

# Turquoise Equities

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## Rule Book

8 May 2019





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## Glossary

<b>Term</b>	<b>Meaning</b>
<b>Applicant</b>	a person applying to become a Member in accordance with section 3 of these Rules.
<b>ARCC</b>	a sub-committee of the Board considering Audit, Risk and Compliance oversight matters and with responsibility for, amongst other things, hearing appeals made by a Turquoise Member pursuant to section 8.3 of these Rules.
<b>Board</b>	the board of directors of Turquoise Global Holdings Limited.
<b>Chief Operating Officer</b>	the incumbent executive responsible for this function.
<b>Closing Price</b>	the price that is set at the end of the Turquoise trading day and is derived from the TLTP. Where there is no TLTP at the close (i.e. no Turquoise trades have occurred during the day), Turquoise reserves the right to use such other price as it deems appropriate including where relevant the PCP.
<b>Competent Authority</b>	the authority designated by each member state of the EEA in accordance with Article 67 of MiFID, or otherwise a regulatory authority outside of the EEA relevant to the services offered by Turquoise.
<b>Derivative</b>	any type of derivative or financial contracts for difference specified in Annex I, Section C of MiFID that is eligible for trading on Turquoise in accordance with rule 4.1.2.

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Term	Meaning
<b>Direct Electronic Access</b>	an arrangement where a Trading Member or its client permits a person to use its trading code so the person can electronically transmit Orders relating to a financial instrument directly to the Turquoise trading system and includes arrangements which involve the use by a person of the infrastructure of the Trading Member or client, or any connecting system provided by the Trading Member or client, to transmit the Orders (Direct Market Access) and arrangements where such an infrastructure is not used by a person (Sponsored Access).
<b>Eligibility Criteria</b>	the criteria for eligibility for participation on Turquoise set out in rule 3.1.2.
<b>ELTP</b>	the European Last Trade Price, and is the price of the last trade from European markets, as defined by Turquoise, and published in a Market Notice (excluding Turquoise). Prior to the first trade of a trading day the ELTP is deemed to be undefined.
<b>Erroneous Order</b>	an Order submitted to, or executed on, Turquoise in error as to price, quantity, currency, side or symbol.
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom.
<b>FCA Rules</b>	the FCA Handbook of Rules and Guidance as amended from time to time.
<b>Financial Instrument</b>	a financial instrument as defined in article 4(15) of MiFID eligible for trading on Turquoise, in accordance with rule 4.1.1.
<b>FSMA</b>	the Financial Services and Markets Act 2000 of the United Kingdom as amended from time to time.
<b>Liquidity Provider</b>	a Trading Member who has signed the Liquidity Provision Agreement as described in rule 4.3
<b>Market Notice</b>	any notice published or disseminated by Turquoise to Members from time to time.
<b>Market Making Agreement</b>	the agreement entered into between a Trading Member and Turquoise whereby the Trading Member agrees to quote prices at a given size and presence in certain specified financial instruments.
<b>Market Making Strategy</b>	shall have the meaning given to it under MiFID article 17(4).
<b>Member</b>	a firm admitted to membership on Turquoise in accordance with section 3 of these Rules.

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Term	Meaning
<b>Member Agreement</b>	the agreement entered into by Members and Turquoise Global Holdings Limited that, along with these Rules, governs Members' access to and use of Turquoise.
<b>Member Portal</b>	the online communication tool for the management of Member information
<b>MiFID</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast).
<b>MiFIR</b>	Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012.
<b>MTF</b>	a Multilateral Trading Facility as defined in article 4(1)(22) of MiFID.
<b>Order</b>	an order to buy or sell a Financial Instrument specified by the Participant.
<b>Order Books</b>	the facilities operated by Turquoise for the submission and execution of Orders.
<b>PCP</b>	Primary market Close Price and is defined as being equal to the close price published by the Primary markets. Where there is no PCP, Turquoise will use a suitable reference price.
<b>Primary market</b>	the market on which Turquoise determines a Security has its primary listing.
<b>Product Annex</b>	a document issued as an annex to these Rules containing product specific terms.
<b>PTM Levy</b>	the levy determined by and payable to the Panel on Takeovers and Mergers.
<b>Regulatory Suspension of Trading</b>	a suspension of trading, in a Security, on a Primary market for regulatory reasons.
<b>Required Transaction Reporting Fields</b>	for Non-MiFID Member Firms, certain fields contained in the annex to Commission Delegated Regulation (EU) 2017/590 that Turquoise may require to be submitted for the purposes of meeting its transaction reporting obligation.
<b>Rules</b>	the rules contained in this document as amended from time to time.

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Term	Meaning
<b>Security</b>	a security eligible for trading on Turquoise in accordance with rule 4.1.1.
<b>Stressed Market Conditions</b>	periods of short term volatility in a Financial Instrument, as further defined in the relevant market maker scheme(s), and as particularly declared by Turquoise.
<b>Non-MiFID Member Firms</b>	Members that are not subject to MiFIR or MiFID.
<b>TLTP</b>	the Turquoise Last Trade Price and is the price of the last trade on the <b>Turquoise Lit™</b> Order Book. This is set by any trade that occurs during continuous trading. Prior to the first trade of a trading day, the Last Trade Price is deemed to be undefined.
<b>Trading Day</b>	a day, other than a Saturday or a Sunday or other holiday, on which Turquoise makes available trading in a Financial Instrument as published in the Turquoise trading calendar available at: <a href="https://www.lseg.com/markets-products-and-services/our-markets/turquoise/trading-calendars">https://www.lseg.com/markets-products-and-services/our-markets/turquoise/trading-calendars</a> ;
<b>Trading Member</b>	A Member that has been permissioned to trade on Turquoise.
<b>Turquoise</b>	the MTF operated by the investment firm Turquoise Global Holdings Limited, in accordance with these Rules.
<b>Turquoise Dynamic Reference Price (TDRP)</b>	Prior to the first Trade of the day on Turquoise the TDRP will be undefined unless Turquoise determines a reference price (usually the closing price on the Primary market adjusted for corporate actions or other market activity). Thereafter, the TDRP will reflect the Turquoise Last Trade Price (TLTP).
<b>Turquoise Member Agreement</b>	the agreement that Applicants must sign in order to become Members.
<b>Turquoise Member Application</b>	the documentation to be completed by Applicants as part of the application procedure.

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Term	Meaning
<b>Turquoise Static Reference Price (TSRP)</b>	Prior to the first Trade of the day on Turquoise the TSRP will be a Turquoise determined reference price (usually the closing price on the Primary market, adjusted for corporate actions or other market activity). Thereafter, the TSRP will reflect the latest Primary market Auction uncrossing price.
<b>USLTP</b>	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.

#### 2.3 Product Annexes

2.3.1 Turquoise may issue Product Annexes from time to time. Any such Product Annex shall be deemed to be part of these Rules and may be accessed in the Turquoise Document Library on the Turquoise website.

### 3 Participation

#### 3.1 Members

##### Application procedure

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

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## Eligibility

3.1.2 Except as provided for in Rule 3.1.3, applicants are eligible to apply for Membership of Turquoise provided they meet the Eligibility Criteria set out below:

- (i) the Applicant must:
  - (a) be an EEA regulated investment firm or credit institution (as both defined under MiFID); or
  - (b) show that it is:
    - i. is of sufficiently good repute;
    - ii. has a sufficient level of trading ability, competence and experience;
    - iii. has, where applicable, adequate organisational arrangements; and
    - iv. has sufficient resources for the role they are to perform and, where applicable, clearing and settlement arrangements.
- (ii) Turquoise must be satisfied that the Applicant has or will have sufficiently completed all relevant technical and functional conformance testing prior to conducting business on Turquoise;
- (iii) Turquoise must also be satisfied that the Applicant:
  - (a) has adequate organisational arrangements and a sufficient level of trading ability, competence and experience; and
  - (b) has other relevant systems and controls including pre-trade controls on price, volume and value of Orders and usage of the system and, post-trade controls on its trading activities;
- (iv) where relevant to the scale, nature and complexity of its business is able to operate its own kill functionality allowing for a mass deletion of Orders placed through its electronic connection; and
- (v) Except in relation to Turquoise SwapMatch™, the Applicant must be a clearing member of a central counterparty approved by Turquoise or have made satisfactory arrangements with an entity that is in order to guarantee the clearing of any transactions executed on Turquoise.

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- (vi) Applicants providing Direct Electronic Access to the system to their own clients must also comply with the relevant conditions and provisions contained in these Rules.

3.1.3 Applicants that are not applying to be Trading Members do not need to comply with sections (ii) – (vi) of Rule 3.1.2,

## **Members**

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

## **Member responsibilities**

3.1.5 Trading Members must carry out appropriate conformance testing using Turquoise conformance testing facilities prior to the deployment of, or a substantial update to, the access to the Turquoise trading system, or the Trading Member's trading system, trading algorithm or trading strategy. Trading Members must also test their controls prior to submitting Orders to Turquoise's trading system. Turquoise offers Trading Members a separate connection to a test environment to facilitate such testing.

3.1.6 Trading Members that operate or plan to operate an algorithm must, prior to the deployment or substantial update of a trading algorithm or trading strategy related to that algorithm, certify to Turquoise that the algorithm to be deployed has been tested so as to avoid contributing to or creating disorderly trading conditions. Turquoise will provide Trading Members with a testing environment to facilitate this requirement. A Trading Member must confirm how their algorithms have been tested via the Member Portal.

3.1.7 Any Order message specifying the use of an algorithm as the decision maker for that Order by way of a short code will be taken as confirmation from a Trading Member that the algorithm has been adequately tested in accordance with Rule 3.1.6.

3.1.8 Where short codes are required on Order messages, Trading Members must ensure each short code is unique at the level of the Trading Member. Additionally, Trading Members must supply a mapping from any short code used on an Order to the long code, which must be reported to Turquoise via the Member Portal before 18:00 London time on the Trading Day the short code is first submitted in an order message.

3.1.9 Trading Members shall have appropriate controls in place to ensure that each message field in an Order message is accurately populated, including using the correct short code where relevant. Acceptance of a message by Turquoise does not provide or imply that

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Turquoise considers this requirement has been met. In the event a Trading Member discovers one or more fields are inaccurately populated, including population of one or more fields with an incorrect short code, a Trading Member must report this to Turquoise immediately.

- 3.1.10** Trading Members will be responsible for all Orders and actions taken on the Trading Members' user account by its officers, employees and agents.
- 3.1.11** A Trading Member must at all times have adequate systems and controls to prevent the submission of Erroneous Orders to the relevant Turquoise market and to ensure that its conduct on Turquoise complies with these Rules, including where the Trading Member provides order routing or Direct Electronic Access.
- 3.1.12** All Trading Members are responsible for ensuring adequate training and supervision of their staff when using Turquoise.
- 3.1.13** Trading Members are responsible for settling trades executed on Turquoise and, except in relation to Turquoise SwapMatch™, 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.
- 3.1.14** Trading Members are responsible for retaining records of all trades entered into on Turquoise for a minimum of 5 years or as required by applicable law or regulation, whichever is longest.
- 3.1.15** Trading 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.
- 3.1.16** Members must continue to meet the Eligibility Criteria at all times whilst a Member.
- 3.1.17** A Trading Member shall ensure that it holds a validated, issued and duly renewed ISO 17442 legal entity identifier code at all times.
- 3.1.18** Non-MiFID Member Firms must provide Turquoise with the Required Transaction Reporting Fields for their trades in the format and within the timescale prescribed by Turquoise from time to time and all information which may be required by Turquoise in order to allow Turquoise to comply with its reporting obligations under applicable law and regulation.
- 3.1.19** Where a client of a Non-MiFID Member Firm is eligible for a legal entity identifier code, the Non-MiFID Member Firm must ensure it has obtained a legal entity identifier code from that client prior to any trades executed on behalf of the client, including by way of Direct Electronic Access.

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**3.1.20** Non-MiFID Member Firm shall have appropriate controls in place to ensure that Required Transaction Reporting Fields are accurately populated. In the event a Non-MiFID Member Firm discovers one or more Required Transaction Reporting Fields have been inaccurately or incompletely populated, a Non-MiFID Member Firm must report this to Turquoise immediately and must cooperate to rectify any errors.

**3.1.21** Members shall be bound by and observe:

- (i) these Rules and by any decision of Turquoise made pursuant to these Rules;
- (ii) any Rules and procedures set out in any supplementary documentation issued by Turquoise under these Rules;
- (iii) the provisions of any Market Notice; and
- (iv) any requirement, decision or direction of Turquoise.

## **Notification requirements**

**3.1.22** Members must notify Turquoise 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 five (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 five (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.

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## **3.2 Suspension or termination of a Member**

**3.2.1** Turquoise 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;
- (iii) in any other circumstances where Turquoise reasonably considers such suspension or termination necessary to ensure orderly trading on the platform or to comply with its obligations under applicable law or regulation; or
- (iv) where required to do so pursuant to applicable law or regulation or on the request of a relevant Competent Authority

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

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

**3.2.4** Turquoise 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 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 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.

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**3.4.2** Turquoise retains the right to bring disciplinary action against a Member under section 7 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.

**3.4.3** Turquoise has the right to ask for such reasonable information as it deems fit from Members at any time in order to support an assessment of a Member's compliance with these Rules, or which Turquoise may require for the purpose of compliance with applicable law or regulation, which may include requesting information from any Member or user of Sponsored Access on their organisational requirements and trading controls. Members shall respond in a complete manner and as soon as reasonably practicable to all such requests and, in any event, within such timelines as Turquoise may require to comply with its obligations under applicable law or regulation.

## **3.5 Confidentiality**

**3.5.1** Turquoise 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);
- (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 Financial Instrument;
- (ii) do or engage in any act or course of conduct which is likely to harm the integrity or fairness of Turquoise markets;

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- (iii) commit any act or engage in any course of conduct which will or is likely to bring Turquoise into disrepute;
- (iv) do, or attempt, any act or engage in any course of conduct, which constitutes or is likely to constitute market abuse under Regulation 596/2014 of the European Parliament and of the Council on market abuse (MAR);
- (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 their systems..

3.6.2 Turquoise 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.

## 3.7 PTM Levy

3.7.1 A Trading 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 Trading Member's responsibility to determine the amount payable under the PTM Levy.

## 4 Financial Instruments traded on Turquoise

### 4.1 Financial Instruments eligible for trading on Turquoise

4.1.1 Securities that can be admitted to trading on Turquoise are:

- (i) equities traded on a trading venue in the EEA ("European Securities"), Switzerland, or the United States of America ("US Securities") or any other jurisdiction that Turquoise deems eligible for trading on Turquoise;
- (ii) new rights issues of underlying European Securities (except London Stock Exchange (UK) Securities);



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- (iii) other transferable securities, such as Exchange-Traded Commodities (ETCs), as defined in article 4(1)(44) of MiFID;
- (iv) Depositary Receipts as defined in article 4(1)(45) of MiFID; and
- (v) Exchange-Traded Funds as defined in article 4(1)(46) of MiFID.

4.1.2 Derivative instruments may be admitted to trading on Turquoise as further defined in the relevant Product Annex.

4.1.3 Turquoise will make a decision on changes to the list of Financial Instruments and will communicate these decisions to Members in a timely manner by Market Notice. A full list of instruments that are admitted to trading on Turquoise can be found on its website.

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 Trading Members are required to obtain information relating to corporate actions affecting the Financial Instrument(s) which they trade and must ensure that any such Financial Instrument is accurately priced in respect of the corporate action.

## 4.3 Liquidity Providers

4.3.1 Liquidity Provider status is available to Trading 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 on Turquoise's website.

## 4.4 Market Makers

4.4.1 A Trading Member shall notify Turquoise via the Member Portal as soon as possible if at any time it is engaging in algorithmic trading whilst pursuing a Market Making Strategy in a Financial Instrument traded on Turquoise. A Trading Member may also choose to notify Turquoise of its intention to enter into a market making scheme via the Member Portal. In either case, such notification will bind the Trading Member to the terms of the Market Making Agreement set out in Rule 4.4.2 in respect of the relevant instruments and for each Trading Day, except in exceptional circumstances as advised by Turquoise.

4.4.2 A Trading Member subject to a Market Making Agreement in accordance with Rule 4.4.1 shall meet the following obligations:

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- (i) the terms of the Market Making Agreement shall apply to all relevant instruments in which the Trading Member pursues a Market Making Strategy, as notified to Turquoise via the Member Portal;
- (ii) the Trading Member shall each Trading Day post firm, simultaneous two-way Orders of comparable size and competitive prices for at least 50% of regular trading during the mandatory period, where:
  - (a) for Orders to be of comparable size, there must be no more than 50% difference between the bid and ask sizes; and
  - (b) for prices to be competitive they must be within the maximum bid-offer spread made public by Turquoise in the Turquoise Document Library;
- (iii) where a Trading Member is participating in a market making scheme, the terms of the scheme must also be met for any available incentive, where relevant, to be received;
- (iv) for the purposes of meeting the terms of a market making scheme, the Trading Member's obligation to post simultaneous two-way Orders of comparable size and competitive prices may be adjusted during the period that Stressed Market Conditions are in force, as further communicated by Turquoise from time to time;
- (v) the Trading Member shall have adequate systems, controls and procedures in place to effectively monitor and audit its compliance with the Market Making Agreement;
- (vi) the Trading Member shall appropriately flag Orders submitted to Turquoise pursuant to the Market Making Agreement in order to distinguish those Orders from other Order flows;
- (vii) a Trading Member shall maintain records of Orders and trades relating to its market making activities pursuant to the Market Making Agreement, which shall be clearly distinguished from other trading activities, and shall make those records available to Turquoise upon request.

**4.4.3** A Trading Member that is subject to a Market Making Agreement may notify Turquoise via the Member Portal it will no longer pursue a Market Making Strategy, and consequently that it is exiting from the Market Making Agreement, in one or more instruments provided that the Trading Member gives notice of at least one Trading Day.

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- 4.4.4 Where a Trading Member engaged in algorithmic trading recommences a Market Making Strategy, the Trading Member shall be required to re-enter a Market Making Agreement in accordance with Rule 4.4.1.

## 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 and communicated to Members by Market Notice. Turquoise's trading calendar and hours of operation can be found on the Turquoise website.
- 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 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 and communicated to Members on reasonable notice by Market Notice.

### 5.3 Suspension and removal of a Financial Instrument from trading

- 5.3.1 Turquoise reserves the right to suspend or remove from trading, on its own initiative, a Financial Instrument unless such suspension or removal would be likely to cause significant damage to the investors' interests or the orderly functioning of the market.
- 5.3.2 In the event that there is a Regulatory Suspension of Trading in relation to a Financial Instrument, Turquoise may suspend trading in the relevant Financial Instrument on Turquoise.
- 5.3.3 In the event of a Regulatory Suspension of Trading on a Primary market, Turquoise will adopt the following procedure:
- (a) For Securities:
    - (i) Existing Orders will remain in the Order Book;
    - (ii) New Orders will be rejected with appropriate error message; and

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(iii) Trading Members will be able to cancel their Orders, but no further Order amendment will be permitted.

(b) For Derivatives:

(i) Existing Orders will be managed at the discretion of Turquoise; and

(ii) The entry of new Orders into the system will be prevented.

**5.3.4** Turquoise will comply with any instruction made by a Competent Authority to suspend or remove a Financial Instrument from trading.

**5.3.5** A Trading 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 and Direct Electronic Access**

**5.4.1** Trading Members are responsible for all obligations arising from the entry, deletion and execution of an Order submitted to Turquoise in the Member's name regardless of the origin of the Order.

**5.4.2** Trading Members providing Direct Electronic Access should also be aware that they:

- (i) remain responsible for all trades executed using their Member firm identifier;
- (ii) should have adequate systems and effective controls, including pre-trade and post-trade controls, to ensure that the provision of Direct Electronic Access does not adversely affect compliance with these Rules, lead to disorderly trading, or facilitate conduct that may involve market abuse;
- (iii) should conduct appropriate due diligence on their clients prior to providing them with Direct Market Access, including at least the specific requirements set out in article 22(2) of Commission Delegated Regulation (EU) 2017/589, and ensure clients apply those same standards where sub-delegation of Direct Market Access occurs. The level of due diligence on such clients may be adapted to the risks posed by the nature, scale and complexity of their expected trading, and the service being provided;
- (iv) must have the ability to differentiate between different client flows, and where appropriate the ability to delete client's Orders or restrict the client's ability to submit Orders to the system without having the express consent of the client.

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These actions may be instigated unilaterally by the Trading Member or at the specific instruction of Turquoise;

- (v) should require clients to whom they provide Direct Electronic Access to comply at all times with all applicable laws and regulations, and with these Rules;
- (vi) must notify Turquoise via the Member Portal prior to implementing a Direct Electronic Access service or when it discontinues providing such a service; and
- (vii) must register each Sponsored Access client with Turquoise prior to offering the service.

**5.4.3** Turquoise has discretion to suspend or terminate the provision of Direct Electronic Access by a Trading Member where it believes there has been an infringement of MiFID, MiFIR, the Market Abuse Regulation, these Rules, or it is necessary to preserve the orderly functioning of the market.

## **5.5 Trade Cancellations**

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

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

- (i) where Turquoise 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 Trading 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 and in any event, by 16:40 London time.

**5.5.4** When considering whether to cancel a trade in Securities only (which for the avoidance of doubt excludes Derivatives), Turquoise will review the circumstances it considers relevant to each specific case and may take into account the following non-exhaustive list of considerations:

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- (i) the price at which the Order was executed. Turquoise 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 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 Trading 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 the period between a Trading Member requesting its deletion and Market Operations effecting the deletion, the Trading Member is obliged to honour the resulting trade.
- 5.5.7** If an Order appears to be erroneous in the opinion of Turquoise, Turquoise may contact the relevant Trading 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 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 or where Turquoise is required to do so pursuant to applicable law or regulation or the request of a relevant Competent Authority.
- 5.5.10** Turquoise will operate a kill functionality which may be used to delete unexecuted Orders submitted by a Trading Member, or by a Direct Electronic Access client:
  - (i) where an Order Book contains erroneous duplicated Orders; or
  - (ii) following a suspension initiated by the market operator or Competent Authority.

## **General measures**

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5.5.11 Turquoise may, acting reasonably, change or adjust the Closing Price.

5.5.12 Turquoise may, acting reasonably, change or adjust the TDRP and/or the TSRP.

## 5.6 Trade reporting

5.6.1 Turquoise will distribute information on the conclusion of a trade on Turquoise that will constitute a trade report for the purposes of the FCA Rules.

## 6 Monitoring and compliance

### 6.1 Monitoring of compliance

6.1.1 Turquoise will monitor the Orders sent, including cancellations and the transactions undertaken by its Trading Members under its systems, in order to identify infringements of these Rules, disorderly trading conditions, conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), or system disruptions in relation to a Financial Instrument.

### 6.2 Co-operation with regulatory authorities

6.2.1 Turquoise 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 will supply to the FCA or other Competent Authority, where required to by law, data and information on Orders and transactions, and/or information in general, on any Member's activity carried out on Turquoise and all other data, information, acts or documents as and when requested to do so, for Turquoise to comply with its obligations. The Member will provide such information as soon as reasonably practicable and, in any event, within such timelines as Turquoise may require to comply with its obligations under applicable law or regulation or to comply with a request from the Competent Authority.

6.2.3 Turquoise will assist the FCA (or other Competent Authority) in any investigation of market abuse.

6.2.4 Members must co-operate with Turquoise and the FCA in any investigation conducted in relation to trading on Turquoise.

6.2.5 Turquoise has the power to do all things necessary to comply with relevant laws or regulation, or the request of the FCA or other Competent Authority.

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## **6.3 Disclosure by Members**

- 6.3.1 Turquoise 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, for the purpose of investigating compliance with these Rules.
- 6.3.2 Members must provide all reasonable assistance to Turquoise 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 to discipline Members**

- 7.1.1 Turquoise 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 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 in its investigation into a suspected breach of these Rules.
- 7.1.4 In enforcing these Rules, Turquoise 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 will have absolute discretion to impose sanctions on a Member for a breach of the Rules including:
  - (i) temporary suspension of access to Turquoise;
  - (ii) termination of membership;
  - (iii) levying a fine up to £50 000;
  - (iv) issuing a cease and desist letter;
  - (v) issuing a censure;
  - (vi) issuing a no action letter;



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- (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 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 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 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 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 will then refer any such appeal to the ARCC.

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

**8.2.3** The ARCC 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 ARCC.

**8.3.2** The ARCC is comprised of a Chairman, appointed by the Board, and a minimum of two other members, appointed by the Board, who are all independent of the Board and who are suitably qualified to hold the position of members of the ARCC.

**8.3.3** The ARCC will hand down a decision within twenty (20) working days of hearing the appeal.

**8.3.4** The ARCC 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.

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## 8.4 Decisions

- 8.4.1 The ARCC can uphold, quash or amend the original decision that is the subject of the appeal.
- 8.4.2 Decisions of the ARCC in relation to appeals will be final.

## 9 Changing the Rules

### 9.1 Power to change the Rules

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

### 9.2 Material amendment

- 9.2.1 Turquoise 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, 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.

### 9.3 Procedure for amendment

- 9.3.1 The procedure for amending the Rules will be administered in consultation with the ARCC.
- 9.3.2 Turquoise 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.

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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 A Member can make a complaint about the cancellation of an Order or transaction on Turquoise.

10.1.2 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.

10.1.3 If the Chief Operating Officer considers the complaint substantive and may constitute a breach of these Rules he or she may recommend to Turquoise that it commence an investigation in accordance with these Rules.

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