

Turquoise Europe Sponsored Access Agreement

Version 1.0

October 2018



London
Stock Exchange Group

Sponsored Access Agreement

THIS AGREEMENT is made BETWEEN:

(1) Turquoise Global Holdings Europe B.V. ("TGHE")

AND

(2) _____

of

_____ ("Member" or "Sponsoring Firm")

1.0 This Agreement

This Agreement, between TGHE and a Sponsoring Firm, governs Sponsored Access arrangements where a Sponsoring Firm is facilitating Sponsored Access to Turquoise Europe for a Sponsored User, and shall be construed as an addendum to the Member Agreement.

1.1 Sponsored Access is a direct technical connection that enables a non member firm to access Turquoise Europe directly under Member's trading codes. Orders submitted in this manner do not pass through the usual order management systems of the Member but will pass through the Turquoise Europe Risk Controls.

1.2 A Sponsoring Firm must be an EEA regulated investment firm or credit institution (as both defined under MiFID) and Member of Turquoise Europe in order to apply to become a Sponsoring Firm. Such sponsoring Firm shall submit satisfactory due diligence for each Sponsored User it wants to sponsor.

1.3 The Sponsored User referred to in this Agreement is in no way a party to this Agreement or the Member Agreement and has no direct relationship with TGHE.

1.4 This Agreement includes, and is to be read in conjunction with:

- (i) the Sponsored Access Application Form;
- (ii) the Member Agreement;
- (iii) the Turquoise Europe Rules;
- (iv) the Sponsored Access Service Description and Technical Specification; and
- (v) the Turquoise Tariff Schedule (which can be found at www.tradeturquoise.com).

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2.0 Definitions

In this Agreement, capitalised terms shall be given the following interpretation, unless the context specifies the contrary:

“**Affiliate**” means any group undertaking of TGHE and “group undertaking” shall be construed in accordance with section 1161 of the UK Companies Act 2006.

“**Agreement**” means the combination of documents, including this Agreement, listed in the Introduction section 1.4 above.

“**Business Day**” means a day upon which Turquoise Europe’s market is open for trading.

“**Commencement Date**” shall be construed in relation to a Sponsored User and shall have the meaning as defined in Clause 7.1.

“**Effective Date**” means the date upon which TGHE and the Sponsoring Firm have both signed this Agreement and the Agreement therefore comes into effect.

“**Member Agreement**” means the agreement signed by Members of Turquoise Europe which governs and describes mutual obligations and the relationship between TGHE and its Members.

“**Member**” means a firm that has been accepted by TGHE in accordance with the Turquoise Europe Rules and has signed a Member Agreement.

“**MiFID**” means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2-14 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast).

“**Drop Copy Feed**” means the FIX drop copy of all trading activity undertaken by the Sponsored User provided to the Sponsoring Firm.

“**Sponsored Access**” means the direct technical connection to Turquoise Europe for a non Member, which allows such non Member, i.e. the Sponsored User to enter orders under the Sponsoring Firm’s trading code.

“**Sponsored User**” means the non-Member third party to this Agreement which is granted authority to access Turquoise Europe through sponsorship by the Sponsoring Firm.

“**Sponsoring Firm**” means the Member who is party to this Agreement, whereby it will take full responsibility for activities undertaken by the Sponsored User on Turquoise Europe.

“**Sponsor Portal**” means the web based GUI tool which allows the Sponsoring Firm to log into and monitor the trading activities of a Sponsored User, and if necessary to intervene.

“**Turquoise Europe**” means the trading platform operated by TGHE.

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“**Turquoise Europe Risk Controls**” mean parameters for all mandatory and optional controls in place at the platform level.

“**Turquoise Europe Rules**” means the applicable rules of Turquoise Europe which governs a Member’s access to Turquoise Europe, as amended from time to time.

3.0 Authorisation

3.1 The Sponsoring Firm must undertake due diligence on any Sponsored User to which it provides or intends to provide Sponsored Access in order to assess the suitability of any such Sponsored User to have a sponsored user access. Such due diligence shall be materialised through the submission of a Sponsored Access Application Form.

3.2 The Sponsoring Firm, when submitting the Sponsored Access Application Form must confirm that it has in place a due diligence process which allows it to be satisfied that the Sponsored User:

3.2.1 is considered fit and proper to have a direct technical connection to Turquoise Europe;

3.2.3 has sufficient staff with adequate knowledge, experience, training and competence for the activities the Sponsored User undertakes on Turquoise Europe;

3.2.4 relevant staff at the Sponsored User are conversant with the Turquoise Europe Rules. Relevant staff shall include for instance the Head of Trading, and the Head of Compliance; and

3.2.5 has adequate internal procedures and controls for these activities notwithstanding the Turquoise Europe Risk Controls.

3.3 The Sponsoring Firm must also provide the Sponsored User’s name, Head Office address and country of incorporation. This information is required for regulatory purposes only and will therefore be treated as confidential by TGHE.

3.4 TGHE reserves the right to refuse to authorise any prospective Sponsored User. Reasons for such refusal may include, but are not limited to situations where:

(i) TGHE knows, or is made aware, of any information which may suggest that the prospective Sponsored User is potentially unsuitable to be authorised direct access to Turquoise Europe; or

(ii) TGHE believes that the Sponsoring Firm has not carried out sufficient due diligence on the Sponsored User.

3.5 Once authorised as Sponsored Users, the Sponsored Access remains until the Sponsoring Firm or TGHE terminate such Sponsored Access.

3.6 The Sponsoring Firm shall ensure that the Sponsored User continues to satisfy the conditions referred to here above and that it informs TGHE if it becomes aware that the information provided on the Sponsored Access Application Form has changed.

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4.0 Sponsoring Firm's Responsibilities

4.1 The Sponsoring Firm takes full responsibility for all orders entered by the Sponsored User and the Sponsoring Firm must ensure that the Sponsored User complies with all relevant rules which TGHE prescribes for those accessing Turquoise Europe.

4.2 The Sponsoring Firm is entirely and singularly responsible for monitoring and maintaining regulatory and procedural compliance in relation to the Sponsored User. Such compliance includes, but is not limited to, anti-money laundering controls and know your client checks.

4.3 Turquoise Europe Risk Controls will be applied to the incoming order flow on behalf of the Sponsoring Firm. Notwithstanding any measures implemented by TGHE, the ultimate responsibility for the Sponsored User's trading activity lies with the Sponsoring Firm.

4.4 In the event that the Sponsoring Firm loses its connectivity with Turquoise Europe or its connection to its Sponsored User where that connection allows for the Sponsoring Firm to monitor the Sponsored User flow, the Sponsoring Firm shall inform TGHE and take appropriate action. TGHE mandates the use of its cancel on disconnect facility for this purpose. Where a connection is dropped by either the Sponsoring Firm or its Sponsored User, the Sponsored User's orders will be deleted from the order books.

4.5 It is the Sponsoring Firm's responsibility to ensure that the Sponsored User makes every reasonable endeavour to prevent unauthorised use of, or access to, Turquoise Europe, including any unauthorised entry of information into Turquoise Europe and unauthorised use of the information made available therein.

4.6 The Sponsoring Firm shall be able to delete Sponsored User's orders from the trading system or, if necessary, restrict Sponsored User's ability to enter orders without having the express consent of the Sponsored User. Such action by the Sponsoring Firm may be instigated unilaterally by the Sponsoring Firm because of its own concerns regarding Sponsored User's behaviour or at the specific instruction of TGHE.

5.0 Sponsoring Firm's Agreement with Sponsored User

5.1 The Sponsoring Firm shall enter into a formal agreement with the Sponsored User which shall address the following points:

5.1.2 training must have been given to individuals entering orders within the Sponsored User firm;

5.1.3 access controls applied by the Sponsored User;

5.1.4 security controls over any network link between the Sponsored User and the Sponsoring Firm. These should be sufficient such that the Sponsoring Firm can be sure that order purporting to come from a particular Sponsored User actually has done so (e.g. by use of authentication codes in a similar manner to the secure interactive interface linking the Sponsoring Firm to Turquoise Europe; and

5.1.5 clear allocation of responsibility for dealing with actions and errors (e.g. it should be clear how, when

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and by whom orders on the book would be deleted).

5.2 The Sponsoring Firm may have contractual arrangements in place with the Sponsored User under which provisions the Sponsored User bears the financial risks of entering erroneous orders. However under the Turquoise Europe Rules, the responsibility of such orders rests wholly with the Sponsoring Firm under whose trading codes the order is entered.

6.0 Orders placed by the Sponsored User

6.1 All orders entered by the Sponsored User are in the name of the Sponsoring Firm; therefore the Sponsoring Firm bears all obligations and liabilities arising from the entry, deletion and execution of such orders.

6.2 The Sponsoring Firm will receive from Turquoise Europe a real time Drop Copy Feed relating to all activity undertaken by the Sponsored User.

6.3 The Sponsoring Firm shall use the data described above for internal monitoring, post trade monitoring purposes and any other forms of control as the Sponsoring Firm may think appropriate.

7.0 Termination and Suspension

7.1 This Agreement will become effective on the Effective Date and shall remain in force until terminated in accordance with the provisions of this Agreement.

7.2 The Commencement Date for each Sponsored User will be determined by TGHE based on the Sponsored Access Application Form submitted by the Sponsoring Firm. Such a Sponsored Access Application Form may be terminated without necessarily terminating this Agreement.

7.3 To the contrary, if this Agreement is terminated in accordance with this Clause 7, all Sponsored Access Application Forms will be automatically terminated on the expiry of such termination notice, and therefore all Sponsored Users sponsored by the Sponsoring Firm should cease trading.

7.4 Either party may terminate this Agreement for convenience by serving a reasonable' prior written notice upon the other party.

7.5 TGHE may terminate this Agreement immediately or suspend, with immediate effect, the performance of its obligations under this Agreement without any liability for compensation or damages if the Sponsoring Firm fails to comply with any of the conditions set out in the Turquoise Europe Rules or fails to comply in all material respects with any of its obligations under this Agreement.

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8.0 Liability and Indemnities

8.1 As the Sponsoring Firm takes full responsibility for the activities of the Sponsored User, all provisions in respect of liability and indemnities as per the Member Agreement are applicable.

9.0 Confidentiality

9.1 The parties shall keep confidential all information relating to this Agreement unless such information has become public knowledge otherwise than in breach of this clause or disclosure or disclosure is required by law or a party's regulatory body or disclosure is made in confidence to their professional adviser.

9.2 The Sponsoring Firm agrees that TGHE may share confidential information with any of its Affiliates. TGHE shall ensure compliance of such Affiliate with this confidentiality provision, and shall remain liable for any breach of this provision by such Affiliate.

10.0 Severability, Variation and Assignment

10.1 Should it be established by a competent authority that any part of this Agreement is partially or wholly invalid or unenforceable, the remainder of the Agreement (and the remainder of that particular provision, if applicable) shall remain unaffected.

10.2 Turquoise Europe reserves the right to vary the terms contained within any of the documents which form part of this Agreement.

10.3 Turquoise Europe may exercise its right to assign any rights or obligations under this Agreement by serving written notice on the Sponsoring Firm, with such assignment taking effect upon the delivery of such notice.

11.0 Notices

11.1 All notices and notifications due under this Agreement shall be in writing and will have been ratified by duly authorised signatories.

11.2 Service is deemed to have occurred:

(i) three Business Days after the time of posting (via registered post); or

(ii) the next Business Day after an electronic transmission.

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12.0 Governing Law

12.1 The enforcement of this Agreement shall be governed by, and construed in accordance with, the laws of England and Wales.

12.2 Each party to this Agreement consents to the exclusive jurisdiction of the courts of England and Wales for the purpose of any action or proceeding relating to this Agreement.

In witness whereof this Agreement has been entered into on:

Signed

**On behalf of
Sponsoring Firm**

By
Name _____

Title

Date

Signed

**On behalf of
Turquoise Global Holdings Europe
B.V.**

By
Name _____

Title

Date

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