

Turquoise Equities

Rule Book

Issued 4 June 2014



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Glossary

Term	Meaning
Appeals Committee	the committee described in section 8.3 of these Rules.
Applicant	a person applying to become a Member in accordance with section 3 of these Rules.
Board	the board of directors of Turquoise Global Holdings Limited .
Chief Operating Officer	the incumbent executive responsible for this function.
Closing Price	<p>the price that is set at the end of the Turquoise trading day and is derived from the TLTP.</p> <p>Where there is no TLTP at the close (i.e. no Turquoise trades have occurred during the day), the Closing Price will be the PCP for European Securities, the USLTP for US Securities.</p> <p>Where there is no TLTP and no ELTP or USLTP, the Closing Price will be the previous day's Closing Price.</p>
Competent Authority	the authority designated by each member state of the EEA in accordance with Article 48 of MiFID or the relevant American authority.
Compliance and Regulatory Committee	a sub-committee of the Board with oversight of the compliance function and with responsibility for, amongst other things, the disciplinary process.
Dark Orders	an order that is not displayed to the market.
Eligibility Criteria	the criteria for eligibility for participation on Turquoise set out in rule 3.1.3.
Erroneous Order	an Order submitted to, or executed on, Turquoise in error as to price, quantity, currency, side or symbol.
ESMA	the European Securities and Markets Authority
FCA	the Financial Conduct Authority of the United Kingdom.

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Term	Meaning
FCA Rules	the FCA Handbook of Rules and Guidance as amended from time to time.
FSMA	the Financial Services and Markets Act 2000 of the United Kingdom as amended from time to time.
Integrated Order Book	the Order Book containing only visible Orders and Dark Orders meeting the Large in Scale requirement.
Large in Scale	a size of Order as compared to the normal market size for the share or type of share in question and as determined by MiFID.
Liquidity Provider	a Member who has signed the Liquidity Provision Agreement as described in rule 4.3
Market Notice	any notice published or disseminated by Turquoise Management to Members from time to time.
Member	a Member on Turquoise admitted in accordance with section 3 of these Rules.
Member Agreement	the agreement entered into by Members and Turquoise Global Holdings Limited that, along with these Rules, governs Members' access to and use of Turquoise.
MiFID	the European Parliament and Council Directive on markets in financial instruments (No. 2004/39/EC) and Commission Regulation (EC) 1287/2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive and Commission Directive No. 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.
MTF	a Multilateral Trading Facility as defined in article 4(1)(15) of MiFID.
Order	any Order submitted to an Order Book.
Order Books	the facilities operated by Turquoise for the submission and execution of Orders.
PCP	Primary market Close Price and is defined as being equal to the close price published by the Primary markets. Where there is no PCP, the PCP will be set from the TRP.

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Term	Meaning
Primary market	the market on which Turquoise Management determines a Security has its primary listing.
PTM Levy	the levy determined by and payable to the Panel on Takeovers and Mergers.
Regulatory Suspension of Trading	a suspension of trading, in a Security, on a Primary market for regulatory reasons.
Rules	these Rules as amended from time to time.
Security	a Security eligible for trading on Turquoise in accordance with rule 4.1.1.
TBBO	the best displayed Bid and Offer on the Turquoise Integrated Order Book
Test Symbols	symbols identified by Turquoise Management and communicated to Members as appropriate means of identifying securities for trading which exist only for testing purposes and will not lead to a binding contract.
TLTP	the Turquoise Last Trade Price and is the price of the last trade on the Turquoise market. This is set by any trade that occurs during the operation of the market. Prior to the first trade of a trading day, the Last Trade Price is deemed to be undefined.
Trading Services Description	the manual available for Members upon commencement of membership (as amended from time to time) providing, amongst other things, guidance on trading on Turquoise.
TRP	the Turquoise Reference Price. During the pre-opening phase this will be the Closing Price or Closing Price adjusted for any corporate action that has taken place overnight. In the event that a significant price movement affects a Security, Market Operations will adjust the TRP to reflect the new market conditions.
Turquoise	the multilateral trading facility operated by Turquoise Global Holdings Limited in accordance with these Rules.
Turquoise Management	the management of Turquoise Global Holdings Limited.
Turquoise Member Package	the package of documents to be completed by Applicants as part of the application procedure.

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Term	Meaning
Visible Orders	displayed Orders contained in the Integrated Order Book.
USLTP	the US Last Trade Price and is the price of the last trade from US markets as defined by Turquoise and published in a Market Notice excluding Turquoise. Prior to the first trade of a trading day the USLTP is deemed to be undefined.

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Rules

2 Core Rules

2.1 Status of Turquoise

2.1.1 Turquoise is an MTF authorised and regulated by the FCA and will comply with all applicable rules, including the Rules, and regulations without notice to Members.

2.1.2 Turquoise is not available for the primary listing of Securities.

2.2 Governing law

2.2.1 These Rules are governed by, and shall be construed in accordance with, the laws of England and Wales.

2.2.2 Turquoise shall not be liable for damages for anything done or omitted in the discharge of these rules unless it is shown that the act or omission was done in bad faith.

3 Participation

3.1 Members

Application procedure

3.1.1 Applicants can apply to become Members at any time by completing the Turquoise Member Package.

Eligibility

3.1.2 Applicants are eligible to apply to participate on Turquoise provided they meet the Eligibility Criteria set out below.

- (i) the Applicant must be an EEA regulated investment firm or credit institution (as defined under MiFID); or
- (ii) the Applicant must show that it is fit and proper; and

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- (iii) Turquoise Management must be satisfied that the Applicant has or will have sufficiently completed conformance testing prior to conducting business on Turquoise; and
- (iv) Turquoise Management must also be satisfied that the Applicant has adequate organisational arrangements and a sufficient level of trading ability and competence and other relevant systems and controls; and
- (v) the Applicant must be a clearing member of a central counterparty approved by Turquoise Management or have made satisfactory arrangements with an entity that is in order to guarantee the clearing of any transactions executed on Turquoise.

Members

3.1.3 All Members will have access to the same functionality, services and tariff structure on Turquoise.

Member responsibilities

3.1.4 Members will be responsible for all Orders and actions taken on the Members' user account by its officers, employees and agents.

3.1.5 A Member must at all times have adequate systems and controls to prevent the submission of Erroneous Orders to the Turquoise market and to ensure that its conduct on Turquoise complies with these Rules; including where the member provides order routing, direct market access or sponsored access.

3.1.6 All Members are responsible for ensuring adequate training and supervision of their staff when using Turquoise.

3.1.7 Members are responsible for settling trades executed on Turquoise and are bound by the rules and procedures of the central counterparty (or the agreement with the clearing member) in the event of a settlement default.

3.1.8 Members are responsible for retaining records of all trades entered into on Turquoise for a minimum of 5 years;

3.1.9 Members are responsible for ensuring that, with respect to trading, relevant telephone lines are recorded and records are maintained for a minimum of 1 month;

3.1.10 Members must continue to meet the Eligibility Criteria at all times whilst a Member.

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3.1.11 Members will be bound by these Rules and by any decision of Turquoise Management made pursuant to these Rules.

Notification requirements

3.1.12 Members must notify Turquoise Management as soon as practically possible on the occurrence of any of the following:

- (i) a change in the Members' name, contact details or legal status 5 working days in advance of any change taking effect;
- (ii) a change of control of the Member within the meaning given under FSMA within 5 days of becoming aware;
- (iii) a material change or intervention regarding the Member such as enforcement action by a Competent Authority or litigation to the extent that it affects the ability of the Member to comply with these Rules.
- (iv) insolvency of the Member immediately upon becoming aware;
- (v) a change in the Member's ability to meet the Eligibility Criteria immediately upon becoming aware;
- (vi) a loss of connectivity, or other technical issues which might affect the Member's ability to comply with these Rules, to Turquoise immediately upon becoming aware; or
- (vii) a material breach of these Rules upon becoming aware thereof.

3.2 Suspension or termination of a Member

3.2.1 Turquoise Management may at its absolute discretion suspend or terminate participation by a Member:

- (i) where the Member ceases to meet the Eligibility Criteria;
- (ii) where the Member breaches these Rules or the Member Agreement; or
- (iii) in any other circumstances where Turquoise Management reasonably considers such suspension or termination necessary to ensure orderly trading on the platform.

3.2.2 Turquoise Management will notify a Member in writing, as soon as practically possible, of action taken under rule 3.2.1.

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3.2.3 A Member must lodge any appeal of a decision made by Turquoise Management under rule 3.2.1 within 10 days of receiving notice given under rule 3.2.2.

3.2.4 Turquoise Management may at its discretion reinstate a Member following suspension under rule 3.2.1 and may make such reinstatement subject to conditions or restrictions on participation.

3.3 Resignation of a Member

3.3.1 A Member may resign its participation on Turquoise by giving at least one (1) month's notice.

3.3.2 Turquoise Management may at its absolute discretion:

- (i) waive some or all of the notice period; or
- (ii) impose conditions or restrictions, including requiring a longer notice period, on the resignation of the Member to the extent that such conditions or restrictions are necessary to ensure the integrity of Turquoise and orderly trading on Turquoise.

3.4 Continuing obligations

3.4.1 Where disciplinary procedures under these Rules are in place or an investigation by Turquoise Management in relation to the conduct of the Member is underway, a Member's obligations under Rules 3, 6, 7 and 8 will continue for one (1) calendar year after a Member ceases to participate in Turquoise either by reason of termination or resignation.

3.4.2 Turquoise Management retains the right to bring disciplinary action against a Member under section 8 of these Rules for one (1) calendar year after a Member ceases to participate in Turquoise where the cause of action occurred prior to the termination of Membership.

3.5 Confidentiality

3.5.1 Turquoise Management will treat as confidential any information received from Members in relation to business done on Turquoise except where:

- (i) the information is publicly available;
- (ii) disclosure is required by law or any tax or regulatory authority (including but not limited to a Competent Authority);

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- (iii) disclosure is made in the interests of co-operation with any regulatory investigation conducted by a Competent Authority;
- (iv) disclosure is expressly permitted by law and any agreement between Turquoise and the Member; or
- (v) the Member has otherwise consented to the disclosure in writing.

3.6 Conduct Rules

Prohibited practices

3.6.1 Members must not, in respect of any of their business on Turquoise:

- (i) commit any act or engage in any course of conduct which creates or is likely to create a false or misleading impression as to the market in, or the price of, any Security;
- (ii) do or engage in any act or course of conduct which is likely to harm the integrity or fairness of Turquoise;
- (iii) commit any act or engage in any course of conduct which will or is likely to bring Turquoise into disrepute;
- (iv) do or engage in any conduct which is in breach of the Market Abuse Directive;
- (v) breach these Rules or cause or contribute to a breach of these Rules by any other Member; or
- (vi) place any Orders on an Order Book for the purpose of testing systems except where the appropriate Test Symbols are used. Testing on the trading system is prohibited. Turquoise expects Members to test their systems or controls prior to submitting orders to the trading system. To enable this testing, Turquoise offers Members a separate connection to a test environment.

3.6.2 Turquoise Management may take disciplinary action under section 7 of these Rules in relation to a Member's conduct which in the opinion of Turquoise Management falls within that described in rule 3.6.1.

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3.7 PTM Levy

3.7.1 A Member will ensure payment of the PTM Levy by it or its clients to the Panel on Takeovers and Mergers in relation to trades undertaken on Turquoise for Securities of companies incorporated in the United Kingdom, the Channel Islands or the Isle of Man.

Guidance:

Turquoise supports the Panel on Takeovers and Mergers and reminds Members that a qualifying trade in a qualifying security, whether traded on or off any exchange or platform, is subject to the PTM levy

3.7.2 It is the Member's responsibility to determine the amount payable under the PTM Levy.

4 Securities traded on Turquoise

4.1 Securities eligible for trading on Turquoise

4.1.1 Turquoise Management will determine at its absolute discretion which Securities are eligible for trading on Turquoise.

4.1.2 Securities admitted to trading will be securities admitted to trade on a regulated market in the EEA ("European Securities") or in the United States of America ("US Securities").

4.1.3 Turquoise Management will make a decision on changes to the list of Securities and will communicate these decisions to Members in a timely manner by Market Notice.

4.1.4 If a Security trades in more than one currency, Turquoise may support multiple Order Books representing each of the currencies in which that Security trades.

4.2 Corporate actions

4.2.1 Members are required to obtain information relating to corporate actions affecting the Securities which they trade and must ensure that such a Security is accurately priced in respect of the corporate action.

4.3 Liquidity Providers

4.3.1 Liquidity Provider status is available to Members who may qualify for such a status.

4.3.2 The conditions to qualify and the Liquidity Provision Obligations to meet in order to act as a Liquidity Provider are detailed in the Liquidity Provider Agreement as published from time to time at www.tradeturquoise.com.

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5 Trading Rules

5.1 Trading calendar and hours of operation

- 5.1.1 The hours of operation of Turquoise will be as decided by Turquoise Management and communicated to Members by Market Notice.
- 5.1.2 Members will be given reasonable notice of any change to the trading calendar or hours of operation of Turquoise.
- 5.1.3 Regardless of the location of the primary listing of Securities, the trading calendar and hours of operation of Turquoise apply to all trading activity on Turquoise.

5.2 Trading sessions

- 5.2.1 Each trading day on Turquoise will be divided into sessions as decided by Turquoise Management and communicated to Members on reasonable notice by Market Notice.

5.3 Regulatory Suspensions of Trading

- 5.3.1 In the event that there is a Regulatory Suspension of Trading in relation to a Security, Turquoise Management will suspend trading in that Security.
- 5.3.2 In the event of a Regulatory Suspension of Trading on a Primary -market, Turquoise Management will adopt the following procedure:
 - (i) Existing Orders will remain in the Order Book;
 - (ii) New Orders will be rejected with appropriate error message; and
 - (iii) Members will be able to cancel their Orders, but no further Order amendment will be permitted.
- 5.3.3 Turquoise Management will comply with any instruction made by a Competent Authority to suspend or remove a Security from trading.
- 5.3.4 A Member must not execute a trade when it knows that the relevant Security is subject to a Regulatory Suspension of Trading regardless of the state of the Order Book for that Security.

5.4 Order Routing, Direct Market Access and Sponsored Access

- 5.4.1 Members are responsible for all obligations arising from an Order submitted to Turquoise in the Member's name regardless of the origin of the Order.

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5.5 Trade Cancellations

5.5.1 Turquoise Management, acting with due skill care and diligence, has discretion to cancel a trade, either at the request of an Authorised Person of a Member that is a party to the trade or of their own volition. Turquoise Management may at its discretion make reasonable endeavours to contact a Member prior to cancelling a trade.

5.5.2 Turquoise Management may cancel a trade in whatever circumstances it considers appropriate, including, but not limited to:

- (i) where Turquoise Management judges that cancellation of the trade would be in the interests of maintaining the integrity of the market or the fair and orderly trading on Turquoise;
- (ii) the relevant clearing entity refuses to accept the trade executed on Turquoise.

5.5.3 Any request made by a Member to cancel a trade(s) to which it is a party must be made as soon as possible and no later than thirty (30) minutes from the trade time on the trade date.

5.5.4 When considering whether to cancel a trade, Turquoise Management will review the circumstances it considers relevant to each specific case and may take into account the following non-exhaustive list of considerations:

- (i) the price at which the Order was executed. Turquoise Management will consider, where relevant, whether the price at which the Order was executed was in the region of 5% or more away from a suitable reference price. Turquoise Management will determine the most suitable reference price at its absolute discretion. This will typically be the last transaction on the Primary Market or another relevant MTF; and
- (ii) whether the trade could adversely impact the integrity of the market or the fair and orderly trading on Turquoise.

Order deletions

5.5.5 An Authorised Person of a Member may request the deletion of an Order. Such a request must be made to Market Operations by telephone.

5.5.6 Market Operations will use its reasonable endeavours to delete an Order as soon as possible after receipt of a valid request to do so. However, if an Order is executed during

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the period between a Member requesting its deletion and Market Operations effecting the deletion, the Member is obliged to honour the resulting trade.

- 5.5.7** If an Order appears to be erroneous in the opinion of Turquoise Management, Turquoise Management may contact the relevant Member to ensure the validity of the Order.
- 5.5.8** Criteria used in determining whether an Order is erroneous include, but are not limited to, the size of the Order and whether the Order could adversely impact the integrity of the market or the fair and orderly trading on Turquoise.

Emergency powers

- 5.5.9** Turquoise Management may suspend all trading on Turquoise or impose conditions on trading on Turquoise, as notified to Members by Market Notice when it considers this necessary to maintain the integrity of the market or the fair and orderly trading on Turquoise.

General measures

- 5.5.10** Turquoise Management may, acting reasonably, change or adjust the Closing Price.
- 5.5.11** Turquoise Management may, acting reasonably, change or adjust the TRP.

5.6 Trade reporting

- 5.6.1** Turquoise Management will distribute information on the conclusion of a trade on Turquoise and trades reported to it under Rule 5.13 that will constitute a trade report for the purposes of the FCA Rules. Members must not report elsewhere, trades concluded on Turquoise, in satisfaction of any trade reporting requirement imposed by MiFID, except where the trade has been concluded on another MTF.

5.7 Negotiated Transactions

- 5.7.1** A Member may bring a privately negotiated transaction within the Rules subject to the following:
- (i) The Security is admitted to trading on Turquoise.
 - (ii) The transaction is negotiated privately between two Members and is, by agreement, subject to the Rules of Turquoise.
 - (iii) The negotiated transaction must be flagged as such and must be priced at or within the TBBO. Transactions priced outside the TBBO will be rejected.

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Guidance:

Where there is no TBBO, the transaction will be rejected.

- (iv) A transaction reported to Turquoise pursuant to this rule must not duplicate another report in respect of the same transaction, where this trade has been concluded on another MTF, unless it requests the suppression of the report by using the appropriate indicator.

- 5.7.2 Turquoise Management may, at its absolute discretion, refuse a transaction being brought under its Rules.

Guidance:

Turquoise Management shall have discretion to refuse a negotiated transaction which is not flagged as such or where this transaction is not pertaining to a Security admitted to trading on Turquoise. For the avoidance of doubt, this list is non-exhaustive and for indicative purposes only.

6 Monitoring and compliance

6.1 Monitoring of compliance

- 6.1.1 Turquoise Management will have systems in place to monitor compliance with the Rules, disorderly trading conditions and conduct that may involve market abuse.

6.2 Co-operation with the FCA

- 6.2.1 Turquoise Management will report to the FCA any significant breaches of the Rules, disorderly trading conditions and conduct that may involve market abuse.
- 6.2.2 Turquoise Management will supply information to the FCA as required.
- 6.2.3 Turquoise Management will assist the FCA (or other Competent Authority) in any investigation of market abuse.
- 6.2.4 Members must co-operate with Turquoise Management and the FCA in any investigation conducted in relation to trading on Turquoise.
- 6.2.5 Turquoise Management has the power to do all things necessary to comply with relevant laws or the request of the FCA or other Competent Authority.

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6.3 Disclosure by Members

- 6.3.1** Turquoise Management may require Members to disclose information or produce documents in the Member's possession, custody or control relevant to business on Turquoise in a format specified by Turquoise Management, for the purpose of investigating compliance with these Rules.
- 6.3.2** Members will provide all reasonable assistance to Turquoise Management and its delegates regarding the investigation of a possible breach of these Rules, which assistance may include providing access to information and individuals reasonably within the control of the Member.
- 6.3.3** The level of co-operation afforded by a Member under rule 6.3.2 can be taken into account in determining any sanction applied under rule 7.2.1.

7 Disciplinary action and sanctions

7.1 Powers of Turquoise Management to discipline Members

- 7.1.1** Turquoise Management may take disciplinary action against a Member in respect of any act or omission that may amount to a breach of these Rules.
- 7.1.2** Turquoise Management may suspend or restrict a Member's activities on Turquoise on an interim basis when a matter is under investigation.
- 7.1.3** Members shall co-operate with Turquoise Management in its investigation into a suspected breach of these Rules.
- 7.1.4** In enforcing these Rules, Turquoise Management will have regard to the need to maintain a fair and orderly market in the interests of Members.

7.2 Sanctions

- 7.2.1** Turquoise Management will have absolute discretion to impose sanctions on a Member for a breach of the Rules including:
- (i) temporary suspension;
 - (ii) termination of participation;
 - (iii) levying a fine up to £20 000;
 - (iv) issuing a cease and desist letter;

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- (v) issuing a censure;
- (vi) issuing a no action letter;
- (vii) an order directing restitution to any injured person; and
- (viii) publication of the details of the breach and the identity of the Member.

7.2.2 Turquoise Management may impose a combination of the sanctions listed in rule 7.2.1 on a Member for a breach of the Rules.

7.2.3 The discretion of Turquoise Management to impose sanctions will extend to negotiating a settlement with a Member regarding an alleged breach of these Rules, the terms of which may include imposing a sanction, or combination of sanctions, listed in rule 7.2.1.

8 Appeals

8.1 Rights

8.1.1 A Member may appeal a decision made by Turquoise Management under these Rules within ten (10) working days of having received written notice of the decision.

8.1.2 There is no right of appeal in relation to interim decisions.

8.2 Procedures

8.2.1 A notice of intention to appeal must be submitted in writing to Turquoise Management within ten (10) working days of the Member being notified in writing of the findings of any investigation of an alleged breach of the Rules. Turquoise Management will then refer any such appeal to the Compliance and Regulatory Committee.

8.2.2 A Member will, within twenty (20) working days of giving notification of any appeal under rule 8.2.1, provide the Compliance and Regulatory Committee with a written submission outlining the grounds for the appeal.

8.2.3 The Compliance and Regulatory Committee will consider requests for an extension to the timeframe allowed under 8.2.2.

8.3 Appeals Committee

8.3.1 Appeals will be heard and decided by the Compliance and Regulatory Committee.

8.3.2 The Compliance and Regulatory Committee is comprised of a Chairman, appointed by the Board, and a minimum of two other members, appointed by the Board, who are all

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independent of the Board and who are suitably qualified to hold the position of members of the Compliance and Regulatory Committee.

8.3.3 The Compliance and Regulatory Committee will hand down a decision within twenty (20) working days of hearing the appeal.

8.3.4 The Compliance and Regulatory Committee may order any party to an appeal to pay costs as it thinks appropriate, including but not limited to, administration costs and reasonable costs incurred in the investigation, preparation and presentation of the appeal.

8.4 Decisions

8.4.1 The Compliance and Regulatory Committee can uphold, quash or amend the original decision that is the subject of the appeal.

8.4.2 Decisions of the Compliance and Regulatory Committee in relation to appeals will be final.

9 Changing the Rules

9.1 Power to change the Rules

9.1.1 Turquoise Management may, in its absolute discretion, amend the Rules.

9.2 Material amendment

9.2.1 Turquoise Management will consult with Members in relation to all material amendments, except those made in an emergency.

9.2.2 Members will have a minimum of ten (10) working days to comment on proposed changes.

9.2.3 For the purposes of rule 9.2.1, a material amendment means an amendment which will impact notably or significantly upon Members to the extent that, in the view of Turquoise Management, it:

- (i) requires significant changes to internal or electronic systems;
- (ii) affects the way that business is transacted;
- (iii) has significant legal or regulatory implications; or
- (iv) will, or may, cause substantial financial or resource outlay to Members.

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9.3 Procedure for amendment

- 9.3.1 The procedure for amending the Rules will be administered in consultation with the Compliance and Regulatory Committee.
- 9.3.2 Turquoise Management will in its discretion decide whether amendments made in an emergency will be either subject to ratification through the routine amendment process as notified to Members under rule 9.3.1 or repealed once it is no longer necessary for the amendment to be in force.
- 9.3.3 The nature and duration of consultation will be commensurate with the materiality of the amendment.
- 9.3.4 All amendments will be notified to Members by Market Notice as soon as practicable together with an effective date for change.

10 Complaints by Members

- 10.1.1 Any complaint about the conduct of a Member or suspicion that any of the foregoing has committed or is about to commit a breach of these Rules, shall be made in writing, where possible, and be addressed to the Chief Operating Officer of Turquoise.
- 10.1.2 If the Chief Operating Officer considers the complaint substantive and may constitute a breach of these Rules he or she may recommend to Turquoise Management that it commence an investigation in accordance with these Rules.

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