
- **Closing Auction** - Starts at 15:25:00 with a duration of 5 minutes and a random end from 1 to 30 seconds.
- **Post Trading Phase** - Commences after closing auction at 15:30:01 or later (as this depends on the duration of closing auction for each security) and ends at 16:00:00.

During the main trading phase all orders may be traded. At this stage orders may also be added, modified or deleted.

Continuous trading starts as soon as the opening auction is terminated. The order book at this stage is open. Details such as price limits, accumulated order volumes at each limit and the number of the orders in the book are all visible. Each new order accepted in XETRA at this stage is checked against possible executable orders on the other side of the book.

Orders will be executed according to price/time priority. Orders can be executed in full or in part or not at all.

Orders are sorted in accordance to price/time priority ensuring that buy orders with a higher limit take precedence over buy orders with lower limits and sell orders with a lower limit take precedence over orders with a higher limit. The second criterion 'time' comes into effect in the event of orders sharing the same limit, i.e. the order with the earlier timestamp takes priority. Market orders have priority over limit orders in the order book. Time priority is also applicable to Market Orders.

Time as secondary criterion applies in the event that two orders have the same volume. Therefore, orders entered earlier are treated with priority.

After the trading phase, new orders can be entered and existing orders can be modified or deleted in the post-trading phase. New order entries are taken into consideration in the respective trading form on the following trading day depending on possible execution restrictions and validity constraints. It is also possible to modify trade attributes in the post-trading phase.

Timing schedule for the Treasury Bill Market:

- **Pre-Trading Phase** - Starts at 09:00:00 with duration of 30 minutes.
- **Main Trading Phase** - Commences at 09:30:00 with:
- **Opening Auction** - Duration of 2 minutes with a random end from 1 to 30 seconds.
- **Closing Auction** - Starts at 10:28:00 with a duration of 2 minutes and a random end from 1 to 30 seconds.
- **Post Trading Phase** - Commences after closing auction at 10:30:01 or later (as this depends on the duration of closing auction for each Treasury Bill) and ends at 16:00:00.

Timing Schedule for OTC Trade Reporting (Off-Exchange Trades):

- OTC Trade Reporting is permitted from start of pre-trading phase (09:00:00) to end of post trading phase (16:00:00)

During the whole trading day (pre-trading, trading and post-trading phase), all participants have the possibility to enter OTC

trades in XETRA. In principle, entry is possible for all financial instruments, which are part of the exchange trading in XETRA.

Reversal of OTC trades is also permitted from start of pre-trading until end of post trading.

2. Order Book Transparency

No orders will be visible (closed order book) during the pre-trading and post trading phases

During any auction the order book will be partially closed:

- In the case of an uncrossed order book (No possibility of orders being executed.) the best bid and ask limits are displayed together with the accumulated volumes at the best bid and/or ask limit.
- In the case of a crossed order book (Orders are likely to be executed.) the executable volume for the indicative auction price, the indicative auction price itself and if any the side of the surplus and the volume of the surplus will be displayed.
- During Continuous Trading the order book will be open (open order book).

3. Volatility Interruptions

A volatility interruption is triggered whenever the potential execution price of an order lies outside the dynamic and/or static price range. If this occurs during continuous trading the market status is changed to an auction.

The auction is made up of a call phase and a price determination phase. The call phase during which new orders / quotes can be entered and existing once modified or deleted

has a minimum duration of 2 minutes plus a random end.

During price determination no order modification is possible. This phase only takes a few seconds.

After this period ends the auction price is checked again this time within a new range (Dynamic Price Range X Multiplier).

If the auction price is within this new price range the volatility interruption ends automatically, the trade/s executed and the market goes back to continuous trading.

If the potential auction price lies outside the new price range the auction goes into an extended volatility interruption during which order entry and modification is again permitted.

When a market goes into an extended volatility interruption market state will remain in the extended volatility phase until this is terminated manually by Market Supervision.

Volatility Interruption Parameters

Volatility Interruption Parameters which are mainly the Dynamic Price Range, the Static Price Range and the Multiplier, vary according to instrument type that is Equities, Corporate Bonds and Malta Government Stocks (Volatility Interruptions are not applicable for Treasury Bills.)

Furthermore these parameters also vary according to each instrument's individual

Liquidity Class which is updated on a quarterly basis.

Dynamic Price Range

This price range is based on reference price 1 (See below). As the name implies this price range will be continuously moving.

If the indicative price lies outside the "dynamic" price range around the reference price, the security goes into auction. If at the end of this auction (2mins + random end) that is during Price Determination Phase, the price is still within the defined range (Dynamic price range X Extended Volatility Factor) the reference price will be re-adjusted, the volatility interruption terminated and the security goes back into continuous trading.

Static Price Range

This price range is based on reference price 2 (See below). This is a wider price range than the dynamic price range.

This wider static price range defines the maximum percentage deviation of an additional reference price which generally corresponds to the last price determined in an auction on the current trading day. If this price is not available, the last traded price determined on one of the previous trading days is taken as reference price. Reference price 2 is only re-adjusted during the trading day after auction price determination so that the position of the static price range remains largely unchanged during trading. Executions triggered by midpoint orders do not lead to an adjustment of the reference price.

Extended Volatility Factor

This is the multiplier by which the Dynamic Price Range is multiplied in order to determine the new price range against which

APPENDIX 4.1

the potential market price is checked at the price determination phase.

Trigger of Volatility Interruptions

Volatility interruptions may be triggered by two types of Reference Prices as explained hereunder:

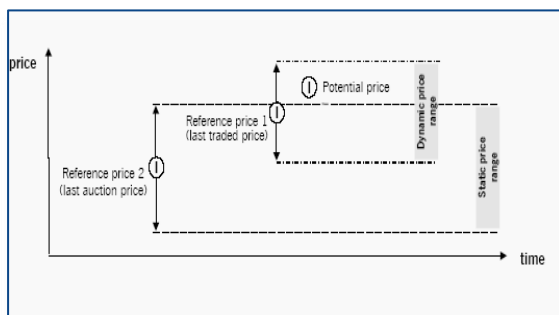
Reference Price

The reference price is the price on which a price range will be based. This can be subdivided into:

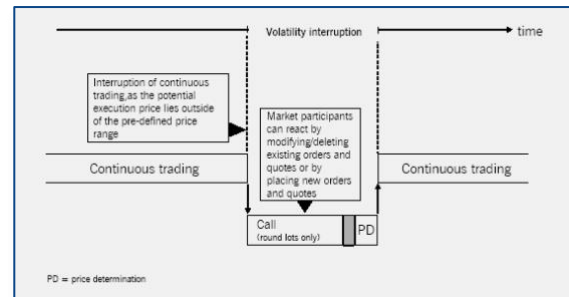
- **Reference Price 1** - The reference price on which the dynamic price range will be based. This price will always be the last traded price.
- **Reference Price 2** - The reference price on which the static price range will be based.

For the opening auction this reference price will be a price determined in an auction or continuous trading on the previous trading day depending on which is the last price for that day.

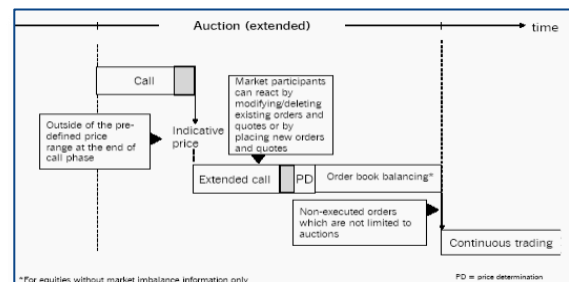
For the current trading day this reference price will only change if a new price is determined in an auction.



Volatility Interruptions during Continuous Trading



Volatility Interruptions during Auctions



Extended Volatility Interruptions

As outlined above Extended Volatility Interruptions do not end automatically but require the manual intervention of Market Supervision based on The Exchange's instructions.

As a general rule when a market goes into an extended volatility phase the procedure adopted is as outlined below:

- The Market Official at Market Operations will verify the "Losing Party" to the potential trade.

The "Losing Party" would be the Buying Member if the potential execution price would be higher than the Reference Price and the Selling Member if the potential execution price would be lower than the Reference Price.

- The respective trader who has entered the respective order is then contacted and he must confirm whether the trade is to be allowed to go through or otherwise. If trade is

not to be allowed the trader should delete the order / orders accordingly.

- The market is afterwards released back to continuous trading.
- Authorization to confirm whether a trade is allowed to go through or otherwise must always be given by one of the Member's approved traders.
- Notwithstanding the above the Exchange still retains discretion to deviate from the above policy depending on the current market situation and any other specific market circumstances that might be applicable.

4. Market Order Interruptions

Market order interruptions can occur during the closing and the opening auctions but not in intraday auctions that only occur due to a volatility interruption.

A market order interruption means that the call phase during an auction is extended by a specific time duration plus random end when there is a market order surplus i.e. there are still market orders or market-to-limit orders (with no limit yet assigned) in the order book at the end of the call phase.

This increases the execution probability of market orders and market-to-limit orders in auctions. Again during this extended call phase order entry and modification is possible.

If a market order interruption is triggered after a volatility interruption in the opening / closing auction the market order interruption will also be subject to the extended dynamic

price range if this is applicable as explained earlier above.

The extended call phase is terminated as soon as the surplus in market orders and market-to-limit orders could be executed or else the extension has expired. The extension of the call phase also ends randomly.

Time duration of the extended call phase is set to 1 minute plus a random end.

5. Order Types

Supported order types are Market Orders, Limit Orders, Market-to-limit Orders, Iceberg Orders, Midpoint Orders and Hidden Orders.

Three Basic Types of orders are admitted for price determination during continuous trading and in auctions:

- **Limit orders (L)** - Bid/ask orders, which are to be executed at their specified limit or better. Limit orders will be the only order type applicable for Treasury Bills.
- **Market orders (M)** - Unlimited bid/ask orders. They are to be executed at the next price determined.
- **Market-to-limit orders (T)** - Unlimited bid/ask orders, which are to be executed at the auction price or in continuous trading at the best limit in the order book, if this limit is represented by at least one limit order and if there is no market order on the other side of the book. Any unexecuted part of a market-to-limit order is entered into the order book with a limit equal to the price of the first partial execution.

6. Execution Conditions for Continuous Trading

Market orders, limit orders and market-to-limit orders in continuous trading can be defined by the following execution conditions:

- **Immediate-Or-Cancel order (IOC)** - This is an order which is executed immediately and fully or as fully as possible. Non-executed parts are deleted without entry in the order book.
- **Fill-Or-Kill order (FOK)** - This is an order which is executed immediately and fully or not at all. If immediate and full execution is not possible the order is rejected without entry in the order book.

Additional execution conditions in continuous trading for Limit Orders:

- **Book-Or-Cancel order (BOC)** - These orders are placed as resting liquidity in the order book in order to ensure passive execution.

If immediate execution is possible the order is rejected with the only exemption from the rule is immediate execution against hidden orders. However the BOC order is still rejected if it triggers a volatility interruption.

Additionally to this BOC orders are deleted when an auction or volatility interruption is triggered and any incoming BOC orders during auctions or volatility interruptions are rejected.

7. Trading Restrictions

Trading Restrictions allow market orders and limit orders to be assigned to auctions,

specific auctions as well as assignment to trading with other specific restrictions. Trading Restrictions with respect to Strike Match Orders are only possible during the Closing Auction.

Trading restrictions include:

- **Opening Auction Only (OA)** - Order only valid in opening auctions.
- **Closing Auction Only (CA)** - Order only valid in closing auctions.
- **Auction Only (AU)** - Order only valid in auctions.
- **Accept Surplus (SU)** - An order with this trading restriction can only be entered during the order book balancing phase of an auction.
- **Main Trading Phase Only (MT)** - Order only executable in main trading phase.
- **Auctions In Main Trading Phase Only (MA)** - Orders executable only in auctions of the main trading phase.
- **End-Of-Day Auction Only (EA)** - Order only executable in the end-of-day auction only.

The Accept Surplus and the End-Of-Day Auction Only are not applicable within the current set-up of our market on Xetra Trading Platform.

8. Validity Constraints

Validity of orders can be:

- **Good-For-Day (GFD)** - Order only valid for the current exchange trading day.
- **Good-Till-Cancelled (GTC)** - Order only valid until execution, deletion by the respective member or reaching the maximum validity period of 360 days, that is 360 calendar

days including the current day (T + 359).

- **Good-Till-Date** - Order only valid until a specified date up to the maximum validity period of 360 days.

By default, order validity is the current business day.

9. Tick Sizes

Tick sizes for the different instrument types are as follows:

- **Equities** - Tick Size (in accordance with Markets in Financial Instrument Directive 2014/65/EU Article 49).
- **Treasury Bills** - Tick Size "0.0001" (4 decimal places)
- **Government Bonds** - Tick Size "0.01" (2 decimal places)
- **Corporate Bonds** - Tick Size "0.01" (2 decimal places)

10. Round lots, Odd lots, Minimum Tradable Unit and Minimum Order Size.

In the Xetra trading platform scenario only round lots are executable during continuous trading while during auctions both round lots and odd lots (odd lots are orders below the round lot size) are tradable.

For MSE Xetra, Round Lots are set the same as the Minimum Tradable Unit. This means that odd lots are practically non-existent in our market.

The Minimum Tradable Unit will reflect the current set-up for each security thus these will remain as follows:

- **Equities** - "1"
- **Treasury Bills** - "1000"
- **Government Bonds** - "1" or "100" (Depending on the security.)
- **Corporate Bonds** - "1", "100" or "1000" (Depending on the security.)

The Minimum Order Size will also reflect the above set-up.

11. Execution Priority

General rule

Orders are executed according to price/time priority.

12. Illustration of Price Determination Processes

12.1 Auctions

12.1.1 Basic Matching Rules

The auction price is determined on the basis of the order book situation stipulated at the end of the call phase. Concerning the price determination in auctions, market-to-limit orders are handled in the same way as market orders

The auction price corresponds to the limit in the order book with the highest executable order volume and the lowest surplus (see example 1).

Should this process determine more than one limit with the highest executable order volume and the lowest surplus for the determination of the auction price, the surplus is referred to for further price determination:

- The auction price is stipulated according to the highest limit if the surplus for all limits is on the buy side (bid surplus) (see example 2).
- The auction price is stipulated according to the lowest limit if the surplus for all limits is on the sell side (ask surplus) (see example 3).

If the inclusion of the surplus does not lead to a clear auction price, the reference price is included as an additional criterion. This may be the case if:

- there is a bid surplus for one part of the limits and an ask surplus for another part (see example 4),
- there is no surplus for all limits (see example 5).

In the first case, the lowest limit with an ask surplus or the highest limit with a bid surplus is chosen for further price determination.

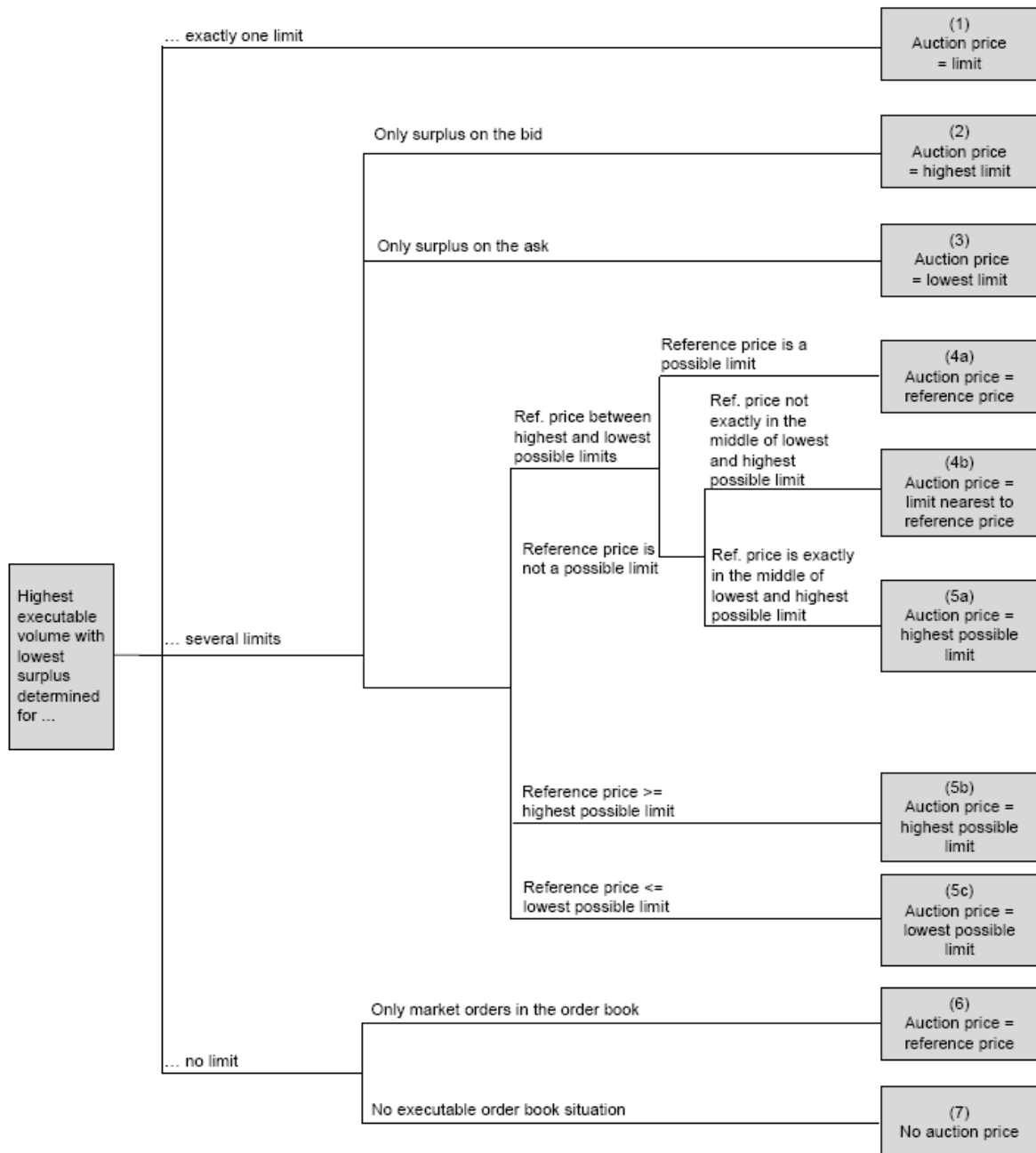
In both cases, the reference price is considered for stipulating the auction price if:

- the reference price is higher than or equal to the highest limit, the auction price is determined according to this limit.
- the reference price is lower than or equal to the lowest limit, the auction price is determined according to this limit.
- the reference price lies between the highest and lowest limit, the auction price equals the reference price.

If only market orders are executable against one another, they are matched at the reference price (see example 6).

An auction price cannot be determined if orders are not executable against one another. In this case, the best bid/ask limit (if available) is displayed, whereby the limit of hidden orders is not considered (see example 7).

The following diagram (next page) gives an outline of how price determination rules affect possible order book situations in an auction. The number in brackets refers to the corresponding example for this rule.



12.1.2 Matching Examples

The following examples are given to clarify the basic matching rules in auctions. In the examples, price determination is carried out using typical order book situations.

APPENDIX 4.1

Example 1: There is only one limit at which the highest order volume can be executed and which has the lowest surplus.

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
Limit	200	200		2.02	500	700		
Limit	200	400		2.01	300	700		
Limit	300	700		2.00		700	100	Limit
		700	100	1.98		600	200	Limit
		700	300	1.97		400	400	Limit

The auction price will be 2.00 according to the limit.

Example 2: There are several possible limits and there is a surplus of demand (bids).

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
Limit	400	400		2.02	100	500		
Limit	200	600	100	2.01		500		
		600	100	1.99		500	300	Limit
		600	400	1.98		200	200	Limit

The auction price will be 2.01 according to the highest limit.

Example 3: There are several possible limits and there is a surplus of supply (asks).

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
Limit	300	300		2.02	300	600		
Limit	200	500		2.01	100	600		
		500		1.99	100	600	400	Limit
		500	300	1.98		200	200	Limit

The auction price will be 1.99 according to the lowest limit.

Example 4: There are several possible limits and there is both a surplus of demand (bids) and supply (asks).

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
Market	100	100		Market	100	200		
		100		2.02	100	200	100	Limit
Limit	100	200	100	1.99		100		
		200	100	Market		100	100	Market

The auction price either equals the reference price or is determined according to the limit nearest to the reference price:

- a) If the reference price is 2.00, the auction price will be 2.00.
- b) If the reference price is 2.03, the auction price will be 2.02.
- c) If the reference price is 1.99, the auction price will be 1.99.

Example 5: There are several possible limits and no surplus available.

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
Limit	300	300		2.02	200	500		
Limit	200	500		2.01		500		
		500		1.99		500	300	Limit
		500	300	1.98		200	200	Limit

The auction price either equals the reference price or is determined according to the limit nearest to the reference price:

- a) If the reference price is 2.05, the auction price will be 2.01.
- b) If the reference price is 2.00, the auction price will be 2.00.
- c) If the reference price is 1.97, the auction price will be 1.99.

APPENDIX 4.1

Example 6: Only market orders are executable in the order book.

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
Market	900	900	100	Market		800		
		900	100	Market		800	800	Market

The auction price equals the reference price.

Example 7: There is no eligible limit as there are only non-executable orders in the order book.

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
				2.01	80	80	80	Limit
Hidden	80	80	80	2.00				
Limit	80	160	160	1.99				

It is not possible to determine an auction price. In this case, the highest visible bid limit (1.99) and the lowest visible ask limit (2.01) are disclosed to market participants.

Additional example: Partial execution of an order in the opening auction.

Bid	Quantity	Acc. Quantity	Surplus	Limit	Surplus	Acc. Quantity	Quantity	Ask
Limit 9:00	300	600	200	2.00		400	400	Limit
Limit 9:01	300							

When two limit orders are available on the bid side at the auction price, time priority determines which of the orders is to be partially executed. In this case, the order with the time stamp 9:00 is executed fully and the order with the time stamp 9:01 is executed partially (100 shares) at an auction price of 2.00. The surplus of 200 shares resulting from the partial execution is transferred to continuous trading provided that the order is not limited to auctions only.

12.2 Continuous Trading

12.2.1 Basic Matching Rules of the Order Book

Each new incoming market or limit order is checked immediately for possible execution against orders on the other side of the order book. Execution takes place according to price/time priority. Orders can be executed in one or more steps, fully, partially or not at all. Thus, each new incoming order may generate one or several trades or none at all. Limit orders with the BOC restriction will be rejected by the order book if immediate execution is possible

Remaining parts of a partially executed market-to-limit order will enter the order book with a limit and a time stamp equal to the price of the executed part. In addition to taking account of price/time priority, price determination in continuous trading is carried out according to the following rules:

Rule 1: If an incoming market order meets an order book with only market orders on the other side, this market order is executed (as far as possible) at the reference price (see example 1).

Rule 2: If an incoming market order, market-to-limit order or limit order meets an order book with only limit orders on the other side, the highest bid limit or lowest ask limit in the order book determines the price (see examples 2, 3, 10, 11, 18, 19).

Rule 3: If an incoming market-to-limit order meets an order book with only market orders, or market and limit orders, or no orders at all on the other side of the book, the market-to-

limit order is rejected (see examples 9, 12, 13).

Rule 4: If an incoming:

- market order meets an order book with market orders and limit orders on the other side (see examples 4, 5, 6, 7), or
- limit order meets an order book with market orders only on the other side (see examples 14, 15, 16, 17), or
- limit order meets an order book with market orders and limit orders on the other side (see examples 21, 22, 23, 24, 25, 26),

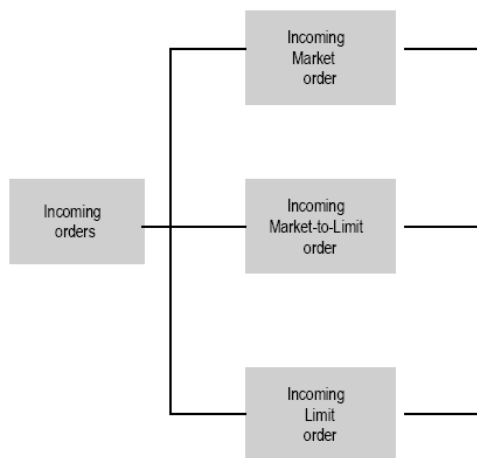
then the incoming order is executed against the market orders in accordance with price/time priority, with respect to non-executed bid market orders at the reference price or higher (at the highest limit of the executable orders), or with respect to non-executed ask market orders at the reference price or lower (at the lowest limit of the executable orders).

Unexecuted market orders in the order book must be executed immediately with the next transaction (if possible). In this case, the following two principles must be taken into consideration for continuous trading:

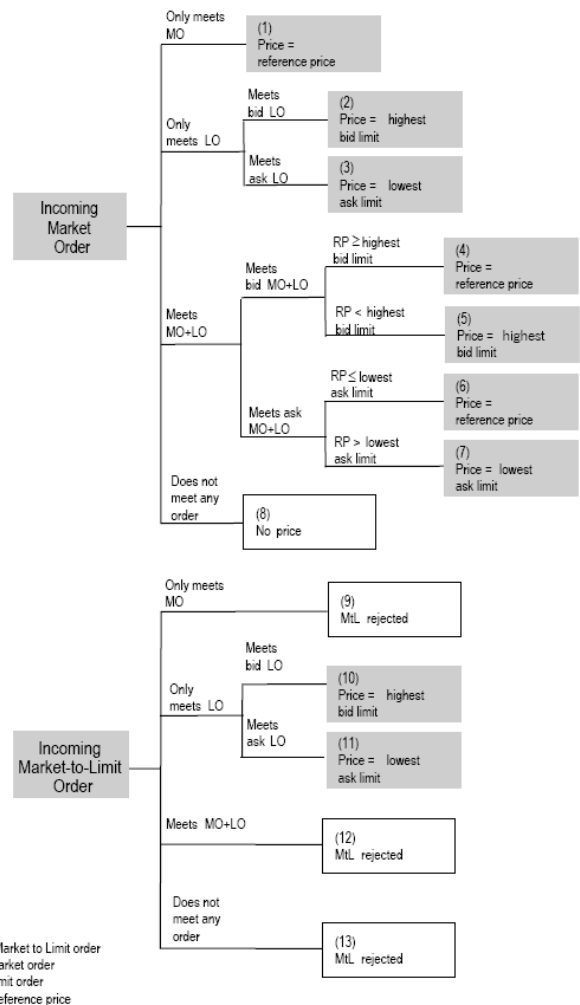
- **Principle 1:** Market orders are given the reference price as a “virtual” price. On this basis, execution is carried out at the reference price provided that this does not violate price/time priority.
- **Principle 2:** If orders cannot be executed at the reference price, they are executed in accordance with price/time priority by means of price determination above or below the reference price (non-executed bid market orders or ask market orders) i.e. the price is determined by a limit within the order book or the limit of an incoming order.

Rule 5: If an incoming order does not meet any order in the order book (see examples 8, 13, 27) or if an incoming limit order meets an order book with only limit orders on the other side of the book, and the limit of the incoming buy (sell) order is lower (higher) than the limit of the best sell (buy) order in the book (see example 20), no price is determined.

Rule 6: Limit orders are executed according to price/time priority.



The following diagrams outline how price determination rules affect the order book in continuous trading. The number in brackets refers to the corresponding example for each situation:



12.2.2 Matching Examples

This section is divided into two subsections: the first subsection (12.2.2.1) provides matching examples which cover the order book situations mentioned in the diagrams presented above. In the second subsection (12.2.2.2) additional examples are provided which cover special order book situations, e.g. volatility interruptions.

12.2.2.1 Examples for Basic Matching Rules in Continuous Trading

The following examples should clarify the basic matching rules for continuous trading by showing how price determination is carried out in different order book situations. The following examples should clarify the basic matching rules for continuous trading by

APPENDIX 4.1

showing how price determination is carried out in different order book situations.

Example 1: A market order meets an order book with market orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Incoming order:
Ask market
order, quantity
6,000 shares

The reference price is 2.00. Both market orders are executed at the reference price of 2.00 (see principle 1).

Example 2: A market order meets an order book with limit orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	2.00			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	2.00			

Incoming order:
Ask market
order, quantity
6,000 shares

Both orders are executed at the highest bid limit of 2.00.

Example 3: A market order meets an order book with limit orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			2.00	6000	9:01

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			2.00	6000	9:01

Incoming order:
Bid market
order, quantity
6,000 shares

Both orders are executed at the lowest ask limit of 2.00.

Example 4: A market order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	1.95			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	1.95			

Incoming order:
Ask market
order, quantity
6,000 shares

The reference price is 2.00. It is higher than or equal to the highest bid limit. The incoming ask market order is executed against the bid market order in the order book at the reference price of 2.00 (see principle 1).

Example 5: A market order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Incoming order:
Ask market
order, quantity
6,000 shares

The reference price is 2.00. It is lower than the highest bid limit. The incoming ask market order is executed against the bid market order in the order book at the highest bid limit of 2.02 (see principle 2)

APPENDIX 4.1

Example 6: A market order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

Incoming order:
Bid market
order, quantity
6,000 shares

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

The reference price is 2.00. It is lower than or equal to the lowest ask limit.

The incoming bid market order is executed against the ask market order in the order book at the reference price of 2.00 (see principle 1).

Example 7: A market order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

Incoming order:
Bid market
order, quantity
6,000 shares

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

The reference price is 2.03. It is higher than the lowest ask limit.

The incoming bid market order is executed against the ask market order in the order book at the lowest ask limit of 2.02 (see principle 2).

Example 8: A market order meets an order book in which there are no orders.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time

Incoming order:
Bid market
order, quantity
6,000 shares

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

The incoming bid market order is entered in the order book. A price is not determined and no orders are executed.

Example 9: A market-to-limit order meets an order book with market orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Incoming order:
Ask market-to-
limit order,
quantity 6,000
shares

The market-to-limit order is rejected. A price is not determined and no orders are executed

Example 10: A market-to-limit order meets an order book with limit orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	2.00			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	2.00			

Incoming order:
Ask market-to-
limit order,
quantity 6,000
shares

Both orders are executed at the highest bid limit of 2.00.

Example 11: A market-to-limit order meets an order book with limit orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			2.00	6000	9:01

Incoming order:
Bid market-to-
limit order,
quantity 6,000
shares

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			2.00	6000	9:01

Both order are executed at the lowest ask limit of 2.00.

Example 12: A market-to-limit order meets an order book with market orders and limit orders on the other side of the order book.

APPENDIX 4.1

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
8:55	5000	1.99			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
8:55	5000	1.99			

Incoming order:
Ask market-to-
limit order,
quantity 6,000
shares

The market-to-limit order is rejected. A price is not determined and no orders are executed.

Example 13: A market-to-limit order meets an order book in which there are no orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time

Incoming order:
Ask market-to-
limit order,
quantity 6,000
shares

The market-to-limit order is rejected. A price is not determined and no orders are executed.

Example 14: A limit order meets an order book with market orders only on the other side of the order book

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Incoming order:
Ask order, limit
1.95, quantity
6,000 shares

The reference price is 2.00. It is higher than or equal to the lowest ask limit. Both orders are executed at the reference price of 2.00 (see principle 1).

Example 15: A limit order meets an order book with market orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			

Incoming order:
Ask order, limit
2.03, quantity
6,000 shares

The reference price is 2.00. It is lower than the lowest ask limit. Both orders are executed at the lowest ask limit of 2.03 (see principle 2).

Example 16: A limit order meets an order book with market orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01

Incoming order:
Bid order, limit
2.03, quantity
6,000 shares

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01

The reference price is 2.00. It is lower than or equal to the highest bid limit. Both orders are executed at the reference price of 2.00 (see principle 1).

Example 17: A limit order meets an order book with market orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01

Incoming order:
Bid order, limit
1.99, quantity
6,000 shares

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01

The reference price is 2.00. It is higher than the highest bid limit. Both orders are executed at the highest bid limit of 1.99 (see principle 2).

APPENDIX 4.1

Example 18: A limit order meets an order book with limit orders only on the other side of the order book.

Bid			Ask		
Time	Volume	Limit	Limit	Volume	Time
9:33	6000	1.99			

Bid			Ask		
Time	Volume	Limit	Limit	Volume	Time
9:33	6000	1.99			

Incoming order:
Ask order, limit
1.98, quantity
6,000 shares

The highest bid limit is higher than or equal to the lowest ask limit. Both orders are executed at the highest bid limit of 1.99

Example 19: A limit order meets an order book with limit orders only on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			1.99	6000	9:33

Incoming order:
Bid order, limit
2.00, quantity
6000 shares

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
		1.99		6000	9:33

The highest bid limit is higher than or equal to the lowest ask limit. Both orders are executed at the lowest ask limit of 1.99.

Example 20: A limit order meets an order book with limit orders only on the other side of the order book

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:33	6000	1.99			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:33	6000	1.99	2.00	6000	10:01

Incoming order:
Ask order, limit
2.00, quantity
6,000 shares

The incoming ask order is entered in the order book. A price is not determined and no orders are executed.

Example 21: A limit order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	1.96			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	1.96			

Incoming order:
Ask order, limit
1.95, quantity
6,000 shares

The reference price is 2.00. It is higher than or equal to the highest bid limit and higher than or equal to the lowest ask limit.

The incoming ask order is executed against the bid market order in the order book at the reference price of 2.00 (see principle 1).

Example 22: A limit order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Incoming order:
Ask order, limit
1.99, quantity
6000 shares

The reference price is 2.00. The highest bid limit is higher than or equal to the lowest ask limit and higher than the reference price.

The incoming ask order is executed against the bid market order in the order book at the highest bid limit of 2.02 (see principle 2).

Example 23: A limit order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Incoming order:
Ask order, limit
2.03, quantity
6000 shares

Example 24: A limit order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

Incoming order:
Bid order, limit
2.03, quantity
6,000 shares

The reference price is 2.00. It is lower than or equal to the highest bid limit and lower than or equal to the lowest ask limit.

The incoming bid order is executed against the ask market order in the order book at the reference price of 2.00 (see principle 1).

Example 25: A limit order meets an order book with market orders and limit orders on the other side of the order book.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			2.02	1000	9:02

Incoming order:
Bid order, limit
2.00, quantity
6,000 shares

The reference price is 2.01. The highest bid limit is lower than or equal to the lowest ask limit and lower than the reference price.

The incoming bid order is executed against the ask market order in the order book at the highest bid limit of 2.00 (see principle 2).

Example 26: A limit order meets an order book with market orders and limit orders on the other side of the order book

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			1.99	1000	9:02

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
			Market	6000	9:01
			1.99	1000	9:02

Incoming order:
Bid order, limit
2.03, quantity
6,000 shares

The reference price is 2.00. The lowest ask limit is lower than the highest bid limit and the reference price. The incoming bid order is executed against the ask market order in the order book at the lowest ask limit of 1.99 (see principle 2).

Example 27: A limit order meets an order book in which there are no orders.

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time

Bid			Ask		
Time	Quantity	Limit	Limit	Quantity	Time
10:01	6000	2.00			

Incoming order:
Bid order, limit
2.00, quantity
6,000 shares

The incoming bid order is entered in the order book. No price is determined and no orders are executed.

12.2.2.2 Further examples

Partial execution of a market order: A limit order meets an order book with market orders and limit orders on the other side of the order book.

Bid					Ask
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Bid					Ask
Time	Quantity	Limit	Limit	Quantity	Time
9:01	6000	Market			
9:02	1000	2.02			

Incoming order:
Ask order, limit
2.03, quantity
1000 shares

The reference price is 2.00. The lowest ask limit is higher than the highest bid limit and the reference price. The incoming ask order can only be partially executed against the bid market order in the order book, which is carried out at the lowest ask limit of 2.03 (see principle 2)

Initiation of a volatility interruption. A limit order meets an order book with market orders and limit orders on the other side of the order book.

Bid					Ask
Time	Volume	Limit	Limit	Volume	Time
9:01	6000	Market			
9:02	1000	2.02			

Bid					Ask
Time	Volume	Limit	Limit	Volume	Time
9:01	6000	Market	2.20	1000	10:01
9:02	1000	2.02			

Incoming order:
Ask order, limit
2.20, quantity
1000 shares

The reference price is 2.00 and the price range is +/- 2% of the last determined price. The limit of the incoming ask order lies outside the pre-defined price range and an execution is not carried out. The ask order is entered in the order book and continuous trading is interrupted by an auction.

Partial execution of a market-to-limit order: A market-to-limit order meets an order book with limit orders only on the other side of the order book

Bid					Ask
Time	Quantity	Limit	Limit	Quantity	Time
9:01	1000	2.03			
9:02	1000	2.02			

Bid					Ask
Time	Quantity	Limit	Limit	Quantity	Time
9:01	1000	2.03	2.03	2000	9:05
9:02	1000	2.02			

Incoming order:
Ask market-to-
limit order,
quantity 3,000
shares, time:
9:05

The incoming market-to-limit order can only be partially executed against the best bid limit order in the order book at 2.03. The remaining part of the market-to-limit order (2,000) is entered into the order book with a limit equal to the price of the executed part at 2.0

13. Determination of the Official Closing Price

The MSE uses the following method for determining the Official Closing Price each day for all instruments traded on Xetra®:

- If an instrument is traded in the closing auction the auction price will be the Official Closing Price
- If there are trades during the opening auction or during continuous trading for an instrument on the day, but the instrument does not trade in the closing auction the Last Traded Price will be the Official Closing Price.
- If there are no trades for an instrument on a particular day, the Official Closing Price will be the previous day's Official Closing Price.

14. OTC Trade Reporting (Off Exchange Trades)

OTC trades will be permitted from the beginning of the pre-trading phase up to the end of the post-trading phase.

All OTC trades will be “Free of Payment” that is not settled through MaltaClear and thus although the Xetra Trading Platform permits Settlement Dates from T+1 to T+89 these will be treated as T+0 for post trading purposes within the CSD.



MALTA
STOCK EXCHANGE

Appendix 4.2

APPLICATION TO CARRY OUT MARKET MAKING ACTIVITIES ON THE MARKETS OPERATED BY MALTA STOCK EXCHANGE PLC

APPLICATION TO CARRY OUT MARKET MAKING ACTIVITIES ON THE MARKETS OPERATED BY MALTA STOCK EXCHANGE PLC

How to use this Application Form

1. Applicants must submit a completed Application Form together with any supporting documents to:

Market Makers Admission Committee
Malta Stock Exchange Plc
Garrison Chapel
Castille Place
Valletta VLT 1063
2. The Application should be read in conjunction with the Financial Markets Act [Cap 345 of the Laws of Malta] and any regulations made thereunder and the Bye-laws of the Malta Stock Exchange plc [available on www.borzamalta.com.mt].
3. Applications will only be considered provided that all relevant sections have been duly completed and supporting documents have been appended as outlined in bye-law 4.108.07.
4. Should space provided not be sufficient, additional information may be entered on a separate sheet with the heading "Continuation to Section ____" duly signed and dated.
5. Misleading or incorrect information on any material point shall render the application invalid.
6. All information submitted in the application is for the sole use of the Exchange and will not be divulged to third parties other than the Competent Authority as deemed appropriate.

REF No. _____

SECTION 1 – APPLICANT

1.01 Applicant's Name _____

1.02 Category of License Holder

1. Credit institution constituted and licensed under the laws of Malta;
2. a branch (established in Malta) of a credit institution authorised in an EU Member State or EEA State;
3. a branch established in Malta of an overseas credit institution which is subject to prudential requirements at least equivalent to the requirements applicable to Maltese credit institutions.
4. other _____

[Please tick as appropriate]

1.03 I.S.A. Cat. 3 License Ref No. (or equivalent authorization): _____

[Kindly attach a copy of such license/authorisation]

1.04 Registered Address*

Address: _____

Telephone No : _____

Fax No : _____

E-mail : _____

The above information will appear on the Exchange's List of Approved Market Makers and all communications will be addressed accordingly.

SECTION 2 – DIRECTORS, OFFICERS AND EMPLOYEES

2.01 Chairman and Directors of Market Maker

CHAIRMAN

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

DIRECTOR

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

DIRECTOR

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

DIRECTOR

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

DIRECTOR

Full Name and Surname _____

Identity Card / Passport No _____

Date of Appointment _____

2.02 Officers and Employees

[Including Chief Executive, Managing Director, Secretary to Board as applicable and other employees holding a position of trust within the firm.]

Full Name & Surname	Position	ID Card / Passport No.	Date of Appointment
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2.03 Director/s / Officer/s appointed to sign on behalf of Market Maker

Full Name & Surname	Position	ID Card / Passport No.	Date of Appointment
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Specimen Signatures

(i) _____

(ii) _____

Board resolution reference and date in respect of above appointments

Reference : _____

Date : _____

SECTION 3 – SECURITIES IN WHICH MARKET MAKING WILL BE CONDUCTED

Signed _____ Dated _____



MALTA
STOCK EXCHANGE

Appendix 4.3

SUPPLEMENTARY APPLICATION TO CARRY OUT MARKET MAKING ACTIVITIES ON THE MARKETS OPERATED BY MALTA STOCK EXCHANGE PLC

4.3 SUPPLEMENTARY APPLICATION TO CARRY OUT MARKET MAKING ACTIVITIES ON THE MARKETS OPERATED BY MALTA STOCK EXCHANGE PLC

How to use this Application Form

1. Applicants must submit a completed Application Form together with any supporting documents to :

Market Makers Admission Committee
Malta Stock Exchange Plc
Garrison Chapel
Castille Place
Valletta VLT 1063
2. The Application should be read in conjunction with the Financial Markets Act [Cap 345 of the Laws of Malta] and any regulations made thereunder and the Bye-laws of the Malta Stock Exchange plc [available on www.borzamalta.com.mt].
3. Applications will only be considered provided that all relevant sections have been duly completed and supporting documents have been appended as outlined in bye-law 4.10.06.
4. Should space provided not be sufficient, additional information may be entered on a separate sheet with the heading "Continuation to Section ____" duly signed and dated.
5. Misleading or incorrect information on any material point shall render the application invalid.
6. All information submitted in the application is for the sole use of the Exchange and will not be divulged to third parties other than the Competent Authority as deemed appropriate.

REF No.

SECTION 1 – APPLICANT

1.01 Applicant's Name : _____

1.01 Reference No. and Approval Date in respect of Application to Act as market maker.

SECTION 2 – ADDITIONAL SECURITIES IN WHICH MARKET MAKING WILL BE CONDUCTED

Signed _____ Dated _____



MALTA
STOCK EXCHANGE

Appendix 4.4

GLOBAL MASTER SECURITIES LENDING AGREEMENT

4.4 GLOBAL MASTER SECURITIES LENDING AGREEMENT

BETWEEN:

(Party A) a company incorporated under the laws of

acting through one or more Designated Offices; and

(Party B) a company incorporated under the laws of

acting through one or more Designated Offices.

1. APPLICABILITY

1.1 From time to time the Parties acting through one or more Designated Offices may enter into transactions in which one party (Lender) will transfer to the other (Borrower) securities and financial instruments (Securities) against the transfer of Collateral (as defined in paragraph 0) with a simultaneous agreement by Borrower to transfer to Lender Securities equivalent to such Securities on a fixed date or on demand against the transfer to Borrower by Lender of assets equivalent to such Collateral.

1.2 Each such transaction shall be referred to in this Agreement as a Loan and shall be governed by the terms of this Agreement, including the supplemental terms and conditions contained in the Schedule and any Addenda or Annexes attached hereto, unless otherwise agreed in writing. In the

event of any inconsistency between the provisions of an Addendum or Annex and this Agreement, the provisions of such Addendum or Annex shall prevail unless the Parties otherwise agree.

1.3 Either Party may perform its obligations under this Agreement either directly or through a Nominee.

2. INTERPRETATION

2.1 In this Agreement:

Act of Insolvency means in relation to either Party:

- (a) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors; or
- (b) its stating in writing that it is unable to pay its debts as they become due; or
- (c) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
- (d) the presentation or filing of a petition in respect of it (other than by the other Party to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding up or insolvency of such Party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition not having been stayed or dismissed within 30 days of its filing (except in the case of a petition for winding-up or any analogous proceeding in respect of which no such 30 day period shall apply); or

(e) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such Party over all or any material part of such Party's property; or

(f) the convening of any meeting of its creditors for the purpose of considering a voluntary arrangement.

Agency Annex means the Annex to this Agreement published by the International Securities Lending Association and providing for Lender to act as agent for a third party in respect of one or more Loans;

Alternative Collateral means Collateral having a Market Value equal to the Collateral delivered pursuant to paragraph 0 and provided by way of substitution in accordance with the provisions of paragraph 0;

Applicable Law means the laws, rules and regulations (including double taxation conventions) of any relevant jurisdiction, including published practice of any government or other taxing authority in connection with such laws, rules and regulations;

Automatic Early Termination has the meaning given in paragraph 0;

Base Currency means the currency indicated in paragraph 0 of the Schedule;

Business Day means:

(a) in relation to Delivery in respect of any Loan, a day other than a Saturday or a Sunday or any National or Public Holiday on which banks and securities markets are open for business generally in the place(s) where the relevant Securities, Equivalent Securities, Collateral or Equivalent Collateral are to be delivered;

(b) in relation to any payments under this Agreement, a day other than a Saturday or a Sunday or any National or Public Holiday on which banks are open for business generally in

the principal financial centre of the country of which the currency in which the payment is denominated is the official currency and, if different, in the place where any account designated by the Parties for the making or receipt of the payment is situated (or, in the case of a payment in euro, a day on which TARGET operates);

(c) in relation to a notice or other communication served under this Agreement, any day other than a Saturday or a Sunday or any national or Public Holiday on which banks are open for business generally in the place designated for delivery in accordance with paragraph 0 of the Schedule; and

(d) in any other case, a day other than a Saturday or a Sunday or on any National or Public Holiday on which banks are open for business generally in each place stated in paragraph 0 of the Schedule;

Buy In means any arrangement under which, in the event of a seller or transferor failing to deliver securities to the buyer or transferee, the buyer or transferee of such securities is entitled under the terms of such arrangement to buy or otherwise acquire securities equivalent to such securities and to recover the cost of so doing from the seller or transferor;

Cash Collateral means Collateral taking the form of a transfer of currency;

Close of Business means the time at which the relevant banks, securities settlement systems or depositaries close in the business centre in which payment is to be made or Securities or Collateral is to be delivered;

Collateral means such securities or financial instruments or transfers of currency as are referred to in the table set out under paragraph 0 of the Schedule as being acceptable or any combination thereof as agreed between the Parties in relation to any particular Loan and which are delivered by

Borrower to Lender in accordance with this Agreement and shall include Alternative Collateral;

Defaulting Party has the meaning given in paragraph 0;

Delivery in relation to any Securities or Collateral or Equivalent Securities or Equivalent Collateral comprising Securities means:

(a) in the case of Securities held by a Nominee or within a clearing or settlement system, the crediting of such Securities to an account of the Borrower or Lender, as the case may be, or as it shall direct, or,

(b) in the case of Securities otherwise held, the delivery to Borrower or Lender, as the case may be, or as the transferee shall direct of the relevant instruments of transfer, or

(c) by such other means as may be agreed,

and deliver shall be construed accordingly;

Designated Office means the branch or office of a Party which is specified as such in paragraph 0 of the Schedule or such other branch or office as may be agreed to in writing by the Parties;

Equivalent or equivalent to in relation to any Loaned Securities or Collateral (whether Cash Collateral or Non Cash Collateral) provided under this Agreement means Securities or other property, of an identical type, nominal value, description and amount to particular Loaned Securities or Collateral (as the case may be) so provided. If and to the extent that such Loaned Securities or Collateral (as the case may be) consists of Securities that are partly paid or have been converted, subdivided, consolidated, made the subject of a takeover, rights of pre-emption, rights to receive securities or a certificate which may at a future date be exchanged for Securities, the expression shall include such Securities or

other assets to which Lender or Borrower (as the case may be) is entitled following the occurrence of the relevant event, and, if appropriate, the giving of the relevant notice in accordance with paragraph 0 and provided that Lender or Borrower (as the case may be) has paid to the other Party all and any sums due in respect thereof. In the event that such Loaned Securities or Collateral (as the case may be) have been redeemed, are partly paid, are the subject of a capitalisation issue or are subject to an event similar to any of the foregoing events described in this paragraph, the expression shall have the following meanings:

(a) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;

(b) in the case of a call on partly paid Securities, Securities equivalent to the relevant Loaned Securities or Collateral, as the case may be, provided that Lender shall have paid Borrower, in respect of Loaned Securities, and Borrower shall have paid to Lender, in respect of Collateral, an amount of money equal to the sum due in respect of the call;

(c) in the case of a capitalisation issue, Securities equivalent to the relevant Loaned Securities or Collateral, as the case may be, together with the securities allotted by way of bonus thereon;

(d) in the case of any event similar to any of the foregoing events described in this paragraph, Securities equivalent to the Loaned Securities or the relevant Collateral, as the case may be, together with or replaced by a sum of money or Securities or other property equivalent to that received in respect of such Loaned Securities or Collateral, as the case may be, resulting from such event;

Income means any interest, dividends or other distributions of any kind whatsoever with respect to any Securities or Collateral;

Income Record Date, with respect to any Securities or Collateral, means the date by reference to which holders of such Securities or Collateral are identified as being entitled to payment of Income;

Letter of Credit means an irrevocable, non negotiable letter of credit in a form, and from a bank, acceptable to Lender;

Loaned Securities means Securities which are the subject of an outstanding Loan;

Margin has the meaning specified in paragraph 0 of the Schedule with reference to the table set out therein;

Market Value means:

(a) in relation to the valuation of Securities, Equivalent Securities, Collateral or Equivalent Collateral (other than Cash Collateral or a Letter of Credit):

(i) such price as is equal to the market quotation for the mid price of such Securities, Equivalent Securities, Collateral and/or Equivalent Collateral as derived from a reputable pricing information service reasonably chosen in good faith by Lender; or

(ii) if unavailable the market value thereof as derived from the mid price or rate bid by a reputable dealer for the relevant instrument reasonably chosen in good faith by Lender,

in each case at Close of Business on the previous Business Day, or as specified in the Schedule, unless agreed otherwise or, at the option of either Party where in its reasonable opinion there has been an exceptional movement in the price of the asset in question since such time, the latest available price, plus (in each case):

(iii) the aggregate amount of Income which has accrued but not yet been paid in respect of the Securities, Equivalent Securities, Collateral or Equivalent Collateral concerned to the extent not included in such price,

provided that the price of Securities, Equivalent Securities, Collateral or Equivalent Collateral that are suspended or that cannot legally be transferred or that are transferred or required to be transferred to a government, trustee or third party (whether by reason of nationalisation, expropriation or otherwise) shall for all purposes be a commercially reasonable price agreed between the Parties, or absent agreement, be a price provided by a third party dealer agreed between the Parties, or if the Parties do not agree a third party dealer then a price based on quotations provided by the Reference Dealers. If more than three quotations are provided, the Market Value will be the arithmetic mean of the prices, without regard to the quotations having the highest and lowest prices. If three quotations are provided, the Market Value will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest or lowest price, then one of such quotations shall be disregarded. If fewer than three quotations are provided, the Market Value of the relevant Securities, Equivalent Securities, Collateral or Equivalent Collateral shall be determined by the Party making the determination of Market Value acting reasonably;

(b) in relation to a Letter of Credit the face or stated amount of such Letter of Credit; and

(c) in relation to Cash Collateral the amount of the currency concerned;

Nominee means a nominee or agent appointed by either Party to accept delivery of, hold or deliver Securities, Equivalent

Securities, Collateral and/or Equivalent Collateral or to receive or make payments on its behalf;

Non Cash Collateral means Collateral other than Cash Collateral;

Non Defaulting Party has the meaning given in paragraph 0;

Notification Time means the time specified in paragraph 1.5 of the Schedule;

Parties means Lender and Borrower and Party shall be construed accordingly;

Posted Collateral has the meaning given in paragraph 0;

Reference Dealers means, in relation to any Securities, Equivalent Securities, Collateral or Equivalent Collateral, four leading dealers in the relevant securities selected by the Party making the determination of Market Value in good faith;

Required Collateral Value has the meaning given in paragraph 0;

Sales Tax means value added tax and any other Tax of a similar nature (including, without limitation, any sales tax of any relevant jurisdiction);

Settlement Date means the date upon which Securities are due to be transferred to Borrower in accordance with this Agreement;

Stamp Tax means any stamp, transfer, registration, documentation or similar Tax; and

Tax means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) imposed by any government or other taxing authority in respect of any transaction effected pursuant to or contemplated by, or any payment under or in respect of, this Agreement.

2.2 Headings

All headings appear for convenience only and shall not affect the interpretation of this Agreement.

2.3 Market terminology

Notwithstanding the use of expressions such as “borrow”, “lend”, “Collateral”, “Margin” etc. which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, title to Securities “borrowed” or “lent” and “Collateral” provided in accordance with this Agreement shall pass from one Party to another as provided for in this Agreement, the Party obtaining such title being obliged to deliver Equivalent Securities or Equivalent Collateral as the case may be.

2.4 Currency conversions

Subject to paragraph 0, for the purposes of determining any prices, sums or values (including Market Value and Required Collateral Value) prices, sums or values stated in currencies other than the Base Currency shall be converted into the Base Currency at the latest available spot rate of exchange quoted by the European Central Bank for the purchase of the Base Currency with the currency concerned on the day on which the calculation is to be made or, if that day is not a Business Day, the spot rate of exchange quoted at Close of Business on the immediately preceding Business Day on which such a quotation was available.

2.5 The Parties confirm that introduction of and/or substitution (in place of an existing currency) of a new currency as the lawful currency of a country shall not have the effect of altering, or discharging, or excusing performance under, any term of the Agreement or any Loan thereunder, nor give a Party the right unilaterally to alter or terminate the Agreement or any Loan thereunder. Securities will for the purposes of this Agreement be regarded as equivalent to other securities notwithstanding that as a result of such introduction and/or substitution

those securities have been redenominated into the new currency or the nominal value of the securities has changed in connection with such redenomination.

2.6 Modifications etc. to legislation

Any reference in this Agreement to an act, regulation or other legislation shall include a reference to any statutory modification or re enactment thereof for the time being in force.

3. LOANS OF SECURITIES

Lender will lend Securities to Borrower, and Borrower will borrow Securities from Lender in accordance with the terms and conditions of this Agreement. The terms of each Loan shall be agreed prior to the commencement of the relevant Loan either orally or in writing (including any agreed form of electronic communication) and confirmed in such form and on such basis as shall be agreed between the Parties. Unless otherwise agreed, any confirmation produced by a Party shall not supersede or prevail over the prior oral, written or electronic communication (as the case may be).

4. DELIVERY

4.1 Delivery of Securities on commencement of Loan

Lender shall procure the Delivery of Securities to Borrower or deliver such Securities in accordance with this Agreement and the terms of the relevant Loan.

4.2 Requirements to effect Delivery

The Parties shall execute and deliver all necessary documents and give all necessary instructions to procure that all right, title and interest in:

(a) any Securities borrowed pursuant to paragraph 0;

(b) any Equivalent Securities delivered pursuant to paragraph 0;

(c) any Collateral delivered pursuant to paragraph 0;

(d) any Equivalent Collateral delivered pursuant to paragraphs 0 or 0;

shall pass from one Party to the other subject to the terms and conditions set out in this Agreement, on delivery of the same in accordance with this Agreement with full title guarantee, free from all liens, charges and encumbrances. In the case of Securities, Collateral, Equivalent Securities or Equivalent Collateral title to which is registered in a computer based system which provides for the recording and transfer of title to the same by way of book entries, delivery and transfer of title shall take place in accordance with the rules and procedures of such system as in force from time to time. The Party acquiring such right, title and interest shall have no obligation to return or deliver any of the assets so acquired but, in so far as any Securities are borrowed by or any Collateral is delivered to such Party, such Party shall be obliged, subject to the terms of this Agreement, to deliver Equivalent Securities or Equivalent Collateral as appropriate.

4.3 Deliveries to be simultaneous unless otherwise agreed

Where under the terms of this Agreement a Party is not obliged to make a Delivery unless simultaneously a Delivery is made to it, subject to and without prejudice to its rights under paragraph 0, such Party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of

Securities, Collateral and cash transfers, waive its right under this Agreement in respect of simultaneous delivery and/or payment provided that no such waiver (whether by course of conduct or otherwise) in respect of one transaction shall bind it in respect of any other transaction.

4.4 Deliveries of Income

In respect of Income being paid in relation to any Loaned Securities or Collateral, Borrower (in the case of Income being paid in respect of Loaned Securities) and Lender (in the case of Income being paid in respect of Collateral) shall provide to the other Party, as the case may be, any endorsements or assignments as shall be customary and appropriate to effect, in accordance with paragraph 0, the payment or delivery of money or property in respect of such Income to Lender, irrespective of whether Borrower received such endorsements or assignments in respect of any Loaned Securities, or to Borrower, irrespective of whether Lender received such endorsements or assignments in respect of any Collateral.

5. COLLATERAL

5.1 Delivery of Collateral on commencement of Loan

Subject to the other provisions of this paragraph 0, Borrower undertakes to deliver to or deposit with Lender (or in accordance with Lender's instructions) Collateral simultaneously with Delivery of the Securities to which the Loan relates and in any event no later than Close of Business on the Settlement Date.

5.2 Deliveries through securities settlement systems generating automatic payments

Unless otherwise agreed between the Parties, where any Securities, Equivalent Securities,

Collateral or Equivalent Collateral (in the form of securities) are transferred through a book entry transfer or settlement system which automatically generates a payment or delivery, or obligation to pay or deliver, against the transfer of such securities, then:

(a) such automatically generated payment, delivery or obligation shall be treated as a payment or delivery by the transferee to the transferor, and except to the extent that it is applied to discharge an obligation of the transferee to effect payment or delivery, such payment or delivery, or obligation to pay or deliver, shall be deemed to be a transfer of Collateral or delivery of Equivalent Collateral, as the case may be, made by the transferee until such time as the Collateral or Equivalent Collateral is substituted with other Collateral or Equivalent Collateral if an obligation to deliver other Collateral or deliver Equivalent Collateral existed immediately prior to the transfer of Securities, Equivalent Securities, Collateral or Equivalent Collateral; and

(b) the Party receiving such substituted Collateral or Equivalent Collateral, or if no obligation to deliver other Collateral or redeliver Equivalent Collateral existed immediately prior to the transfer of Securities, Equivalent Securities, Collateral or Equivalent Collateral, the Party receiving the deemed transfer of Collateral or Delivery of Equivalent Collateral, as the case may be, shall cause to be made to the other Party for value the same day either, where such transfer is a payment, an irrevocable payment in the amount of such transfer or, where such transfer is a Delivery, an irrevocable Delivery of securities (or other property, as the case may be) equivalent to such property.

5.3 Substitutions of Collateral

Borrower may from time to time call for the repayment of Cash Collateral or the Delivery of Collateral equivalent to any Collateral

delivered to Lender prior to the date on which the same would otherwise have been repayable or deliverable provided that at or prior to the time of such repayment or Delivery Borrower shall have delivered Alternative Collateral acceptable to Lender and Borrower is in compliance with paragraph 0 or paragraph 0, as applicable.

5.4 Marking to Market of Collateral during the currency of a Loan on aggregated basis

Unless paragraph 0 of the Schedule indicates that paragraph 0 shall apply in lieu of this paragraph 0, or unless otherwise agreed between the Parties:

(a) the aggregate Market Value of the Collateral delivered to or deposited with Lender (excluding any Equivalent Collateral repaid or delivered under paragraphs (b) or (b) (as the case may be)) (Posted Collateral) in respect of all Loans outstanding under this Agreement shall equal the aggregate of the Market Value of Securities equivalent to the Loaned Securities and the applicable Margin (the Required Collateral Value) in respect of such Loans;

(b) if at any time on any Business Day the aggregate Market Value of the Posted Collateral in respect of all Loans outstanding under this Agreement together with: (i) all amounts due and payable by the Lender under this Agreement but which are unpaid; and (ii) if agreed between the parties and if the Income Record Date has occurred in respect of any Non-Cash Collateral, the amount or Market Value of Income payable in respect of such Non-Cash Collateral exceeds the aggregate of the Required Collateral Values in respect of such Loans together with: (i) all amounts due and payable by the Borrower under this Agreement but which are unpaid; and (ii) if agreed between the parties and if the Income Record Date has occurred in respect of any securities equivalent to Loaned

Securities, the amount or Market Value of Income payable in respect of such Equivalent Securities, Lender shall (on demand) repay and/or deliver, as the case may be, to Borrower such Equivalent Collateral as will eliminate the excess;

(c) if at any time on any Business Day the aggregate Market Value of the Posted Collateral in respect of all Loans outstanding under this Agreement together with: (i) all amounts due and payable by the Lender under this Agreement but which are unpaid; and (ii) if agreed between the parties and if the Income Record Date has occurred in respect of any Non-Cash Collateral, the amount or Market Value of Income payable in respect of such Non-Cash Collateral falls below the aggregate of Required Collateral Values in respect of all such Loans together with: (i) all amounts due and payable by the Borrower under this Agreement but which are unpaid; and (ii) if agreed between the parties and if the Income Record Date has occurred in respect of Securities equivalent to any Loaned Securities, the amount or Market Value of Income payable in respect of such Equivalent Securities, Borrower shall (on demand) provide such further Collateral to Lender as will eliminate the deficiency;

(d) where a Party acts as both Lender and Borrower under this Agreement, the provisions of paragraphs (b) and (c) shall apply separately (and without duplication) in respect of Loans entered into by that Party as Lender and Loans entered into by that Party as Borrower.

5.5 Marking to Market of Collateral during the currency of a Loan on a Loan by Loan basis

If paragraph 0 of the Schedule indicates this paragraph 0 shall apply in lieu of paragraph 0, the Posted Collateral in respect of any Loan

shall bear from day to day and at any time the same proportion to the Market Value of Securities equivalent to the Loaned Securities as the Posted Collateral bore at the commencement of such Loan. Accordingly:

(a) the Market Value of the Posted Collateral to be delivered or deposited while the Loan continues shall be equal to the Required Collateral Value;

(b) if at any time on any Business Day the Market Value of the Posted Collateral in respect of any Loan together with: (i) all amounts due and payable by the Lender in respect of that Loan but which are unpaid; and (ii) if agreed between the parties and if the Income Record Date has occurred in respect of any Non-Cash Collateral, the amount or Market Value of Income payable in respect of such Non-Cash Collateral exceeds the Required Collateral Value in respect of such Loan together with: (i) all amounts due and payable by the Borrower in respect of that Loan; and (ii) if agreed between the parties and if the Income Record Date has occurred in respect of Securities equivalent to any Loaned Securities, the amount or Market Value of Income payable in respect of such Equivalent Securities, Lender shall (on demand) repay and/or deliver, as the case may be, to Borrower such Equivalent Collateral as will eliminate the excess; and

(c) if at any time on any Business Day the Market Value of the Posted Collateral together with: (i) all amounts due any payable by the Lender in respect of that Loan; and (ii) if agreed between the parties and if the Income Record Date has occurred in respect of any Non-Cash Collateral, the amount or Market Value of Income payable in respect of such Non-Cash Collateral falls below the Required Collateral Value together with: (i) all amounts due and payable by the Borrower in respect of that Loan; and (ii) if agreed between the

parties and if the Income Record Date has occurred in respect of Securities equivalent to any Loaned Securities, the amount or Market Value of Income payable in respect of such Equivalent Securities, Borrower shall (on demand) provide such further Collateral to Lender as will eliminate the deficiency.

5.6 Requirements to deliver excess Collateral

Where paragraph 0 applies, unless paragraph 0 of the Schedule indicates that this paragraph 0 does not apply, if a Party (the first Party) would, but for this paragraph 0, be required under paragraph 0 to provide further Collateral or deliver Equivalent Collateral in circumstances where the other Party (the second Party) would, but for this paragraph 0, also be required to or provide Collateral or deliver Equivalent Collateral under paragraph 0, then the Market Value of the Collateral or Equivalent Collateral deliverable by the first Party (X) shall be set off against the Market Value of the Collateral or Equivalent Collateral deliverable by the second Party (Y) and the only obligation of the Parties under paragraph 0 shall be, where X exceeds Y, an obligation of the first Party, or where Y exceeds X, an obligation of the second Party to repay and/or (as the case may be) deliver Equivalent Collateral or to deliver further Collateral having a Market Value equal to the difference between X and Y.

5.7 Where Equivalent Collateral is repaid or delivered (as the case may be) or further Collateral is provided by a Party under paragraph 0, the Parties shall agree to which Loan or Loans such repayment, delivery or further provision is to be attributed and failing agreement it shall be attributed, as determined by the Party making such repayment, delivery or further provision to the earliest outstanding Loan and, in the case of a repayment or delivery up to the point at which the Market Value of Collateral in respect of such Loan equals the Required Collateral Value in respect of such Loan, and

then to the next earliest outstanding Loan up to the similar point and so on.

5.8 Timing of repayments of excess Collateral or deliveries of further Collateral

Where any Equivalent Collateral falls to be repaid or delivered (as the case may be) or further Collateral is to be provided under this paragraph 0, unless otherwise provided or agreed between the Parties, if the relevant demand is received by the Notification Time specified in paragraph 0 of the Schedule, then the delivery shall be made not later than the Close of Business on the same Business Day; if a demand is received after the Notification Time, then the relevant delivery shall be made not later than the Close of Business on the next Business Day after the date such demand is received.

5.9 Substitutions and extensions of Letters of Credit

Where Collateral is a Letter of Credit, Lender may by notice to Borrower require that Borrower, on the third Business Day following the date of delivery of such notice (or by such other time as the Parties may agree), substitute Collateral consisting of cash or other Collateral acceptable to Lender for the Letter of Credit. Prior to the expiration of any Letter of Credit supporting Borrower's obligations hereunder, Borrower shall, no later than 10.30 a.m. UK time on the second Business Day prior to the date such Letter of Credit expires (or by such other time as the Parties may agree), obtain an extension of the expiration of such Letter of Credit or replace such Letter of Credit by providing Lender with a substitute Letter of Credit in an amount at least equal to the amount of the Letter of Credit for which it is substituted.

6. DISTRIBUTIONS AND CORPORATE ACTIONS

6.1 In this paragraph 0, references to an amount of Income received by any Party in respect of any Loaned Securities or Non Cash Collateral shall be to an amount received from the issuer after any applicable withholding or deduction for or on account of Tax.

6.2 Manufactured payments in respect of Loaned Securities

Where the term of a Loan extends over an Income Record Date in respect of any Loaned Securities, Borrower shall, on the date such Income is paid by the issuer, or on such other date as the Parties may from time to time agree, pay or deliver to Lender such sum of money or property as is agreed between the Parties or, failing such agreement, a sum of money or property equivalent to (and in the same currency as) the type and amount of such Income that would be received by Lender in respect of such Loaned Securities assuming such Securities were not loaned to Borrower and were retained by Lender on the Income Record Date.

6.3 Manufactured payments in respect of Non-Cash Collateral

Where Non Cash Collateral is delivered by Borrower to Lender and an Income Record Date in respect of such Non Cash Collateral occurs before Equivalent Collateral is delivered by Lender to Borrower, Lender shall on the date such Income is paid, or on such other date as the Parties may from time to time agree, pay or deliver to Borrower a sum of money or property as is agreed between the Parties or, failing such agreement, a sum of money or property equivalent to (and in the same currency as) the type and amount of such Income that would be received by Lender in respect of such Non Cash Collateral assuming Lender:

- (a) retained the Non Cash Collateral on the Income Record Date; and

(b) is not entitled to any credit, benefit or other relief in respect of Tax under any Applicable Law.

6.4 Indemnity for failure to redeliver Equivalent Non-Cash Collateral

Unless paragraph 0 of the Schedule indicates that this paragraph does not apply, where:

(a) prior to any Income Record Date in relation to Non Cash Collateral, Borrower has in accordance with paragraph 0 called for the Delivery of Equivalent Non Cash Collateral;

(b) Borrower has given notice of such call to Lender so as to be effective, at the latest, five hours before the Close of Business on the last Business Day on which Lender would customarily be required to initiate settlement of the Non Cash Collateral to enable settlement to take place on the Business Day immediately preceding the relevant Income Record Date;

(c) Borrower has provided reasonable details to Lender of the Non Cash Collateral, the relevant Income Record Date and the proposed Alternative Collateral;

(d) Lender, acting reasonably, has determined that such Alternative Collateral is acceptable to it and Borrower shall have delivered or delivers such Alternative Collateral to Lender; and

(e) Lender has failed to make reasonable efforts to transfer Equivalent Non Cash Collateral to Borrower prior to such Income Record Date,

Lender shall indemnify Borrower in respect of any cost, loss or damage (excluding any indirect or consequential loss or damage or

any amount otherwise compensated by Lender, including pursuant to paragraphs 0 and/or 0) suffered by Borrower that it would not have suffered had the relevant Equivalent Non Cash Collateral been transferred to Borrower prior to such Income Record Date.

6.5 Income in the form of Securities

Where Income, in the form of securities, is paid in relation to any Loaned Securities or Collateral, such securities shall be added to such Loaned Securities or Collateral (and shall constitute Loaned Securities or Collateral, as the case may be, and be part of the relevant Loan) and will not be delivered to Lender, in the case of Loaned Securities, or to Borrower, in the case of Collateral, until the end of the relevant Loan, provided that the Lender or Borrower (as the case may be) fulfils its obligations under paragraph 0 or 0 (as applicable) with respect to the additional Loaned Securities or Collateral, as the case may be.

6.6 Exercise of voting rights

Where any voting rights fall to be exercised in relation to any Loaned Securities or Collateral, neither Borrower, in the case of Equivalent Securities, nor Lender, in the case of Equivalent Collateral, shall have any obligation to arrange for voting rights of that kind to be exercised in accordance with the instructions of the other Party in relation to the Securities borrowed by it or transferred to it by way of Collateral, as the case may be, unless otherwise agreed between the Parties.

6.7 Corporate actions

Where, in respect of any Loaned Securities or any Collateral, any rights relating to conversion, sub division, consolidation, pre-emption, rights arising under a takeover offer, rights to receive securities or a certificate which may at a future date be exchanged for securities or other rights, including those requiring election by the holder for the time being of such Securities or Collateral, become

exercisable prior to the delivery of Equivalent Securities or Equivalent Collateral, then Lender or Borrower, as the case may be, may, within a reasonable time before the latest time for the exercise of the right or option give written notice to the other Party that on delivery of Equivalent Securities or Equivalent Collateral, as the case may be, it wishes to receive Equivalent Securities or Equivalent Collateral in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice.

7. RATES APPLICABLE TO LOANED SECURITIES AND CASH COLLATERAL

7.1 Rates in respect of Loaned Securities

In respect of each Loan, Borrower shall pay to Lender, in the manner prescribed in sub paragraph 0, sums calculated by applying such rate as shall be agreed between the Parties from time to time to the daily Market Value of the Loaned Securities.

7.2 Rates in respect of Cash Collateral

Where Cash Collateral is deposited with Lender in respect of any Loan, Lender shall pay to Borrower, in the manner prescribed in paragraph 0, sums calculated by applying such rates as shall be agreed between the Parties from time to time to the amount of such Cash Collateral. Any such payment due to Borrower may be set off against any payment due to Lender pursuant to paragraph 0.

7.3 Payment of rates

In respect of each Loan, the payments referred to in paragraph 0 and 0 shall accrue daily in respect of the period commencing on and inclusive of the Settlement Date and terminating on and exclusive of the Business Day upon which Equivalent Securities are delivered or Cash Collateral is repaid. Unless

otherwise agreed, the sums so accruing in respect of each calendar month shall be paid in arrears by the relevant Party not later than the Business Day which is the tenth Business Day after the last Business Day of the calendar month to which such payments relate or such other date as the Parties shall from time to time agree.

8. DELIVERY OF EQUIVALENT SECURITIES

8.1 Lender's right to terminate a Loan

Subject to paragraph 0 and the terms of the relevant Loan, Lender shall be entitled to terminate a Loan and to call for the delivery of all or any Equivalent Securities at any time by giving notice on any Business Day of not less than the standard settlement time for such Equivalent Securities on the exchange or in the clearing organisation through which the Loaned Securities were originally delivered. Borrower shall deliver such Equivalent Securities not later than the expiry of such notice in accordance with Lender's instructions.

8.2 Borrower's right to terminate a Loan

Subject to the terms of the relevant Loan, Borrower shall be entitled at any time to terminate a Loan and to deliver all and any Equivalent Securities due and outstanding to Lender in accordance with Lender's instructions and Lender shall accept such delivery.

8.3 Delivery of Equivalent Securities on termination of a Loan

Borrower shall procure the Delivery of Equivalent Securities to Lender or deliver Equivalent Securities in accordance with this Agreement and the terms of the relevant Loan on termination of the Loan. For the avoidance of doubt any reference in this Agreement or in any other agreement or communication

between the Parties (howsoever expressed) to an obligation to deliver or account for or act in relation to Loaned Securities shall accordingly be construed as a reference to an obligation to deliver or account for or act in relation to Equivalent Securities.

8.4 Delivery of Equivalent Collateral on termination of a Loan

On the date and time that Equivalent Securities are required to be delivered by Borrower on the termination of a Loan, Lender shall simultaneously (subject to paragraph 0 if applicable) repay to Borrower any Cash Collateral or, as the case may be, deliver Collateral equivalent to the Collateral provided by Borrower pursuant to paragraph 0 in respect of such Loan. For the avoidance of doubt any reference in this Agreement or in any other agreement or communication between the Parties (however expressed) to an obligation to deliver or account for or act in relation to Collateral shall accordingly be construed as a reference to an obligation to deliver or account for or act in relation to Equivalent Collateral.

8.5 Delivery of Letters of Credit

Where a Letter of Credit is provided by way of Collateral, the obligation to deliver Equivalent Collateral is satisfied by Lender delivering for cancellation the Letter of Credit so provided, or where the Letter of Credit is provided in respect of more than one Loan, by Lender consenting to a reduction in the value of the Letter of Credit.

8.6 Delivery obligations to be reciprocal

Neither Party shall be obliged to make delivery (or make a payment as the case may be) to the other unless it is satisfied that the other Party will make such delivery (or make an appropriate payment as the case may be) to it. If it is not so satisfied (whether because an Event of Default has occurred in respect of the other Party or otherwise) it shall notify

the other Party and unless that other Party has made arrangements which are sufficient to assure full delivery (or the appropriate payment as the case may be) to the notifying Party, the notifying Party shall (provided it is itself in a position, and willing, to perform its own obligations) be entitled to withhold delivery (or payment, as the case may be) to the other Party until such arrangements to assure full delivery (or the appropriate payment as the case may be) are made.

9. FAILURE TO DELIVER

9.1 Borrower's failure to deliver Equivalent Securities

If Borrower fails to deliver Equivalent Securities in accordance with paragraph 0 Lender may:

(a) elect to continue the Loan (which, for the avoidance of doubt, shall continue to be taken into account for the purposes of paragraph 0 or 0 as applicable); or

(b) at any time while such failure continues, by written notice to Borrower declare that that Loan (but only that Loan) shall be terminated immediately in accordance with paragraph 0 as if (i) an Event of Default had occurred in relation to the Borrower, (ii) references to the Termination Date were to the date on which notice was given under this sub paragraph, and (iii) the Loan were the only Loan outstanding. For the avoidance of doubt, any such failure shall not constitute an Event of Default (including under paragraph 0) unless the Parties otherwise agree.

9.2 Lender's failure to deliver Equivalent Collateral

If Lender fails to deliver Equivalent Collateral comprising Non Cash Collateral in accordance with paragraph 0 or 0, Borrower may:

(a) elect to continue the Loan (which, for the avoidance of doubt, shall continue to be taken into account for the purposes of paragraph 0 or 0 as applicable); or

(b) at any time while such failure continues, by written notice to Lender declare that that Loan (but only that Loan) shall be terminated immediately in accordance with paragraph 0 as if (i) an Event of Default had occurred in relation to the Lender, (ii) references to the Termination Date were to the date on which notice was given under this sub paragraph, and (iii) the Loan were the only Loan outstanding. For the avoidance of doubt, any such failure shall not constitute an Event of Default (including under paragraph 0) unless the Parties otherwise agree.

9.3 Failure by either Party to deliver

Where a Party (the Transferor) fails to deliver Equivalent Securities or Equivalent Collateral by the time required under this Agreement or within such other period as may be agreed between the Transferor and the other Party (the Transferee) and the Transferee:

- (a) incurs interest, overdraft or similar costs and expenses; or
- (b) incurs costs and expenses as a direct result of a Buy in exercised against it by a third party,

then the Transferor agrees to pay within one Business Day of a demand from the Transferee and hold harmless the Transferee with respect to all reasonable costs and expenses listed in sub paragraphs 0 and 0 above properly incurred which arise directly from such failure other than (i) such costs and expenses which arise from the negligence or wilful default of the Transferee and (ii) any indirect or consequential losses.

10. EVENTS OF DEFAULT

10.1 Each of the following events occurring and continuing in relation to either Party (the Defaulting Party, the other Party being the Non Defaulting Party) shall be an Event of Default but only (subject to sub paragraph 0) where the Non Defaulting Party serves written notice on the Defaulting Party:

- (a) Borrower or Lender failing to pay or repay Cash Collateral or to deliver Collateral on commencement of the Loan under paragraph 0 or to deliver further Collateral under paragraph 0 or 0;
- (b) Lender or Borrower failing to comply with its obligations under paragraph 0 or 0 upon the due date and not remedying such failure within three Business Days after the Non Defaulting Party serves written notice requiring it to remedy such failure;
- (c) Lender or Borrower failing to pay any sum due under paragraph (b), (b) or 0 upon the due date;
- (d) an Act of Insolvency occurring with respect to Lender or Borrower, provided that, where the Parties have specified in paragraph 0 of the Schedule that Automatic Early Termination shall apply, an Act of Insolvency which is the presentation of a petition for winding up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party shall not require the Non Defaulting Party to serve written notice on the Defaulting Party (Automatic Early Termination);
- (e) any warranty made by Lender or Borrower in paragraph 0 or paragraphs (a) to (d) being incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated;
- (f) Lender or Borrower admitting to the other that it is unable to, or it intends not to, perform any of its obligations under this Agreement and/or in respect of any Loan where such failure to perform would with the

service of notice or lapse of time constitute an Event of Default;

(g) all or any material part of the assets of Lender or Borrower being transferred or ordered to be transferred to a trustee (or a person exercising similar functions) by a regulatory authority pursuant to any legislation;

(h) Lender (if applicable) or Borrower being declared in default or being suspended or expelled from membership of or participation in, any securities exchange or suspended or prohibited from dealing in securities by any regulatory authority, in each case on the grounds that it has failed to meet any requirements relating to financial resources or credit rating; or

(i) Lender or Borrower failing to perform any other of its obligations under this Agreement and not remedying such failure within 30 days after the Non Defaulting Party serves written notice requiring it to remedy such failure.

10.2 Each Party shall notify the other (in writing) if an Event of Default or an event which, with the passage of time and/or upon the serving of a written notice as referred to above, would be an Event of Default, occurs in relation to it.

10.3 The provisions of this Agreement constitute a complete statement of the remedies available to each Party in respect of any Event of Default.

10.4 Subject to paragraphs 0 and 0, neither Party may claim any sum by way of consequential loss or damage in the event of failure by the other Party to perform any of its obligations under this Agreement.

11. CONSEQUENCES OF AN EVENT OF DEFAULT

11.1 If an Event of Default occurs in relation to either Party then paragraphs 0 to 0 below shall apply.

11.2 The Parties' delivery and payment obligations (and any other obligations they have under this Agreement) shall be accelerated so as to require performance thereof at the time such Event of Default occurs (the date of which shall be the Termination Date) so that performance of such delivery and payment obligations shall be effected only in accordance with the following provisions.

(a) The Default Market Value of the Equivalent Securities and Equivalent Non-Cash Collateral to be delivered and the amount of any Cash Collateral (including sums accrued) to be repaid and any other cash (including interest accrued) to be paid by each Party shall be established by the Non Defaulting Party in accordance with paragraph 0 and deemed as at the Termination Date.

(b) On the basis of the sums so established, an account shall be taken (as at the Termination Date) of what is due from each Party to the other under this Agreement (on the basis that each Party's claim against the other in respect of delivery of Equivalent Securities or Equivalent Non-Cash Collateral equal to the Default Market Value thereof) and the sums due from one Party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the Party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be payable on the next following Business Day after such account has been taken and such sums have been set off in accordance with this paragraph. For the purposes of this calculation, any sum not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at such dates and times determined by the Non Defaulting Party acting reasonably.

(c) If the balance under sub paragraph 0 above is payable by the Non Defaulting Party and the Non Defaulting Party had delivered to the Defaulting Party a Letter of Credit, the Defaulting Party shall draw on the Letter of Credit to the extent of the balance due and shall subsequently deliver for cancellation the Letter of Credit so provided.

(d) If the balance under sub paragraph 0 above is payable by the Defaulting Party and the Defaulting Party had delivered to the Non Defaulting Party a Letter of Credit, the Non Defaulting Party shall draw on the Letter of Credit to the extent of the balance due and shall subsequently deliver for cancellation the Letter of Credit so provided.

(e) In all other circumstances, where a Letter of Credit has been provided to a Party, such Party shall deliver for cancellation the Letter of Credit so provided.

11.3 For the purposes of this Agreement, the Default Market Value of any Equivalent Collateral in the form of a Letter of Credit shall be zero and of any Equivalent Securities or any other Equivalent Non-Cash Collateral shall be determined in accordance with paragraphs 0 to 0 below, and for this purpose:

(a) the Appropriate Market means, in relation to securities of any description, the market which is the most appropriate market for securities of that description, as determined by the Non Defaulting Party;

(b) the Default Valuation Time means, in relation to an Event of Default, the close of business in the Appropriate Market on the fifth dealing day after the day on which that Event of Default occurs or, where that Event of Default is the occurrence of an Act of Insolvency in respect of which under paragraph 0 no notice is required from the Non Defaulting Party in order for such event to constitute an Event of Default, the close of business on the fifth dealing day after the day on which the Non Defaulting Party first

became aware of the occurrence of such Event of Default;

(c) Deliverable Securities means Equivalent Securities or Equivalent Non-Cash Collateral to be delivered by the Defaulting Party;

(d) Net Value means at any time, in relation to any Deliverable Securities or Receivable Securities, the amount which, in the reasonable opinion of the Non Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation, available prices for securities with similar maturities, terms and credit characteristics as the relevant Equivalent Securities or Equivalent Collateral) as the Non Defaulting Party considers appropriate, less, in the case of Receivable Securities, or plus, in the case of Deliverable Securities, all Transaction Costs incurred or reasonably anticipated in connection with the purchase or sale of such securities;

(e) Receivable Securities means Equivalent Securities or Equivalent Non-Cash Collateral to be delivered to the Defaulting Party; and

(f) Transaction Costs in relation to any transaction contemplated in paragraph 11.4 or 11.5 means the reasonable costs, commissions (including internal commissions), fees and expenses (including any mark up or mark down or premium paid for guaranteed delivery) incurred or reasonably anticipated in connection with the purchase of Deliverable Securities or sale of Receivable Securities, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction.

11.4 If between the Termination Date and the Default Valuation Time:

(a) the Non Defaulting Party has sold, in the case of Receivable Securities, or

purchased, in the case of Deliverable Securities, securities which form part of the same issue and are of an identical type and description as those Equivalent Securities or that Equivalent Collateral, (and regardless as to whether or not such sales or purchases have settled) the Non Defaulting Party may elect to treat as the Default Market Value:

(i) in the case of Receivable Securities, the net proceeds of such sale after deducting all Transaction Costs; provided that, where the securities sold are not identical in amount to the Equivalent Securities or Equivalent Collateral, the Non Defaulting Party may, acting in good faith, either (A) elect to treat such net proceeds of sale divided by the amount of securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Collateral as the Default Market Value or (B) elect to treat such net proceeds of sale of the Equivalent Securities or Equivalent Collateral actually sold as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Collateral, and, in the case of (B), the Default Market Value of the balance of the Equivalent Securities or Equivalent Collateral shall be determined separately in accordance with the provisions of this paragraph 0; or

(ii) in the case of Deliverable Securities, the aggregate cost of such purchase, including all Transaction Costs; provided that, where the securities purchased are not identical in amount to the Equivalent Securities or Equivalent Collateral, the Non Defaulting Party may, acting in good faith, either (A) elect to treat such aggregate cost divided by the amount of securities purchased and multiplied by the amount of the Equivalent Securities or Equivalent Collateral as the Default Market Value or (B) elect to treat the aggregate cost of purchasing the Equivalent Securities or Equivalent Collateral actually purchased as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Collateral, and, in the case of (B), the Default Market Value of the balance of the Equivalent

Securities or Equivalent Collateral shall be determined separately in accordance with the provisions of this paragraph 0;

(c) the Non Defaulting Party has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable Securities, bid quotations in respect of securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size (as determined by the Non Defaulting Party) the Non-Defaulting Party may elect to treat as the Default Market Value of the relevant Equivalent Securities or Equivalent Collateral:

(i) the price quoted (or where more than one price is so quoted, the arithmetic mean of the prices so quoted) by each of them for, in the case of Deliverable Securities, the sale by the relevant market marker or dealer of such securities or, in the case of Receivable Securities, the purchase by the relevant market maker or dealer of such securities, provided that such price or prices quoted may be adjusted in a commercially reasonable manner by the Non Defaulting Party to reflect accrued but unpaid coupons not reflected in the price or prices quoted in respect of such Securities;

(ii) after deducting, in the case of Receivable Securities or adding in the case of Deliverable Securities the Transaction Costs which would be incurred or reasonably anticipated in connection with such transaction.

11.5 If, acting in good faith, either (A) the Non Defaulting Party has endeavoured but been unable to sell or purchase securities in accordance with paragraph 0 above or to obtain quotations in accordance with paragraph 0 above (or both) or (B) the Non Defaulting Party has determined that it would not be commercially reasonable to sell or purchase securities at the prices bid or offered

or to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under paragraph 0 above the Non Defaulting Party may determine the Net Value of the relevant Equivalent Securities or Equivalent Collateral (which shall be specified) and the Non Defaulting Party may elect to treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Collateral.

11.6 To the extent that the Non Defaulting Party has not determined the Default Market Value in accordance with paragraph 0, the Default Market Value of the relevant Equivalent Securities or Equivalent Collateral shall be an amount equal to their Net Value at the Default Valuation Time; provided that, if at the Default Valuation Time the Non Defaulting Party reasonably determines that, owing to circumstances affecting the market in the Equivalent Securities or Equivalent Collateral in question, it is not reasonably practicable for the Non Defaulting Party to determine a Net Value of such Equivalent Securities or Equivalent Collateral which is commercially reasonable (by reason of lack of tradable prices or otherwise), the Default Market Value of such Equivalent Securities or Equivalent Collateral shall be an amount equal to their Net Value as determined by the Non Defaulting Party as soon as reasonably practicable after the Default Valuation Time.

Other costs, expenses and interest payable in consequence of an Event of Default

11.7 The Defaulting Party shall be liable to the Non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the Non Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at such rate as is agreed by the Parties and specified in paragraph 10 of the Schedule or, failing such agreement, the European Central Bank Spot Rate on the date on which it is to be determined or, in the case

of an expense attributable to a particular transaction and, where the Parties have previously agreed a rate of interest for the transaction, that rate of interest if it is greater than the European Central Bank Spot Rate. Interest will accrue daily on a compound basis.

Set off

11.8 Any amount payable to one Party (the Payee) by the other Party (the Payer) under paragraph 0 may, at the option of the Non Defaulting Party, be reduced by its set off against any amount payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement between the Payee and the Payer or instrument or undertaking issued or executed by one Party to, or in favour of, the other Party. If an obligation is unascertained, the Non Defaulting Party may in good faith estimate that obligation and set off in respect of the estimate, subject to accounting to the other Party when the obligation is ascertained. Nothing in this paragraph shall be effective to create a charge or other security interest. This paragraph shall be without prejudice and in addition to any right of set off, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

12. TAXES

Withholding, gross up and provision of information

12.1 All payments under this Agreement shall be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any Applicable Law.

12.2 Except as otherwise agreed, if the paying Party is so required to deduct or withhold, then that Party (Payer) shall:

- (a) promptly notify the other Party (Recipient) of such requirement;
- (b) pay or otherwise account for the full amount required to be deducted or withheld to the relevant authority;
- (c) upon written demand of Recipient, forward to Recipient documentation reasonably acceptable to Recipient, evidencing such payment to such authorities; and
- (d) other than in respect of any payment made by Lender to Borrower under paragraph 0, pay to Recipient, in addition to the payment to which Recipient is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the amount actually received by Recipient (after taking account of such withholding or deduction) will equal the amount Recipient would have received had no such deduction or withholding been required; provided Payer will not be required to pay any additional amount to Recipient under this sub paragraph 0 to the extent it would not be required to be paid but for the failure by Recipient to comply with or perform any obligation under paragraph 0.

12.3 Each Party agrees that it will upon written demand of the other Party deliver to such other Party (or to any government or other taxing authority as such other Party directs), any form or document and provide such other cooperation or assistance as may (in either case) reasonably be required in order to allow such other Party to make a payment under this Agreement without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document, or the provision of such cooperation or assistance, would not materially prejudice the legal or commercial

position of the Party in receipt of such demand). Any such form or document shall be accurate and completed in a manner reasonably satisfactory to such other Party and shall be executed and delivered with any reasonably required certification by such date as is agreed between the Parties or, failing such agreement, as soon as reasonably practicable.

Stamp Tax

12.4 Unless otherwise agreed, Borrower hereby undertakes promptly to pay and account for any Stamp Tax chargeable in connection with any transaction effected pursuant to or contemplated by this Agreement (other than any Stamp Tax that would not be chargeable but for Lender's failure to comply with its obligations under this Agreement).

12.5 Borrower shall indemnify and keep indemnified Lender against any liability arising as a result of Borrower's failure to comply with its obligations under paragraph 0.

Sales Tax

12.6 All sums payable by one Party to another under this Agreement are exclusive of any Sales Tax chargeable on any supply to which such sums relate and an amount equal to such Sales Tax shall in each case be paid by the Party making such payment on receipt of an appropriate Sales Tax invoice.

Retrospective changes in law

12.7 Unless otherwise agreed, amounts payable by one Party to another under this Agreement shall be determined by reference to Applicable Law as at the date of the relevant payment and no adjustment shall be made to amounts paid under this Agreement as a result of:

- (a) any retrospective change in Applicable Law which is announced or enacted after the date of the relevant payment; or

(b) any decision of a court of competent jurisdiction which is made after the date of the relevant payment (other than where such decision results from an action taken with respect to this Agreement or amounts paid or payable under this Agreement).

13. LENDER'S WARRANTIES

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Lender:

(a) it is duly authorised and empowered to perform its duties and obligations under this Agreement;

(b) it is not restricted under the terms of its constitution or in any other manner from lending Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;

(c) it is absolutely entitled to pass full legal and beneficial ownership of all Securities provided by it hereunder to Borrower free from all liens, charges and encumbrances; and

(d) it is acting as principal in respect of this Agreement, other than in respect of an Agency Loan.

14. BORROWER'S WARRANTIES

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Borrower:

(a) it has all necessary licences and approvals, and is duly authorised and empowered, to perform its duties and obligations under this Agreement and will do nothing prejudicial to the continuation of such authorisation, licences or approvals;

(b) it is not restricted under the terms of its constitution or in any other manner from borrowing Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;

(c) it is absolutely entitled to pass full legal and beneficial ownership of all Collateral provided by it hereunder to Lender free from all liens, charges and encumbrances;

(d) it is acting as principal in respect of this Agreement; and

(e) it is not entering into a Loan for the primary purpose of obtaining or exercising voting rights in respect of the Loaned Securities.

15. INTEREST ON OUTSTANDING PAYMENTS

In the event of either Party failing to remit sums in accordance with this Agreement such Party hereby undertakes to pay to the other Party upon demand interest (before as well as after judgment) on the net balance due and outstanding, for the period commencing on and inclusive of the original due date for payment to (but excluding) the date of actual payment, in the same currency as the principal sum and at the rate referred to in paragraph 0. Interest will accrue daily on a compound basis and will be calculated according to the actual number of days elapsed. No interest shall be payable under this paragraph in respect of any day on which

one Party endeavours to make a payment to the other Party but the other Party is unable to receive it.

16. TERMINATION OF THIS AGREEMENT

Each Party shall have the right to terminate this Agreement by giving not less than 15 Business Days' notice in writing to the other Party (which notice shall specify the date of termination) subject to an obligation to ensure that all Loans which have been entered into but not discharged at the time such notice is given are duly discharged in accordance with this Agreement.

17. SINGLE AGREEMENT

Each Party acknowledges that, and has entered into this Agreement and will enter into each Loan in consideration of and in reliance upon the fact that, all Loans constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each Party agrees:

- (a) to perform all of its obligations in respect of each Loan, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Loans, subject always to the other provisions of the Agreement; and
- (b) that payments, deliveries and other transfers made by either of them in respect of any Loan shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Loan.

18. SEVERANCE

If any provision of this Agreement is declared by any judicial or other competent authority to be void or otherwise unenforceable, that provision shall be severed from the Agreement and the remaining provisions of this Agreement shall remain in full force and effect. The Agreement shall, however, thereafter be amended by the Parties in such reasonable manner so as to achieve as far as possible, without illegality, the intention of the Parties with respect to that severed provision.

19. SPECIFIC PERFORMANCE

Each Party agrees that in relation to legal proceedings it will not seek specific performance of the other Party's obligation to deliver Securities, Equivalent Securities, Collateral or Equivalent Collateral but without prejudice to any other rights it may have.

20. NOTICES

20.1 Any notice or other communication in respect of this Agreement may be given in any manner set forth below to the address or number or in accordance with the electronic messaging system details set out in paragraph 0 of the Schedule and will be deemed effective as indicated:

- (a) if in writing and delivered in person or by courier, on the date it is delivered;
- (b) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(c) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or

(d) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or the receipt, as applicable, is not a Business Day or that communication is delivered (or attempted) or received, as applicable, after the Close of Business on a Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Business Day.

20.2 Either Party may by notice to the other change the address or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

21. ASSIGNMENT

21.1 Subject to paragraph 0, neither Party may charge, assign or otherwise deal with all or any of its rights or obligations hereunder without the prior consent of the other Party.

21.2 Paragraph 0 shall not preclude a party from charging, assigning or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 0 or 0.

22. NON WAIVER

No failure or delay by either Party (whether by course of conduct or otherwise) to exercise any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or further

exercise thereof or the exercise of any other right, power or privilege as herein provided.

23. GOVERNING LAW AND JURISDICTION

23.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and shall be construed in accordance with, Maltese law.

23.2 The courts of Malta have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes or any non-contractual obligation which may arise out of or in connection with this Agreement (respectively, Proceedings and Disputes) and, for these purposes, each Party irrevocably submits to the jurisdiction of the courts of Malta.

23.3 Each Party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of Malta are not a convenient or appropriate forum.

23.4 Each Party hereby respectively appoints the person identified in paragraph 0 of the Schedule pertaining to the relevant Party as its agent to receive on its behalf service of process in the courts of Malta. If such an agent ceases to be an agent of a Party, the relevant Party shall promptly appoint, and notify the other Party of the identity of its new agent in Malta.

24. TIME

Time shall be of the essence of the Agreement.

25. RECORDING

The Parties agree that each may record all telephone conversations between them.

26. WAIVER OF IMMUNITY

Each Party hereby waives all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgement) and execution to which it might otherwise be entitled in any action or proceeding in the courts of England or of any other country or jurisdiction relating in any way to this Agreement and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

27. MISCELLANEOUS

27.1 This Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

27.2 The Party (the Relevant Party) who has prepared the text of this Agreement for execution (as indicated in paragraph 0 of the Schedule) warrants and undertakes to the other Party that such text conforms exactly to the text of the standard form Global Master Securities Lending Agreement (2009 version) posted by the International Securities Lending Association on its website except as notified by the Relevant Party to the other Party in writing prior to the execution of this Agreement.

27.3 Unless otherwise provided for in this Agreement, no amendment in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the Parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

27.4 The Parties agree that where paragraph 11 of the Schedule indicates that this paragraph 0 applies, this Agreement shall apply to all loans which are outstanding as at the date of this Agreement and which are subject to the securities lending agreement or agreements specified in paragraph 11 of the Schedule, and such Loans shall be treated as if they had been entered into under this Agreement, and the terms of such loans are amended accordingly with effect from the date of this Agreement.

27.5 The Parties agree that where paragraph 12 of the Schedule indicates that this paragraph 0 applies, each may use the services of a third party vendor to automate the processing of Loans under this Agreement and that any data relating to such Loans received from the other Party may be disclosed to such third party vendors.

27.6 The obligations of the Parties under this Agreement will survive the termination of any Loan.

27.7 The warranties contained in paragraphs 0, 0 and 0 and in the Agency Annex will survive termination of this Agreement for so long as any obligations of either of the Parties pursuant to this Agreement remain outstanding.

27.8 Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

27.9 This Agreement (and each amendment in respect of it) may be executed

and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

27.10 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

EXECUTED by the PARTIES

SIGNED by)
)
duly authorised for and)
on behalf of)

SIGNED by)
)
duly authorised for and)
on behalf of)

SCHEDULE

1.0 Collateral

1.1 The securities, financial instruments and deposits of currency set out in the table below with a cross marked next to them are acceptable forms of Collateral under this Agreement.

1.2 Unless otherwise agreed between the Parties, the Market Value of the Collateral delivered pursuant to paragraph **Error! Reference source not found.** by Borrower to Lender under the terms and conditions of this Agreement shall on each Business Day represent not less than the Market Value of the Loaned Securities together with the percentage contained in the row of the table below corresponding to the particular form of Collateral, referred to in this Agreement as the **Margin**.

Security/Financial Instrument/ Deposit of Currency	Mark "X" if acceptable form of Collateral	Margin (%)

1.3 Basis of Margin Maintenance:

Aggregation shall not apply* ☐

Aggregation applies unless the box is ticked.

1.4 Netting of obligations to deliver

Collateral and redeliver Equivalent Collateral shall not apply* ☐

Paragraph (netting) applies unless the box is ticked

1.5 For the purposes of Paragraph 1.5, Notification Time means by ☐ , London time.

1.6 Indemnity for failure to redeliver Equivalent Non-Cash Collateral shall not apply* ☐

Indemnity for failure to redeliver Equivalent Non-Cash Collateral applies unless the box is ticked.

* Delete as appropriate.

* Delete as appropriate.

* Delete as appropriate.

2.0 Base Currency

The Base Currency applicable to this Agreement is _____ provided that if that currency ceases to be freely convertible the Base Currency shall be [US Dollars] [Euro] [specify other currency]*

3.0 Places of Business

(See definition of Business Day.)

4.0 Market Value

(See definition of Market Value.)

5.0 Events of Default

Automatic Early Termination shall apply in respect of Party A

☐

Automatic Early Termination shall apply in respect of Party B

☐

6.0 Designated Office and Address for Notices

(a) Designated office of Party A:

Address for notices or communications to Party A:

Address:

Attention:

Facsimile No:

Telephone No:

Electronic Messaging System Details:

(b) Designated office of Party B:

Address for notices or communications to Party B:

Address:

Attention:

Facsimile No:

Telephone No:

Electronic Messaging System Details:

7(a) Agent of Party A for Service of Process

Name:

Address:

7(B) Agent of Party B for Service of Process

Name:

Address:

8.0 Agency

- Party A [may][will always]* act as agent ☐
- Party B [may][will always]* act as agent ☐
- The Addendum for Pooled Principal Transactions may apply to Party A ☐
- The Addendum for Pooled Principal Transactions may apply to Party B ☐

9.0 Party Preparing this Agreement

Party A ☐

Party B ☐

10.0 Default interest

Rate of default interest:

11.0 Existing Loans

Paragraph 0 applies* ☐

[Overseas Securities Lenders Agreement dated]*

[Global Master Securities Lending Agreements dated]*

12.0 Automation

Paragraph 0 applies* ☐

* Delete as appropriate.

AGENCY ANNEX

1.0 TRANSACTIONS ENTERED INTO AS AGENT

1.1 Power for Lender to enter into Loans as agent

Subject to the following provisions of this paragraph, Lender may enter into Loans as agent (in such capacity, the Agent) for a third person (a Principal), whether as custodian or investment manager or otherwise (a Loan so entered into being referred to in this paragraph as an Agency Loan).

If the Lender has indicated in paragraph 0 of the Schedule that it may act as Agent, it must identify each Loan in respect of which it acts as Agent as an Agency Loan at the time it is entered into. If the Lender has indicated in paragraph 0 of the Schedule that it will always act as Agent, it need not identify each Loan as an Agency Loan.

1.2 Pooled Principal transactions

The Lender may enter into an Agency Loan on behalf of more than [one] Principal and accordingly the addendum hereto for pooled principal transactions shall apply.]*

1.3 Conditions for Agency Loan

A Lender may enter into an Agency Loan if, but only if:

(a) it provides to Borrower, prior to effecting any Agency Loan, such information in its possession necessary to complete all required fields in the format generally used in the industry, or as otherwise agreed by Agent and Borrower (Agreed Format), and will use its best efforts to provide to Borrower any optional information that may be requested by the Borrower for the purpose of identifying such Principal (all such information being the Principal Information). Agent represents and warrants that the Principal Information is true

and accurate to the best of its knowledge and has been provided to it by Principal;

(b) it enters into that Loan on behalf of a single Principal whose identity is disclosed to Borrower (whether by name or by reference to a code or identifier which the Parties have agreed will be used to refer to a specified Principal) either at the time when it enters into the Loan or before the Close of Business on the next Business Day after the date on which Loaned Securities are transferred to the Borrower in the Agreed Format or as otherwise agreed between the Parties; and

(c) it has at the time when the Loan is entered into actual authority to enter into the Loan and to perform on behalf of that Principal all of that Principal's obligations under the agreement referred to in paragraph (c) below.

Agent agrees that it will not effect any Loan with Borrower on behalf of any Principal unless Borrower has notified Agent of Borrower's approval of such Principal, and has not notified Agent that it has withdrawn such approval (such Principal, an Approved Principal), with both such notifications in the Agreed Format.

Borrower acknowledges that Agent shall not have any obligation to provide it with confidential information regarding the financial status of its Principals; Agent agrees, however, that it will assist Borrower in obtaining from Agent's Principals such information regarding the financial status of such Principals as Borrower may reasonably request.

1.4 Notification by Agent of certain events affecting any Principal

Agent undertakes that, if it enters as agent into an Agency Loan, forthwith upon becoming aware:

(a) of any event which constitutes an Act of Insolvency with respect to the relevant Principal; or

(b) of any breach of any of the warranties given in paragraph 0 below or of any event or circumstance which results in any such warranty being untrue if repeated by reference to the then current facts,

it will inform Borrower of that fact and will, if so required by Borrower, furnish it with such additional information as it may reasonably request to the extent that such information is readily obtainable by Agent.

1.5 Status of Agency Loan

(a) Each Agency Loan shall be a transaction between the relevant Principal and Borrower and no person other than the relevant Principal and Borrower shall be a party to or have any rights or obligations under an Agency Loan. Without limiting the foregoing, Agent shall not be liable as principal for the performance of an Agency Loan, but this is without prejudice to any liability of Agent under any other provision of this Annex; and

(a) all the provisions of the Agreement shall apply separately as between Borrower and each Principal for whom the Agent has entered into an Agency Loan or Agency Loans as if each such Principal were a party to a separate agreement with Borrower in all respects identical with this Agreement other than this Annex and as if the Principal were Lender in respect of that agreement; provided that

(i) if there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if Borrower served written notice under any sub clause of paragraph 0 of the Agreement, Borrower shall be entitled by giving written notice to the Principal (which notice shall be validly given if given in accordance with paragraph 0 of the Agreement) to declare that by reason of that

event an Event of Default is to be treated as occurring in relation to the Principal. If Borrower gives such a notice then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given; and

(ii) if the Principal is neither incorporated in nor has established a place of business in Malta, the Principal shall for the purposes of the agreement referred to in paragraph 0(c) above be deemed to have appointed as its agent to receive on its behalf service of process in the courts of Malta the Agent, or if the Agent is neither incorporated nor has established a place of business in Malta, the person appointed by the Agent for the purposes of this Agreement, or such other person as the Principal may from time to time specify in a written notice given to the other Party.

If Lender has indicated in paragraph 6 of the Schedule that it may enter into Loans as agent, the foregoing provisions of this paragraph do not affect the operation of the Agreement as between Borrower and Lender in respect of any Loans into which Lender may enter on its own account as principal.

1.6 Warranty of authority by Lender acting as Agent

Agent warrants to Borrower that it will, on every occasion on which it enters or purports to enter into a Loan as an Agency Loan, have been duly authorised to enter into that Loan and perform the obligations arising under such Loan on behalf of the Principal in respect of that Loan and to perform on behalf of the Principal all the obligations of that person under the agreement referred to in paragraph (c) above.

ADDENDUM FOR POOLED PRINCIPAL AGENCY LOANS

1.0 SCOPE

This addendum applies where the Agent wishes to enter into an Agency Loan on behalf of more than one Principal. The Agency Annex shall apply to such a Loan subject to the modifications and additional terms and conditions contained in paragraph 0 to 0 below.

2.0 INTERPRETATION

2.1 In this addendum:

- (a) Collateral Transfer has the meaning given in paragraph 0 below;
- (b) if at any time on any Business Day the aggregate Market Value of Posted Collateral in respect of all Agency Loans outstanding with a Principal under the Agreement exceeds the aggregate of the Required Collateral Value in respect of such Agency Loans, Borrower has a Net Loan Exposure to that Principal equal to that excess; if at any time on any Business Day the aggregate Market Value of Posted Collateral in respect of all Agency Loans outstanding under the Agreement with a Principal falls below the aggregate of the Required Collateral Value in respect of such Agency Loans, that Principal has a Net Loan Exposure to Borrower for such Agency Loans equal to that deficiency;
- (c) Pooled Principal has the meaning given in paragraph 6(a) below; and
- (d) Pooled Loan has the meaning given in paragraph 6(a) below.

3.0 MODIFICATIONS TO THE AGENCY ANNEX

3.1 Paragraph (b) of the Agency Annex is deleted and replaced by the following:

“it enters into that Loan on behalf of one or more Principals and at or before the time when it enters into the Loan it discloses to Borrower the identity and the jurisdiction of incorporation, organisation or establishment of each such Principal (and such disclosure may be made either directly or by reference to a code or identifier which the Parties have agreed will be used to refer to a specified Principal);”.

3.2 Paragraph (c) of the Agency Annex is deleted and replaced by the following:

“it has at the time when the Loan is entered into actual authority to enter into the Loan on behalf of each Principal and to perform on behalf of each Principal all of that Principal’s obligations under the Agreement”.

4.0 ALLOCATION OF AGENCY LOANS

4.1 The Agent undertakes that if, at the time of entering into an Agency Loan, the Agent has not allocated the Loan to a Principal, it will allocate the Loan before the Settlement Date for that Agency Loan either to a single Principal or to several Principals, each of whom shall be responsible for only that part of the Agency Loan which has been allocated to it. Promptly following such allocation, the Agent shall notify Borrower of the Principal or Principals (whether by name or reference to a code or identifier which the Parties have agreed will be used to refer to a specified Principal) to which that Loan or part of that Loan has been allocated.

4.2 Upon allocation of a Loan in accordance with paragraph 0 above or otherwise, with effect from the date on which the Loan was entered into:

- (a) where the allocation is to a single Principal, the Loan shall be deemed to have

been entered into between Borrower and that Principal; and

(b) where the allocation is to two or more Principals, a separate Loan shall be deemed to have been entered into between Borrower and each such Principal with respect to the appropriate proportion of the Loan.

4.3 If the Agent shall fail to perform its obligations under paragraph 0 above then for the purposes of assessing any damage suffered by Borrower (but for no other purpose) it shall be assumed that, if the Loan concerned (to the extent not allocated) had been allocated in accordance with that paragraph, all the terms of the Loan would have been duly performed.

5.0 ALLOCATION OF COLLATERAL

5.1 Unless the Agent expressly allocates (a) a deposit or delivery of Posted Collateral or (b) a repayment of Cash Collateral or a redelivery of Equivalent Collateral (each a Collateral Transfer) before such time, the Agent shall, at the time of making or receiving that Collateral Transfer, be deemed to have allocated any Collateral Transfer in accordance with paragraph 0 below.

(a) If the Agent has made a Collateral Transfer on behalf of more than one Pooled Principal, that Collateral Transfer shall be allocated in proportion to Borrower's Net Loan Exposure in respect of each Pooled Principal at the Agent's close of business on the Business Day before the Collateral Transfer is made; and

(b) if the Agent has received a Collateral Transfer on behalf of more than one Pooled Principal, that Collateral Transfer shall be allocated in proportion to each Pooled Principal's Net Loan Exposure in respect of Borrower at the Agent's close of business on the Business Day before the Collateral Transfer is made.

(c) Sub paragraphs Error! Reference source not found. and 0 shall not apply in respect of any Collateral Transfer which is effected or deemed to have been effected under paragraph 0 below.

6.0 POOLED PRINCIPALS: REBALANCING OF MARGIN

6.1 Where the Agent acts on behalf of more than one Principal, the Parties may agree that, as regards all (but not some only) outstanding Agency Loans with those Principals, or with such of those Principals as they may agree (Pooled Principals, such Agency Loans being Pooled Loans), any Collateral Transfers are to be made on an aggregate net basis.

6.2 Paragraphs 0 to 0 below shall have effect for the purpose of ensuring that Posted Collateral is, so far as is practicable, transferred and held uniformly, as between the respective Pooled Principals, in respect of all Pooled Loans for the time being outstanding under the Agreement.

6.3 At or as soon as practicable after the Agent's close of business on each Business Day on which Pooled Loans are outstanding (or at such other times as the Parties may from time to time agree) there shall be effected such Collateral Transfers as shall ensure that immediately thereafter:

(a) in respect of all Pooled Principals which have a Net Loan Exposure to Borrower, the amount of Collateral then deliverable or Cash Collateral then payable by Borrower to each such Pooled Principal is equal to such proportion of the aggregate amount of Collateral then deliverable or Cash Collateral then payable, to all such Pooled Principals as corresponds to the proportion which the Net Loan Exposure of the relevant Pooled Principal bears to the aggregate of the Net Loan

Exposures of all Pooled Principals to Borrower; and

(b) in respect of all Pooled Principals to which Borrower has a Net Loan Exposure, the aggregate amount of Equivalent Collateral then deliverable or repayable by each such Pooled Principal to Borrower is equal to such proportion of the aggregate amount of Equivalent Collateral then deliverable or repayable by all such Pooled Principals as corresponds to the proportion which the Net Loan Exposure of Borrower to the relevant Pooled Principal bears to the aggregate of the Net Loan Exposures of Borrower to all Pooled Principals.

6.4 Collateral Transfers effected under paragraph 0 shall be effected (and if not so effected shall be deemed to have been so effected) by appropriations made by the Agent and shall be reflected by entries in accounting and other records maintained by the Agent. Accordingly, it shall not be necessary for payments of cash or deliveries of Securities to be made through any settlement system for the purpose of such Collateral Transfers. Without limiting the generality of the foregoing, the Agent is hereby authorised and instructed by Borrower to do all such things on behalf of Borrower as may be necessary or expedient to effect and record the receipt on behalf of Borrower of cash and Securities from, and the delivery on behalf of Borrower of cash and Securities to, Pooled Principals in the course or for the purposes of any Collateral Transfer effected under that paragraph.

6.5 Promptly following the Collateral Transfers effected under paragraph 0 above, and as at the Agent's close of business on any Business Day, the Agent shall prepare a statement showing in respect of each Pooled Principal the amount of cash Collateral which has been paid, and the amount of non-cash Collateral of each description which have been transferred, by or to that Pooled Principal immediately after those Collateral Transfers. If Borrower so requests, the Agent shall deliver to Borrower a copy of the statement so prepared in a format and to a timetable generally used in the market.

7.0 WARRANTIES

7.1 The Agent warrants to Borrower that:

(a) all notifications provided to Borrower under paragraph 0 above and all statements provided to the other party under paragraph 0 above shall be complete and accurate in all material respects;

(b) at the time of allocating an Agency Loan in accordance with paragraph 0 above, each Principal or Principals to whom the Agent has allocated that Agency Loan or any part of that Agency Loan is duly authorised to enter into the Agency Loans contemplated by this Agreement and to perform its obligations thereunder; and

(c) at the time of allocating an Agency Loan in accordance with paragraph 0 above, no Event of Default or event which would constitute an Event of Default with the service of a Default Notice or other written notice under paragraph 0 of the Agreement has occurred in relation to any Principal or Principals to whom the Agent has allocated that Agency Loan or any part of that Agency Loan.



MALTA
STOCK EXCHANGE

Appendix 4.5

SECURITIES BORROWING AND LENDING CODE OF GUIDANCE

4.5 SECURITIES BORROWING AND LENDING CODE OF GUIDANCE

1. INTRODUCTION

General

1.1 This Code of Guidance on Securities Lending and Borrowing [henceforth “the Code”] applies to all participants in the securities borrowing and lending market, including beneficial owners, agents or advisors. The Code applies to participants when such functions is outsourced such as to Custodians. All participants and the relevant staff are expected to be familiar with and understand the Code. All participants, agents or advisors shall ensure that they have an understanding of the Code and furthermore ensure that new recruits in the market are aware of the contents of the Code and its relevance to their responsibilities.

1.2 The Code does not replace existing legal and regulatory requirements or firms’ internal systems of management and control. The Code is not intended to override or conflict with internal rules of individual settlement systems in respect of relevant borrowing or lending transactions.

Applicability

1.3 The Code applies to the full range of securities lending and borrowing transactions.

Regulation

1.4 Any person who conducts securities borrowing or lending business in Malta would generally be carrying on a regulated activity in terms of the Investments Services Act and therefore would have to be authorized and supervised under the Act unless an exclusion is applicable. Individuals involved in securities borrowing and lending may be submit to the MFSA regulatory regime. Securities borrowers or lenders, would, as authorized persons, be submitted to the regulations of the MFSA and they would have to have regard to the Prevention of market Abuse Act and related regulations.

1.5 The MFSA may have regard to the differing standards and practices operating in markets when interpreting its Principles for business as they apply to inter-professional business. Furthermore, non-compliance with such standards and practices may raise issues such as the integrity or competent of a firm.

1.6 Securities Borrowing and lending activities are also subject to regulation in other member states of the European Union given the general regulatory requirements of the Markets in Financial Instruments Directive. Firms incorporated and authorized in one member state may conduct stock borrowing and lending activities in other member states under the passport arrangements.

1.7 The Code has no statutory underpinning except where it refers to existing legal requirements but non-compliance may raise issues such as the integrity or competence of the firm.

2. STANDARDS

General

2.1 All participants in the securities lending and borrowing market should ensure that this market operates in a sound, transparent and orderly manner. To achieve these aims, firms and their staff should adopt prudent practices, act at all times with integrity and observe the highest standards of market conduct.

2.1.1 Participants should act with all due skill, care and diligence. Staff should therefore, be properly trained in the practices of securities lending and borrowing and be familiar with this Code.

2.1.2 Participants are held responsible for the actions of their staff.

2.1.3 Market professionals should pay particular attention to ensuring fair treatment for and between clients who are not also market professionals where conflicts of interest cannot be avoided.

2.1.4 Participants in securities borrowing and lending should at all times treat the names of parties to transactions as confidential.

2.2 In order for the benefits from the securities borrowing and lending market to accrue to market participants, it is essential that securities lending activity does not distort the market either in borrowing/lending or in the securities themselves. In this context, participants in the securities lending market must not in any circumstances enter into transactions or holding arrangements designed to limit the availability of a specific security or with the intention of creating a false or distorted market in the underlying securities. In this context market participants should comply with relevant provisions on market abuse.

2.3 Participants in the securities borrowing and lending market have a general responsibility to ensure that their activities do not cause market disruption through fails, or lead to reputational damage to the market. Participants should comply with any regulatory restrictions on short selling that may be in force from time to time.

Preliminary

2.4 All participants should ensure that there are no legal obstacles to their undertaking securities lending and borrowing transactions and that they have all the necessary authorizations from regulatory authorities as may be applicable. They should become familiar with relevant rules, procedures and market conventions in which they will operate. Participants should ensure that they have established and fully understand their tax position in relation to securities lending transactions.

2.5 All participants should be familiar with the settlement systems and functionalities that are used for the transfer of securities and related payments.

2.6 Where necessary, participants should ensure that they have appropriate authority from the beneficial owners of the securities, or from a party suitably authorized by the beneficial owners. For the securities to be lent. Beneficial owners should understand the implications of such lending.

2.7 Participants should ensure that they have adequate systems and controls for the business they intend to undertake. These should include the following .

2.7.1 Participants should establish, retain and update their documentation so that it is adequate to cover the types of transactions that they undertake.

2.7.2 Management should maintain a list of authorized borrowers and lenders of securities and should make this list available to its counterparties on request.

2.7.3 Parties should have suitable internal controls designed to ensure that any securities loans have been properly authorized before securities are delivered against an obligation to lend.

2.7.4 Clear and timely records should be available to management of any party involved in such transactions showing, inter alia, the value of the securities lent or borrowed, collateral and any fees received. This information should be available in aggregate and by counterparty to enable accurate monitoring of credit risk.

2.7.5 Parties to such transactions should monitor their exposure to their counterparties on a real time basis. Appropriate exposure limit should be maintained for all counterparties, and, should be reviewed on a regular basis,

2.7.6 All participants should be aware of possible settlement risks and take steps to ensure that such exposure is recognized and properly controlled. This should include controls on the replacement or renewal of collateral. Where securities and collateral do not move within the same settlement system or country, particular care should be exercised to ensure that value for security is provided in a timely fashion to minimize exposure and settlement counterparty risk. This may include requirements for the pre delivery of collateral in appropriate cases.

2.7.7 There should be adequate systems to account, for tax purposes, for any manufactured payments in accordance with relevant regulations.

2.8 The following procedures should be undertaken before entering into securities borrowing and lending transactions with a new counterparty.

2.8.1 Parties to a securities lending transaction should disclose to their counterparty the capacity, principal or agent, in which they are acting and should also ensure that they are clear as to the capacity of their counterparty. Where the lender is an agent, the parties should agree on appropriate arrangements for the identity of the principals on whom the risk is taken to be established before each deal is effected, at least by means of an agreed identification code. Participants should also have regard to any regulatory requirements in this area and the guidance issued by the International Securities Lending Association on the recommended model for agent lender disclosure in Europe.

2.8.2 Participants should ensure that they have agreed documentation and have assured themselves of its effectiveness and that they, or a competent person, have undertaken a thorough credit assessment of the counterparty. Where lenders ask, for example, custodians to undertake credit assessment on their behalf this should be reflected in the agreement.

2.8.3 Participants should establish whether their counterparty is a member of any relevant exchange as this may mean that they are subject to particular rules which could affect the way in which they deal with certain events during a securities loan.

2.9 Before dealing for the first time with a client who is not a market professional, market professionals should either confirm that the client is already aware of this Code and its contents or draw them to the client's attention.

2.10 Such participants should inform the new client, if they are new to securities borrowing and lending that the Code recommends that :

- Transactions should be under the Securities Lending Legal Agreement or equivalent
- Transactions should be marked-to-market regularly and recollateralised as appropriate
- Participants should take possession of securities or collateral or use and independent third party
- Clients should be reminded that it is for them to decide whether to seek independent advice.

2.11 Such participants should also inform the client that there could be tax consequences from entering into securities borrowing and lending transactions in particular with regard to dividends.

2.12 Where such participants will be borrowing securities from clients, whether as a final borrower or intermediary, they should ensure that the lender is aware that any voting rights will be transferred along with title of the securities and the client is not, therefore, entitled to exercise any such rights until the securities are redelivered to it. They may also wish to consider explaining the client's entitlements in relation to any benefits on loaned securities.

Agents

2.13 Before dealing with a client for the first time, agents should either confirm that the client is already aware of this Code and its contents, or draw them to the client's

attention. Agents should represent clearly the nature of the arrangements and the capacity in which they are acting. There should be a clear legal agreement which may form part of the standard fund management or custody agreement, authorizing the agent to lend securities, setting down the terms on which the securities may be lent and specifying the collateral that may be taken.

2.14 An agent must obtain the necessary prior written authority from the beneficial owners of the securities, or from a party suitably authorized by the beneficial owners, to undertake securities lending.

2.15 An agent should inform the beneficial owners that securities lending involves the absolute transfer of title and that securities on loan cannot therefore be voted by the lender unless they are recalled. They should also explain the client's entitlements in relation to any benefits accruing on loaned securities.

2.16 Where a lender is acting through an agent, there should be an agreed arrangement between agent and principal for the safeguarding of collateral and the allocation of any earnings on that collateral.

2.17 Where a participant is acting as an agent for more than one principal, a clear system for determining which principals' securities are on loan should be established. There should also be a clear system for determining any allocation of collateral between the particular lenders and for defining their entitlements.

2.18 An agent should make regular reports to clients, providing them with a full

explanation of the securities lending activity carried out on their behalf.

Brokers

2.19 As well as dealing directly or through an agent, participants may also trade through broking intermediaries (a) matched principals – participants acting in that capacity are acting as principals and (b) name-passing or name give-up brokers.

2.20 Name passing brokers in securities lending :

- Do not act as principal to a deal
- Only quote firm prices substantiated by a market principal participant
- Only receive payment for successfully bringing counterparties together in the form of brokerage which is freely negotiated
- Pass the names immediately when a bid is hit or an offer lifted.

2.21 While principals and brokers share equal responsibility for maintaining confidentiality, name-passing brokers must exercise particular care. They should ensure that the identity of parties to a transaction is disclosed only after the bid is hit or offer lifted which may be on a conditions basis subject to the prospective counterparty being one with whom the participant can deal and then only to the parties involved.

Legal Agreement

2.22 All securities lending transactions should be subject to a written legal agreement

between the parties concerned. Standard agreements should be used wherever possible.

2.23 The Global Master Securities Lending Agreement [GMSLA] has been developed as a market standard for securities lending and covers the matters which a legal agreement ought to cover for securities lending transactions. This Agreement is kept under review and amendments are made from time to time although parties to an existing agreement would have to agree that such amendments would apply. It is recommended that this Agreement is adopted by participants entering into securities lending and borrowing transactions although it is understood that certain provisions may have to be varied to suit particular circumstances.

2.24 The following issues covered by this Code should be covered by the legal agreement which will also contain other provisions outside the scope of this Code.

- The capacities – principal or agent, in which the parties are acting
- Where relevant, confirmation that an agent has the appropriate prior authority from the beneficial owners, or a party suitably authorized by the beneficial owners, for the securities to be lent
- The absolute transfer of title to securities and collateral
- Daily marking to market transactions
- Acceptable forms of collateral and margin percentages
- Arrangements for delivery of collateral and for the maintenance of margin whenever the mark to market reveals a material change of value
- Provisions clarifying the rights of the parties regarding substitution of collateral

- The treatment of dividend payments and other rights in respect of securities and collateral including, for example, the timing of any payments
- Arrangements for dealing with corporate actions
- Procedures for calling securities and arrangements if called securities cannot be delivered
- Clear specification of the events of default and the consequential rights and obligations of the counterparties
- Full set-off claims between the counterparties in the event of default
- The governing law and jurisdiction of the agreement.

Custody

2.25 Custody is an important aspect of securities borrowing and lending. Taking possession of the securities or collateral or using a third party custodian removes one important potential element of the credit risks involved, that, while in possession of the securities or collateral, the other party defaults and that the value of the securities or collateral subsequently cannot be recovered. Participants therefore need to ensure that securities loan transactions are identified, where necessary to their custodian. Participants should also take steps to satisfy themselves that their custodian's segregation arrangements are appropriate to the particular circumstances of their activities.

2.26 Securities and collateral, including where relevant margin, should be delivered to the account of the counterparty or his agent or a designated third party.

2.27 Before agreeing to arrangement in which securities or collateral are left with the

other party to the transactions, participants need to consider whether they are satisfied to accept such arrangements and the reason why these are prudent. They should also consider the credit standing of the other party and to assure themselves that the other party has the appropriate, independently audited, systems and controls for segregating and monitoring securities or collateral.

Collateral/Margin

2.28 Securities loans should where possible be made on a collateralized basis against collateral acceptable to the lender as specified in the agreement or agreed by the parties prior to the loan.

2.29 The collateral should be delivered to the account of the lender or his agent or a designated third party.

2.30 The collateral should include a margin over the value of the loan which should be specified in the agreement. Alternatively, if this is acceptable to both parties, the margin could be agreed at the time of the loan, when it should also be included in the relevant confirmation.

2.31 The agreement should provide for the collateral to be adjusted whenever there is a material change in the value of the currency or securities involved in the transactions and for the original margin to be restored.

2.32 The loan and the collateral should be marked to market on a daily basis and more frequently if the need arises.

Default and Close-out

2.33 Parties to a transaction should be satisfied that the legal agreement will allow their claims to be offset immediately against the claims of their counterparty in the event of default.

2.34 Some events such as insolvency may be automatic events of default under the legal agreement whilst others may trigger one party's right to declare an event of default against the other. In these latter cases, participants need to recognize that the decision to declare a default is a major one. Senior management of any participant faced with this decision should weigh carefully whether the event which triggers the right requires such action or is a technical problem which can be resolved in alternative ways.

2.35 Once a decision to declare a default has been taken, it is important, in the interests of the participant, the defaulting party and the market, that the process be carried out with due care. In particular :

- The non-defaulting party should do everything within its power to ensure that the default market values used in the close out calculations are and can be shown to be fair and
- If the non-defaulting party decides to buy or sell securities consequent to the close out, it should make every effort to do so without unnecessarily disrupting the market.

Confirmations

2.36 Trading platforms use of electronic communications has made confirmations unnecessary in many cases. However, confirmations remain relevant in cases where there is no electronic communication

associated with the original agreement to trade.

2.37 Market professionals should ensure that a written or electronic confirmation is issued, whenever possible on the day of the trade.

2.38 Where material changes, such as collateral adjustments or substitutions of collateral occur during the life of the transaction, these should be agreed between the parties and may also be confirmed, should either party wish it. Where appropriate this may be done via a cross reference to the original loan.

2.39 Participants should ensure that any confirmations they receive are checked carefully as soon as possible, normally on the day of receipt, and that any queries on their terms are promptly conveyed back to the issuer.

3. MARKET PRACTICE

Introduction

3.1 It is recommended to adopt the approaches set out below. Nevertheless, such market practices may not be appropriate to specific counterparties or circumstances. Where, after due consideration, a participant considers that any particular practice is not appropriate, they should reach agreement with the counterparty either prior to commencing any trading or at the time of each trade and reflecting such agreement in the legal documentation.

Before dealing with a new counterparty

3.2 This part of the Code refers to various matters specifically relating to securities lending which need to be considered before entering into securities borrowing or lending transactions with a new counterparty. There are details which will need to be agreed before transactions are undertaken, usually in negotiating the legal agreement. These matters include :

- Acceptable collateral, margin levels and the collateral method to be used
- Collateralization following dividends and other corporate events
- Approach to daylight and settlement exposures and pre delivery of collateral
- Business day conventions
- Notice periods for voting, elections, recalls and substitutions
- Where the lender is acting as agent, the information to be provided about the underlying principals and the allocation of stock lent/collateral between them
- Pricing sources for marking to market and currency conversions
- Settlement arrangements
- Designated offices
- The parties tax status and manufactured dividend entitlements

3.3 It is important for the purposes of delivery/redelivery of securities and collateral and various notice periods that there should be a clear agreement between the parties about the meaning of business days. Participants may wish to vary the usual business day convention to suit their particular circumstances and this would need to be reflected in the legal agreement.

3.4 Participants will also need to agree the time zone in which business days are to be measured. The norm is to use the time zone in which the loaned securities or collateral are traded. Similarly, participants will need to reach an understanding about the latest time on a business day at which a notice or call should be issued in order to be treated as having been given on that day. Market practice is that notices should be given before the close of the relevant market, it should be noted that this may well be earlier than the end of the business day.

3.5 The relationship between lender and borrow and the individual transactions between them will be facilitated if there is a clear understanding of each party's attitudes to certain events which may occur during a stock loan. Such matters include:

- Voting on securities lent or collateral given
- Elections and other corporate actions on stock lent or collateral given
- Substitutions of collateral
- Intra-day marking to market.

At point of trade

3.6 At the point of trade, participants will need to agree:

- The essential economic terms of the transactions, in particular the securities to be lent, rate and term
- Any of the matters set out above to the extent that they have not previously been dealt with, for example, acceptable collateral and margin percentages and
- Any non-standard features of the particular transaction..

Confirmations

3.7 Confirmations may be unnecessary if participants use electronic trading platforms. But any loan confirmations will normally contain the following information:

- Contract date
- Loaned securities – type, ISIN
- Lender – underlying principal unless otherwise agreed
- Borrow – same as lender
- Delivery date
- Acceptable collateral and margin percentages if not specified in the legal agreement
- Term – termination date for term transactions or terminable on demand
- Rates applicable to loaned securities
- Rates applicable to cash collateral
- Lender's settlement system and account
- Borrower's settlement system and account
- Lender's bank account details
- Borrower's bank account details

Delivery/re-delivery

3.8 Parties should be aware of the procedures for calling securities. The rights and obligations of each party should be clearly established.

3.9 Any party wishing to return or recall securities on loan should have regard to the possible implications for its counterparty and should therefore notify them as soon as

possible. Where a lender intends to recall loaned securities in order to meet part of a sale or delivery obligation on a larger transaction, it is good practice, if possible, to consider whether the larger sale or delivery obligation can be shaped or partialled so as to avoid any prospect of the whole transaction failing if the borrower cannot redeliver the loaned securities at the designated time.

3.10 There should be explicit agreement between the parties on the arrangements to be followed if called securities cannot be delivered. The parties should also consider whether arrangements are necessary in order to deal with the possibility of securities or collateral being redelivered too late in the day to enable the recipient to meet an onward delivery obligation.

3.11 Parties should ensure that they are aware of the procedures to be followed in the event of failed deals in all markets in which stock is lent. The rights and obligations of each party should be clearly established.

3.12 The legal agreement between participants may provide for the transferee to obtain financial redress if the transferor fails to redeliver borrowed securities or collateral at the designated time. It is available for participants to consider and agree at the outset of a new relationship how any such provisions will operate in the event of a failure to redeliver. Such amounts will typically include:

- Interest and overdraft costs which have arisen from the transferee's need to finance an acquisition from an alternative source
- Fines and other penalties suffered by the transferee as a result of its inability to settle an onward delivery obligation

- Costs passed back to the transferee because its counterparty has bought in securities to cover a failed onward delivery.

3.13 Other forms of potential costs may or may not be covered by the terms of the legal agreement. Where, as a result of the transferor's failure to redeliver securities or collateral, the transferee fails to meet a sale or delivery obligation in respect of a larger onward transaction, the norm is for the transferee to seek to recover only that proportion of the costs suffered which relates to the securities/collateral which the transferor has failed to return.

3.14 Where such a claim is to be made, the transferee should inform the transferor promptly of that fact and should also provide notification as soon as possible of the amount due and the basis on which it has been calculated so that the transaction can be settled on a timely basis. The transferee should provide appropriate evidence to support the calculations as soon as possible thereafter.

Collateral/margin/marketing to market

3.15 The required collateral margin will be negotiated between the parties at a level which reflects both their assessment of the counterparty's creditworthiness and the market risks involved in the transaction.

3.16 The norm is for transactions to be marked-to-market on the basis of end of previous day closing prices in the relevant market. Counterparties' credit exposures will also fluctuate intraday as market prices move and there may, therefore, be particular circumstances, such as exceptional price

movements, in which further valuations and collateral adjustments will be undertaken on an intra-day basis. Participants will need to agree at the outset, whether, and in what circumstances, such intra-day adjustments are to be undertaken, and the pricing sources and delivery mechanisms to be used.

3.17 The degree of exposure which a counterparty would regard as material and which would trigger a call for collateral to be provided or returned will be agreed in advance with the counterparty. The point at which a net marked to market value becomes material is itself a credit judgment. This includes the possibility of the two parties agreeing to daily collateral adjustments, irrespective of the size of the exposure that has arisen.

3.18 Participants will need to agree at the outset how any dividends and other corporate events on borrowed securities or collateral are to be dealt with in the valuation. It is advisable for participants to consider the credit exposures which may arise as a result of such events. Where their assessment indicates that adjustments to the normal calculation may be needed in order to match their particular risk appetite they may wish to negotiate such arrangements with their counterparty.

3.19 Borrowers should exercise reasonable care in determining the time at which a substitution call is to be made, bearing in mind that some lenders, particularly principal traders and brokers, may not be in possession of the collateral. They are, therefore, encouraged to give lenders as much notice as possible of a substitution. Where a borrower intends to recall and substitute collateral in order to meet part of a sale or delivery obligation on a larger transaction, it is good

practice, if possible, to consider whether the larger sale or delivery obligation can be shaped or partial led so as to avoid any prospect of the whole transaction failing if the lender cannot redeliver the collateral at the designated time.

Dividends, voting and other corporate actions

3.20 Arrangements should be made to compensate the lender of securities or giver of collateral for any dividend or interest payment due while a particular security is on loan or collateral is held by the lender. These arrangements should make each party's obligations clear including, for example, the timing of any payments.

3.21 Participants should ensure that any tax due on manufactured dividends is properly accounted for in accordance with relevant regulations.

3.22 Securities lending involves the absolute transfer of title to both the securities lent and the collateral taken and any voting rights are transferred along with title. Securities must therefore be recalled by the lender or collateral substituted by the borrower, if they wish to exercise voting rights attaching to particular securities.

3.23 A person could borrow share in order to be able to exercise the voting rights and influence the voting decision at a particular meeting of the company concerned. Market convention however is that securities should not be borrowed solely for this purpose. Lenders should also consider their corporate governance responsibilities before lending stock over a period in which an AGM or EGM is expected to be held. Beneficial owners need

to ensure that any agents they have made responsible for voting and for securities lending act in a co-ordinated way.

3.24 Lenders need to be aware that if they lend their entire holding of a particular security they may cease to receive information about corporate events in relation to it.

3.25 The arrangements to be following in the event of a rights issue or other corporate action should be clearly established by all parties before a security loan is made, with due recognition of local market rules and practice and any deadlines imposed by the various parties' local agents or custodians.

Putting securities on hold

3.26 Putting securities on hold is the practice by holders of securities of reserving them at the request of a second party against the latter's anticipated need to take delivery at a later date in a securities loan transaction. Prospective borrowers may wish securities to be put on hold so as to be assured that they will be available for borrowing before entering into a trade against which it will need to be delivered. Lenders will consider whether to offer such facilities to a prospective counterparty as part of the overall arrangement which they negotiate.

3.27 When a lender is asked to put securities on hold he is under no obligation to quote a rate for any subsequent loan. If the party requesting the hold wishes to obtain a firm rate he needs to make that clear to the lender at the outset. In the absence of any specific agreement to the contrary, any rate quoted by a lender is regarded as indicative only.

3.28 If the party which has requested the hold wishes to roll it over, standard practice is to contact the holder of the securities before 0900hrs in the absence of any agreement to the contrary between the parties, the arrangement will terminate at that time unless it has been rolled over. When a hold is rolled over the parties will need to consider whether any rate quoted needs to be re-negotiated.

3.29 Holds are generally open to challenge in that the party making the request only has a first option on the securities should another party approach with a firm borrowing. When a hold is challenged, the holder should inform the party for whom the securities have been held of that fact and the latter will need to decide whether or not to take the securities at that time. Should he wish to do so he should notify the holder within predetermined response times. If no such notification is received by the holder within the stipulated time, he is free to transact with the party which made the challenge although before doing so, as a matter of good practice, the holder would normally contact the party for whom securities have been held again to give him a final opportunity to take the securities. When putting securities on hold, the parties will need to agree whether there is a latest time during the business day at which time the holder can initiate this process following challenge.

3.30 Pay to hold arrangements under which the holder receives a fee for putting the stock on hold are contractual arrangements and are not therefore open to challenge.

Term trades

3.31 The generic description term trade is used in the securities lending market to describe a wide range of arrangements and there is therefore considerable scope for misunderstanding between participants if the precise details of the transaction are not agreed to at the outset.

3.31.1 The parties need to agree whether the term of the loan is fixed or indicative. If the term is fixed there will be no obligation on the lender to accept early return of the stock or on the borrower to comply with a recall request.

3.31.2 In the case of cash collateral transactions, the parties need to establish whether it is the amount of the specific securities which is fixed or the overall value.

3.31.3 In agreeing the rate, the parties will take into account whether or not the terms is fixed and the permissibility of returns and recalls.

3.31.4 Where appropriate, they will also need to reach agreement on the procedures for adjusting the rate if securities are returned early by the borrower or for compensating the borrower in the event of an early recall by the lender.

Best execution and agency lending

3.32 Participants lending securities as agent on behalf of beneficial owners should consider whether they are subject to Best Execution requirements under MIFID depending on the status of their clients and the facts and circumstances of their business. Transactions with clients classified as Eligible Counterparties are not subject to Best Execution requirements unless those counterparties request such treatment.

3.33 Where Best Execution requirements are determined to apply, agents will need to

draw up an execution policy setting out how they take all reasonable steps to obtain the best result for their clients, taking into account execution factors listed in the Directive

3.34 A number of factors may be significant in obtaining the best result for clients on any particular loan. The relative importance of these factors will vary depending on the circumstances. The following is an indicative and non exhaustive list of factors in accordance with the Directive.

- Price
- Lending fee/rebate fee

It should be noted that securities lending and borrowing is a demand driven activity and competitive quotes are not obtained generally by agent lenders. Lending fees/rebates can be compared to similar recently executed transactions in the market. In general, securities can be grouped into those trading at general collateral rates and those trading at special rates.

- Costs

Settlement arrangements and costs – the borrowers' ability to deliver collateral efficiently and in line with the operational model of the lender for example making use of triparty collateral management services.

- Likelihood of execution and settlement

Demand from borrowers

Prior experience and reliability of borrowers for example if the lender recalls the lent securities.

- The size of the transaction
- Other consideration relevant to the execution of the order

Borrower approved by the lender for counterparty credit risk purposes and credit limit available

Lender approved by the borrower for counterparty credit risk purposes and credit limit available

The collateral and margin requirements of the lender

Diversification of the lender's counterparty credit exposures

The term of the loan

The tax status of the borrower and lender

3.35 Speed is less likely to be a relevant factor because agent lenders are responding to demand to borrow in the market rather than executing particular client orders.

3.36 The order execution policy will include information about execution venues. Depending on the particular securities, execution venues may include, inter alia:

- Bilateral execution with market counterparties approved by the client following negotiation by telephone or using an electronic system

- Execution using a multilateral trading platform and/or central counterparty
- Execution on a regulated market.

3.37 If, as is the case for most securities lending, transactions are negotiated outside of regulated markets, agents need to obtain prior consent from their clients to deal through execution venues, typically in the form of a general agreement.

3.38 Reinvestment of cash collateral by an agent lender on behalf of its clients may be treated as portfolio management under MIFID and therefore subject to Best Execution under the agent's order execution policy for that activity.

3.39 The execution policy should set out how the agent reviews and monitors the effectiveness of its execution policy, and whether any changes are needed and which business area within the agent is responsible for this process.

3.40 Appropriate information should be provided to clients, if requested, to enable them to satisfy themselves that the execution policy has been followed. The absence of centralised market prices means it may be difficult to compare lending fees/rebates obtained with prevailing market levels at that time.

3.41 Agents that engage in pooled securities lending will typically have separate policies for allocating aggregated transactions fairly among clients.

Agent	A party to a loan transaction that acts on behalf of a client. The agent typically
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	does not take risk in a transaction
Beneficial owner	A party which is entitled to the rights of ownership of the property. In the context of securities, the term is usually used to distinguish this party from the registered holder which holds the securities in trust for the beneficial owner.
Benefit	Any entitlement due to a stock or share holder as a result of purchasing or holding securities including the right to any dividend, rights issue, scrip issue, etc. made by the issuer. In the case of loaned securities or collateral benefits are passed back to the lender or borrower usually by way of a manufactured dividend or the return of equivalent securities or collateral.
Broker	A person whose role is to act as an intermediary in transactions between sellers/lenders and buyers/borrowers. The broker may either put one party in touch with the other [a name passing or name give up broker] or act as a matched principal in two transactions one for the purchase and the other for the sale or vice versa.
Collateral	Securities or cash delivered by a borrower to a lender to support a loan or securities or cash
Custodian	An entity that holds securities of any type for investors, effects receipts

APPENDIX 4.5

	and deliveries and supplies appropriate reporting
Equivalent securities or collateral	A term meaning that the securities or collateral returned must be of an identical type, nominal value, description and amount to those originally provided. If, during the term of the loan, there is a corporate action in relation to loaned securities or collateral, the lender or borrower is normally entitled to specify at that time the form in which he wishes to receive equivalent securities or collateral on termination of the loan. The legal agreement will also specify the form in which equivalent securities or collateral are to be returned in the case of other corporate events.
Fail/failed delivery	The failure to deliver cash or securities in time for the settlement of the transaction.
Global Master Securities Lending Agreement [GMSLA]	The standard legal agreement that has been developed a a market standard for securities lending of bonds and equities internationally.
Hold in custody	An arrangement under which securities or collateral are not physically delivered to the borrower or lender but are simply segregated by the lender or borrower in an internal customer account.
Putting stock on hold	The practice whereby a lender holds securities at a borrower's request in anticipation of that borrower taking delivery.

Manufactured dividend	When securities that have been lent out pay a cash dividend, the borrower of the securities is generally contractually obligated to the lender of the securities. This payment pass through is known as a manufactured dividend.
Mark to market	The act of revaluing the securities collateral in a repo or securities lending transaction to current market values. Standard practice is to mark to market daily.
Partialling	Market practice or a specific agreement between counterparties which allows a part delivery against an obligation to deliver securities.
Principal	A party to a loan transaction that acts on its own behalf or substitutes its own risk for that of its client when trading.
Recall	A request by a lender for the return of securities from a borrower.
Term trades	Transactions with a fixed maturity date.



MALTA
STOCK EXCHANGE

CHAPTER 5

ADMISSION

REQUIREMENTS

AND DISCLOSURE

ADMISSION REQUIREMENTS

5 ADMISSION REQUIREMENTS AND DISCLOSURE STANDARDS

5.0 Admission of Financial Instruments to Listing and Trading

Authority to approve admission

5.00.01 Granting of admission to any of the recognized lists of the Exchange shall be approved by the Board.

GENERAL

5.00.02 5.00.02.01 All matters concerning admission to listing and trading shall be dealt with between the Chief Executive and the Sponsor appointed by the applicant for admission to listing or in the case of the IFSM, the Listing Agent.

5.00.02.02 The Executive Committee will be responsible for scrutinizing all applications for admission of financial instruments to any of the recognized lists of the Exchange and for forwarding its recommendations to the Board.

5.00.02.03 When a matter is the subject of consideration by the Board, the Sponsor or Listing Agent (as applicable) may be accompanied by representatives of the Issuer and other advisers, any of whom may address the Board.

5.00.02.04 An applicant for admission must comply with the Capital Markets Rules or the WSM Capital Markets Rules (as applicable). In addition, the Board may make admission subject to any special conditions which it considers appropriate. The applicant will be expressly informed in any such case and must comply with such conditions.

5.00.02.05 For the purposes of the Capital Markets Rules and the WSM Capital Markets Rules, admission of any financial instrument to any of the Exchange's recognized lists becomes effective only when an Exchange Notice has been posted on the Notice Board of the Exchange.

5.00.02.06 A condition for admission is acceptance of the continuing obligations and the disclosure standards which will apply following admission pursuant to the Capital Markets Rules or the WSM Capital Markets Rules (as applicable) and these Bye-Laws.

5.00.02.07 Suitability for admission depends on many factors. Applicants for admission and their Sponsors or Listing Agents (as applicable) should appreciate that compliance with the relevant requirements laid down in these Bye-laws may not of itself ensure an applicant's suitability for admission. The Board reserves the right to accept or reject applications.

5.00.02.08 Granting of admissibility by the MFSA or recognition by the MFSA of an admissibility granted by a competent authority in a foreign jurisdiction as may be laid out by regulations issued in terms of the Act, will not, in itself, ensure that admission to any of the recognized lists of the Exchange will be granted.

Rejection of Applications

5.00.03 The Board may refuse an application for admission of any financial instrument if it considers that:

5.00.03.01 the applicant's situation is such that admission of the financial instrument may be detrimental to the orderly operation of the market or to the reputation of the Exchange as a whole; or

5.00.03.02 the applicant cannot, or will not be in a position to comply with the

ADMISSION REQUIREMENTS

disclosure standards or with any special condition imposed upon the applicant by the Board; or

5.00.03.03 it is otherwise contrary to the policy of the Exchange.

5.00.04 In the case where the Board has rejected an application for admission, the Exchange shall inform the applicant, stating the reasons for such rejection.

Sponsors and their responsibilities

5.00.05 An applicant for admission of Securities pursuant to the Capital Markets Rules must appoint a Sponsor in accordance with Chapter 2 of the Capital Markets Rules to sponsor his application and inform the Exchange of such appointment.

5.00.06 A sponsor appointed in accordance with bye-law 5.00.05 above must be available to guide and provide advice to the directors or other managing board of the applicant as to their responsibilities and obligations to ensure that they comply with the Bye-laws and when necessary, to accompany the applicant at meetings with the Exchange.

5.00.07 The Sponsor must ensure that the Chief Executive is kept aware of all relevant information relating to the applicant which should be brought to his notice. The Sponsor is responsible for lodging with the General Manager, all the documents required in support of an application for admission. This channel of communication must also be used for discussion of all matters arising in connection with the application.

5.00.08 The Sponsor must sign the Admission Application as per Appendix 5.1 to this Chapter and lodge it, together with the relevant supporting documentation, in accordance with these Bye-laws.

Listing Agents and their responsibilities (IFSM)

5.00.09 An IFSM Applicant is required to appoint a Listing Agent.

Basic Conditions to be fulfilled by an Applicant

5.00.10 An application form for admission of financial instruments to any of the Exchange's recognized lists must be submitted to the Exchange at the same time as an application for admissibility has been made to the MFSA.

5.00.11 The financial instruments for which admission is sought must be freely transferable.

5.00.12 In the case of an application for admission of financial instruments that are already issued and held by a small number of holders, the Exchange may require upon admission of such financial instrument, that the Issuer and /or guarantor and one or more of the holders of the instrument enter into a formal tripartite agreement, wherein one or more holders commit themselves to the secondary market disposal of the financial instrument on the terms and conditions as may be agreed.

5.00.13 An applicant for admission of any class of financial instruments must:

5.00.13.01 relate only to the financial instruments which are listed or proposed to be listed; and

5.00.13.02 relate to all financial instruments of that class, issued or proposed to be issued; or

5.00.13.03

ADMISSION REQUIREMENTS

relate to all further financial instruments of that class, issued or proposed to be issued if financial instruments of that class are already admitted to a recognized list.

5.01 Suspension and or Discontinuation of Admission

5.01.01 The Board may suspend the admission of a financial instrument from any of its recognized lists in accordance with its rules if there is reason to believe that this is in the interest of the Exchange or the public or investors generally as may be provided for in the Act.

5.01.02 The Board will immediately suspend or discontinue the admission of a financial instrument from any of its recognized lists upon being informed by the MFSA that it has authorised such suspension or discontinuation.

5.01.03 Such suspension authorised by the MFSA shall only be lifted when so authorised by the MFSA.

5.01.04 The Board, or the Issuer itself, may, in terms of the Act request the authority of the MFSA to suspend or discontinue a financial instrument from one of its recognized lists or trading in terms of the Act. The Board may request such suspension or discontinuation of a financial instrument:

5.01.04.01 if it is the opinion of the Board that the Issuer no longer fulfils the requirements of, or has failed to satisfy or comply with or has contravened any provisions of the Act, regulations made thereunder or these Bye-laws or in purported compliance with any such provisions has furnished the Board with false, inaccurate or misleading information; or

5.01.04.02 the Board deems that the Issuer has acted in a manner which is detrimental to the Exchange, its Members or the public in general.

Such suspension or discontinuation of admission will only become effective upon the appropriate authorization of the MFSA.

5.01.05 An Issuer must continue to comply with all continuing listing obligations and disclosure standards even when admission of its financial instruments to trading is suspended, unless the MFSA and Exchange otherwise agree.

5.02 Application Procedure

Application Procedure

5.02.01 The Sponsor or the Listing Agent (as applicable) must file with the Exchange an application for admission to any of its recognized lists (as applicable), signed by the Issuer together with the appropriate supporting documents as outlined in this Section, in the form shown in Appendix 5.1. The Sponsor or the Listing Agent (as applicable) must ensure that the Issuer has fulfilled all the procedures necessary for filing the application and that all the relevant documentation has been provided. It shall make a statement to this effect on the application form itself.

5.02.02 The Board must approve or reject the application within five (5) working days from receipt of confirmation of admissibility from the MFSA. In the case of issues of financial instruments which are also to be followed by an Initial Public Offering, the time-table for admission must be agreed to with the Exchange at the time of submission of application.

ADMISSION REQUIREMENTS

Documents to be filed with an application for admission

5.02.03 The following documents must be filed in support of an application for admission:

5.02.03.01 an application form as set up in Appendix 5.1 to this Chapter, duly completed and signed;

5.02.03.02 one copy of the listing particulars or equivalent offering document approved by/to be approved by the MFSA;

5.02.03.03 a certified copy of:

1. the Board resolution(s) authorizing the issue of financial instruments to be traded and subsequently allotting the same; and
2. the Board resolution(s) approving and authorizing the issue of the listing particulars or equivalent offering document;

5.02.03.04 one copy of the Memorandum and Articles of Association or any other corresponding document, and all amendments thereto to date;

5.02.03.05 a copy of any notice of meeting referred to in the listing particulars or equivalent offering document. Where, for any reason, one or more of the above documents cannot be produced, a statement to this effect has to be submitted.

5.02.04 Where documents are submitted in draft form pending approval by the Competent Authority, the Issuer must submit certified copies of the relevant documents approved by the MFSA or the competent authority of any other recognized jurisdiction prior to admission being granted.

5.02.05 The procedure indicated in bye-laws 5.02.01 and 5.02.02 above must be followed and the documents indicated in bye-law 5.02.03 above must be filed in support of an application for admission for any type of financial instrument. However, the Board may exempt an applicant from any of the provisions of bye-laws 5.02.01, 5.02.02 and 5.02.03 above or request further documentation and/or information, as it deems appropriate.

5.02.06 Bye-laws 5.00.01 to 5.00.04, 5.02.01 and 5.02.03 above are not applicable in the case of admission of Government Stock Issues and Treasury Bills to any of the Exchange's recognized lists.

Blocking of security balances

5.02.07 In the case of trading limitations imposed by the MFSA on financial instruments maintained within the Exchange's CSD, Issuers are to adhere to the provisions of bye-laws 5.05.08 to 5.05.12.

Application procedure for Issuers already having securities admitted to any of the Exchange's recognized lists

5.02.08 The provisions of bye-laws 5.02.01, 5.02.02 and 5.02.03 above also apply in respect of Issuers applying for a further issue of financial instruments on the Exchange. However, the Board may exempt an applicant from submitting certain documents and information already in its possession or which the Board deems superfluous.

Additional Conditions for an Issuer to classify as a REIT

5.02.09 In order for an Issuer to be eligible to classify as a REIT, in addition to the requirements of this Chapter, the Issuer shall provide to the Exchange, a report issued by an

ADMISSION REQUIREMENTS

Auditor, specifying the Specified Accounting Period, upon which all of the following conditions will be met:

- i) That the Issuer has all its shares listed on the main market of the Exchange;
- ii) That the Issuer is also reasonably expected to meet all the following criteria at the end of the Specified Accounting Period:
 - a. The Issuer must have a Property Rental Business which:
 - i. Includes a portfolio of assets of at least three (3) immovable properties in Malta or abroad; and
 - ii. Includes a portfolio of assets of immovable properties in Malta or abroad with a total value of at least [nine million Euro (EUR 9,000,000)]; and
 - iii. Does not have one (1) immovable property within the portfolio of assets, valued at more than forty percent (40%) of the total value of the immovable properties included in the portfolio of assets of the Property Rental Business; and
 - iv. Does not include immovable property that would in accordance with the International Financial Reporting Standards be described as owner-occupied. For the purposes of the condition found in bye-law 5.02.09 (ii) (a) (i) and (iii), an immovable property is a single immovable property if it is designed, fitted or equipped for the purpose of being rented, and it is rented or available for rent, as a commercial or residential unit (separate from any other commercial or residential unit). Immovable property located on a single parcel of land contiguous to other immovable properties

owned by third parties, irrespective of the number of residential or commercial units located within this parcel of land shall constitute a single immovable property for the purposes of bye-law 5.02.09 (i) and (iii).

- b. The income arising from the Property Rental Business amounts to at least seventy-five per cent (75%) of the Issuer's total revenue; and/or
- c. At least seventy-five per cent (75%) of the aggregate market value of the assets of the Issuer consist of assets that are capable of generating income relating to the Property Rental Business of the Issuer; and
- d. The Issuer must provide written declarations stating that it understands its obligations arising out of bye-laws 5.02.10 and 5.02.11 below.

Provided that for the purposes of this bye-law, assets must be valued in accordance with International Financial Reporting Standards, and where International Financial Reporting Standards offer a choice of valuation between cost basis and fair value, fair value is to be used, and no account shall be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically) of the Property Rental Business.

Provided further that all of the conditions set out in bye-law 5.02.09 must continue to be met by the Issuer for each accounting period following the Specified Accounting Period until a notice has been issued in accordance with the first proviso of bye-law 5.02.12.

Provided further that for the purposes of this bye-law, the date from which the Issuer shall

ADMISSION REQUIREMENTS

be eligible to be admitted as a REIT, shall be the date on or after the date upon which the Auditor's report is served to the Exchange, and from which the Issuer meets, or is regarded as having met, the conditions of this bye-law.

5.02.10 In order to retain its eligibility as a REIT, the Issuer must at all times ensure that the aggregate of the Specified Debt shall not exceed an amount equal to fifty per cent (50%) of the aggregate market value of the assets of the Property Rental Business of the Issuer;

5.02.11 In order to retain its eligibility as a REIT, and subject to having sufficient distributable reserves, and to any restrictions from making a distribution by reason of any provision of the Companies Act (Chapter 386 of the Laws of Malta), the Issuer is obliged to distribute to the shareholders by way of dividend, for each accounting period; at least eighty-five per cent (85%) of the distributable profits allocated to the Property Rental Business arising in each accounting period;

5.02.12 Every Issuer receiving a confirmation from the Exchange relative to its eligibility as a REIT, shall in respect of each accounting period following its eligibility as a REIT, by not later than four (4) months from the date following that in which the accounting period ends, forward a statement to the Exchange confirming that the provisions of bye-law 5.02.09, 5.02.10 and 5.02.11 have been complied with during the accounting period under review (the "Notification Period").

Provided that where any Issuer with a REIT eligibility status is unable to make the statement mentioned in this bye-law, it shall notify the Exchange and in the notification shall:

- i) State the date/s on which the condition/s in bye-laws 5.02.09, 5.02.10 and 5.02.11 first ceased to be met and if applicable the dates on

which the condition/s were met again;

- ii) Explain the manner in which the condition/s in bye-laws 5.02.09, 5.02.10 and 5.02.11 were met again;
- iii) Give details of the steps, if any, taken to prevent a recurrence of the condition/s; and
- iv) Make the necessary disclosures in accordance with bye-law 5.03.00.

Provided further that the Exchange shall have the discretion to remove the REIT eligibility status of such Issuer, with effect from the end of the previous accounting period, should the Exchange fail to receive proof of eligibility as such in line with its requirements within 45 (forty-five) days from the end of the Notification Period.

Additional Conditions for Admission to the Malta Stock Exchange Green Bond List

5.02.13 Notwithstanding any other conditions outlined in this chapter a Green Bond issuer must ensure that the Green Bonds for which the application is being made:

- Satisfy the Green Projects eligibility criteria in line with ICMA Green Bond Principles;
- Have a clear policy on the utilisation of Bond Proceeds for Green Projects;
- Have a clear policy on the management of proceeds;
- Employ reporting mechanisms and are certified to be in conformity with the established green bond standards by an Accredited External Reviewer.

5.02.13.01 – Eligibility Criteria

In line with the ICMA Green Bond Principles, the issuer shall demonstrate to the Exchange's satisfaction that any identified

ADMISSION REQUIREMENTS

Green Project meets the performance thresholds for economic activities. In this regard a Green Project shall:

- i) Make a substantive contribution to one of six environmental objectives which are:
- ii)
 - a. Climate Change Mitigation;
 - b. Climate Change Adaptation;
 - c. Sustainable and Protection of Water and Marine Resources;
 - d. Transition to a Circular Economy;
 - e. Pollution Prevention and Control;
 - f. Protection and Restoration of Biodiversity and Ecosystems.

In meeting the threshold under Rule 5.02.13.01 (i) the issuer shall do no significant harm to the other five environmental objectives, where relevant.

5.02.13.02 – Utilisation of Bond Proceeds for Green Projects

Green Bond issuers applying for admission of green bonds on the MSE's Regulated Main Market must ensure that:

- A policy on the use of proceeds generated from the green bond issuance is clearly set out in the offering documentation of the security;
- All designated Green Projects unequivocally provide clear environmental benefits, which have been assessed and, where feasible, quantified by the issuer and certified by an Accredited External Reviewer;
- In the event that all or a proportion of the proceeds are or may be used for refinancing, issuers shall provide an estimate of the share of financing vis-a-vis re-financing stating clearly which projects are being re-financed.

Green Projects include but are not limited to:

Renewable Energy - Including production, transmission, appliances and products;

(i) Energy Efficiency -Such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products;

(ii) Pollution Prevention and Control - Including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy;

(iii) Environmentally Sustainable Management of Living Natural Resources and Land Use - Including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; afforestation or reforestation, and preservation or restoration of natural landscapes;

(iv) Terrestrial and Aquatic Biodiversity Conservation – Such as the protection of coastal, marine and watershed environments;

(v) Clean Transportation - Including electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions;

(vi) Sustainable Water and Wastewater Management - Including sustainable

ADMISSION REQUIREMENTS

infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and flood water mitigation;

(vii) Climate Change Adaptation – Such as information support systems, such as climate observation and early warning systems;

(viii) Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes - Including development and introduction of environmentally sustainable products, with an eco-label or environmental certification, resource-efficient packaging and distribution;

(ix) Green Buildings - Which meet regional, national or internationally recognised standards or certifications.

5.02.13.03 Management of Proceeds

A policy on the management of proceeds generated from the green bond issuance is to be clearly set out in the offering documentation of the security. An issuer shall ensure that funds designated for Green Bond Projects are kept in a separate account and each transaction tracked in an appropriate manner with an established formal internal process ensure transparency on how each transaction is related to achieving the Green Projects environmental objectives. The issuer's declaration on the management of proceeds shall be verified by an Accredited External Reviewer to verify the internal tracking method and the allocation of funds from the Green Bond proceeds.

5.02.13.04 Reporting and Certification

- i) When submitting an Admission application (Appendix 5.1) to the MSE Green Bond List the issuer shall provide the Exchange with an Accredited External Reviewer's report certifying that the bonds are eligible for admission to the MSE Green Bond List as per the Green Bond Standards laid down under bye-laws 5.02.13.01, 5.02.13.02 and 5.02.13.03 and in line with the ICMA Green Bond Principles;
- ii) Issuers who have been granted admission to the MSE Green Bond list must ensure that eligibility is retained throughout the bond term and as long as the bonds remains listed on the Regulated Main Market of the Exchange;
- iii) On an annual basis the issuer shall provide the Exchange, with an updated Accredited External Reviewer's report, certifying that the bonds remain eligible for Green Bond status. The Accredited External Reviewer's report shall:
 - a. Provide a list of the Green Project/s that have benefited from the use of proceeds allocated to them;
 - b. Provide a brief description of each respective project, amount of proceeds allocated to each, progress on the project made since listing or last reporting date and how the specific project is meeting the performance thresholds laid down in bye-law 5.02.13.01;
 - c. Include financial metrics which give a clear picture of the company's turnover, capital expenditure and operational expenses. These financial metrics shall demonstrate the percentage turnover, capital expenditure and operational expenses that are related to achieving the objectives under bye-law 5.02.13.01;
 - d. Where applicable qualitative performance indicators and

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- quantitative performance measures are to be provided;
- iv) The annual report shall be submitted to the Exchange by not later than four (4) months from the year following that in which the accounting period ends;
 - v) Provided that where an issuer with a Green Bond eligibility status is unable to provide an Accredited External Reviewer's report certifying the bonds' eligibility, it shall notify the Exchange whereby the notification shall state:
 - a. The reason/s behind the Accredited External Reviewer's decision not to confirm the Green Bond status of the security;
 - b. The date/s on which the bonds first ceased to meet Green Bond eligibility status and if applicable the dates on which the eligibility requirements were met again;
 - c. Where applicable explain the manner/ steps taken for the bonds to meet the eligibility requirements again;
 - d. Give details of the steps, if any, taken to prevent a recurrence of the matter that lead to non-eligibility; and
 - e. Make the necessary disclosures in accordance with bye-law 5.02.14.02
 - vi) Provided further that if the Exchange is not in receipt of the proof of eligibility within the stipulated , 45 (forty-five) days from the end of the four-month period , the Exchange shall have the discretion to remove the Green Bond status of such issuer, with effect from the end of the previous accounting period.
 - vii) The Exchange may request an issuer to submit an Accredited External Reviewer's report at any time if it has reasonable suspicion to belief that the Green Bond Standards are not being met.

Additional Disclosure Requirements for Admission to the MSE Green Bond List

No Green Bond will be admitted to the Malta Stock Exchange's Green Bond List unless Admissibility to Listing in respect of the Green Bond issue has been granted by the MFSA.

5.02.14 In addition to the General Disclosure Requirements under bye-law 5.03.00 a Green Bond issuer must:

5.02.14.01 provide the Exchange on an annual basis or at any time that the Exchange may require, with an Accredited External Reviewer's report certifying the Green Bond status of the security. In doing so the issuer shall disclose all relevant details in the Accredited External Reviewer's report to the market. These shall include:

- a) how the bond still qualifies for admission to the MSE Green Bond List; and
- b) how the requirements of bye-law 5.02.13.04 are being met;

5.02.14.02 notify the market if it becomes aware that the security's is no longer eligible for a Green Bond status outlining the reasons for non-eligibility and remedial action being taken with respect to bye-law 5.02.13.04 (v).

5.03 Disclosure Requirements

General

5.03.01 Once a financial instrument is granted admission to any of the Exchange's recognized lists, the Issuer, with the exception of Government as the Issuer of Stock issues and Treasury Bills, must ensure compliance with

ADMISSION REQUIREMENTS

the continuing listing obligations and the disclosure standards as laid down in the Capital Markets Rules or the WSM Capital Markets Rules (as applicable), Bye-laws and the Prevention of Financial Markets Abuse Act [Cap. 476 of the Laws of Malta].

5.03.02 Once a financial instrument is granted admission to any of the recognized lists of the Exchange, the Issuer must appoint a Compliance Officer who will be responsible to provide the Exchange with any information or explanation that the Exchange may reasonably require for the purpose of verifying whether the Bye-laws are being or have been complied with or which relates to the integrity or orderly operation of the Exchange's markets for listed financial instruments.

5.03.03 The Issuer shall promptly advise the Exchange of any change in its Compliance Officer.

5.03.04 The Issuer shall promptly notify the Exchange of any proposed changes to the Memorandum and Articles of Association.

5.03.05 The Exchange may subject Issuers to more stringent obligations than those provided for hereafter or to additional obligations, provided that they apply generally to all Issuers or to all Issuers of a given class.

Company announcements to be made to the Exchange for release to Members of the Exchange

5.03.06 Issuers must make company announcements in English or Maltese without delay in accordance with the Capital Markets Rules or the WSM Capital Markets Rules (as applicable) and the Prevention of Financial Markets Abuse Act [Cap. 476 of the Laws of Malta].

5.03.07 The Exchange will not have responsibility for the contents of any company announcement forwarded to it for dissemination. An Issuer must take all reasonable care to ensure that any information contained in company announcements is not misleading, false or deceptive and does not omit anything likely to affect the import of such information.

5.03.08 Should the Exchange not receive company announcements as referred to in the Capital Markets Rules or the WSM Rules (as applicable) Rules in due time, the Exchange will report the matter to the MFSA for any action it deems appropriate.

5.03.09 Company announcements be issued at any time during the Exchange's business hours. Where a Company Announcement is issued during an open trading session, the Exchange may decide to suspend trading in the financial instrument/s concerned for a short period of time, until such company announcement is disseminated to the market.

5.03.10 Where an Issuer anticipates that it may need to issue a company announcement beyond the Exchange's business hours, the Compliance Officer is to inform the Chief Executive immediately when he becomes aware of such a possibility in order that the appropriate administrative arrangements may be made. The Exchange may, at its discretion, impose an appropriate charge to cover any costs incurred by it in this connection.

Other information to be made available to the Exchange

5.03.11 Issuers must provide the Exchange with copies, in electronic form if appropriate, of their Annual Reports and all the information sent to holders of their listed financial instruments in relation to the Capital

ADMISSION REQUIREMENTS

Markets Rules and/or the WSM Capital
Markets Rules (as applicable).

5.04 Fees

5.04.01 An Issuer must pay the annual admission fee for as long as its financial instrument remains on any of the recognized lists of the Exchange calculated in accordance with the Exchange's scale of fees for the time being in force as soon as such payment becomes due.



**FORMAL
APPLICATION FOR
ADMISSION OF
FINANCIAL
INSTRUMENTS TO
ANY OF THE MALTA
STOCK EXCHANGE'S
RECOGNISED LISTS**

APPENDIX 5.1

To: The Chief Executive
Malta Stock Exchange plc
Garrison Chapel
Castille Place
Valletta VLT 1063
Malta

Date: _____

We, _____ [Name of Issuer]⁽¹⁾

hereby apply for the under mentioned financial instruments to be admitted to

_____ [recognised list] of the Malta Stock Exchange plc subject to the provisions of the Financial Markets Act (Cap. 345 of the Laws of Malta) and any regulations made thereunder, admission rules, continuing listing obligations and disclosure requirements contained in the applicable listing rules issued by the Listing Authority and the Bye-laws of Malta Stock Exchange plc.

SECTION 1 - ISSUER DETAILS

Name of Issuer : _____

Registered Office : _____

Telephone N° : _____

Fax N° : _____

E-mail : _____

Date of Registration: _____

Registration N° : _____

Issuer Legal Entity Identifier (LEI) : _____

Income Tax Registration N° : _____

SECTION 2 - SHARE CAPITAL

Authorised Amount	In	Issued (and paid up) include present issue (if applicable)

SECTION 3 – DESCRIPTION OF FINANCIAL INSTRUMENTS

Amounts and descriptions of financial instruments for which application is being made (include distinctive numbers if any):

SECTION 4 – DECLARATIONS RE: FINANCIAL INSTRUMENTS

The financial instruments for which application is now made:

(a) are/are not identical (2) in all respects :

(b) are/are not identical (2) in all respects with an existing class of the financial instruments :

(c) are not listed or dealt in on another stock exchange/are listed or dealt on the following stock exchange(s):

(d) have been in the previous six months, or will be subject of an application for listing on the following stock exchange(s):

SECTION 5 – SUBSTANTIAL SHAREHOLDINGS

So far as is known, or can be ascertained after reasonable enquiry by the directors of the company, the under mentioned is/are (a) substantial shareholder(s) (3) of the company or of its holding company as defined in the Listing Rules:

Name	Address	Extent of Holding and in which company

SECTION 6 – DIRECTORS’ DECLARATION [to be signed by all Directors of the Issuer]

1. We declare that :

- a) The Issuer has obtained authorization/or is in the process of obtaining authorization to listing by the Listing Authority or is subject to possible recognition by the Listing Authority, of an admissibility granted by a competent authority in a foreign jurisdiction as may be laid out by Regulations issued in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) for those financial instruments in respect of which this application to admission to any of the recognized lists of the Malta Stock Exchange is being made/application has been made;
- b) all the admission requirements contained in the Bye-laws of the Malta Stock Exchange plc, insofar as applicable and required to be met or fulfilled prior to application, have been met or fulfilled in relation to the Issuer and the financial instruments for the admission of which application is now made; and
- c) there are no other facts bearing on the Issuer’s application for admission of its security to any of the Exchange’s recognized lists, in our opinion, should be disclosed to the Malta Stock Exchange plc.

2. **We undertake** to comply with the applicable listing rules, admission rules, continuing listing obligations and disclosure standards presently in force and as they may from time to time be amended by the Listing Authority and /or the Board of Directors of Malta Stock Exchange plc.

Director

Director

Director

Director

Director

Director

Director

Director

SECTION 7 - DETAILS OF SPONSOR LISTING AGENT

Name of Sponsor/Listing Agent: _____

Address : _____

Signed : _____
(Sponsor/Listing Agent)

NOTES

- (1) Insert name of issuer financial instruments.
- (2) “Identical” in this context means :
 - (a) the financial instruments are of the same nominal value with the same amount called up or paid up;
 - (b) they are entitled to dividend/interest at the same rate and for the same period, so that at the next ensuing distribution the dividend/interest payable per unit will amount to exactly the same sum (gross and net);
 - (c) they carry the same rights as to unrestricted transfer, attendance and voting at meetings and are *pari passu* in all other respects



MALTA
STOCK EXCHANGE

CHAPTER 6

CENTRAL

SECURITIES

DEPOSITORY

6.0 CENTRAL SECURITIES DEPOSITORY

General

6.00.01 Pursuant to Article 24 of the Act, the Exchange holds an authorization from the Competent Authority to provide the services of a central securities depository (CSD). The services provided by the CSD that contribute to enhancing the safety, efficiency and transparency of the securities markets, shall include but are not restricted to:

- Initial recording of securities in a book-entry system whereby securities are represented in book-entry dematerialised form subsequent to a direct issuance;
- The provision of settlement services through the operating of a securities settlement system. The settlement service shall consist of the provision, management and administration of a securities clearing and settlement system in respect of financial instruments;
- Authentication of registers of members or holders of designated financial instruments or of any extract thereof. Registers of members and holdings in financial instruments shall be maintained in a dematerialised form;
- The opening and maintenance of securities accounts for the purpose of supporting settlement service and collateral management and supporting the processing of corporate actions, including tax, general meetings and information services;
- Settlement matching, instruction routing, trade confirmation and trade verification with subsequent transactions recording in book-entry form;
- New issue services, including allocation and management of ISIN, CFI, FISN and similar codes;
- Providing regulatory reporting and information, data and statistics to

regulatory, market and governmental or inter-governmental entities;

- Establishing links, including the provision of access and interoperable links to and between other securities clearing and settlement systems and central securities depositories.
- The provision of custody services in respect of financial instruments.

6.00.02 The provisions of the Financial Market Rules and Chapter 2 of these Bye-laws shall apply, mutatis mutandis, to the CSD.

Functions

6.00.03 Pursuant to Article 26 of the Act, the CSD is authorized to perform the following functions.

6.00.03.01 The provision of custody or depository facilities in respect of financial instruments.

6.00.03.02 Maintenance of the registers of members and holders of financial instruments.

6.00.03.03 Recording of transactions and holdings in the registers of financial instruments being maintained at the CSD.

6.00.03.04 The operation, management and administration of one or more securities clearing and settlement systems in accordance with the rules and procedures as laid down in Chapter 7 of these Bye-laws, including the provision as required of access and interoperable links between such system/s and other securities clearing and settlement systems, central securities depositories, central counterparties, clearing houses and any other services ancillary to the foregoing.

6.00.03.05 The authentication of registers of members or holders of designated financial instruments or of any extract thereof.

6.00.03.06 The provision of such other ancillary or consequential functions related to the above including any preparatory and related corporate administrative services in relation to financial instruments which are listed as may be established by the Financial Market Rules.

Designated Financial Instruments

6.00.04 The categories or classes of financial instruments which, for the purpose of the Act, any regulations made thereunder and these Bye-laws, qualify as designated financial instruments are in accordance with the Regulations as may be issued by the Minister from time to time.

6.00.05 For as long as the register of a designated financial instrument is maintained in the CSD the title to and rights in respect to such designated financial instrument, may be created and, or transferred by an entry on the register and no instrument in writing is required for this purpose.

6.00.06 For as long as the register of a designated financial instrument is maintained in the CSD, the title to and rights in respect of such designated financial instrument may be held or evidenced in a dematerialised or uncertificated form.

6.00.07 The privilege referred to in Title XXI of Part II of the Book Second of the Civil Code shall arise where a pledge has been duly registered in respect of a designated financial instrument whose register is maintained in the CSD. The provisions of Article 1966(3) and (4) of the Civil Code shall not apply in respect of designated financial instruments.

6.1 Admission of registers to the CSD

Application procedure

6.01.01 Issuers of financial instruments not admitted to any of the Exchange's recognized lists or traded on the regulated market, but wishing to avail themselves of the services provided by the CSD may have the registers of such financial instruments admitted to the CSD subject to appropriate due diligence procedures.

6.01.02 Issuers of financial instruments as outlined in bye-law 6.01.01 above, must complete the appropriate Application Form as set out in Appendix 6.1 to this Chapter which must be accompanied by the appropriate documentation and fees as may be agreed to with the Exchange.

6.01.03 Issuers are bound to provide the CSD with all the requisite information and documentation in the format and within the time-frames stipulated by the Exchange in order to that the Exchange may carry out appropriate due diligence procedures in terms of law.

Approval

6.01.04 The Board shall within four [4] weeks of receipt of Application and accompanying documents and fees, approve or reject such application and shall inform the Issuer in writing of its decision.

Rejection of applications

6.01.05 In the case of rejection of an application, the Board shall give reasons for such rejection.

6.01.06 An Issuer whose application for admission of its financial instruments has been rejected by the Board may re-apply for admission subject that the matters causing the rejection have been rectified to the satisfaction of the Board.

6.2 Maintenance of Registers

Responsibilities

6.02.01 The CSD shall be responsible to continue to update registers with all the details relative to the transfers, transmissions, pledges of and rights of mandates or of usufruct on the financial instruments for as long as the registers are maintained by the CSD. The CSD may also provide the services allowed under the Act and any regulations issued thereunder and as described hereunder.

6.02.02 The CSD shall establish all reasonable security measures including the establishment and maintenance of such procedures as may be reasonably necessary or expedient, to protect information, data, records and other documents relating to the affairs of holders and Issuers against unauthorised access, alteration, destruction, disclosure or dissemination and against any accidental loss or destruction.

Register details

6.02.03 For as long as a register of financial instruments is maintained by the CSD, this

shall be identified by the name of the financial instrument as set out in the Prospectus or equivalent offering document and by the International Securities Identification number (ISIN), a unique reference code which is recognised internationally. The ISIN Number consists of a country code, a financial instrument's domestic code number and a check digit to validate the code.

6.02.04 Any communication between the Issuer and the CSD must be made by the Company Secretary or his appointed delegate as advised to the CSD from time to time.

Registration

6.02.05 The CSD shall register individual holders in accordance with the written instructions received directly from the holder, the Issuer or any other person appointed by the holder to act on his behalf, as the case may be.

MSE Account No.

6.02.06 The CSD shall assign an MSE Account No. to each individual holder appearing on the registers held and maintained by the CSD.

6.02.07 The MSE Account No. is the unique identification number of each individual holder appearing on the registers held and maintained by the CSD and will be quoted on all official notifications issued by the CSD.

Holder details

6.02.08 The registration details of holders of financial instruments whose registers are

CENTRAL SECURITIES DEPOSITORY

maintained by the CSD shall include the following information, as applicable.

6.02.08.01

Full name and address

6.02.08.02

Identity Card No. or Passport No.

6.02.08.03

Company Registration No.

6.02.08.04

MSE Account No.

6.02.08.05

Residence or country of incorporation

6.02.08.06

Direct credit details

6.02.08.07

Withholding tax option

6.02.08.08

Mandates

6.02.08.09

Usufructuaries

6.02.08.10

Indication of Primary/Secondary Holder

6.02.08.11

Any other details as may be required by the CSD for the proper maintenance of the account and the register.

6.3 Transfers

Transfer of title

6.03.01 The title of financial instruments whose registers are maintained by the CSD is transferred in the following circumstances.

6.03.01.01 Market Trades

Transfers resulting from trades taking place on the market. Registration of transacted

financial instruments will take place on Settlement Day.

6.03.01.02 Off-Market Trades

Transfers resulting from trades taking place in accordance with Article 14 of Appendix 4.1 and verified and confirmed through the Off-Market Trade Validation and Reporting System. Registration of transacted financial instruments will take place on Settlement Day.

6.03.02 The title of financial instruments whose registers are maintained by the CSD may also be transferred in the following circumstances.

6.03.02.01 Donations

The transfer of financial instruments by title of donation need not be put through the market provided that the following conditions are fulfilled:

- a) the relationship between the donor and donee both in the indirect and collateral line should not extend beyond the first degree;
- b) the donation is finalised by a public deed or private writing;
- c) an authenticated copy of the said instrument in terms of law is forwarded to the Exchange for registration, and
- d) the transfer document duly signed and stamped by is produced. In the case where the transfer document is not subject to stamp duty, the transferee will have to justify the reason for not paying the stamp duty.

Donations shall be processed by the CSD based upon the information provided in the donation document as described above.

6.03.02.02 Transfers Causa Mortis

A. Account Freeze

Upon notification of a death of a holder of financial instruments whose register is held by the CSD, the holder's MSE Account/s or other accounts held jointly or co-owned by the deceased and/or the spouse where applicable (as a holding between spouses or between them and other third parties), shall be immediately blocked ("frozen") and be unavailable for trading pending further clear instructions on the "causa mortis" transfer.

B. Release of Estates

Upon notice made on the appropriate forms and in accordance with procedures agreed between the CSD and the Issuer regarding the holdings of the deceased, the CSD will effect on relevant transfer/s from the deceased holder's account/s to those of the beneficiaries on the appropriate registers.

Where the beneficiaries are not registered holders of financial instruments held in the CSD, the CSD will open the appropriate account/s and register the beneficiaries appropriately.

The CSD may provide the Issuer with the service of processing and vetting of documentation leading to the final release and transfer "causa mortis".

written instructions of all parties supported by any relevant authenticated documentation.

B. Division of Holdings

Should account holders holding financial instruments in a joint account wish to demerge such holdings into separate accounts, the transfers into the individual accounts can be effected upon the joint written and authenticated instructions of all parties supported by any relevant authenticated documentation.

C. Direct Holding/Indirect Holding

Should a holder of financial instruments wish to transfer his holdings from a direct holding account (i.e. held in his name) into an indirect holding account (client account/ nominee account) such transfer may be effected upon the written instructions of the holder, duly authenticated by a director/manager on behalf of an entity licensed by the MFSA or other reputable regulatory authority or by a professional acceptable to the MSE and upon confirmation from the operator of the nominee account/client account that the underlying beneficial owner of such account is the same as the holder making the request for such transfer.

6.03.02.03 Merger and Division of Holdings

A. Merger

Should holders of financial instruments wish to merge holdings which have been registered individually in separate accounts, the transfer into a joint account can be effected upon the

D. Indirect Holding/Indirect Holding

Should a holder of financial instruments wish to transfer his holdings from an indirect holding account into another indirect holding account (client account/ nominee account, custodial account) such transfer may be effected upon the written instructions of the holder, duly authenticated by a director/manager on behalf of an entity licensed by the MFSA or other reputable regulatory authority or by a professional acceptable to the MSE and upon confirmation from the operator/s of such accounts that the underlying beneficial owner/s of such account is the same as the holder making the request for such transfer.

6.03.02.04 Securities collateral, repurchase or lending

Securities that form the object of any securities collateral, repurchase or lending agreement or undertaking may be transferred under the terms of applicable covenants that may be submitted.

6.03.02.05 Deposit or withdrawal of financial instruments

Where an Issuer of financial instruments admitted to any of the Exchange's recognised lists has provided for the issue of depositary receipts, the deposit with or withdrawal from the depositary of the listed financial instruments need not be passed through the market provided that the following conditions are fulfilled.

- A) The Issuer and the Depositary shall enter into a written agreement providing for the terms and conditions regulating the issue of the Depositary Receipts. The agreement or an authenticated true copy thereof should be filed with the CSD.

- B) The Issuer shall notify the Exchange of the rights, terms and conditions of issue of the Depositary Receipts, duly authorised by a competent authority under the applicable local or foreign legislation. The Deposit Agreement shall provide for the appointment of a Custodian who is to receive and hold on trust the deposited property.
- C) A person or entity giving effect to a deposit of financial instruments shall be the same person or entity to whom or to which depositary receipts are issued.
- D) The Custodian or any person delegated by him shall file with the CSD the relative documentation agreed to with the CSD containing clear written instructions with regard to the deposit or withdrawal of the said financial instruments. A deposit or withdrawal shall not take effect during a trading session unless the CSD receives clear written instructions as aforesaid at least thirty (30) minutes before the pre-opening stage of the trading session when the deposit or withdrawal of the said financial instruments is intended to take effect.

6.4 Amendments to static details

Holder details amendments

6.04.01 Requests for amendments to registered holders' details shall be in writing and shall include such supporting documentation or explanations as the Central Securities Depository may deem relevant and/or appropriate in the particular case. The Central Securities Depository reserves the right to refuse any request for amendment if in its opinion the amendment is not justified provided it sets out the reason for such refusal.

Categories

6.04.02 Each individual holder of financial instruments appearing on one or more of the registers maintained by the CSD will be categorised as a non-resident, minor, employee, etc. by the Issuer/s in terms of prevailing legislation.

6.5 Corporate Actions

Corporate Actions

6.05.01 The CSD shall provide a number of corporate services to Issuers for as long as a register of financial instruments is maintained by the CSD.

6.05.01.01 Dividend/Interest Payments

When dividend or interest payments are due, the CSD will carry out the necessary processing including:

- a) identification of holders to whom dividend/interest payment is due,
- b) calculate payments due, and
- c) printing of cheques and/or direct credit processing.

The CSD will forward the printed instrument or direct credit details to the Issuer in bulk. The Issuer will be responsible for reconciling dividend warrants and interest payments and for signing off and dispatching the warrants and/or instructions.

As part of the dividend/interest payment procedures the CSD shall also provide the following reports:

- a) "Payments Withheld" due to unresolved Estates or Garnishee Orders or other grounds, and
- b) "Payment Details" in electronic format to facilitate the reconciliation process.

6.05.01.02 Mandates

The CSD will record the payment of any dividend or interest payment due to a holder of financial instruments to be issued either to a third party recipient (eg. mandatory, usufructuaries/legal guardians, curators, etc.) or directly to a bank account in accordance with the appropriate instructions received from the holder of financial instruments involved or from such third parties, subject to the provision of relevant authenticated documentation.

Direct Credit Facilities, whereby interest or dividend payments are credited into designated securities holders' money accounts held with banks, credit or other financial institutions, may be made available on all registered securities holdings maintained by the CSD. Direct Credit Facilities are issued in conformity with electronic file formats as agreed to with such banks or institutions.

6.05.01.03 Redemptions

Upon maturity of a fixed term financial instrument, the CSD shall identify the relevant holders of the financial instrument and will process and prepare the redemption cheques as agreed to with the Issuer, saving any outstanding unresolved estate or continuing blocked accounts. The Issuer shall be responsible for the reconciliation and mailing of the relevant redemption funds as well as for the final resolution of unresolved estates and blocked accounts.

New Issues

6.05.02 The Exchange, as agreed to with the prospective Issuer or Issuer, may undertake all primary issue processes on behalf of the Issuer or prospective Issuer, including, but not limited to, the services normally provided by the Registrar and/or the Manager of an issue, processing of applications, allotment and allocation and processing of refunds where applicable.

6.05.03 Upon allotment, the Registrar, whether this is the Exchange or any other person appointed by the Issuer to provide this service, shall supply the CSD with all the relevant information to enable the CSD to open, hold and maintain the relevant register of holders on behalf of the Issuer.

Rights and bonus issues

6.05.04 The CSD, as agreed with the Issuer, may undertake all processes on behalf of the Issuer in connection with rights and bonus issues.

6.05.05 Upon allotment of the rights issue or bonus shares, the Registrar, whether this is the Exchange or any other person appointed by the Issuer to provide this service, shall supply the CSD with all the relevant information to enable the CSD to amend the relevant register of holders on behalf of the Issuer to reflect the new allotment of financial instruments.

6.6 Other Services

Pledge processing

6.06.01 As part of its obligations to maintain registers of financial instruments on behalf of Issuers, the CSD shall maintain a record of financial instruments pledges against the respective financial instruments holders' accounts.

6.06.02 Details of a pledge for either registration and/or release, as the case may be, shall be notified directly by the pledge and/or the pledgor to the CSD in the form of executed pledge agreements and the prescribed form. The CSD shall record the details of the pledge against the pledgor's account and shall acknowledge the action taken regarding such pledge to both parties concerned.

Garnishee Orders

6.06.03 As part of its services to maintain registers of financial instruments on behalf of Issuer, the CSD may keep a record of Garnishee Orders that may be notified to issuers against securities holders' investment in the respective securities issued by the notified issuers.

6.06.04 Upon instructions from Issuers, the CSD shall record the execution of garnishee orders against holders of financial instruments issued by the same Issuers served with garnishee orders.

6.06.05 No dividend or interest payments will be prepared in respect of those holdings of financial instruments against which a garnishee order has been recorded, pending further instructions from the Issuer.

6.06.06 Disposals of holdings of financial instruments against which a garnishee order has been recorded are not restricted.

6.06.07 No responsibility is assumed by the CSD vis-à-vis the garnishee creditor or the garnishee debtor.

Blocking of Security Balances

6.06.08 In the case of issuance of new shares to be maintained at the CSD, where particular shareholders are subject to lock-in provisions or in any circumstances where other trading limitations are in force as may be imposed by the MFSA from time to time, the Issuer is to confirm in writing to the CSD, the names, MSE Account Nos. (where applicable), addresses and volume of shares subject to the relevant trading restrictions, as well as effective date of such restrictions.

6.06.09 Such confirmation as outlined in bye-law 6.05.08 above must be received by the CSD at least two (2) business days prior to the effective date of such trading limitations coming into force.

6.06.10 Upon receipt of instructions as outlined in bye-law 6.05.08 above, the CSD shall block the stipulated volume of shares as from effective date, rendering such shares unavailable for trading.

6.06.11 Shares blocked in accordance with instructions received will only be released and made available for trading upon receipt of a written request to release by the Issuer, including effective release date. Such request

should be received by the CSD at least two (2) working days prior to release date.

6.06.12 Should the Issuer request the release of the trading restrictions prior to the release date as stipulated in the Prospectus or any other appropriate instructions issued by the MFSA, the appropriate authority from the MFSA authorising early release should be included attached to such request.

Register monitoring

6.06.13 The CSD shall provide Issuers with the necessary reports in order to enable Issuers to monitor holdings of their financial instruments in accordance with any restrictions that may be imposed by the Issuer. The format of such reports and the reporting schedule will be agreed upon between the CSD and the respective Issuers.

Remote access

6.06.14 Upon a request by an Issuer, the CSD may provide the necessary infrastructure subject to relevant authorisations and security set-ups for an Issuer to establish an electronic link with the CSD enabling such Issuer to be granted remote real-time access to its register/s maintained at the CSD.

Ad hoc Services

6.06.15 The CSD may enter into an agreement with an Issuer to provide other services as may be requested by an Issuer subject to such conditions and charges as may be established from time to time by the CSD.

6.7 Notification to Registered Holders

Registration Advices

6.07.01 Securities holders are notified by the CSD of any movement in their holdings of financial instruments maintained by the CSD. Such “Registration Advice” notifications are sent to holders of financial instruments in the event of sales and/or purchases of financial instruments credited into or debited from the respective holders’ accounts as well as any other market or off-market transfers or as a consequence of any other change in holdings by way of a new or further issues as described above.

Statements

6.07.02 A “Statement of Holdings” showing details of an investor’s holdings in all financial instruments maintained at the CSD will be sent upon request to investors holding a CSD account as at the end of each calendar year. Additional Statements may be requested from the CSD throughout the year.

6.8 Access and Interoperable Links

Establishment of access and interoperable links

6.08.01 The CSD may enter into access and interoperable links with other securities’ clearing and settlement systems, central securities depositories, international central securities depositories, central counter-parties and clearing houses for the provision, management and administration of a securities clearing and settlement system in respect of financial instruments.

6.08.02 In establishing such access and interoperable links, the CSD shall give due regard to the access and interoperability terms and conditions as laid down in the EU Code of Conduct on Clearing and Settlement and Guidelines on Access and Interoperability issued thereunder. In particular, due consideration is given to the business case related to such links and on proper risk management and control.

Procedures and processes

6.08.03 Such access and interoperable links are entered into on a bi-lateral basis. Each link is governed by specific procedures and operational processes which may be amended from time to time and which will be disseminated to market participants as appropriate.

6.08.04 Such procedures and operational processes, including time-tables and relevant fees are binding on all participants and users of the particular link.

Maintenance of list of access and interoperable links

6.08.05 A list of all access and interoperable, direct or indirect, links established by the CSD with any other entity as described in bye-law 6.08.01 above, will be maintained by the CSD and will be publicly available.

6.9 User Committee

6.09.01 The Exchange shall establish a User Committee which shall be composed of representatives of issuers of securities

admitted to the CSD and of participants of MaltaClear.

decides not to follow the advice of the User Committee. The User Committee may inform the Competent Authority of any areas in which it considers that the advice of the User Committee has not been followed.

6.09.02 The Exchange shall define in a non-discriminatory way the mandate for the User Committee, the governance arrangements necessary to ensure its independence and its operational procedures, as well as the admission criteria and the election mechanism for User Committee members. The governance arrangements shall be publicly available and shall ensure that the User Committee reports directly to the Board and holds regular meetings.

6.09.03 The User Committee shall advise the Board on key arrangements that impact on their members, including the criteria for accepting issuers or participants in securities settlement systems and on service level. The advice of the User Committee shall be independent from any direct influence by the management of the CSD.

6.09.04 The User Committee may submit a non-binding opinion to the Board containing detailed reasons regarding the pricing structures of the CSD.

6.09.05 Without prejudice to the right of the Competent Authorities to be duly informed, the members of the User Committee shall be bound by confidentiality. Where the chairman of the User Committee determines that a member has an actual or a potential conflict of interest in relation to a particular matter, that member shall not be allowed to vote on that matter.

6.09.06 The Exchange shall promptly inform the Competent Authority and the User Committee of any decision in which the Board



Section 6.1

FORMAL APPLICATION FOR ADMISSION OF DEMATERIALIZED FINANCIAL INSTRUMENTS AT THE CENTRAL SECURITIES DEPOSITORY

How to use this Application Form

1. Applicants must submit a completed Application Form together with any supporting documents and relevant fees to :

The Chief Executive
Central Securities Depository
Garrison Chapel
Castille Place
Valletta VLT 1063

2. The Application should be read in conjunction with the Financial Markets Act [Chap. 345 of the Laws of Malta] and any other regulations made thereunder and the Bye-laws of the Malta Stock Exchange [available on www.borzamalta.com.mt].
3. Applications will only be considered provided that all relevant Sections have been duly completed and supporting documents have been appended.
4. Should space provided not be sufficient, additional information may be entered on a separate sheet with the heading "Continuation to Section _____", duly signed and dated.
5. Misleading or incorrect information on any material point will render the Application invalid.
6. All information submitted in the Application is for the sole use of the Central Securities Depository and will not be divulged to third parties other than the Competent Authority as may be deemed appropriate.

SECTION 6.1

To: **The Chief Executive**
Malta Stock Exchange plc
Garrison Chapel
Castille Place
Valletta VLT 1063
Malta

Date: _____

We, _____ [Name of Issuer] hereby apply for the under mentioned financial instruments to be entered on registers maintained at the Central Securities Depository [CSD] subject to the provisions of the Financial Markets Act (Cap. 345 of the Laws of Malta) and any regulations made thereunder and the Bye-laws of Malta Stock Exchange plc.

SECTION 1 - ISSUER DETAILS

Name of Issuer : _____

Registered Office : _____

Telephone N° : _____

Fax N° : _____

E-mail : _____

Country of Registration
or Incorporation : _____

Date of Registration
Or Incorporation : _____

Registration N° : _____

Legal Entity Identifier (LEI) : _____

SECTION 2 – SHARE CAPITAL

Authorised Share Capital _____

Issued Share Capital _____

Nominal Value of Share and Amount
paid up per share _____

SECTION 3 – DESCRIPTION OF FINANCIAL INSTRUMENTS FOR WHICH DEMATERIALISATION IS BEING SOUGHT

Designation of Financial Instruments
(including International Securities
Identification Number – ISIN) _____

Amount to be dematerialised _____

Currency _____

SECTION 4 – SHAREHOLDING

[Please list shareholders or other ownership structure holding ordinary shares not held by the general public following a public issue. Please list in decreasing order of the percentage of shareholding held].

Name	Number of Shares held	Percentage Shareholding
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SECTION 5 – BONDHOLDING/NOTEHOLDING (*)

[Please list bondholders/noteholders]

Name	Amount of Debt Instruments
_____	_____
_____	_____
_____	_____
_____	_____

(*) Delete if not applicable

SECTION 6 – DIRECTORS & COMPANY SECRETARY

[Kindly list names also giving designations, eg. Chairman, Company Secretary]

Name	Designation
_____	_____
_____	_____
_____	_____
_____	_____

SECTION 7 – SUPPORTING DOCUMENTS

[Please enumerate all documents requested in sequential order as requested].

1. Authenticated true copy of Memorandum and Articles of Association
2. Authenticated true copy of documents attesting to the due diligence of Directors and main shareholders [or their equivalent] and beneficial owners [as may be appropriate] including an indication of any politically exposed persons as defined in the Prevention of Money Laundering and Funding of Terrorism Regulations.
3. Where applicable and unless otherwise indicated in the Memorandum and Articles of Association, a certified true copy of any Resolution indicating the person/s authorized to sign the application and declarations and any other required documents.
- 4.

SECTION 8 – DECLARATIONS

[To be signed by all the Directors or by the Authorized Representative/s of the Issuer as indicated]

We declare that :

- for as long as the securities issued by the Company shall be and remain dematerialised under the Financial Markets Act (Cap. 345 of the Laws of Malta), any amendment to, variation or deletion of the terms and conditions relating to such securities shall be subject to the express written approval of the Malta Stock Exchange-Central Securities Depository providing dematerialisation obtained prior to submission to the Company in general meeting for its approval or to the bondholders for their approval.
- we shall provide the MSE, at all times, with certified true copies of updated documents attesting to the due diligence of Directors and main shareholders [or their equivalent] and beneficial owners [as may be appropriate] including an indication of any politically exposed persons as defined in the Prevention of Money Laundering and Funding of Terrorism Regulations.
- the directors and main shareholders (or their equivalent) and beneficial owners (as may be appropriate) or such persons' immediate family members/close associates have/have not been [Delete as appropriate] identified as PEPs. For those persons identified as PEPs, we further declare that we have and we will continue to provide, at all times, the details in respect of :
 - Source of wealth
 - Source of funds
 - Resident in Malta or another country
 - the copy of the register of holders of financial instruments to be dematerialized as submitted to the CSD is complete in all respects according to Law.
- as at the time of such declaration there are no requests for the registration of any transfer of such financial instruments still outstanding before the Issuer.
- the Issuer binds itself with all its property, present and future, to indemnify, hold harmless and make good for any liability in respect of any obligation or legal action, including costs, fees and other expenses connected therewith or incidental thereto, which the Malta Stock Exchange, its officers, representatives, advisers or consultants [collectively referred to as

SECTION 6.1

the "Malta Stock Exchange"], may be or become responsible for or answerable to, in connection with the said submitted copy of the register.

- the Issuer will at all times comply with and abide by the Bye-laws, rules and procedures of the Malta Stock Exchange insofar as they relate to the CSD, as applying for time to time and generally provide all such information in the format and within the time-frames as the CSD may require.
- we have no objection to the sharing of information with other CSDs in the event that the financial instruments will be made eligible thereon.
- the issuance:
 - will not violate, when and as applicable, any economic sanctions administered or enforced by the U.S. Government (including OFAC), the United Nations Security Council, the European Union, or Her Majesty's Treasury (collectively "Sanctions") or any applicable anti-bribery or anti-corruption laws and regulations of any jurisdiction; and
 - will not be connected to or for the benefit of any country, person or entity with respect to which any persons are prohibited from doing business under any law, regulation or executive order administered pursuant to Sanctions ; and
 - that the proceeds of the issuance will not be used for the purpose of financing or facilitating the activities of any person, entities or countries targeted by Sanctions, and will not be used in breach of any applicable anti-bribery or anti-corruption laws and regulations

Director/Authorised Representative
Name and Surname

Director/Authorised Representative
Name and Surname

Director/Authorised Representative
Name and Surname

Director/Authorised Representative
Name and Surname

Date of submission of application: _____



MALTA
STOCK EXCHANGE

CHAPTER 7

CLEARING AND SETTLEMENT

CLEARING AND SETTLEMENT

7 CLEARING AND SETTLEMENT

Part I

7.0 MaltaClear

General

7.00.01 Malta Stock Exchange plc (hereinafter the Operator) shall establish and maintain a system, which shall be designated as “MaltaClear”, for the purpose of clearing and settlement of transactions in financial instruments traded on the Exchange’s markets, securing collateral in support of credit operation transactions or of securities lending, as well as any other financial instruments’ transactions as may be specified and agreed to by the Operator.

7.00.02 Settlement of all transactions in ISINs denominated in Target-2 Securities eligible currencies where the CSD is the Issuer CSD, shall be out-sourced to Target-2 Securities (T2S), the pan-European Settlement System operated by the Eurosystem. In such cases settlement finality shall be declared on T2S and all such settlement so effected will take place in central bank money.

Furthermore, any new ISIN accepted in the CSD as Issuer CSD and denominated in a T2S eligible currency shall be made available on T2S.

7.00.03 Securities for which the CSD is the Issuer CSD or Technical Issuer CSD and which are settled in T2S in accordance with bye-law

7.00.02 above, shall be made available to another T2S Participating Investing CSD.

In the case where settlement of a security in which the CSD is the Issuer CSD or Technical CSD and which is not denominated in a T2S eligible currency, the security will be made available to all other Participating Investing CSDs upon their request in an FOP or CoSD manner.

Such requests shall be entertained without delay and at no extra cost in accordance with relevant Regulations and in accordance with a relevant standard contract.

7.00.04 For the purposes of these Bye-laws, transactions settled on T2S, are deemed to be MaltaClear Transactions.

7.1 Responsibilities of the Operator

Collateral

7.01.01 The Operator shall ensure that the necessary financial support or guarantees, including but not limited to the provision of overdraft arrangements and collateralised financial instruments in its favour, are in place in order to maintain the financial integrity and continued operations of MaltaClear.

Publication of data

7.01.03 The Operator shall ensure that any data relating to MaltaClear Participants and T2S Participants or their Payment Banks or Executing Banks shall remain confidential. However, the Operator shall not be prohibited from publishing any aggregated data or statistics.

CLEARING AND SETTLEMENT

Systems failure

7.01.04 The Operator shall make all possible contingency arrangements it deems necessary, including the suspension or replacement of any of the arrangements contained in these Bye-laws and Appendices, by manual procedures and/or alternative automated procedures, in order to ensure that settlement finality is achieved when a failure occurs in any of the arrangements described in these Bye-laws and the Appendices. Where appropriate, T2S contingency arrangements shall be applied.

7.01.05 Should the Operator fail to perform any of its obligations as set out in these bye-laws, as a result of the failure of any of its systems or arrangements, MaltaClear shall not incur any liability resulting from such failure towards the injured party. Any losses suffered by the injured party as a result of a failure to ensure fulfilment of the conditions for settlement will be incurred by MaltaClear only to the extent of the direct losses incurred by the injured party based on the value of the relevant securities on settlement date but without consideration to any loss of future earnings. However, in the case of settlement of T2S, where the claimed losses arise from or are attributable in whole or in part to any failure of T2S, the liability of the Exchange as MaltaClear operator in connection with such a failure shall only extend and shall be restricted and limited to the legal responsibility of the T2S operator for any such T2S failure. Finally, the Exchange shall also not be responsible for any failure to perform any of its obligations insofar as such failure is due to conditions beyond its reasonable control as a result of :

- a) force majeure; or
- b) acts or omissions by any third party to the extent that such third party's acts or omissions were beyond its reasonable control

7.01.06 In the case of a failed settlement as outlined in bye-law 7.01.05 above, the injured party shall have fifteen (15) working days from the date of such failure to make the appropriate claims for direct losses to MaltaClear.

7.2 Ownership of Financial Instruments

Transfer of ownership

7.02.01 The transfer of ownership of financial instruments dealt in a cash sale transaction on MaltaClear transactions shall be in accordance with the provisions of "Transfer of Listed Financial Instruments Regulations" and is complete for all purposes of law upon the payment, in full and final settlement of the consideration where such payment is effected on Settlement Day, through a Payment System approved and authorised by the Central Bank of Malta or by any other recognised Competent Authority.

7.02.02 The Payment Systems approved and authorised by the Central Bank of Malta for the purpose of funds settlement of MaltaClear transactions as well as the procedures for such settlement for each of the said Payment Systems are as detailed in Part 3 of this Chapter.

7.02.03 MaltaClear may from time to time offer links with other securities settlement systems (SSS). Where MaltaClear acts as Investor SSS, the finality of transfers on MaltaClear only takes place after receiving confirmation of the finality of the relevant transfers in the records of the linked Issuer SSS.

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7.02.04 In the event of links with other SSS, subject to any ad hoc provision in any relevant custody service contract, MaltaClear as an Investor SSS will provide assistance to its participants when pursuing their rights under Maltese law due to acts and omissions of the linked Issuer SSS provided that such assistance shall :

1. not extend to any MSE CSD liability for costs, expenses and/or losses suffered by such custody participants; and
2. be conditional upon an indemnity being entered into by such custody participant in favour of the MSE-CSD in respect of any such costs, expenses and/or losses.

7.3 Delivery versus Payment (DVP)

7.03.01 Settlement of transfers of MaltaClear transactions shall be effected on a DVP basis where the final settlement of financial instruments occurs upon the final settlement of funds occurs.

Financial Instruments' Settlement

7.03.02 Financial instruments' settlement of MaltaClear transactions shall be effected gross on a trade-by-trade basis on Settlement Day within security accounts held at the Exchange's CSD or on financial instruments accounts held at other approved CSDs.

Funds Settlement

7.03.03 Funds settlement of MaltaClear transactions Euro transactions shall be settled gross on a trade-by-trade basis on Settlement Day. The net amounts arising from non-Euro transactions, calculated in accordance with bye-law 7.03.05 below, shall be effected

through, and in accordance with, the rules of any of the authorised Payment Systems indicated in Part 3 of this Chapter.

Calculation of net balances – non-Euro Transactions

7.03.04 Immediately following the close of a trading session and upon the submission of the relevant data by MaltaClear Participants in accordance with Appendix 7.1, MaltaClear initiates the process of calculation of net non-euro payments due or owed on Settlement Day for each MaltaClear Participant, including any applicable compensation for accrued interest, in respect of settlement instructions that match with securities balances within the set time-limit of Trade date (T+0).

7.03.05 The net amount is calculated by converting the considerations owed by or owing to each MaltaClear Participant in respect of the settlement instructions entered into the relevant pre-settlement Session into one claim or one obligation resulting from such instructions with the result that only a net payment claim can be demanded or a net payment obligation be owed.

Accrued interest

7.03.06 Accrued interest will be calculated gross; withholding tax will not be taken into consideration. Accrued interest will be calculated by reference to the rate specified in the financial instrument and the number of days which have elapsed from the last payment date up to settlement day.

Calculation of gross settlement considerations – Non-Euro Settlement

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7.03.07 Transaction instructions as may be agreed to by the transacting parties and accepted by the Operator, may be effected on a gross, trade-for-trade, basis through any of the MaltaClear Payment Systems as may be applicable shown in Part 3 of this Chapter. The consideration of such transactions shall be excluded from the calculation of the net balance as computed in accordance with bye-law 7.03.05 above.

7.4 Settlement

Settlement Cycle

7.04.01 MaltaClear transactions settle on a rolling settlement cycle of T+2, where “T” is trading day and “2” indicates the two normal business days following the trading day when the transaction was executed.

Extension of settlement periods in case of default – non-euro settlement

7.04.02 Settlement periods may in the case of a default, as defined in bye-law 7.04.01 above may be extended in order to allow for the settlement of any trades resulting from the implementation of any Default Rules as outlined in bye-laws 7.06.01 – 7.06.31 below.

7.04.03 The Operator shall publish at least annually by means of an Exchange Notice, the Settlement Calendar and updates thereof in respect of MaltaClear together with Payment Systems’ Operating Time-tables.

Registration

7.04.04 Book entry credits and debits on financial instruments’ accounts held at the

CSD will take place on Settlement Day upon confirmation from MaltaClear that Settlement Finality III (SF III) has been achieved. SF III is defined as the moment of irrevocability of transfers (bookings in securities and cash accounts) according to the rules of T2S. This is the ‘point of finality’, when account entries are considered as unconditional, irrevocable and legally enforceable. Thereupon, the CSD shall amend the registers of the financial instruments to reflect the MaltaClear transactions.

Notification

7.04.05 The CSD will notify both transfers and transferees of any book entry credit and debit on financial instruments’ accounts on Settlement Day as outlined in Bye-law 7.04.04 above.

Point of entry into MaltaClear

7.04.06 For the purposes of Paragraph 9 of Central Bank of Malta Directive No. 2 (hereinafter CBM Directive No. 2), and for the purposes of Regulation (EU) No 909/2014 Art 39(2) the moment of entry of MaltaClear securities or cash transfer orders shall occur upon validation, which shall comply with Settlement Finality I (SFI) as defined in the T2S validation criteria where such an order is entered for T2S settlement.

On entry into MaltaClear, all orders shall benefit from protection under the CBM Directive No 2 and will be acknowledged as valid transfer orders and Settlement Finality II (SFII) achieved. SFII is when transfer orders are matched and become irrevocable.

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7.04.07 The provisions of CBM Directive No. 2 shall apply in relation to MaltaClear transactions from the moment of point of entry of a transfer order into MaltaClear as defined in bye-law 7.04.06 above.

Blocking of Sold Balances

7.04.08 Upon confirmation of a market trade, the CSD shall immediately block the appropriate amount of listed financial instruments registered in the relevant seller's MSE Account thereby effectively preventing the relevant amount of transacted securities from being used for further disposal or charging by title of usufruct or as collateral by pledge or otherwise for the period of the settlement cycle in MaltaClear.

7.04.09 Financial instruments blocked through a market trade shall not preclude a seller from enjoying the rights of or interests in the relevant blocked financial instruments until final settlement.

Buyer's Right of Forward Delivery – market transaction

7.04.10 At the close of the trading session in which a purchase of financial instruments has been executed, as long as the relevant settlement instruction matches with an available balance of such instruments in the transferor's securities account, the CSD shall, record the relevant amount of financial instruments in the buyer's MSE account indicating the acquisition to a right of forward delivery of those instruments upon full funds settlement on settlement day. The buyer may re-sell and alienate the said acquired right in the next trading session following the trading session in which the said purchase of financial instruments has been executed.

7.04.11 Thus until final settlement a buyer merely acquires a corresponding right for the forward delivery of the relevant financial instruments from the seller if the former discharges his payment obligation in favour of the seller within the set time-limit on Settlement Day.

7.5 Participation in MaltaClear

Participation criteria

7.05.01 A person will be considered a Participant of MaltaClear, and all the authorised Payment Systems shown in Part 3, by the Operator if he satisfies any of the following criteria:

7.05.01.01 is a Member of the Malta Stock Exchange duly authorised in terms of Chapter 3 of these Bye-laws; or

7.05.01.02 is an authorised intermediary in terms of Council Directive 93/22/EEC of the 10 May 1993; or

7.05.01.03 is a central securities depository, international central securities depository, clearing and settlement system, central counterparty or clearing house or any other entity which is a signatory to the EU Code of Conduct on Clearing and Settlement.

Where the applicant is not a Member of the Exchange, the applicant must confirm that he has pledged an amount as may be determined by the Board from time to time but which at no time shall exceed the amount applicable to Members as outlined in bye-law 3.04.02 by Maltese Government financial instruments, any other euro fixed interest financial instrument admitted to any of the Exchange's

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recognised lists or a recognised bank guarantee in favour of the Exchange.

Where an applicant for Participation in MaltaClear will be settling Euro transactions, the MaltaClear Participant must make the relevant arrangements with a Payment Bank to have a Dedicated Cash Account as outlined in Part 2 Bye-law 7.08.11 below.

7.05.02 Notwithstanding Bye-law 7.05.01 above a person may be considered by the Operator to be a Participant of MaltaClear, and all the authorised Payment Systems shown in Part 3, if he satisfies the participation criteria of any other payment system approved by the Central Bank of Malta in accordance with the directives issued in terms of the Central Bank of Malta Act (Chap.204 of the Laws of Malta).

Application for Participation in MaltaClear

7.05.03 Any request for participation in MaltaClear must be made on the appropriate application form as per the attached Appendix 7.2, duly signed.

7.05.04 The application for participation in MaltaClear must be submitted to the Operator at least one (1) month before the proposed date of the start of participation in MaltaClear.

7.05.05 The Operator will confirm in writing to the applicant of the approval or rejection of the application within the above-mentioned time frame. In the case of rejected applications the Operator shall state the reasons for such rejection.

Maintenance of Accounts in respect of non-Euro Settlement

7.05.06 A Participant in MaltaClear must maintain an active bank account with one or more Executing Banks eligible as participants in the approved Payment Systems indicated in Part 3 of this Section. These accounts shall be maintained by the MaltaClear Participant exclusively for MaltaClear purposes and the details of these accounts shall be communicated in writing to the Operator.

7.05.07 In the event of termination, suspension or in any way inactivation of any of these accounts the MaltaClear Participant shall promptly advise the Operator in writing of such fact. In the case where the MaltaClear Participant had indicated only one settlement account in a particular Payment System the Participant shall forthwith make provisions for the opening of a suitable alternative.

Responsibilities of MaltaClear participants

7.05.08 The MaltaClear Participant must accept full responsibility for the discharge of all obligations arising from participation in MaltaClear and must comply with all the relevant obligations and operational procedures as laid down in the MaltaClear rules

7.05.09 The Participant must give appropriate authorisation to the Operator, where required by the specific Payment System shown in Part 3, in accordance with the 'Direct Debit Agreement' attached in Appendix 7.3 to this Chapter, to debit his Settlement Accounts.

7.05.10 MaltaClear participants shall assume full responsibility for any consequences arising

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from lack of coverage of liquidity resources or financial instruments. Furthermore, MaltaClear Participants shall be responsible for remitting to the seller, as soon as possible, the consideration received through his Executing Bank in respect of settlement of MaltaClear transactions.

Suspension and termination of MaltaClear Participant

7.05.11 The Operator shall suspend with immediate effect a Participant from further participation in MaltaClear on account of:

7.05.11.01 the suspension from Membership of the Exchange of a MaltaClear Participant or of any other licence or authorisation that is required under any relevant law for the said MaltaClear Participant to carry on the business of a Member of the Exchange or of an authorised intermediary, or the suspension of any other licence or authorisation of a MaltaClear Participant indicated in bye-law 7.05.01.03 above,

7.05.11.02 non-compliance with any one or more of the requirements for such participation as set out by the Operator, and

7.05.11.03 insolvency proceedings in respect of any MaltaClear Participant.

Provided further that the Operator may suspend or terminate participation in MaltaClear in the case of one or more defaults by a MaltaClear Participant.

7.05.12 Notification of such suspension for any of the reasons given in bye-law 7.05.11 above shall be communicated in writing to the MaltaClear Participant who shall have five (5) working days from the date of notification of

suspension to apply in writing to the Board giving his reasons why the Operator should reconsider its decision.

7.05.13 The Board shall reply to any such application as mentioned in bye-law 7.05.12 above, within five (5) working days.

7.05.14 The Board's determination of the application for reconsideration submitted in terms of bye-law 7.05.12 above shall be in writing and shall be served on the applicant.

Voluntary termination of participation

7.05.15 Subject to any obligations already assumed in respect of other MaltaClear Participants, a MaltaClear Participant may terminate his participation in MaltaClear upon giving the Operator one (1) month advance written notice of such intention to terminate participation. Such termination shall not, however, become effective until full and final settlement of any obligations already assumed by the retiring MaltaClear Participant under the MaltaClear rules.

7.05.16 Upon notification of a MaltaClear Participant's intention to terminate his participation the Operator shall immediately notify all other current MaltaClear Participants, the Malta Financial Services Authority and the Central Bank of Malta of such intended termination of participation. Participants shall have fifteen (15) working days within which to advise the Operator in writing of any amount and any other relevant details of any liabilities owed to them by the Participant intending to terminate his participation in connection with any MaltaClear transactions.

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7.05.17 Termination of participation shall not effect or prejudice any liability for debts and dues or any obligation incurred in terms of the rules of MaltaClear.

7.05.18 In the case of a MaltaClear Participant's voluntary termination of participation, the Board shall have the right without prejudice to any other rights available to it at law, to retain the Participant's pledged funds in accordance with bye-law 7.05.01 above and to place such monies or other sums realised thereby to such reserve or other account as the Board may deem appropriate and use any such monies to discharge the liabilities of the said MaltaClear Participant towards other participants. Any remaining balances shall be refundable to the said MaltaClear Participant.

7.6 Default Rules

Voluntary renunciation to execution of settlement obligation

7.06.01 A settlement default or fails occurs in the case of insufficient settlement funds or financial instruments due by the intended settlement date relevant deadline. A settlement default or fail shall be subject to the following Default Rules as may be applicable although the Exchange may, on a case by case basis, derogate such Default Rules where the trading counterparties express in writing their respective voluntary renunciation to the execution of the settlement obligations by the expiry of the settlement date. Any such derogation from the following Default Rules shall not prejudice the right of the Exchange to impose any penalties and sanctions on the defaulting party in accordance with Section 7.07.00 of these Bye-laws.

Insufficient coverage of settlement funds

Auto-collateralisation of purchased securities

Buying Client

7.06.02 A buying client of an unsettled trade may seek to utilise the financial instruments purchased as collateral against a loan facility from a credit institution to pay for the financial instruments so purchased.

7.06.03 Should the buying client decide to avail himself of the option as outlined in bye-law 7.06.02 above, he shall inform the MaltaClear Participant acting on his behalf by no later than close of business on T+1 providing all the relevant details of the credit facility obtained or to be obtained for delivery of the requisite funds by the set deadline on T+2 as the intended settlement date (hereinafter 'ISD').

7.06.04 The MaltaClear Participant is to inform the Exchange of such occurrence by no later than T+1 that during the settlement and delivery process on T+2 as the ISD, such financial instruments may be registered in the name of the buyer but pledged in favour of the credit institution providing the loan facility and deposit of funds as aforesaid.

7.06.05 The buying client is to ensure that in such circumstances as outlined in bye-law 7.06.04 above, the Exchange is in receipt of the necessary documentation in order to effect and acknowledge the pledge and that the credit institution is in a position to advance the funds for settlement prior to the cut-off time on T+2 as the ISD.

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Participant – Novation

7.06.06 In cases where the buyer has not advanced the appropriate funds for settlement or will not be in a position to advance the appropriate funds for settlement to the MaltaClear Participant, the MaltaClear Participant may be entitled to acquire title to the purchased securities provided that the Participant himself effects or procures the payment of the relevant settlement total in accordance with the Standard Novation Clause included in the Client Agreement Letter as stipulated in bye-law 4.01.05 which Agreement letter caters for the client's consent for delivery of title to the purchased securities subject to a default by the buying client to settle the requisite settlement funds within close of business of T+1 where the Intended Settlement date is T+2. The novated securities shall upon successful settlement, be credited to the securities account as may be specified.

7.06.07 Should the Participant decide to utilise the novation facility entitlement as outlined in bye-law 7.06.06 above, by paying the requisite settlement funds for the financial instruments himself, he must inform the Exchange immediately he becomes aware of such a situation of the buying client's inability to advance the said funds, but no later than close of business on T + 1, giving all relevant details of the buyer who has failed to settle so as to ensure that during the delivery and settlement process the financial instruments will be registered in his name and not in that of the buyer.

7.06.08 Should the Participant decide to utilise the entitlement as outlined in bye-law 7.06.06 above to secure collateral against the financial instruments bought to obtain

sufficient funds to effect settlement of an excluded trade, he should inform the Exchange immediately, but definitely not later than close of business on T + 1 giving full details of the financial terms entered into. The Participant shall ensure that, should he decide to utilise this option, the Exchange is in receipt of the necessary documentation in order to effect and acknowledge the pledge and that the credit institution is in a position to advance the funds for settlement prior to the stipulated cut-off time.

Selling-out procedure

7.06.09 Should neither the buyer nor the participant acting on his behalf be in a position to take up the options of auto-collateralisation and novation as described in Bye-Laws 7.06.01 – 7.06.08 above, a sell-out procedure may be resorted to immediately upon notification of default, but not later than T + 2. Settlement of the selling-out sale will be on a T + 0 gross basis...

7.06.10 In such circumstances, the relevant sell order shall be placed on the market and every endeavour shall be made to obtain the best possible price for such sale. However, any losses incurred on such sale arising from market fluctuations shall be borne by the defaulting MaltaClear Participant.

7.06.11 Such sell order as indicated in bye-law 7.06.10 above shall remain available on the regular market until executed or until the unsettled trade is due to be excluded from the delivery versus payment system as mentioned hereunder, whichever comes first, provided that both parties to the defaulting trade agree.

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Roll-back procedure – Non-Euro Settlement

7.06.12 A roll-back procedure shall be resorted to in circumstances where the lack of cash coverage persists despite all the above-mentioned courses of remedial action.

7.06.13 A roll-back procedure is a process of the last resort where the Exchange concludes that the removal from the calculation of the multilateral netting balances of unsettled transactions is inevitable and the roll-back procedure is resorted to so as to facilitate the clearing and settlement process.

7.06.14 The Exchange shall inform all Participants that it shall be effecting a roll-back procedure by the cut-off time on Settlement Day as stipulated in the Settlement Time-table issued by the Operator from time to time. Such Notice shall also call on Participants to credit any funds top-up by a set deadline within the same T+2 as the ISD.

7.06.15 In a roll-back procedure, all those trades that can be settled should be settled and such trades remaining unsettled by the set deadline due to insufficient funds shall be excluded from the recalculated multilateral netting balances. All trades that may be settled are included in recalculated multilateral netting balances and they shall be settled by the Operator so that the greatest number of trades are settled provided that the participants affected by any increased financial contributions arising from the recalculated net multilateral balances advance the notified funds top-up by a set deadline for such top-up. Upon credit into the MaltaClear Operator's cash account of all the remaining funds top-up, the trades included in the recalculated multilateral netting will be settled on T+2 as the ISD.

7.06.16 In a roll-back procedure, the multilateral netting balances will be recalculated after the unsettled transactions have been identified and excluded from the new netting balances and after the trades settled as outlined in bye-law 7.06.15 above are excluded from the new multilateral netting balances.

7.06.17 The Operator shall inform the affected Participants of the recalculated netting balances soonest following the processing of the said recalculation. Such recalculated netting balances, including any consequent funds' top-ups, shall be due for settlement by the set deadline of T+2 as the ISD.

7.06.18 Any top-up contributions owed by Participants as a result of a roll-back procedure shall at all times be arrived at according to the relevant trading session market prices of the instruments transacted in addition to any applicable accrued interest calculations for debt instruments and relevant charges in accordance with normal procedures.

7.06.19 The Exchange may take any action and/or impose any fines on the defaulting Participant as described in bye-laws 7.07.01 to 7.07.03 below.

Excluded Trades – Non-Euro Settlement

7.06.20 The transactions that have been excluded from the recalculated multilateral netting balances shall be due for settlement on a gross basis on the next working day following the original Settlement Date, i.e. T + 3.

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7.06.21 Such transactions shall remain available for settlement until T + 3, after which time should such transactions remain unsettled, the Operator shall give notice to the relevant Participants of the outstanding transactions which shall then be excluded from MaltaClear settlement.

7.06.22 In the event that unsettled transactions are excluded from MaltaClear settlement as aforesaid, the Exchange disclaims any responsibility for and shall not be liable in respect of any claims for losses or damages, whether direct or indirect, suffered by MaltaClear Participants or their clients.

Insufficient coverage of Financial Instruments

Coverage of shortfall by Participant acting on behalf of seller

7.06.23 In circumstances where the Exchange identifies a lack of a sufficient amount of financial instruments on Settlement Day, the MaltaClear Participant shall be informed accordingly. The Exchange may propose to the Participant to seek to cover the shortfall in the seller's relevant securities balance by the ISD cut-off time by supplying the requisite amount from any balances standing to the credit of such Participant's securities account in favour of the seller's account held at the CSD.

7.06.24 Should such Participant agree to cover the shortfall in financial instruments from his own holdings, he shall inform the Exchange accordingly prior to the ISD cut-off time and authorise the Exchange to debit his holdings in his account held at the CSD so as to credit the seller's account held at the CSD in order that

the settlement and delivery process may continue unimpeded.

Lending and Borrowing of Financial Instruments

7.06.25 A Participant may opt to cover the lack of coverage in financial instruments through an appropriate lending and borrowing arrangement agreed to between the parties against adequate indemnity for any financial loss that may be suffered by the lender in the event of any default under the securities lending and borrowing arrangement.

7.06.26 Should the Participant be taking up this option, he shall inform the Operator accordingly by not later than 09.30 hours on Settlement Day and shall also provide the Operator with a copy of the borrowing agreement and all other appropriate details in order that the settlement and delivery process may be effected unhindered.

Buying-in procedure

7.06.27 Should the option described in bye-laws 7.06.23 to 7.06.26 above not appear to be possible the Exchange shall instruct the Participant to effect a buying-in procedure on the next day that the trading system is available.

7.06.28 In such circumstances the Participant will be bound to effect a purchase on the market of the financial instruments not available for settlement. The relevant purchase order shall be placed on the market and every endeavour shall be made to obtain the best possible price for such purchase. However, any losses incurred on such purchase arising from market fluctuations

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shall be borne by the defaulting selling Participant.

7.06.29 Such purchase order shall remain on the trading system until executed or until such time that the excluded trade is due to be removed from the MaltaClear delivery versus payment system, whichever comes first provided that both parties to the defaulting trade agree.

Roll-back procedure for Non-Euro Settlement

7.06.30 Should the lack of cover of financial instruments still persist by close of the trading session of T+2 on the ISD, the Exchange shall effect a roll-back procedure similar to that effected in the circumstances of lack of cash coverage in accordance with bye-laws 7.06.13 to 7.06.23 above.

7.7 Penalties and sanctions

7.07.01 The Operator may impose financial penalties or administrative sanctions on MaltaClear Participants against any breach of the relevant rules as it may deem appropriate.

7.07.02 Notification of any such penalty shall be communicated to the defaulting MaltaClear Participant in writing who shall have five (5) working days from date of such notification to apply for reconsideration by the Board.

7.07.03 Should the MaltaClear Participant not make such application for reconsideration as outlined in bye-law 7.07.02 above, the notified penalty or sanction shall be considered to have been accepted by the Participant.

Part 2

Approved Payment Systems

Section A

Euro Settlement on Target-2 Securities (T2S)

7.8 T2S – Euro Settlement

Settlement of Euro transactions

7.08.01 In accordance with bye-law 7.00.01 above, MaltaClear transactions effected in Euro shall be settled on the T2S platform, through the link between the CSD and T2S.

7.08.02 Transactions in Euro settled on T2S include :

- DVP market trades
- FOP OTC transactions currently reported through the trading infrastructure
- Credit operation Transactions
- Corporate Actions – DVP and FOP

Off-market transfers, as indicated in Chapter 6 of these Bye-laws (Central Securities Depository) will not be settled on T2S.

7.08.03 In the case of DVP transactions, finality of transactions will be declared at the level of T2S Participant Accounts.

CLEARING AND SETTLEMENT

Participation in T2S - Operating Model

7.08.04 In adapting to T2S, the Exchange shall adopt a “layered model” approach, whereby all CSD Holder Accounts are aggregated under a number of T2S Participant Technical Accounts.

7.08.04 Participants in T2S and the relevant Securities Technical Accounts under each Participant are as indicated in Appendix 7.3

7.08.05 The Securities Technical Accounts opened in T2S will be used for the purpose of settlement. The rights attached to the securities account held in the CSD remain unchanged.

7.08.06 All Securities Participant Accounts within T2S will be identified by an addressable BIC Code.

Connectivity with T2S

7.08.07 Participants in T2S may be Directly Connected Parties (DCPs) or Indirectly Connected Parties (ICPs). Communication between MaltaClear and T2S will be the sole responsibility of the CSD, where the Participant in T2S is an indirectly connected (ICP). Communication between ICPs and the CSD therefore, continue to be through mechanisms as identified by the CSD from time-to-time. Where a Participant in T2S is directly connected (DCP), such Participant must seek the authority of the CSD for such connectivity but technical implementation and compliance with T2S criteria as set out by T2S will be the responsibility of the DCP.

7.08.08 DCPs may access the T2S settlement platform directly using the following interfaces:

- Application-to-Application (A2A) access using ISO 20022 messages through a selected network provider, or
- User-to- Application (U2A) access using the T2S Graphical User Interface (T2S GUI through a selected network provider.

7.08.09 DCPs have to :

- Maintain a contractual relationship with the CSD subject to terms and conditions as the CSD will inform the market from time to time
- Be authorised by the CSD
- Be certified by the Eurosystem to ensure that it is able to interface with T2S without prejudicing the operations of T2S. Such certification of a DCP, assigned to a particular CSD is valid for all other T2S participating CSDs
- Have a technical communication to the T2S platform through one of the licensed VAN network providers
- Use T2S messages as may be relevant based on ISO 20022 formats for A2A access

7.08.10 When a new security holder is registered within the CSD which falls within the definition of a T2S Participant as outlined in Appendix 7.3, the CSD will also open a relevant Participant Account within T2S as an ICP unless specifically requested to be a DCP.

Dedicated Cash Accounts

7.08.11 Each Participant in T2S, who is also a MaltaClear Participant, must have one or more Dedicated Cash Accounts (DCA) opened

CLEARING AND SETTLEMENT

in its appointed Payment Bank/s, which will be linked by the CSD to the securities account/s in T2S. A single DCA may be linked to several securities accounts within T2S or a single DCA may be linked to a specific securities account within T2S. At the end of the day, all DCAs will have a zero balance. Any remaining balance will be automatically transferred by T2S to the RTGS account associated to the DCA.

Payment Banks will only be expected to make up for any short-falls in cash under auto-call arrangements. Where at the end of the settlement day there is insufficient funds in the relevant DCA, failed settlement will be declared.

7.08.12 Payment Banks as T2S DCAs will be linked to external RTGS accounts. Multiple T2S DCAs may be linked to one single RTGS account.

7.08.13 Before participation in MaltaClear is authorised, the prospective MaltaClear Participant must confirm details of the DCA it will be using for settlement purposes. Any changes to the DCAs used by the MaltaClear Participant must also be immediately communicated to the CSD to ensure continuity of settlement processes.

7.08.14 The National Central Bank of the relevant Payment Bank will be responsible for the opening and maintenance of the T2S DCAs.

7.08.15 Such DCAs will be used for the purposes of settlement of DVP instructions, auto-collateralisation purposes as well, as for DVP corporate action processing.

7.08.16 On Trading Day (T+0) the CSD will provide the Payment Banks acting on behalf of MaltaClear Members with the relevant Cash Forecast, for cash due for settlement on Settlement Day (T+2). Such information will be provided by the CSD a format as may be agreed to between the CSD and the Payment Bank.

Auto-collateralisation

7.08.17 T2S auto-collateralisation processes are provided to National Central Banks and Payment Banks as an automatic process to supply intraday credit, secured with eligible collateral.

7.08.18 Such processes are triggered when a buyer does not have sufficient funds to settle a securities transaction, DVP or payment free of delivery instructions or corporate actions related delivery versus payment or payment free of delivery instructions. Liquidity obtained is then immediately used to settle the underlying securities transactions.

7.08.19 The types of auto-collateralisation available in T2S are :

- Central Bank collateralisation – intraday credit provision where the Central Bank is the credit provider and the Payment Bank the credit consumer; or
- Client collateralisation—intraday credit provision where the Payment Bank is the credit provider and its client the credit consumer.

7.08.20 The collateral provided to secure intraday credit may be the securities being purchased or other securities already held by the buyer. T2S uses collateral on flows first and after collateral on stock. Therefore, if the

CLEARING AND SETTLEMENT

settlement instruction indicates that securities being purchased could be used as collateral on flow in an auto-collateralisation with the Central Bank or with a Payment Bank, then, in the event of insufficient funds, these securities will be used to obtain the intraday credit to settle instructions. When the collateral value of the securities on flow is not sufficient to cover the amount of credit granted, the collateral on flow is complemented by collateral on stock.

Settlement

7.08.21 Settlement in MaltaClear Euro transactions settled in T2S will be on a T + 2 basis in accordance with the time-table outlined in Appendix 7.4.

7.08.22 Settlement of Corporate Actions in Euro will also be settled in T2S on a DVP or FOP basis as may be applicable in accordance with the time-table outlined in Appendix 7.4

7.08.23 In the case of ICPs, all settlement messages including those related to Corporate Actions will be sent by the CSD in accordance with T2S standards and time-tables as indicated in Appendix 7.4.

7.08.24 Settlement processes in relation to MaltaClear transactions and Corporate Actions are as indicated in Appendix 7.5.

Corporate Actions

7.08.25 All corporate action processing will be carried out by the CS, however, the related settlements will be settled in T2S. (Appendix 7.5)

7.08.26 Corporate Actions with a cash distribution, such as dividends and interest payments will be settled on the indicated Payment Date, on a DVP basis, via the DCA attached to the CSD Participant Account within T2S. Cash distribution funds are to be received within the CSD's T2-RTGS Account in accordance with the time-frame established by the CSD on Payment Date in order to ensure settlement into final holder accounts on due date.

7.08.28 Corporate Actions without a cash distribution (FOP) will also be settled via T2S during the night time settlement period in accordance with the time-table outlined in Appendix 7.4.

Part 3

7.9 Funds Settlement of MaltaClear Transactions in Non-euro Currencies (Non€Clear)

7.09.01 The Operator shall set-up, maintain and operate a Payment System (Non€Clear).

7.09.02 This Section, together with Bye-laws contained in Part I of this Chapter and the relevant Appendices, shall be the formal arrangement between the Operator, the Settlement Agent, Participants and their Executing Banks and shall constitute the common rules and standardised arrangements for the settlement of MaltaClear transactions denominated in a currency other than euro between Participants.

Opening, maintenance and operations of Settlement Accounts.

CLEARING AND SETTLEMENT

7.09.03 The Operator shall open multiple MaltaClear Settlement Accounts within any commercial bank (the Settlement Agent) for those currencies other than euro in which settlement of MaltaClear transactions as defined in bye-law 7.00.03 shall be effected. These accounts shall be operated by the Operator for the sole purpose of deposit and withdrawal of funds in respect of settlement of MaltaClear transactions as defined in bye-law 7.00.03 and denominated in currencies other than euro.

7.09.04 For each currency denomination, MaltaClear Participants shall maintain one or more active accounts with one or more Executing Banks into which funds are deposited by either the Participant or the Operator for the sole purpose of settlement of MaltaClear transactions as defined in bye-law 7.00.03 above and denominated in a currency other than euro and shall be designated 'Name of MaltaClear Participant – Currency Settlement Account'.

7.09.05 Should a MaltaClear Participant require that a different Settlement Account other than that/those indicated to be used for settlement or should such Participant require that more than one account be used, he shall inform the Operator in accordance with the prevailing facilities that the Operator has put in place.

7.09.06 An Executing Bank appointed by the Participant in accordance with bye-law 7.05.06 above must have entered into an "Executing Bank Direct Debit Agreement" with the Operator as shown in Appendix 7.6 to this Chapter.

7.09.07 In accordance with the procedures as laid down by the Exchange from time to time, the Operator shall issue the necessary instructions to Participants and the Settlement Agent in order to ensure that the transfer of funds between the respective Settlement Accounts are completed up to or on Settlement Day.

Payment of Net Amount Due by Participants

7.09.08 The Operator shall forward to the Participants, where applicable, instructions detailing the value date, amount due, currency and account numbers to be credited in respect of settlement of MaltaClear transactions. The Participants shall pass on these instructions to their respective Executing Banks in order that the Operator's Settlement Account/s are credited with the relevant settlement amount/s in those currencies by cut-off time on Settlement Day.

7.09.09 Participants shall ensure that, by the cut-off time on Settlement Day as laid down by the Exchange from time to time, the funds in the respective currency deposited into their Settlement Account/s are cleared funds in such a way as to enable the transfer into the Operator's Settlement Account.

Payment of Net Amounts Owed to Participants

7.09.10 The Operator shall issue instructions to the Settlement Agent to debit the Operator's Settlement Account/s and to credit the Settlement Accounts of the Participants held with their Executing Banks in accordance to the procedure and timetable as laid down by the Exchange from time to time.

CLEARING AND SETTLEMENT

Settlement Finality

7.09.11 Settlement of funds in the respective currencies between Participants of all MaltaClear transactions shall be deemed to be final upon confirmation of receipt of the relevant funds within the Settlement Account/s held by the Operator

Part 4

7.10 Corporate Actions

Corporate Action Processing

7.10.01 The CSD shall process corporate actions on behalf of Issues in accordance with appropriate standards and procedures as outlined in the subsequent bye-laws below and Appendix 7.8 to this Chapter.

Corporate Action Settlement in T2S

7.10.02 Settlement of corporate actions in respect of securities denominated in T2S eligible currencies will take place on T2S as may be appropriate in accordance with the time-table indicated in Appendix 7.4 to this Chapter.

7.10.03 For the purposes of settlement in T2S, corporate actions are identified as :

- Payment Free of Delivery (PFOD) – eg. Dividend or Interest Payment
- Delivery Free of Payment (FOP) – eg. Bonus Issue
- Delivery versus Payment (DVP) – eg. Rights Issue

7.10.04 Corporate Actions with a cash distribution, such as dividend and interest payments will be settled on the indicated Payment Date, on a DVP basis, via the DCA attached to the CSD Participant Account within T2S. Cash distribution funds are to be received within the CSD's T2-RTGS Account within T2S. Cash distribution funds are to be received within the CSD's T2-RTGS Account in accordance with the time-frame established by the CSD on Payment Date in order to ensure settlement into the final holder accounts on due date.

7.10.05 Corporate Actions with a cash distribution will be settled via T2S during the night time settlement period in accordance with the time-table outlined in Appendix 7.4 to this Chapter.

Transaction Management

Market Claims

7.10.06 A market claim shall be raised where the contractually entitled party has not received the undertaking securities when there is a pending underlying transaction at the close of business on record date, i.e. a market claim will relocate the proceeds of a distribution to the contractually entitled party. The objective of such market claim is to ensure that the proceeds of a distribution will reach the entitled party of a pending transaction.

7.10.07 The CSD will process market claims in T2S in accordance with procedures as outlined in Appendix 7.8 to this Chapter.

CLEARING AND SETTLEMENT

Transformations

7.10.08 A transformation shall be triggered where pending transactions still unsettled by the end of Record Date will be cancelled and replaced in terms of the mandatory reorganisation or voluntary reorganisation. The objective of such transformation is to ensure that the original transaction can continue its life-cycle.

7.10.09 The CSD will process transformations in T2S in accordance with the procedures as outlined in Appendix 7.8 to this Chapter.

Buyer Protection

7.10.10 A Buyer Protection process will be triggered where a buyer who has yet to receive the securities of an elective corporate action, instructs the seller in order to receive the outturn of his choice.

7.10.11 The CSD shall adopt manual Buyer Protection mechanisms which will involve a bi-lateral agreement between the respective trading parties. Relevant processes are as outlined in Appendix 7.8 to this Chapter.



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Appendix 7.1

PRE- TRADING AND POST-TRADING PROCESSES

7.1 PRE- TRADING AND POST-TRADING PROCESSES

1.0 Earmarking of financial instruments

1.1 Members may avail themselves of the facility as may be provided by the Exchange to earmark financial instruments being the subject of a sell order.

1.2 Members may avail themselves of the facility throughout the pre-trading and continuous stage of trading. Such facility will be made available again during the post-trading session once all of the day's regular market pre-settlement processes have been effected.

1.3 Such earmark may be released by the CSD when the relevant balance is subject to processes being effected by the CSD, including those related to Causa Mortis, Court Orders and Regulatory Sanctions.

1.4 In the case of the removal of an earmark as a result of CSD processes as described in 1.3 above, a notification will be sent to the Member concerned through the earmark facility or any other facility as may be provided by the Exchange from time to time, informing him about such removal of an earmark.

1.5 Earmarks relating to open sell orders will remain so marked in the relevant client accounts held within the CSD until they are cancelled either by the Member or by the CSD as described in 1.3 above.

1.6 It is the responsibility of the Member concerned to ensure through the facility provided by the Exchange that at all times the status of earmarked orders reflects at any point in time the status of his open sell orders on the market.

1.7 The Exchange will not be liable for any claims for losses or damages by any Member and/or client where a Member has failed to cancel any indication of interest on sell balances as appropriate resulting in any loss or damages in respect of another Member and/or client.

2.0 Match and Allocation

2.1 Throughout the continuous stage of trading, Members may complete Match and Allocation details for all trades affected on the regulated market and OTC, in accordance with the process and in the format as may be determined by the Exchange and may submit such details to the CSD. In respect of Euro settlement on T2S, details of DCA/s will be included within this process.

3.0 Cash Settlement Forecasts – Euro Settlement

3.1 On trading day (T+0) the CSD shall provide MaltaClear Participants and Payment Banks with the Cash Forecast in relation to executed trades to be settled on a GROSS basis in T2S on the ISD.

4.0 Calculation of netting balances for Non-Euro Settlement

4.1 Match and Allocation details in respect of regulated market trades will be processed by the CSD as a batch process following the close

of continuous trading when all such details have been received but by no later than half an hour after the close of the continuous stage of trading, in order to calculate the net payment due or owed on Settlement Day for each MaltaClear participant in accordance with bye-law 7.03.04.

5.0 OTC Trades

5.1 Match and Allocation details in respect of OTC trades will be processed by the CSD as a batch process following the close of the post-trading stage of trading but by no later than half an hour after the close of the post trading session.

6.0 Blocking of sold balances post-trading

6.1 During the batch process in respect of trades effected on the regulated market, sold balances will be blocked in the relevant sellers' accounts. Such blocking will take place in the time sequence of the trades affected.

6.2 Bought balances shall be recorded in the buyers' MSE Accounts indicating the acquisition of a right of forward transmission of those instruments upon full funds settlement on settlement day in accordance with bye-law 7.04.10.

7.0 Insufficient coverage of financial instruments – regulated market

7.1 Should it result from the batch process that there is insufficient coverage of financial instruments to satisfy one or more trades, as a first instance, the Member will receive appropriate notification that there is an error in a particular account and should recheck details given in the Match and Allocation Process. Should the Member be in a position

to rectify the situation, he may resubmit Match and Allocation details in respect of the identified error within fifteen [15] minutes of receipt of notification.

7.2 Should it not be possible for the Member to rectify the situation that arose as outlined in 7.1 above within the stipulated time frame or, the details given in the resubmitted information do not result in the original error being rectified, the relevant trade/s will be excluded from the netting process and will be available for settlement on a gross basis. In the case where a Member has resubmitted details to rectify an error and the resubmitted details are also erroneous, the trade with the original settlement details will be excluded from the netting process and made available for gross settlement.

7.3 The Default Rules as outlined in 7.06.22 to 7.06.30 will come into force at this stage.

8.0 Insufficient coverage of financial instruments - OTC

8.1 Should it result in the registration process with respect to OTC trades that there is insufficient coverage of financial instruments to satisfy one or more trades, the selling Member will be informed that registration cannot take place in the CSD.

8.2 In such instances the CSD will inform the counter-party broker that registration cannot occur.



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Appendix 7.2

APPLICATION FOR PARTICIPATION IN MALTACLEAR

7.2 APPLICATION FOR PARTICIPATION IN MALTACLEAR

How to use this Application Form

- 1) Applicants must submit a completed Application Form together with any supporting documents to :

The Chief Executive
Malta Stock Exchange Plc
Garrison Chapel
Castille Place
Valletta VLT 1063

- 2) The Application should be read in conjunction with the Financial Markets Act (Cap.345 of the Laws of Malta) and any regulations made thereunder and the Bye-laws of the Malta Stock Exchange plc (available on www.borzamalta.com.mt).
- 3) Applications will only be considered provided that all relevant sections have been duly completed and supporting documents have been appended.
- 4) Misleading or incorrect information on any material point shall render the application invalid.
- 5) All information submitted in the application is for the sole use of the Exchange and will not be divulged to third parties other than the Competent Authority/ies as deemed appropriate.

1.0 APPLICANT

Name: _____

Please indicate whether the Applicant is:

1. A Member of the Exchange
2. An Authorised Intermediary
3. Other (please indicate the type of organisation – CSD, ICSD, etc)

1.1

Authority/Licence Ref No: _____

(Kindly attach copy of relevant authority/licence and/or constitutional document)

1.2

Country of Incorporation: _____

Date of incorporation: _____

Registration No. _____

1.3

Registered Address: _____

Telephone no: _____

Fax no: _____

E-Mail Address: _____

1.3

Contacts:

2.0 PAYMENT BANK

Name:

Registered Address:

Telephone No:

E-Mail Address:

Fax:

DCA to be utilised for Euro
Settlement :

3.0 DIRECTORS/OFFICERS APPOINTED TO SIGN OBO APPLICANT

Name:

Name:

Signature:

Signature:

Kindly attach:

1. Board Resolution authorising participation in MaltaClear (not applicable to Members of the Exchange)
2. Board Resolution authorising above mentioned to sign on behalf of applicant

4.0 FEES

Upon receipt of confirmation of admittance, a Participant shall pay an Admission Fee of €2,325. In addition, an Annual Fee of €465 per calendar year is payable pro-rata on admission and annually thereafter.

[Not applicable to persons authorised as Members of the Exchange]

5.0 DECLARATION BY THE APPLICANT

1. We declare that the information contained in this application and supporting documents is complete and correct.
2. We declare that we are aware of the provisions of the ACT, any regulations made thereunder and the Bye-laws issued by the Malta Stock Exchange plc that may be in force from time to time and hereby declare that we will comply and be bound by all such relevant provisions contained therein.
3. We declare that the Directors shall be responsible for and be bound by all the actions and omissions of its officers and employees in their activities in connection with MaltaClear.
4. We declare that we shall keep the Malta Stock Exchange plc notified of any significant changes in the information supplied in this application which occur after the date of submission of the application and prior to receiving notification of the Malta Stock Exchange's decision.

Signed: _____

Date : _____

Signed: _____

Date: _____



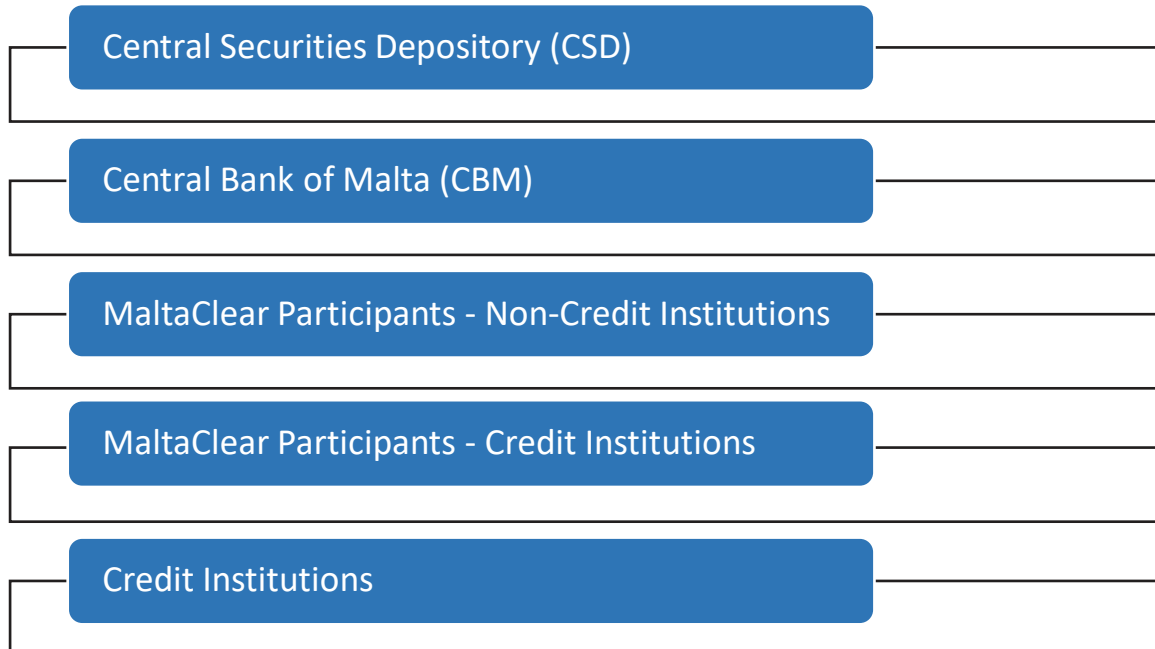
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Appendix 7.3

T2S PARTICIPANTS SECURITIES ACCOUNT STRUCTURE

7.3 T2S PARTICIPANTS - SECURITIES ACCOUNT STRUCTURE

EURO SETTLEMENT



- CSD, CBM and MaltaClear Participants must all have one or more Dedicated Cash Account/s attached to their Securities Accounts within T2S for the purpose of Settlement.
- Each Participant in T2S will be recognized by an addressable BIC Code.
- A number of Securities Technical Accounts will be opened under each Participant in T2S for the purposes of Settlement.
- As the layered model is being implemented, a number of CSD Accounts will be aggregated under the Securities Technical Accounts within T2S as indicated below.

CSD	CBM	MaltaClear Part Non-Credit Inst	MaltaClear Part. Credit Inst.	Credit Institutions
<ul style="list-style-type: none"> • Own Account • Retail • MSE as Cust. • Issuance Accts. 	<ul style="list-style-type: none"> • Own Account/s • CCBM Accounts • Settlement Account 	<ul style="list-style-type: none"> • Own Account/s • Settle. Account • Clients/Nominee Accounts 	<ul style="list-style-type: none"> • Own Account/s • settle. Account • Clients/Nominee Accounts • Custody Accounts 	<ul style="list-style-type: none"> • Own Account/s • Client/Nominee Accounts • Custody Accounts

- The Settlement Accounts opened in T2S in respect of MaltaClear Participants will be reflected within the CSD.
- The Issuance Accounts opened in T2S in respect of MaltaClear Participants will be reflected within the CSD.



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Appendix 7.4

T2S - SCHEDULE EURO SETTLEMENT

7.4 EURO SETTLEMENT - T2S SCHEDULE

Start of Day [SOD]	1845 – 1945 hrs	Settlement Day (T+2) starts on T+1 (CSD configured to T2S schedule to ensure matching in systems and no mismatch in rights of holders)
End of Day	1800 – 1845 hrs	T + 2
Night Time Settlement (Settlement of MaltaClear Transactions)	1930 – 0300 hrs	DVP Transactions
Night Time Settlement (FOP Corporate Actions)	1845 – 1930 hrs	Settlement of corporate actions with no cash distribution
Day-Time Settlement (Settlement of MaltaClear Transactions)	0500 – 1800hrs	T+2 DVP cut-off : 1600hrs FOP cut-off: 1800hrs
Corporate Actions	0930hrs	Payment Date Cash available CSD DCA



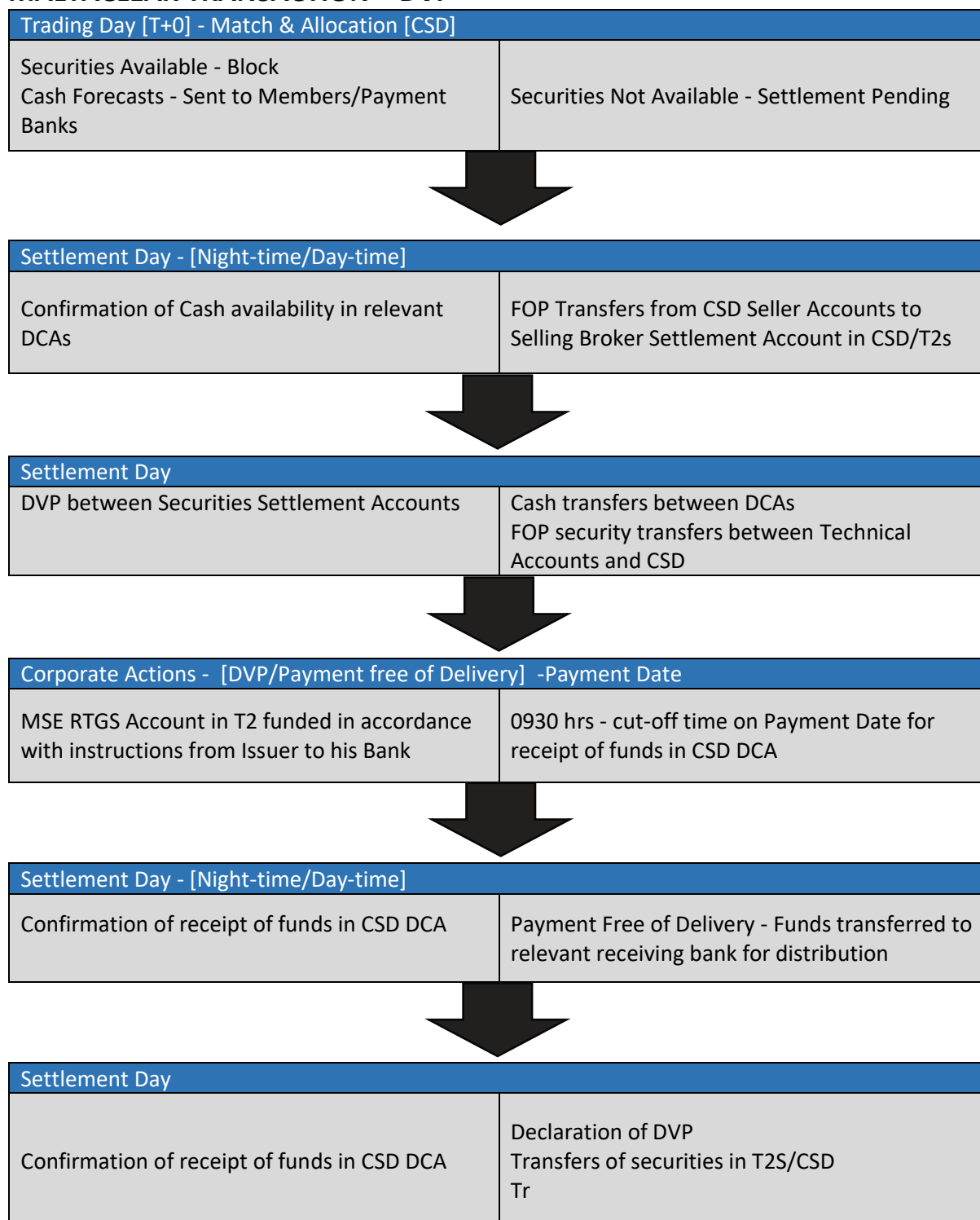
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Appendix 7.5

SETTLEMENT PROCESS

7.5 SETTLEMENT PROCESS

MALTACLEAR TRANSACTION – DVP





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Appendix 7.6

MALTACLEAR PARTICIPANT'S DIRECT DEBIT AUTHORISATION FORM

7.6 MALTACLEAR PARTICIPANT'S DIRECT DEBIT AUTHORISATION FORM

Date: _____

To: _____

From: _____

The Executing Bank

The Participant

AUTHORISED ACCOUNT/S (Number/s) **EURO** _____
USD _____
GBP _____

The Participant hereby authorises the Executing Bank to pay in accordance with any Direct Debit instructions, for any amount, purporting to be received by SWIFT from the _____ (The Malta Stock Exchange) SWIFT (BIC) Address, and authenticated in accordance with normal SWIFT standards and procedures, or, in the event of SWIFT failure, by any other contingency means agreed to from time to time between the Executing Bank and the Malta Stock Exchange, by the debit of the Participant's account/s specified above, until further written notice.

It is understood and agreed that any transaction carried out in pursuance of any Direct Debit Instruction will be subject to the terms between the Participant and the Executing Bank, agreed from time to time or, if none, the Executing Bank's (then) current terms of business which apply to that transaction, even if the Participant has not signed them.

It is understood and agreed that the Executing Bank is at liberty to dishonour any payment if the Participant's account with the Executing Bank does not have sufficient funds to meet such Direct Debit Instructions, or in the event of there being an impediment, legal or other, to effect payment, or the Direct Debit instructions from the Malta Stock Exchange being unclear or technically incorrect, and that any charges resulting or any dishonoured payment shall be debited to the Participant's account.

APPENDIX 7.6

It is understood and agreed that the Executing Bank is entitled to terminate any direct debit arrangement at its sole discretion by advising the Participant and the Malta Stock Exchange in writing.

The Participant hereby undertakes to keep the Executing Bank harmless and fully indemnified against any liability, loss or damage the Executing Bank may incur for any reason which is beyond the Executing Bank's control in consequence of making this facility available.

The Participant shall inform the Malta Stock Exchange in writing three calendar months in advance if the Participant wishes to cancel these instructions.

This document may be retained by the Malta Stock Exchange. The Malta Stock Exchange's request to debit the Participant's account may be construed by the Executing Bank that the Malta Stock Exchange possesses this authorisation.

It is understood and agreed that the Executing Bank will not be liable to the Participant in contract, tort (including negligence) or otherwise for indirect or consequential loss or damage howsoever arising out of the carrying out or the failure to carry out by the Executing Bank of any SWIFT Instruction (including but not limited to, loss of business, loss of data, loss of profit and third party claims) whether or not that loss or damage was foreseeable by the Executing Bank.

For and on behalf of _____ The Participant)

Signature: _____

Designation: _____

Date: _____



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Appendix 7.7

DIRECT DEBIT AGREEMENT

7.7 DIRECT DEBIT AGREEMENT

Date: _____

Between: The Malta Stock Exchange

And: _____
(The Executing Bank)

1. Purpose

The scope of this Agreement is to standardise the settlement of Participants' multilateral net debit balances in euro or any other currency in which transactions are currently concluded, arising from transactions in listed securities, by the use of the Direct Debit instrument to be originated by the Malta Stock Exchange and transmitted to the Executing Bank where the Participant's account is held to collect payment.

2. Definitions

In this Agreement the following expressions shall have the following meanings:

Authorised Account

means the account of the Participant with the Executing Bank which the Participant has authorised to be debited in accordance with Direct Debit instructions originated by the Malta Stock Exchange;

Direct Debit

means an instruction by the Malta Stock Exchange to the Executing Bank to debit the Participant's Authorised Account with such

Executing Bank with a specified amount in euro or any other currency in which transactions are currently concluded, and to credit the Malta Stock Exchange's account held with a Settlement Bank/Agent:

- initiated or purporting to be initiated in the SWIFT system and which is received by the computer linked to the SWIFT system which is controlled by the Executing Bank to receive such requests or instructions (the Executing Bank's computer)
- by SWIFT MT 204 authenticated in accordance with SWIFT standards and procedures to the Executing Bank's SWIFT (BIC) Address, or
- by other contingency means agreed to between the Malta Stock Exchange and the Executing Bank.

Participant

has the same meaning as that assigned to "investment firms" as defined in the European Passport Rights for Investment Firms Regulations, [L.N. 325 of 2007];

Participant's Direct Debit Authorisation Form

means the authorization by the Participant to the Executing Bank to pay any Direct Debit instructions purporting to be received from

the Malta Stock Exchange by the debit of the Participant's Authorised Account, as Appendix 7.2;

SWIFT

means the computerized telecommunications network run by the Society for Worldwide Interbank Financial Telecommunication that operates a system for transmitting financial messages over dedicated lines among its members;

SWIFT MT 202

means the "General Financial Institution Transfer" by which the Executing Bank will effect payment in accordance with the Direct Debit instructions received from the Malta Stock Exchange as per format and specifications attached to this Agreement;

SWIFT MT 204

means the standard SWIFT "Financial Markets Direct Debit Message" sent by an exchange or a clearing house, or another financial institution, to a SWIFT member or submember, to instruct the Receiver of the message to debit the account(s) of a third party specified in the message and to pay or credit the corresponding amount in favour of the Sender of the message as per format and specifications attached to this Agreement.

3. Procedure

The Malta Stock Exchange

- will obtain the standard Participant's Direct Debit Authorisation Form, duly signed by each Participant in accordance with its Memorandum and Articles of Association. The Malta Stock Exchange is to retain the signed Participants' Direct Debit Authorisation Form in its records;
- will transmit, on Settlement Day (T+2), Direct Debit instructions to the Executing Bank, subject to cut-off time.

The Executing Bank

On Settlement Day (T+2), subject to cut-off time:

Upon receipt of Direct Debit instructions from the Malta Stock Exchange

AND

SUBJECT to the account of the Participant (Debit Institution) specified in the Direct Debit Instructions having sufficient funds, there being also no impediment, legal or other, to effect payment, and the Direct Debit instructions being clear and technically correct

- will effect payment by SWIFT 202, or by other contingency means in accordance with the Direct Debit instructions received from the Malta Stock Exchange; and
- will communicate any rejects, stating reference, Participant's name, amount and reason (technical or insufficient funds), by SWIFT MT 299 to the Malta Stock Exchange's SWIFT (BIC) Address, or by other contingency means.

Payment/Reject Cut-off times: Settlement Day (T+2)

- MT 204 1030 hrs
- MT 202 1200 hrs
- MT 299 Rejects 1200 hrs

4. Limitation of Liability

The role of the Executing Bank is that of a Settlement Agent, as defined in the Central Bank of Malta Directive No. 2 – Directive on Payment and Settlement Systems.

Any transaction carried out in pursuance of any Direct Debit Instruction will be subject to the terms between the Participant and the Executing Bank, agreed from time to time or, if none, the Executing Bank's (then) current terms of business which apply to that transaction, even if the Participant has not signed them.

The Executing Bank will not be liable for delay in executing or failure to execute any SWIFT Instruction in pursuance of this Agreement due to any cause beyond its reasonable control, including, but not limited to, the failure, malfunction or unavailability of telecommunications, data communications and computer systems and services over which the Executing Bank has no control, war, hostilities, invasions, civil unrest, strikes, lockouts or other industrial action or trade disputes (whether involving the employees of the Executing Bank or any other party).

In case of default or negligence on the part of the Executing Bank, its liability is strictly limited to any direct loss incurred by the Malta Stock Exchange, save where such loss is attributable to the Malta Stock Exchange or the Participant. Any responsibility for any direct, indirect, or consequential loss incurred by any other party, whatever the connection of such party with the securities transaction in question, is excluded.

Furthermore, the Executing Bank shall have no liability to ascertain whether any SWIFT Instruction from the Malta Stock Exchange is correct or that any officer or individual purporting to act on behalf of the Malta Stock Exchange is duly authorised and that it shall be sufficient for the Executing Bank (and the Executing Bank shall be obliged) to check that the SWIFT Instruction which it has received appears to have been authenticated as coming from the Malta Stock Exchange in accordance with the normal procedures under the SWIFT System then current in relation to the SWIFT Instruction; and that subject to such check the Executing Bank may act upon the said SWIFT Instruction, regardless of whether or not such SWIFT Instruction is initiated or transmitted without the authorization of the Malta Stock Exchange, the Participant, or any other party, and regardless of whether or not such SWIFT Instruction is or purports to be sent by the Malta Stock Exchange on behalf of the Participant, any other party, or any party at all.

Moreover, the Executing Bank is not liable for the integrity of the SWIFT Instructions until they are received by the Executing Bank's Computer.

5. Warranty

The Malta Stock Exchange warrants that it will hold the Participant's Direct Debit Authorisation, signed by the Participant specified as "Debit Institution" in the SWIFT MT 204, or in the contingency Direct Debit message where applicable.

6. Confidentiality

The Malta Stock Exchange shall treat as confidential all data and information concerning the business of the Executing Bank, and its dealings, transactions, or affairs or those of the subjects of the data which the Malta Stock Exchange may obtain pursuant to this Agreement, and the Malta Stock Exchange shall not at any time use such information (other than in the course of the Malta Stock Exchange's performance of this Agreement), or divulge any such information to any person without the prior written consent of the Executing Bank (except to those of the designated employees who shall have a need to know or use the data for the purpose of the performance of this Agreement).

Any breach or potential breach of the provisions of this clause shall be immediately notified in writing by the Malta Stock Exchange to the Executing Bank.

7. Integrity of Data

All data contained in the Participant's Direct Debit Authorisation Form addressed to the Executing Bank shall remain the sole and exclusive property of the Executing Bank. Data shall not be used by the Malta Stock Exchange for any other purpose than for the proper

performance of this Agreement, and shall not be disclosed to any third party.

The Malta Stock Exchange undertakes to implement such strict security procedures in respect of the integrity and confidentiality of the data whilst in its possession. None of the data shall be mechanically copied or otherwise reproduced by the Malta Stock Exchange and shall not be altered or supplemented with other data (other than for the purpose of the performance of this Agreement) without the Executing Bank's express written permission or at the specific written direction of the Executing Bank.

The Malta Stock Exchange undertakes to notify the Executing Bank with any breach or potential breach of the provisions of this clause in writing.

8. Indemnity

On account of the Executing Bank accepting to act on the Malta Stock Exchange's instructions as outlined in this Agreement, the Malta Stock Exchange hereby keeps the Executing Bank indemnified upon the Executing Bank's first demand against all actions, claims, damages, costs and expenses arising directly or indirectly from any debiting or failure to debit any customer's account and, without the Malta Stock Exchange requiring proof of its agreement to the validity of such demand, the Malta Stock Exchange shall forthwith pay the amount thereof; the Executing Bank being authorised to set-off any such amounts as being due from any account held by the Malta Stock Exchange with the Executing Bank.

The Malta Stock Exchange authorizes the Executing Bank to admit, compromise or reject any claims made upon the Executing Bank without reference to the authority from the Malta Stock Exchange.

This indemnity is to be binding on the Malta Stock Exchange as a continuing security notwithstanding any payments from time to time made to the Executing Bank or any settlement of account.

9. Termination

This Agreement shall be for an indefinite term and shall continue unless terminated by any of the parties by giving not less than one month's notice of its intention to terminate. Any termination will not prejudice the proper fulfillment of the parties' obligations arising hereunder.

10. Governing Law

This Agreement shall be read and construed in accordance with the Laws of Malta and the Malta Stock Exchange agrees that any proceedings arising out of or in connection with this Agreement may only be brought in the Courts of Malta but that nothing in this Agreement will limit the Executing Bank's rights to take proceedings against the Malta Stock Exchange in the Courts of any other country or territory and that the Executing Bank's taking of proceedings in one jurisdiction will not prevent the Executing Bank taking them in any other.

APPENDIX 7.7

Signed

For and on behalf of the Malta Stock Exchange:

Signature

Designation

Date: _____

For and on behalf of the Executing Bank:

Signature

Designation

Date: _____

MT 204 Financial Markets Direct Debit Message

Note:

The use of this message type requires Message User Group (MUG) registration.

Scope

This message is sent by an exchange or clearing house, or another financial institution to a SWIFT Member or submember, to instruct the Receiver of the message to debit the account/s of a third party specified in the message and to pay or credit the corresponding amount in favour of the Sender of the message.

Format Specifications

The MT 204 consists of two types of sequences:

- **Sequence A Common Elements** – Reimbursement Details, is a single occurrence sequence and contains default information which is valid for all individual transactions described in Sequence B and the total amount to be reimbursed.
- **Sequence B Transaction Details**, is a repetitive sequence. Each occurrence gives the details concerning one debit.

Status	Tag	Field Name	Specific Details Required
Sequence A Common Elements – Reimbursement Details			
M	20	Transaction Ref No.	Single transaction ref. no. Same as in Tag 20, Sequence B.
M	19	Sum of Amounts	Single transaction amount Same amount as in Tag 32 B.
M	30	Value Date	
O	57a	Account with Institution	MALMTMD
O	58a	Beneficiary Institution	XMALMTMT
Sequence B – Repetitive Transaction Details			
M	20	Transaction Ref. No.	Same as in Tag 20, Sequence A
M	32B	Transaction Amount	Same as in Tag 19
M	53a	Debit Institution	Participant's Name And Account No.

(M – mandatory; O – optional)

MT 202 General Financial Institution Transfer

Scope

This message is sent by or on behalf of the ordering institution directly, or through correspondent/s, to the financial institution of the beneficiary institution.

It is used to order the movement of funds to the beneficiary institution.

This message may also be sent to a financial institution servicing multiple accounts for the Sender to transfer funds between these accounts. In addition it can be sent to a financial institution to debit an account of the Sender services by the Receiver and to credit an account, owned by the Sender at an institution specified in field 57a.

Status	Tag	Field Name	Specific Details Required
Sequence A Common Elements – Reimbursement Details			
M	20	Transaction Ref No.	Single transaction ref. no. Same as in Tag 20, Sequence B.
M	21	Related Reference	Single transaction amount Same amount as in Tag 32 B.
M	32A	Value Date Currency Code Amount	Same as Tag 32 in MT 204
M	58a	Beneficiary Institution	Same as Tag 58a in MT 204

(M – mandatory; O – optional)



MALTA
STOCK EXCHANGE

Appendix 7.8

CORPORATE ACTIONS & TRANSACTION MANAGEMENT PROCESSING

7.8 CORPORATE ACTIONS & TRANSACTION MANAGEMENT PROCESSING

1.0 Categories of Corporate Actions

The market standards and processes as described hereunder apply to the following categories of Corporate Actions :

1.1 Distributions

Distributions are divided into:

- Cash Distributions – eg. Dividends, interests
- Securities Distributions – eg. Stock Dividend, Bonus Issue
- Distributions with Options – eg. Optional Dividend

1.2 Reorganisations

Reorganisations are divided into:

- Mandatory reorganisations with options – eg. Rights Issues
- Mandatory reorganisations - eg. Share splits, Redemptions
- Voluntary Reorganisations – eg. Tenders

2.0 Corporate Actions on Stocks

The market standards and processes described hereunder relate to :

- Information Flows
- Key Dates, and
- Processing

2.1 Cash Distributions

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Cash Distribution including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement giving details of such Cash Distribution including the key dates (eg. Record date/ Payment date). Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Cash Distribution are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.
2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.
3. End-investors shall receive information on cash distributions by means of an account statement.

(b) Key Dates

1. For Bonds key dates are Record Date and Payment Date
2. For equities key dates are ex-Date, Record Date and Payment Date
3. For floating rate instruments, the payable rate should be confirmed as soon as possible but not later than three (3) business days before the Payment Date
4. The Payment Date should be as close as possible to the Record Date, preferably the next Business Day.

(c) Processes

1. Funds related to settlement of Cash Distributions in securities in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.

2. Where Payments related to the settlement of Cash Distributions in securities in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.
3. Interest payments will be processed separately from any relevant redemption payment, even in instances where the two Payment Dates co-incide.
4. All payments shall be in the original currency of the security.
5. Should an amendment to the Payment be required, a full-reversal followed by an amended Payment shall be made.

2.2 Securities Distributions

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Securities Distribution including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement giving details of such Securities Distribution including the key dates (eg. Record date/ Payment date) and the ISIN of the outturn security. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Securities Distribution are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.
2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.
3. End-investors shall receive information on cash distributions by means of an account statement.

(b) Key Dates

1. Key dates are ex-Date, Record Date and Payment Date

2. The public Announcement by the Issuer should be made at least six (6) business days before the ex-date
3. The ex-date should precede the Record Date by one (1) Settlement Cycle minus one (1) business day
4. The Payment Date should be the next Business Day after Record Date.

(c) Processes

1. Funds related to settlement of Securities Distributions in securities in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.
2. Where Payments related to the settlement of Securities Distributions in securities in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later the opening time of the Settlement System.
3. All payments shall be in the original currency of the security and shall be processed by rounding down to the nearest whole number (top-down method).
4. Should an amendment to the Payment be required, a full-reversal followed by an amended Payment shall be made.

2.3 Distributions with Options

- a. Distributions with Options shall be represented by an Interim Security with a separate ISIN.
- b. The issuance of the Interim ISIN and the options attached to it shall be processed as two separate Corporate Actions, i.e. a Distribution and a Mandatory Re-organisation with Options or a Voluntary Re-organisation
- c. The Issuer should communicate the relevant information to the CSD concurrently including also details of the second Corporate Action as indicated in 2.2 above.
- d. The start of the Election Period as determined by the Issuer should not precede the Payment Date relating to the Interim Security.

- e. The Intended Settlement Date of any transaction in the Interim Security should not precede the Payment Date of the Interim Security.

Mandatory Reorganisations with Options

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Mandatory Reorganisation with Options including all the key dates and Issuer Default Option, as described below, concurrently with the issue of the relevant Company Announcement. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Mandatory Reorganisation with Options are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.
2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.
3. End-investors shall receive information on cash distributions by means of an account statement.

(b) Key Dates

1. The Company Announcement by the Issuer must be made by the Issuer at least two (2) Business days before the start of the Election Period
2. The start of the Election Period as determined by the Issuer must be at least ten (10) Business Days before the market deadline
3. The Guaranteed Participation Date must precede the Buyer Protection Deadline by one Settlement Cycle (2 Business Days) plus 2 hours.
4. The Buyer Protection Deadline must be at least one (1) Business Day before the Market Deadline

5. The Payment Date relating to the elected Option should be as close as possible to the Market Deadline, preferably the next Business Day.

(c) Processes

1. For payments in cash or securities related to mandatory reorganisations with options in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.
2. Where Payments related to the settlement of mandatory reorganisations with options in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.
3. All payments shall be in the original currency of the security.
4. Should an amendment to the Payment be required, a full-reversal followed by an amended Payment shall be made.

Mandatory Reorganisations

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Mandatory Reorganisation including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Mandatory Reorganisation are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.
2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.
3. End-investors shall receive information on Mandatory Reorganisations by means of an account statement.

(b) Key Dates

1. The Company Announcement by the Issuer must be made by the Issuer at least two (2) Business days before the last trading date as determined by the Issuer
2. The last trading date . i.e. the last date on which the Underlying Security (old ISIN) may trade, must precede the Record Date by at least one (1) Settlement Cycle (2 Business Days)
3. The Payment Date should be as close as possible to the Record Date, preferably the next Business Day for both cash and security outturns.

(c) Processes

1. For payments in cash or securities related to mandatory reorganisations in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.
2. Where Payments related to the settlement of mandatory reorganisations with options in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.
3. All payments shall be in the original currency of the security.
4. All payments shall be processed using the rounding down method to the nearest whole number.

Voluntary Reorganisations

(a) Information Flows

1. The Issuer is to inform the CSD regarding the details of a Voluntary Reorganisation including all the key dates, as described below, concurrently with the issue of the relevant Company Announcement. Such notification to the CSD will be made in SWIFT ISO 20222 format. Any changes to such Mandatory Reorganisation are also to be notified to the CSD on the concurrently with the issue of the relevant Company Announcement notifying the market of such changes.

2. The CSD shall communicate such information as indicated in (1) above, immediately upon receipt from the Issuer to its Participants, other (I)CSDs or other intermediaries in the chain, as may be applicable, who have a direct holding or Pending Transaction in the Underlying Security with the Issuer. Such communication shall be in SWIFT ISO 20222 format.
3. End-investors shall receive information on Voluntary Reorganisations by means of an account statement.

(b) Key Dates

1. The Company Announcement by the Issuer must be made by the Issuer at least two (2) Business days before the start of the Election Period as determined by the Issuer or the Offeror, as the case may be, which should be at least ten (10) days before the market deadline.
2. The Guaranteed Participate Date must precede the Buyer Protection Deadline by one Settlement Cycle plus two (2) hours
3. The Buyer Protection Deadline must be at least one (1) Business Day before the Market Deadline
4. The Payment Date should be as close as possible to the Record Date, preferably the next Business Day

(c) Processes

1. For payments in cash or securities related to voluntary reorganisations in eligible T2S currencies, should be received for processing by the CSD in accordance with the processes and time-frames as outlined in bye-laws 7.10.04 and 7.10.05 and Appendix 7.4.
2. Where Payments related to the settlement of voluntary reorganisations in currencies not eligible in T2S, the Issuer should make Payments as early as possible on Payment Day and no later than 1200 CET.
3. Each Option shall have a unique ISIN.
4. All payments shall be in the original currency of the security.

3.0 Transaction Management

These processes and standards relate to:

- Market Claims resulting from a Distribution
- Transformations resulting from a Reorganisation, and
- Buyer Protection in an Elective Corporate Action that is applicable when a transaction is still unsettled before the Market Deadline

3.1 Market Claims

(a) Information Flows

1. The CSD shall notify its Participants or any other intermediary as may be applicable of a market claim both at the moment of its creation and at the time of its settlement giving details of both the Distribution and Underlying Transaction which gave rise to the Market Claim.
2. Such notification shall be given using SWIFT ISO 20222 standards.

(b) Creation and Detection of Market Claims

1. The CSD shall create and detect market claims as transactions separate from the underlying transaction in respect of irrevocable settlement transactions:
 - a. For equities – from the seller to the buyer when trade date precedes ex-date and there is a Pending Transaction at the close of Record Date or
 - b. For equities – from the buyer to the seller when the trade date is the same as or after ex date and the settlement date is the same or before the Record Date
 - c. For bonds – from the seller to the buyer if the Settlement Date is the same as or before the Record date and there is a Pending Transaction at close of business on Record Date
2. Underlying counterparties may choose to “opt-out” from the market claim mechanism for any given transaction which indication shall be flagged to the CSD through the appropriate mechanism.

(c) Processing

1. The CSD shall create any Market Claim by the close of business of the Record Date, or in circumstances that transactions become eligible for Market Claims after the Record Date, as soon as possible thereafter but no later than twenty (20) business days after the Record Date.
2. All Market Claims shall be in the outturn of the Distribution to which they are related.
3. The Intended Settlement Date of any Market Claim shall be on Payment Date. In circumstances where the Market Claim is created after Payment Date, the Intended Settlement Date of the Market Claim should be at the earliest Settlement Date possible.
4. Settlement of the Market Claim shall be independent of that of the underlying transaction to which it relates.

3.2 Transformations

(a) Information Flows

1. The CSD shall notify its Participants and any other intermediary as may be applicable giving details of the original transaction to which the transformation refers, as well as reference to the original Corporate Action.
2. Such notification shall be given using ISO 20222 standards.

(b) Processes

1. The CSD shall carry out transformations between the end of Record Date for Mandatory Reorganisations or the end of the Market Deadline in respect of Voluntary Reorganisations whichever is applicable and the opening of the SSS, for value on the next Business Day.
2. In the case of Mandatory Reorganisations, settlement in the original ISIN will be discontinued after the Record Date or the Market Deadline, whichever is applicable.

3. An instruction can still be processed in the original ISIN after the Guaranteed Participation Date/last Trading Date with trade date before or on the Guaranteed Participation Date/last Trading Date, whichever is applicable. Should relevant instructions match, a transformation will take place. An instruction with trade date after Guaranteed Participate Date/last trading date shall always be the new ISIN.
4. The Replacement Transaction should not settle before Payment Date or before the Intended Settlement Date of the underlying transaction.
5. In the case where there are multiple outturns, each replacement transaction shall settle independently of any other similar transaction.
6. In cases where the Reorganisation relates to the replacement of an underlying security, such as in a redemption, the transformation will be cash against cash. In such cases, two new transactions will be created, the first for the original cash amount and the second for the cash benefit relating to the Reorganisation.
2. The creation of a Buyer Protection Instruction is allowed until close of the settlement of the date of the Buyer Protection Deadline.
3. The Buyer Protection Deadline is one (1) Business Day before Market Deadline
4. Any Buyer Protection Instruction prior to the Buyer Protection Deadline and related to a transaction of which the trade date is on or before the Guaranteed Participation Date with an intended settlement date no later than the Buyer Protection Deadline is a valid instruction.
5. In the case of any Buyer Protection Instruction prior to the Buyer Protection Deadline, the Underlying Transaction shall be allowed until the Buyer Protection Deadline.
6. A Buyer Protection Instruction that is issued in respect of a Pending Transaction that settles on or before Buyer Protection Deadline is void.
7. Transactions with a valid Buyer Protection Instruction attached that are still pending on the Buyer Protection Deadline shall be cancelled by both the buyer and the seller and new instructions are to be issued in accordance with the buyer's preference to prevent settlement after the Buyer Protection Deadline their Transformation into the default option

3.3 Manual Buyer Protection

(a) Creation of Buyer Protection

Instructions/Information Flows

1. The Buyer must create a buyer Protection Instructions if the requested option is not the default option, quoting the Corporate Action to which the instruction refers, the chosen option or options, quantity/volume of securities and the details of the Underlying Transaction, as outlined in the template as shown at the end of this Appendix.
2. The Buyer Protection Instruction should be communicated to the CSD for onward transmission to the Seller using the template as shown at the end of this Appendix or else by means of an ISO 20222 message should this be available.
8. The Transformation of the Underlying Transaction shall be carried out in accordance with the Buyer Protection Instruction on the Market Deadline/Record Date of the relevant Corporate Action.
9. In the case of Mandatory Reorganisations with Options, non-elected Transformation shall be transformed into the default option as set by the CSD.

(b) Processes

1. The Buyer Protection Deadline should be the Guaranteed Participation Date plus one Settlement Cycle.