

## EQUIDUCT MARKET CONFIGURATION

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## Equiduct Market Segmentation

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The Equiduct Market Segment to which an instrument belongs is determined by liquidity, measured by the instrument's ADT (Average Daily Turnover) on Equiduct and the reference markets covered over a four week period (20 trading days). In turn, the market segment determines the instrument's MQS (Minimum Quote Size) and maximum spread. The daily turnover for instruments is captured from Equiduct, BATS, Borsa Italiana, Chi-X, the London Stock Exchange, NYSE Euronext, SIX Swiss Exchange, Turquoise and Xetra. Each instrument's daily turnover is the sum of the daily turnovers for the instrument across all of the markets covered by Equiduct and is calculated in Euros.

### *Market Segmentation based on Average Daily Turnover*

	ADT	MQS	Max Spread* (Offer-Bid)/Mid
Segment 1	>100M Euro	EUR 10,000	10%
Segment 2	10M Euro – 100M Euro	EUR 5,000	15%
Segment 3	<10M Euro	EUR 2,500	20%

\*The enforcement of the Maximum Spread Rule by Market Surveillance may be waived if the spread on the home market is outside of the parameters set for an affected instrument.

## MQS (Minimum Quote Size) & Maximum Spread Rules

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MQS is maintained at instrument level using the number of shares rather than the EUR cash equivalent. The following rounding methodology is applied to the number of shares based on the MQS Cash banding.

- MQS equivalent to <1 share – Round up share quantity to 1 share.
- MQS equivalent to <5 shares – Round down share quantity to the nearest 1 share.
- MQS equivalent to <100 shares – Round down share quantity to the nearest 5 shares.
- MQS equivalent to between 100 and 1000 shares – Round down to nearest 100 shares.
- MQS equivalent to >1000 shares – Round down to nearest 1000 shares.

## Market Segment Review Process

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A review of the Equiduct Market Segments takes place every month.

Changes made as a result of the Market Segment review process are effective on the first Monday of each month, with notice of changes provided to Market Participants via a Market Notice 5 trading days before application. The data cut-off date for inclusion in the Market Segment Review will be the Friday, one week prior to the Friday on which the Market Notice advising Market Participants of changes is published. On this day, instrument closing prices are recorded and converted to Euros where necessary using the Exchange Rate recorded at Market Close and the average ADT is taken, in Euros, for the previous 20 trading days. An example of the review process timeline is shown below:

Data Cut-Off Date: Friday 17/07/2009

Market Notice Publication: Friday 24/07/09

Effective Date of Changes: Monday 03/08/2009

Changes may be made to;

- Market Segment Allocation
- Minimum Quote Size
- Maximum Spread Rule

## Market Maker Requirements

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In order for an instrument to be tradable via both PartnerEx and the HybridBook, the PartnerEx market maker must maintain firm and executable two-sided quotes in the HybridBook for that instrument in line with the Equiduct Market Rules and Terms and Conditions. Within PartnerEx the market maker will determine whether they are to quote on just one side of the book or offer two-sided quotes and will specify the volume and price improvement applicable to each side at their discretion, but in line with their current PartnerEx relationship agreement.

For instruments trading only in the HybridBook there is no requirement to have a market maker registered in order for the instrument to be tradable.

## Minimum Lot Size

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Minimum Lot Size is set to 1 across the Exchange in keeping with that of the reference markets covered by Equiduct.

## Tick Size Allocation

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### HybridBook

In the HybridBook Equiduct uses a dynamic set of tick size parameters based on bands established by the actual price of securities at stock level in real time. The dynamic tick size ranges are specific to the trading board to which an instrument is allocated and are shown in the tables on the following page.

### Dynamic Tick Size Ranges - XLON Board

PRICE RANGE (GBX)	TICK SIZE (GBX)
<0.5	0.0001
0.5 – 0.9995	0.0005
1 – 4.999	0.001
5 – 9.995	0.005
10 – 49.99	0.01
50 – 99.95	0.05
100 – 499.9	0.1
500 – 999.5	0.5
1000 – 4999	1
5000 – 9995	5
10000 +	10

### Dynamic Tick Size Ranges – XAMS, XBRU, XLIS & XPAR Boards

PRICE RANGE (EUR)	TICK SIZE (EUR)
0.001 – 9.999	0.001
10.000 – 49.995	0.005
50.000 – 99.99	0.01
100.00+	0.05

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## Dynamic Tick Size Ranges – XETR Board

PRICE RANGE (EUR)	TICK SIZE (EUR)
0.001 – 9.999	0.001
10 +	0.005

## Dynamic Tick Size Ranges – XSWX Board

PRICE RANGE (CHF)	TICK SIZE (CHF)
0.0001 - 0.4999	0.0001
0.5000 - 0.9995	0.0005
1.000 - 4.999	0.001
5.000 - 9.995	0.005
10.00 - 49.99	0.01
50.00 - 99.95	0.05
100.0 - 499.9	0.1
500.0 - 999.5	0.5
1000 - 4999	1
5000 - 9995	5
10000+	10

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## Dynamic Tick Size Ranges – MTAA Board

PRICE RANGE (EUR)	TICK SIZE (EUR)
0.0001 - 0.4999	0.0001
0.5000 - 0.9995	0.0005
1.000 - 1.999	0.001
2.000 - 4.998	0.002
5.000 - 9.995	0.005
10.00 - 49.99	0.01
50.00 - 99.95	0.05
100.0 - 499.9	0.1
500.0 - 999.5	0.5
1000 - 4999	1
5000 - 9995	5
10000 - 19990	10
20000 - 39980	20
40000 - 49960	40
50000 - 79950	50
80000 - 99920	80
100000 +	100

### Exceptions to Dynamic Tick Size Ranges

If the home market reduces the tick size of any instrument traded via Equiduct to a level more granular than the tick size determined by the Equiduct dynamic tick size matrix, changes may be made to the Equiduct tick size of the affected instrument to match that of the home market. These tick sizes will be set individually and will not be subject to change via the dynamic tick size matrix following changes in the instrument's price.

In such cases, if the home market implements changes to instrument tick sizes to a level less granular than the current tick size, Equiduct reserves the right to not implement these changes, keeping Equiduct tick sizes at the more granular level.

Full details of instruments for which static tick sizes apply are available to market participants via the daily tick report file.

## PartnerEx

A separate dynamic tick size matrix is used for instruments traded via PartnerEx in which price ticks will be equal to or more granular than the tick sizes used for trading in the HybridBook. Within PartnerEx, price improvement is expressed as a multiple of the PartnerEx tick size. The PartnerEx Tick Size Table is available to market participants via the daily tick report file.

## Trading Calendar and Business Hours

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The Equiduct Trading Calendar follows the trading calendar of the home markets and will be published on the Equiduct website.

The trading hours of Equiduct are structured as follows (all times are in CET):

9:00 – Equiduct Opening Cross: At 08:59:10 Equiduct will enter the Open Freeze period at which point the entry, amendment and cancellation of orders prior to the start of continuous trading is not permitted and Market Maker Quotes will be closed. As the Home Market Open price is received for each instrument, all interest with a limit price strictly better than the Home Market Open price will be executed at this price. Interest with a limit price matching the Home Market Open price will be executed to the extent that it was possible to execute each order on the home market. Each instrument will transition to continuous trading within 30 seconds of the opening price being received from the home market.

If no Open Price is received from the home market then the system will wait until 11:00, or until the market state changes to open and then perform an auction match to uncross any cross that may exist between orders in the book.

09:00 – 17:30 – Continuous Trading: Instruments will remain in Continuous Trading in line with the home market trading status and with the exceptions of Unscheduled auctions on the home market (during which the instrument will be halted on Equiduct, to resume trading following a 5 second uncrossing auction to which a random end of 5 seconds is applied) and any PMI initiation (Price monitoring interruption) caused by deviation of Equiduct trade prices from the Mid of the EBBO.

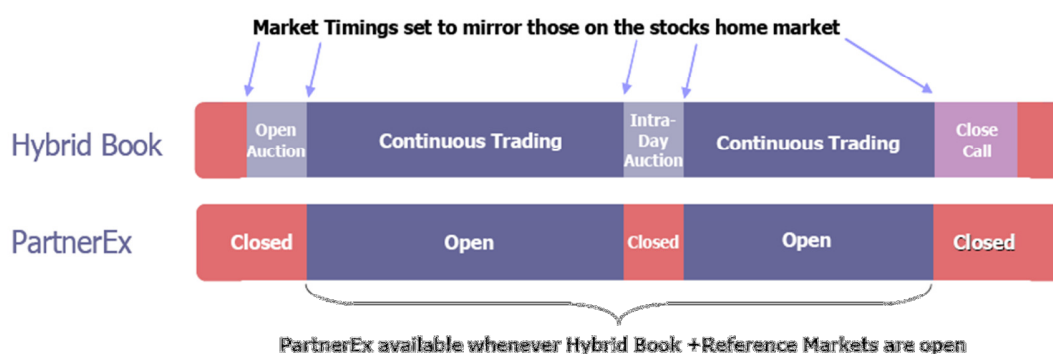
13:00 – 13:20 – Xetra Intraday Auction: Xetra Home Market Instruments traded on Equiduct will be halted in line with the intraday auctions held on the Xetra Market. As each Xetra Market Segment transitions back to continuous trading, affected instruments will enter a 5 second auction phase on Equiduct and will resume trading following this auction plus a random end time of up to 5 seconds.

17:30 – 17:40 – Equiduct Closing Cross: Continuous trading ends at 17:30 but order entry, amendment and cancellation is still permitted until the start of the Close Freeze at 17:34:30, at which time Market

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Maker quotes are closed. All interest with a limit price strictly better than the Home Market Close price will be executed at this price, while interest with a limit price matching the Home Market Close price, will be executed to the extent that this was possible on the home market. Executions will occur within 30 seconds of the receipt of the closing price from the Home Market.

If no Close Price is received from the home market then the system will wait until 17:40, and then perform an auction match to uncross any cross that may exist between orders in the book.



## SMS & RMS Quantities (Standard Market Size & Retail Market Size)

The RMS share quantity is always the number of shares equivalent to Euro 7,500 rounded to the nearest share and is available for every instrument traded via Equiduct. The SMS value in Euros represents the Standard Market Size of the instrument and is only available for an instrument if the SMS value is equal to or above Euro 7,500. The SMS quantity is the number of shares equivalent to the instrument's SMS value. The RMS and SMS quantities (where available) are the numbers of shares for which the Equiduct VBBO is calculated for each instrument.

SMS and RMS quantities are reviewed fortnightly. The new SMS and RMS quantities for VBBO purposes are determined by dividing the RMS and SMS Cash Values (expressed in Euros) by the instrument's Closing Price (converted to Euros if necessary). The changes are applied every second Friday for start of trading on Monday using the instrument's closing price and the exchange rate as at market close on the Thursday prior to the implementation of the new data.

## Cancellation of Orders

Orders will be cancelled on behalf of the submitting OFP (Order Flow Provider) only in the following circumstances;

- Dividend Ex Date – Any orders resting in the book overnight for an instrument going ex-dividend on the following day will be cancelled prior to market open.

Corporate Action Last Cum Date – Any orders resting in the book for an instrument undergoing one of the following corporate actions in which a price adjustment will occur are cancelled by close of

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business on the day prior to the corporate event becoming effective by the market participant. Only in the event of orders still resting in the book on the ex date of a corporate action as defined below will Equiduct expire these orders automatically before market open. Securities undergoing the following corporate actions will be affected;

- Spin Off/Demerger (Orders cancelled for Parent Line)
  - Capital Repayment
  - Split/Reverse Split
  - Bankruptcy
  - Delisting
  - ISIN Change
  - Change of listing to ineligible market
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- Loss of Connectivity - In the event of an OFP losing connectivity to the Equiduct Trading System Market Control have the ability to cancel orders on explicit request of the OFP in line with operational procedures. The automatic cancellation of orders and quotes following a disconnection can be configured on request.
  - Change of Instrument Tick Size– Any changes to the tick size applicable to an instrument or trading board affecting the validity of orders resting in the book will be communicated to affected members prior to the effective date of the change. If orders remain in the book with an invalid limit price on the effective date of the announced change, these will be cancelled from the order book.
  - Change of Minimum Iceberg Peak Size – Any changes to the minimum iceberg peak size following the monthly market segmentation review will be communicated via Market Notice at least 5 trading days prior to the effective date of the change and will be available for download from the website. If iceberg orders remain in the book with an invalid iceberg peak size the effective date of the announced change, these will be cancelled from the order book.

Other Cancellations – Excluding the scenarios outlined above, Equiduct will not cancel resting orders from the book.

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## Minimum Peak Size and Minimum Total Volume for an Iceberg Order

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The peak size for an Iceberg Order is expressed as a fractional multiple of the instrument's MQS. The minimum peak size for an Iceberg Order for each instrument is published on the instrument list available from the Equiduct Website.

## Trading of Instruments in Multiple Currencies

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Each instrument determinable by its unique Equiduct Symbol is traded via Equiduct in one currency only. The VBBO for each instrument is calculated using the market depth from the consolidated European order book, (Equiduct and reference markets), only in the currency in which the instrument trades. This negates the need for real time currency conversions within Equiduct for instruments traded in multiple currencies throughout the European reference markets covered by Equiduct, removing any element of risk that automatic currency conversions may present to Equiduct Market Participants.

For instruments with sufficient liquidity in more than one currency Equiduct will provide a second unique symbol allowing Market Participants to trade in the second currency via Equiduct. In such cases the VBBO will only take into account market depth from the relevant European reference markets in the currency in which the instrument is being traded.

For example;

Logica is traded on BATS, Chi-X, the London Stock Exchange, NYSE Euronext, and Turquoise. As a company, Logica will be traded via Equiduct in EUR and GBX with VBBO Calculation as follows;

Logica traded in GBX – Symbol LOGI

VBBO prices are calculated using market depth from BATS, Chi-X, the London Stock Exchange and Turquoise, all of which trade Logica in GBX.

Logica traded in EUR – Symbol LOGa

VBBO prices are calculated using market depth from BATS, Chi-X, NYSE Euronext and Turquoise, all of which trade Logica in EUR.

## Price monitoring

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PMI – Price Monitoring Interruptions – Price monitoring interruptions are caused by price movements outside of a predefined tolerance set at instrument level and can only occur during continuous trading phases. PMIs will occur for executions that break the affected instrument's PMI initiation tolerance from the mid price of the reference markets' BBO with an auction period duration of 2minutes. If the resultant trade price following a PMI qualifies as a "mistrade" Market Control will contact all relevant

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participants to advise of any necessary trade cancellations. Whilst 1 Market Order Extension (MOE) may occur in addition to a random end period of up to 5 seconds, there will be no Price Monitoring Extension (PME).

**PME – Price Monitoring Extensions** – Price monitoring extensions may only occur following auctions that are not the result of PMI initiation, and if a resultant execution would occur outside of the PME initiation tolerance of 20% from the Equiduct last trade price. A maximum of 3 price monitoring extensions, each lasting 30 seconds, can be initiated prior to resumption of continuous trading.

**MOE – Market Order Extensions** – If at the end of an auction period there are market orders that remain unexecuted in the HybridBook at the calculated auction price, a market order extension will occur. This provides Market Participants with the opportunity to execute orders against the remaining market orders at the price determined in the auction. One Market Order Extension is allowable per auction period, lasting 30 seconds.

**REAP – Random End to Auction Periods** – The REAP occurs within 5 seconds.

## Trade Reporting

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Equiduct supports trade reporting for “same-day” trades executed outside of the Equiduct market as “off-book on-Exchange Negotiated” trades only. Trades can be reported between the hours of 08:15 and 17:50 CET and trade prices will be validated against the price in the HybridBook at the time of receipt by Equiduct. Trades received after the market close will be checked against the Equiduct Closing Price. A trade reported to Equiduct may only be cancelled by the user on the same day the trade was reported.

Trades reported to Equiduct will not affect the High, Low, Open or Close of the Equiduct Market.

## Internalisation in the HybridBook

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By default, in the HybridBook, any execution for a market participant against themselves will be sent to the relevant clearing agency for clearing and settlement. If market participants require internalisation for trades executed in the HybridBook against themselves, they need to specify this in their member documentation.