

**TRADITION FINANCIAL SERVICES ESPAÑA S.V., S.A.U.**

**THE TRADITION ESPAÑA  
ORGANISED TRADING FACILITY**

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**RULEBOOK**

**EFFECTIVE DATE: SEPTEMBER 2021**

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## PART 1 - General Provisions

### 101 Definitions and Interpretation<sup>1</sup>

In these Rules, the following expressions shall have the meanings set out below:

<b>Algorithmic Trading</b>	means algorithmic trading within the meaning of Article 4(1)(39) of MiFID 2;
<b>Appeals Panel</b>	means a committee which shall be responsible for disciplinary matters and which shall comprise one (1) representative appointed by Tradition, and a minimum of two (2) independent representatives, not affiliated with Tradition or any Participant involved in the disciplinary matter, that have the appropriate expertise and skill required to make a determination on the disciplinary matter and shall be appointed based on the recommendation of Tradition's legal advisors at the time of appointment;
<b>Board</b>	means the board of directors of Tradition;
<b>Circular</b>	means a document, entitled as such, which constitutes second level legislation that develops or complements this Rulebook;
<b>Cleared Derivative</b>	means a cleared derivative within the meaning of Article 29(2) of MiFIR;
<b>Clearing House</b>	means a financial institution acceptable to Tradition (and so designated by Tradition in accordance with Rule 102.2) which provides clearing and settlement services in relation to transactions in financial instruments and which is recognized in Spain pursuant to the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October (" <b>Securities Market Act</b> ") and the rest of applicable legislation.
<b>CNMV</b>	means the Comisión Nacional del Mercado de Valores of Spain, or any successor, substituted or replacement authority in Spain having regulatory oversight of organised trading facilities (OTFs);
<b>Commodity Derivative</b>	means a commodity derivative within the meaning of Article 4(1)(50) of MiFID 2;
<b>Dealing On Own Account</b>	means dealing on own account within the meaning of Article 4(1)(6) of MiFID 2;
<b>Eligibility Criteria</b>	means the criteria which determines eligibility to be a Participant and participate in the System, as set out in Rule 202.1;

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<sup>1</sup> References to statutes, statutory instruments, rules of a regulatory authority or provisions thereof shall be construed as references to any of the foregoing as they may be amended, extended varied or replaced. Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa.

<b>EMIR</b>	means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, and related legislation, commonly, and collectively, known as the European Market Infrastructure Regulation;
<b>Executive Management</b>	means the Tradition committee whose membership is comprised of the Chief Executive Officer, General Manager, Chief Financial Officer and other senior managers appointed by the Chief Executive Officer;
<b>Financial Instrument</b>	means a financial instrument admitted to trading on the Tradition España OTF and as described in more detail in a Circular describing such Financial Instrument, which shall be entitled a "Financial Instrument Circular";
<b>FORC</b>	means Front Office Risk and Control, a first line of defence function which is responsible for the evolution and implementation of control, risk mitigation and supervision processes within front office business functions. FORC also prioritises workflows which contribute to the mitigation of conduct risk. FORC sits as a front office function and aims to meet best practice standards.
<b>Insolvency Event</b>	means, in relation to any Participant: <ul style="list-style-type: none"> <li>(a) that an order is made by a court of competent jurisdiction, or a resolution is passed, for the liquidation, bankruptcy or administration of such Participant or a notice of appointment of a bankruptcy trustee or administrator of such Participant is filed with a court of competent jurisdiction;</li> <li>(b) the appointment of a manager, receiver, administrative receiver, administrator, trustee or other similar officer of such Participant or in respect of any part or any of its assets;</li> <li>(c) such Participant convenes a meeting of its creditors generally or makes or proposes any arrangement or composition with, or any assignment for the benefit of, its creditors generally (otherwise than in the course of a reorganisation or restructuring previously approved in writing by Tradition);</li> <li>(d) such Participant is unable to pay its debts as they become due or admits in writing its inability to pay its debts as they are due or is insolvent;</li> <li>(e) a petition is presented for the winding up of the Participant, provided that an Insolvency Event shall not have occurred due to the filing of winding-up petition which is discharged, stayed or dismissed within thirty (30) days of commencement; or</li> </ul>

(f) any action occurs in respect of any Participant in any jurisdiction which is analogous to any of those set out in sub-paragraphs (a), (b), (c), (d) or (e) immediately above;

<b>Liquid Market</b>	means a liquid market within the meaning of Article 4(1)(25) of MiFID 2;
<b>Market Abuse</b>	has the meaning given to it in MAR;
<b>Market Abuse Regulation or MAR</b>	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;
<b>Matched Principal Trading</b>	means matched principal trading within the meaning of Article 4(1)(38) of MiFID 2;
<b>MiFID 2</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2016 on markets in financial instruments;
<b>MiFID 2 Transaction Reporting Obligations</b>	means the obligations described in Article 26 of MiFIR;
<b>MiFIR</b>	means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
<b>Multilateral Trading Facility or MTF</b>	means a multilateral trading facility within the meaning of Article 4(1)(22) of MiFID 2;
<b>Non-Financial Entity</b>	means a non-financial entity within the meaning of Article 2 of the Commission Delegated Regulation of 1 December 2016 supplementing MiFID 2;
<b>Non-Reporting Participant</b>	has the meaning ascribed to it in Rule 106.2;
<b>Organised Trading Facility or OTF</b>	means an organised trading facility within the meaning of Article 4(1)(23) of MiFID 2;
<b>Package Order</b>	means an order which states that two or more orders must be executed simultaneously;
<b>Participant</b>	means a person who has been admitted to participation on the OTF pursuant to the rules set out in Part 2 and that may introduce orders into the OTF;
<b>Participant's Authorised Representatives</b>	means any representative (and, for the avoidance of doubt, there may be multiple Participant's Authorised Representatives for any Participant) as may be notified to Tradition by the Participant in writing (to <a href="mailto:trading.operations.es@tradition.com">trading.operations.es@tradition.com</a> ) by the individual appointed in accordance with Rule 204.2;

<b>Regulatory Oversight Committee</b>	means the Tradition committee whose membership is comprised of the General Manager, Compliance Manager, Risk Manager and other senior managers appointed by the Chief Executive Officer;
<b>Rules</b>	means these rules as the same may be amended, varied, extended, supplemented or replaced in accordance with Rule 103;
<b>Sovereign Debt Instrument</b>	means a debt instrument within the meaning of Article 4(1)(61) of MiFID 2;
<b>System or Trading Protocol</b>	means the system, which may comprise both electronic and voice interaction, operated and administered by Tradition for the purpose of the Tradition España OTF;
<b>Systematic Internaliser or SI</b>	means a systematic internaliser within the meaning of Article 4(1)(20) of MiFID 2;
<b>Trading Day</b>	means a day on which the Tradition España OTF is open for business as indicated in the relevant Financial Instrument Circular;
<b>Trading Venue</b>	means a trading venue within the meaning of Article 4(1)(24) of MiFID 2;
<b>Tradition</b>	means Tradition Financial Services España, Sociedad de Valores, S.A.U.;
<b>Tradition Broker</b>	means an individual employed by or working for Tradition as a broker
<b>Tradition Group Company</b>	means any company belonging to the group of Tradition whose parent company is Viel et Cie Finance SE and "group" having the meaning attributed to it in article 42 of the Code of Commerce;
<b>Tradition España OTF</b>	means the OTF operated by Tradition;
<b>Tradition España OTF Participant Contractual Arrangements</b>	means the contractual arrangements in place between Tradition and each Participant which will govern the Participant's use of the Tradition España OTF in respect of applicable Financial Instruments;
<b>Transaction</b>	means where, in respect of a Financial Instrument, a buy and a sell order are matched in the System such that a contract is formed;
<b>Type of Orders</b>	means the types of orders as further detailed at 301 and defined in the relevant Financial Instrument Circular; and
<b>Venue Notification</b>	means a communication described as such and published (on the Tradition website or otherwise) and/or issued by Tradition (electronically or otherwise), and as may be addressed to Participants generally or to a specific category of Participants, relating to the Tradition España OTF.

## **102 Application**

- 102.1 These Rules set out the terms and conditions which shall apply to participation in and trading on the Tradition España OTF for all Participants in order to ensure orderly operation of the relevant market(s) operated by Tradition.
- 102.2 The Clearing House or Clearing Houses (if any) applicable to particular Financial Instruments admitted to trading on the Tradition España OTF shall be set out in the applicable Circular describing those Financial Instruments. Tradition reserves the right to replace, supplement or remove a Clearing House pursuant to the terms of these Rules.

## **103 Amendments, Circulars and Venue Notifications**

- 103.1 Provided always that any amendment of the Rulebook shall require the prior authorisation of the CNMV, and subject to the remaining provisions of this Rule 103, Tradition has the right to amend, extend, vary or supplement the Rules (including the removal and appointment of any Clearing House) to the extent necessary or desirable in light of prevailing market conditions.
- 103.2 Tradition shall ensure that any development or complement to this Rulebook made by way of Circular shall be notified to the CNMV.
- 103.3 Participants shall be notified of any non-material changes at least ten (10) Trading Days prior to the effective date thereof other than those required to be made without delay by law or regulation. Tradition shall, in its discretion, acting reasonably, decide whether a change is “non-material”.
- 103.4 Tradition will consult with Participants prior to making any material amendments, except those made in an emergency (in which case temporary amendments may be made pending consultation at the earliest possible opportunity) or those required to be made without delay by law or regulation, and Participants will have a minimum of ten (10) Trading Days to comment on proposed changes. Immediately following such consultation period, Tradition shall give to Participants notice of the changes and such changes shall become effective ten (10) Trading Days after such notification.
- 103.5 If any modification of the Rules materially adversely affects the rights or obligations of any Participant, that Participant may, within five (5) Trading Days of being notified of such modification, resign its participation and cease to be a Participant by giving notice in writing to Tradition.
- 103.6 Any amendments, extensions, variations or supplements to the Rules shall be notified to Participants by way of a Venue Notification sent to Participants. Also, whenever amendments, extensions, variations or supplements to the Rules are made, the documentation available on the website shall be duly updated.

## **104 The Tradition España OTF and Discretion**

- 104.1 The Tradition España OTF enables Participants to enter into Transactions in the manner provided in these Rules.
- 104.2 In accordance with MiFID 2, execution of orders on an OTF is carried out on a discretionary basis. Therefore, subject to any applicable Financial Instrument Circular and other relevant provisions of these Rules, Tradition, in its operation of the Tradition España OTF, will apply a discretion (as described in Rule 105.2) and such discretion shall be either or both of the following circumstances:

- (a) when deciding to place or retract an order on the Tradition España OTF;
  - (b) when deciding not to match a specific Participant order with other orders available in the System at a given time, provided such discretion is in compliance with specific instructions received from the applicable Participant and with its obligations in accordance with Article 27 of MiFID 2 (*Best Execution*).
- 104.3 Tradition reserves the right to decide if, when and how much of two or more orders it wants to match within the System.
- 104.4 Tradition shall make available data relating to the quality of execution of transactions on the Tradition España OTF, including details about price, costs, speed and likelihood of execution for individual Financial Instruments, to the public, in accordance with the requirements of MiFID 2 and subsidiary legislation.
- 104.5 Tradition, as operator of the Tradition España OTF is responsible for retaining records of all orders and Transactions entered into on the Tradition España OTF for a minimum of 5 years.

## **105 Interaction of the Tradition España OTF with other Trading Venues**

- 105.1 The structure of the operation of the Tradition España OTF is that interests from participants are *prima facie* received by the Tradition España OTF to be held and managed by Tradition, as operator of the Tradition España OTF. In sending an interest to the Tradition España OTF, therefore, a Participant is selecting the Tradition España OTF as the trading venue upon which it expects its interest to be managed and, as appropriate, any Transaction to be executed.
- 105.2 Notwithstanding the generality on Rule 105.1, Tradition, as operator of the Tradition España OTF, by its nature, has the discretion on how to handle an interest including whether to show the interest to the market or not. In certain circumstances, therefore, it may be appropriate for Tradition to exercise this discretion in a way that results in a Participant's interest being withdrawn from the Tradition España OTF to be executed on a third party Trading Venue (including, but not limited to (a) where both an OTF and MTF are operated by Tradition, Tradition may use its discretion to remove it from the Tradition España OTF and instead submit it to a Tradition MTF covering the same instruments, (b) where there are multiple variations of the same Financial Instrument traded on multiple venues, Tradition may use its discretion to formalise the Transaction on another venue where it is known that there is a matching interest, (c) where there are other external factors affecting the execution of a Transaction, Tradition may withdraw the Participant's interest from the Tradition España OTF in order to facilitate an interaction on another venue.)
- 105.3 Without prejudice to the foregoing, Tradition shall ensure that the Tradition España OTF does not connect with another OTF or with an SI in a way which enables orders in the different OTFs or SI to interact.
- 105.4 When a transaction is executed the formal venue used for the execution will be confirmed to the Participant.

## **106 Transaction Reporting**

- 106.1 Each Participant which is subject to the MiFID 2 Transaction Reporting Obligations shall ensure that it complies with such obligations.

- 106.2 Tradition, as operator of the Tradition España OTF, shall report Transactions which are executed by a Participant which is not subject to the MiFID 2 Transaction Reporting Obligations (a **“Non-Reporting Participant”**), for this purpose:
- (a) such Non-Reporting Participant shall provide to Tradition, promptly upon request, all such information required by Tradition in order to report such Transaction in accordance with the requirements of MiFID 2; and
  - (b) Tradition, as operator of the Tradition España OTF, is reporting such Transactions in its capacity as a trading venue and not for, or on behalf of, the Non-Reporting Participant, and shall have no liability to Non-Reporting Participants in respect of the reporting of any Transactions.
- 106.3 In order to facilitate Tradition’s performance of its obligations pursuant to Rule 106.2, each Participant shall indicate to Tradition whether or not it is a Non-Reporting Participant and shall notify Tradition if such status changes.

## **107 Transparency and Information Disclosure**

- 107.1 Tradition shall comply with the pre-trade transparency requirement publicly to disclose prices of bids and offers along with the ‘depth’ of trading interests, save in cases where an available waiver applies. Tradition shall keep Participants informed by way of a Venue Notification and/or, a Circular as to the applicability of any exemptions approved by the CNMV in respect of the Tradition España OTF.
- 107.2 Tradition shall comply with the post-trade transparency requirement to publicly disclose the price, size and time of the Transactions executed, other than in cases in which the deferral regime, implemented by the Tradition España OTF in accordance with the relevant provisions of the CNMV, applies. Tradition shall keep Participants informed by way of Venue Notification of any deferral regime that will apply on the Tradition España OTF.
- 107.3 Pursuant to Article 13 of Regulation (EU) 600/2014 and Delegated Regulation (EU) 2017/567, Tradition shall procure that the pre-trade and post-trade data published is made available to the public on a reasonable commercial basis and ensure non-discriminatory access to such information. For the avoidance of doubt, such information shall be made available to the public free of charge fifteen (15) minutes after publication.

## **108 Management Bodies**

- 108.1 The key management bodies of the Tradition España OTF comprise the Board, the Executive Management and the Regulatory Oversight Committee.
- 108.2 The Board shall be responsible, *inter alia*, for the overall and strategic decision-making on the design, control and monitoring of the operation of the Tradition España OTF.
- 108.3 The Executive Management shall be responsible for the day-to-day operation of the Tradition España OTF, including:
- (a) responsibility for the operation of all activities directly linked to the operation of the Tradition España OTF (such as running the trading engine to match orders, and the following: upstream connectivity, order submission capacity, throttling capacities, downstream connectivity, co-location and proximity services and any other type of operation in relation to market data feeds);



- (b) determining which Financial Instruments are admitted to trading on the Tradition España OTF;
- (c) devising and managing any amendments required to this Rulebook (in accordance with Rule 103);
- (d) determining the need for (and subsequently managing) any:
  - (i) suspension or removal of Financial Instruments from trading on the Tradition España OTF;
  - (ii) halting trading of some or all Financial Instruments on the Tradition España OTF;
- (e) taking the actions and making the determinations described in Part 5 of these Rules; and
- (f) day-to-day management of key third party supplier relationships (including outsourcing activities) required for the operation of the Tradition España OTF.

For the avoidance of doubt, in carrying out its duties the Executive Management will consult, as necessary, with the Regulatory Oversight Committee.

108.4 The Regulatory Oversight Committee shall be responsible, *inter alia*, for:

- (a) ensuring compliance by Participants with these Rules;
- (b) supervising the activities of Participants on the Tradition España OTF, including in relation to compliance with MAR;
- (c) settling any disputes that may arise between Participants in the OTF. This also includes the settlement of disputes on error trade matters;
- (d) making proposals and providing input to the Executive Management regarding the matters described in Part 5 of these Rules; and
- (e) managing communication and interaction with the CNMV and other relevant public bodies.

## **109 Governing Law and Jurisdiction**

109.1 These Rules shall be construed and applied in accordance with the laws of Spain.

109.2 Except where these Rules provide expressly to the contrary, any dispute between a Participant and Tradition concerning these Rules, any Transaction effected pursuant to these Rules, and any non-contractual obligations arising out of or in connection with these Rules, shall be governed by the laws of Spain and all such matters and disputes related to the same shall be subject to the exclusive jurisdiction of the Spanish courts, to which all Participants submit.

## **PART 2 - PARTICIPATION IN THE TRADITION ESPAÑA OTF**

### **201 Application Procedure**

- 201.1 Applications for admission to participate on the Tradition España OTF shall be made through the submission to Tradition, at [accountopening.es@tradition.com](mailto:accountopening.es@tradition.com) of an application pack.
- 201.2 The application must include all supporting information as stipulated in the application form, failing which the application will be returned to the applicant and will not be processed until fully completed.
- 201.3 All fully completed applications shall be determined by the Tradition España OTF Compliance Manager as soon as reasonably practicable and notice promptly provided to the applicant of such determination to the address so notified by the applicant in their application pack.
- 201.4 The proposal to add a Participant is raised by a Tradition Broker to FORC who coordinate with the onboarding team (which is composed of first line staff who work in the FORC team and the compliance manager). FORC then escalate to the compliance manager and the IT manager for the final decision, then implement the changes in the systems.

### **202 Eligibility**

- 202.1 An application for admission to participate on the Tradition España OTF will only be considered if the applicant meets the following requirements:
- (a) the applicant:
    - (i) is of sufficient good repute;
    - (ii) has a sufficient level of trading ability, competence and experience;
    - (iii) has, where applicable, adequate organisational arrangements;
    - (iv) has sufficient resources for the role they are to perform;
    - (v) is either an eligible counterparty or a professional client (as defined under article 4(1)(10) and 4(1)(11) of Directive 2004/39/EC; or
  - (b) the applicant is an EEA regulated investment firm (as defined under MiFID 2) or a credit institution (as defined under Directive 2013/36/EU) or otherwise licensed and supervised by a financial market supervisory authority in its country of incorporation, and pursuant to the applicable laws of that country be a credit institution or have a status equivalent to an EEA regulated investment firm.
- 202.2 The Tradition España OTF is subject to anti-money laundering and terrorist financing regulations and any relevant local regulatory requirements. New applicants will be on-boarded to satisfy the above requirements and will be required to provide documentation in order to be accepted as a Participant. Applicants may be required to provide up to date information to satisfy Tradition España OTF's on-going due diligence obligations.
- 202.3 Tradition shall use reasonable efforts and devote appropriate resources for the purpose of undertaking a diligent investigation of the circumstances of the applicant for the purpose of assessing compliance with the Eligibility Criteria.

## **203 Participant Obligations**

- 203.1 Each Participant will be responsible for all orders and actions taken on the Participant's user account by the Participant's Authorised Representatives or any other officer, employee or agent of the Participant who possesses a valid access permission that would allow such person to submit an order or take any other action on the System (with the exceptions set out in these Rules).
- 203.2 A Participant must at all times have adequate systems and controls intended to minimise the risk of error in relation to offers or bids submitted (including cancellations and modifications thereto) to the Tradition España OTF and to ensure that its conduct on the Tradition España OTF complies with these Rules.
- 203.3 All Participants are responsible for ensuring that their staff are adequately trained to use the Tradition España OTF.
- 203.4 Participants are responsible for clearing or settling Transactions executed on the Tradition España OTF. In the event that such Transactions are in relation to Financial Instruments which are to be cleared, Participants shall be bound by the rules and procedures of the Clearing House in the event of a clearing default provided that nothing in this Rule 203.4 shall prevent Tradition from taking any action in respect of any defaulting Participant which Tradition is permitted to undertake under these Rules.
- 203.5 The participant must seek consent from Tradition Espana OTF prior to deploying any algorithm
- 203.6 All algorithms must be certified by Tradition Espana OTF by means of a conformance test, to ensure that the algorithm behaves as intended in all market conditions
- 203.7 The participant must provide adequate monitoring of the algorithm and prevent disorderly activity on the Tradition Espana OTF
- 203.8 All changes to the algorithm must be communicated to Tradition Espana OTF
- 203.9 The participant must ensure that only Participants Authorised Representatives are able to submit orders using any algorithm
- 203.10 Participants must not, in respect of any of their business on the Tradition España OTF:
- (a) 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; or
  - (b) do or engage in any act or course of conduct which is likely to harm the integrity or stability of the System (including without limitation trading in a disruptive manner).
- 203.11 Participants must inform Tradition, as soon as reasonably practicable, upon the occurrence of any of the following:
- (a) becoming aware that they or any of their respective Participant's Authorised Representatives are unable to comply with these Rules;
  - (b) the occurrence of any Insolvency Event relating to the Participant;
  - (c) a material breach of these Rules upon becoming aware thereof; or

- (d) ceasing to meet any of the Eligibility Criteria.

Subject to any other relevant provision of these Rules, all information and evidence provided to Tradition in accordance with this Rule 203.11 shall be kept confidential and not disclosed to any person other than the relevant Participant and Tradition.

- 203.12 Participants are responsible for retaining records of all orders and Transactions entered into on the Tradition España OTF for a minimum of 5 years.
- 203.13 Participants must continue to meet the Eligibility Criteria at all times whilst a Participant.
- 203.14 Specific Participant obligations in relation to particular Financial Instrument types shall be set out in the applicable Financial Instrument Circular.
- 203.15 Participants will be bound by these Rules and by any decision of the Appeals Panel or Tradition made pursuant to these Rules.

## **204 Access to the System - Participant Access**

- 204.1 Participants will be granted access to the System by Tradition in order to enter into Transactions.
- 204.2 Each Participant shall appoint at least one individual who is authorised by that Participant to make notifications in relation to the appointment, withdrawal or suspension of any of its Participant's Authorised Representative. Each Participant shall notify Tradition of the identity of the individual appointed for this purpose. All notifications to Tradition in relation to the appointment, withdrawal or suspension of a Participant's Authorised Representative shall be made by the identified individual and Tradition shall be entitled to ignore any notification made by any other individual.
- 204.3 Every Participant shall have in place suitable systems and controls to ensure that only Participant's Authorised Representatives are able to access and use the Tradition España OTF. No Participant shall allow unauthorised third parties to use the System or access the Tradition España OTF for any purpose.
- 204.4 Tradition shall maintain in operation continuously during trading hours (and trading hours shall be, for each Financial Instrument, such hours as are stated in the relevant Financial Instrument Circular) a support helpdesk to which Participants shall have access (by both phone and email) free of charge for support issues related to the System or to any particular Transaction.

## **205 Resignation, Suspension and Termination**

- 205.1 A Participant may resign its participation and cease to be a Participant by giving ten (10) Trading Days' prior notice in writing to Tradition (or such shorter period as may be required to comply with any applicable law or regulation). Tradition may, in addition, at its absolute discretion waive some or all of the notice period.
- 205.2 Participation may be suspended or terminated in accordance with Part 5 of these Rules. In addition, Tradition may immediately suspend a Participant's or an individual's access to the System or any part of the System or any Financial Instrument traded on the System or refuse to accept an order to the System or decline to allocate a personal access code to an individual in the event that Tradition, in its reasonable opinion, considers such action to be necessary to preserve the security or integrity of the System, to prevent violation of laws or regulations or to protect other users of the System from fraud. Tradition shall, so far as reasonably practicable and permitted by applicable law, give affected users reasonable advance notice of any such

action and the effective time and date of such action. A Participant may appeal a decision to suspend a Participant or individual pursuant to this Rule 205.2 in accordance with the provisions set out in Rule 503.5 and any such appeal will be heard in accordance with the provisions of Rule 504 (and for the avoidance of doubt the suspension shall remain in place during the determination of any appeal).

- 205.3 Resignation, suspension or termination of a Participant's participation shall be without prejudice to the obligations of the Participant under Rules 109, 203.12, 203.13, 203.14, 203.15, 205.3, 205.4, 205.5, Part 5, Part 6 and Part 7 which shall survive such resignation or termination of the participation and endure through any suspension.
- 205.4 In the event of resignation, suspension or termination of a Participant's participation, the Participant shall ensure that prior to the effective time and date of the resignation, suspension or termination (as the case may be), any unmatched orders and/or prices which may result in the conclusion of Financial Instrument transactions by such Participant have been cancelled. In the event of failure on the part of the Participant promptly to effect such cancellation, Tradition shall cancel the unmatched orders and/or prices. Following resignation, suspension or termination, the Participant shall continue to be liable to perform Financial Instrument transactions concluded by it prior to the resignation, suspension or termination (as the case may be).
- 205.5 At the time and date that the resignation, suspension or termination of the participation of a Participant becomes effective, Tradition shall be entitled to take all measures necessary to prevent the Participant concerned from entering into new Transactions on the Tradition España OTF.

## **206 Market Making activities**

- 206.1 Tradition does not support MiFID 2 market making activities on the Tradition España OTF. Any change to this shall be dealt with in accordance with this Rulebook.

## PART 3 – FINANCIAL INSTRUMENTS TRADED ON THE TRADITION ESPAÑA OTF

### 301 Financial Instruments

- 301.1 Tradition shall determine which Financial Instruments, shall be admitted to trading on the Tradition España OTF and the parameters for Transactions to be entered, and shall publish a list of such Financial Instruments on its website. Tradition shall ensure it complies with all applicable laws and regulations prior to admitting a Financial Instrument to be traded on the Tradition España OTF.
- 301.2 Full details of Financial Instruments are set out in the applicable Financial Instrument Circular. Financial instruments that may be admitted to trading are listed below:
- (a) Fixed income: Sovereign bonds, Public bonds, Convertible bonds, Covered bonds, Corporate bonds, Money Markets instruments.
  - (b) Derivatives (options / futures / swaps / forwards / other derivatives contracts): Interest rate, Credit: Single name CDS and Index options, Foreign exchange, Inflation, Equity, Commodities.
- 301.3 Changes in the specifications of the Financial Instrument types available via the System shall be determined by Tradition and made known to all Participants in accordance with Rule 103.

## **PART 4 - TRADING RULES**

### **401 Trading Protocols**

- 401.1 Details of each Trading Protocols are set out in the applicable Financial Instrument Circular. For the avoidance of doubt, Tradition utilises the following Trading Protocols: periodic auctions, a hybrid order book trading system and voice trading system as defined in MiFID 2, RTS2, Annex 1.

### **402 Trades are binding**

- 402.1 Save as set out in these Rules, or as required by applicable law, all Transactions effected through the System by a Participant's Authorised Representatives shall be binding on such Participant.

### **403 Error Trade Policy**

- 403.1 Tradition may cancel a Transaction where it has been entered into and all Participants which relate to such Transaction agree between them to so cancel the Transaction.

### **404 Suspension/Halting of Trading**

- 404.1 Notification of any suspension or halting of trading of the Tradition España OTF as a whole, or in respect of one or more Financial Instruments shall be made by Tradition by way of Venue Notification as soon as reasonably practicable.
- 404.2 Tradition may at any time suspend or halt trading in whole or in respect of one or more Financial Instrument types:
- (a) if, as operator of the Tradition España OTF, in its discretion and acting reasonably, considers such action necessary to maintain the integrity of the Tradition España OTF or the fair and orderly trading on the Tradition España OTF (including without limitation where there is a significant price movement in a given Financial Instrument on the Tradition España OTF or a related trading venue during a short period);
  - (b) if directed to do so by the CNMV; or
  - (c) due to a technical interruption.
- 404.3 Tradition shall, as soon as practicable, revoke the suspension of trading in whole or in respect of one or more Financial Instrument types if, in its opinion acting reasonably, the reason for such suspension has ceased to exist.
- 404.4 If trading in specific Financial Instrument types is suspended in whole or in part, no new orders or prices may be entered in respect of such Financial Instrument type for the duration of the suspension and all orders which are not matched prior to the time of suspension shall be cancelled.
- 404.5 Tradition shall:
- (a) not exercise any power under these Rules to suspend or remove from trading any Financial Instrument which no longer complies with these Rules, where such a step would be likely to cause significant damage to the interest of investors or the orderly functioning of the Tradition España OTF; and

- (b) where it does suspend or remove from trading a Financial Instrument, also suspend or remove derivatives that relate or are referenced to that Financial Instrument, where necessary to support the objectives of the suspension or removal of the underlying Financial Instrument, and in such circumstances make public such decision in accordance with these Rules,

unless Tradition is so directed by the CNMV.

#### **405 Market Surveillance**

- 405.1 Tradition shall maintain in place systems to monitor compliance with the Rules, disorderly trading conditions and conduct that may involve Market Abuse. Tradition shall enforce compliance with these Rules and may take all measures necessary, in accordance with and subject to the provisions of these Rules, to ensure orderly trading and the smooth operation of the System.
- 405.2 In order to ensure an orderly system functionality, the commencement of trading may, at the order of Tradition, be postponed for the entire System or trading hours may be extended or shortened, provided that Tradition shall be under an obligation to restore normal trading and normal trading hours as soon as reasonably practicable.
- 405.3 In the event of technical problems that may lead to violation of laws or regulation, error trades or breaches of security, or may materially impact the performance or impact the integrity or stability of the System, Tradition may, for an individual Participant or all Participants, temporarily suspend access to or trading through the System, to the extent required as a result of such technical problems.
- 405.4 In the event of measures being taken which materially affect the operation of the System, the Participants affected thereby shall, to the extent possible, be promptly notified via the System or - in the case of a System failure - by other suitable electronic means (including, without limitation, by way of Venue Notification).
- 405.5 If participation in trading through the System is not possible for individual Participants due to technical disruptions, the System shall continue to be available to other Participants, but Tradition shall be obliged to rectify such technical disruptions as soon as reasonably practicable.

#### **406 Restriction on Certain Trading**

- 406.1 Participants acknowledge and agree that, in relation to a certain Financial Instrument and as specified within point M of the Financial Instrument OTF Circular, it may face as its counterparty a Tradition Group Entity, acting in a Matched Principal Trading capacity. In participating in the trading of such Financial Instrument, therefore, such Participants consent to the Tradition Group Entity acting in such capacity.
- 406.2 Save as described in Rule 406.1 and for the avoidance of doubt, in accordance with the requirements of MiFID 2, any Tradition Group entity shall not engage in:
  - (a) Matched Principal Trading on the Tradition España OTF except in bonds, and where the applicable Participant has consented; or
  - (b) Dealing On Own Account on the Tradition España OTF, excluding Matched Principal Trading.



#### **407 Algorithmic Trading**

- 407.1 Participants engaging in Algorithmic Trading on the Tradition España OTF shall flag orders generated by such algorithmic trading in order for Tradition to be able to identify the following:
- (a) different algorithms used for the creation of orders; and
  - (b) the Participant initiating those orders.

#### **408 Commodity Position Management and Reporting**

- 408.1 Tradition, as operator of the Tradition España OTF, shall have the power to:
- (a) monitor the open interests of Participants in respect of Commodity Derivatives (this includes analysing data held by the Tradition España OTF and, as necessary, requiring Participants to provide additional relevant information that may not be directly available to Tradition).
  - (b) require Participants to provide access to information, including all relevant documentation, about the size and purpose of a position or exposure entered into, information about beneficial or underlying owners, any concert arrangements, and any related assets or liabilities in the underlying market.
  - (c) require a Participant to terminate or reduce a position, on a temporary or permanent basis as the specific case may require and to unilaterally take appropriate action to ensure the termination or reduction if the Participant does not comply.
  - (d) where appropriate, require a Participant to provide liquidity back into the market at an agreed price and volume on a temporary basis with the express intent of mitigating the effects of a large or dominant position.
  - (e) restrict or halt access to the Tradition España OTF if the Participant does not comply with any obligations in relation to this Rule 408.1.

#### **409 Voiding of Transactions Not Accepted for Clearing**

- 409.1 Where a Transaction in respect of a Cleared Derivative that is concluded on the Tradition España OTF electronically is not accepted by the applicable Clearing House, Tradition, as operator of the Tradition España OTF shall void such Transaction.
- 409.2 Where a Transaction in respect of a Cleared Derivative, other than a Transaction to which Rule 409.1 applies, is not accepted by the applicable Clearing House, the treatment of the Transaction shall be governed by:
- (a) these Rules, where the Transaction is submitted for clearing in accordance with these Rules; and
  - (b) the agreement between the applicable Participants in all other situations.
- 409.3 Where the non-acceptance is due to a technical or clerical problem, the Transaction can be submitted for clearing once more within one hour from the previous submission in the form of a new Transaction but with the same economic terms, provided that both applicable Participants have agreed to the second submission. Participants acknowledge that Tradition, as operator of the Tradition España OTF, shall not be subject to the requirements of Article 8 of MiFIR for the submission to clearing of the second Transaction.

## **410 Clearing and Settlement**

- 410.1 The Financial Instruments made available for trading on the Tradition España OTF include both those subject to the clearing obligation under EMIR and those that are not. Precise details of the clearing or settlement requirements for any given Financial Instrument shall be outlined in the applicable Circular, as required.
- 410.2 Participants shall be responsible for ensuring that they have the technological and operational arrangements and infrastructure in place to ensure the efficient and timely clearing or settlement of Transactions and shall be responsible for the clearing or settlement of such Transactions.
- 410.3 When requested, Participants shall provide Tradition with information about the clearing or settlement performance of Transactions effected through the Tradition España OTF. Depending upon the nature of the Financial Instrument, this may include information on:
- (a) the proportion of the Participant's Transactions on the Tradition España OTF that are subject of failed or delayed settlement;
  - (b) the number of Transaction rejected for clearing by a Clearing House; and
  - (c) the breakdown of counterparties with which any failed or delayed clearing or settlement has occurred.
- 410.4 Participants shall inform Tradition of any major issue affecting clearing or settlement of Transactions effected through the Tradition España OTF (including without limitation: (i) failure of clearing or settlement systems either at the Participant or third parties; and (ii) action taken by settlement or clearing agents to restrict or limit the clearing or settlement of Transactions by the Participant.
- 410.5 When requested by Tradition, Participants shall confirm and provide evidence to demonstrate that a Transaction or range of Transactions has cleared or settled, including as appropriate the date and time of clearing or settlement of the Transaction.
- 410.6 Clearing:

Where a Participant wishes to undertake a transaction in relation to a Cleared Product on the Tradition España OTF, the Participant must procure, where necessary, pre-conclusion screening on an instruction-by-instruction basis against the limits set and maintained by the relevant Authorised Clearing Member in accordance with the appropriate time limits. Where an instruction relating to a Cleared Product Transaction fails the pre-conclusion screening undertaken by a Participant, the Transaction will not be able to proceed.

Without prejudice to the generality of the above:

- (a) In respect of Transactions in cleared Financial Instruments, the Tradition España OTF operates on the basis that such Transactions shall be effected only between Authorised Clearing Members. If a Participant is not itself not an Authorised Clearing Member, it may only effect Transactions through an Authorised Clearing Member that performs the clearing of its Transactions via the System (and for such purposes an "Authorised Clearing Member" shall mean a Participant who is a clearing member of the Clearing House, or has in place a commercial relationship with such a clearing member in order to obtain access to the Clearing House). If a Cleared Product Transaction is concluded by a Participant, which is not itself an Authorised Clearing Member, a Transaction will

be effected between the Participant and an Authorised Clearing Member and a corresponding Transaction is simultaneously effected between such Authorised Clearing Member and the Clearing House. The Tradition España OTF system functions enable the Participants to negotiate the contract components of the relevant Financial Instrument Transaction and

- (b) In respect of all other Financial Instruments, the clearing of such Financial Instruments traded on the Tradition España OTF shall be for the determination of the Participant and shall not be the responsibility of Tradition, provided that the System functions enable the Participants to negotiate the contract components of the relevant Financial Instrument Transaction and, notwithstanding the foregoing, Participants may jointly instruct a clearing connectivity provider, to route a Transaction to direct bilateral settlement between such Participants, and not for clearing via a Clearing House.

#### 410.7 Settlement:

Further, in relation to Transactions in Financial Instruments which are identified, in a relevant Circular, such as bonds, Participants shall take all necessary steps to ensure that such Transactions are duly settled and shall inform (if applicable) Tradition España OTF of any issues (settlement incidents) encountered by the Participant in relation to such settlement.

## **PART 5 - POWERS OF TRADITION AND THE APPEALS PANEL**

### **501 Tradition - Disciplinary Action**

501.1 Tradition may:

- (a) take disciplinary action against a Participant in respect of any act or omission that amounts to a material breach of these Rules in accordance with the procedures made under Rule 503 below; and
- (b) suspend or restrict a Participant's (or some or all of the Participant's Authorised Representatives') activities on the Tradition España OTF on an interim basis when a matter is under investigation, provided that such suspension or restriction shall only be put in place where there is a reasonable suspicion that the Participant has committed a material breach of these Rules.

### **502 Tradition - Sanctions**

502.1 Tradition may, in its absolute discretion, impose sanctions on a Participant (or some or all of the Participant's Authorised Representatives, as it may consider appropriate) for a material breach of the Rules constituting either or both of the following:

- (a) temporary suspension; and
- (b) termination of participation.

### **503 Tradition - Procedures**

503.1 To achieve its overall aim to ensure the fair and orderly trading of Financial Instruments on the Tradition España OTF, Tradition will operate procedures designed to identify breaches of, and ensure Participant compliance with, the Rules, including without limitation scrutiny of trading data and reports.

503.2 In the event of any alleged breach or suspected breach by a Participant of these Rules, Tradition shall notify the Participant of the commencement of an investigation along with reasonably sufficient information to allow the Participant to assess the alleged breach, save where such notification is precluded by applicable law or regulation. Where sufficient information exists regarding the cause of the alleged breach or suspected breach, such notification may include a request to the Participant to take such remedial action so as to ensure the alleged breach or suspected breach does not recur.

503.3 Tradition will investigate the facts of each case, seeking to understand why the alleged Rule breach occurred and will assess whether any remedial action the Participant has taken (pursuant to Rule 503.2) is adequate to prevent similar future occurrence.

503.4 In each case, Tradition shall determine whether to impose any of the sanctions in Rule 502 in relation to a breach of the Rules. In coming to such a determination, Tradition shall take into account a number of factors, including without limitation:

- (a) the nature and seriousness of the Rule breach and the duration and frequency of misconduct;
- (b) how the Rule breach came to light (e.g. whether flagged by the Participant under investigation);

- (c) the actual or potential market impact of the Rule breach, and any other repercussions;
- (d) the extent to which the Rule breach was deliberate or reckless;
- (e) the compliance history of the Participant under investigation, and specific history regarding the Rule breach in question and whether any warning notices have previously been issued to the Participant in relation to the Rule;
- (f) consistent and fair application of the Rules (any precedents of similar Rule breaches); and
- (g) the responsiveness and conduct of the Participant in relation to the matter under investigation.

503.5 Upon conclusion of its investigation, Tradition will decide what action is necessary in each instance and shall communicate such decision promptly to the Participant (including if any action is to be taken). In addition (or in the alternative) to the sanctions described in Rule 502, Tradition may, as an initial step, request that the Participant concerned (where this has not already been done pursuant to Rule 503.2) takes remedial action so as to ensure the breach does not recur. Alternatively, Tradition may decide to issue a warning notice to the Participant concerned. Tradition shall ensure that any sanction imposed upon a Participant is proportionate to the Rule breach in question and, where the sanction is a temporary suspension, such suspension shall cease when the Participant has carried out remedial action to Tradition's reasonable satisfaction. For the avoidance of doubt and subject to any other relevant provision of these Rules (including without limitation Part 6), any investigation, action or sanction shall remain confidential.

503.6 During its investigation, Tradition shall permit the Participant reasonable opportunity to submit petitions and/or information in relation to the alleged breach and Tradition shall take such submissions into account in reaching a conclusion as to any necessary action.

503.7 A Participant shall cooperate with Tradition in the investigation of potential breaches by providing reasonable assistance to Tradition including the provision of information reasonably requested by Tradition, subject to regulatory and confidentiality restrictions.

503.8 For the avoidance of doubt, a Participant shall be under no obligation to comply with a request to take remedial action made pursuant to Rule 503.2 or Rule 503.5.

503.9 A Participant may appeal a decision of Tradition related to disciplinary action within ten (10) Trading Days of receiving notice of the decision, specifying the grounds upon which the Participant is appealing and the reasons why it believes its participation should not be suspended/terminated. Appeals will be heard and decided by the Appeals Panel.

#### **504 Appeals Panel – Procedures**

504.1 Following a referral to the Appeals Panel pursuant to Rule 503.9, the Appeals Panel shall convene and make a determination, by majority vote, on the matter within twenty (20) Trading Days of receipt of notice of appeal from the Participant. Such determination shall be to uphold, quash or amend the original decision that is the subject of the appeal.

504.2 A Participant shall cooperate with the Appeals Panel in the determination of the appeal by providing reasonable assistance to the Appeals Panel including the provision of information reasonably requested by the Appeals Panel, subject to regulatory and confidentiality restrictions.

504.3 The Appeals Panel's determination shall be final and binding upon the relevant Participant and Tradition.

**505 Applicability to Participant's Authorised Representatives**

505.1 Where Tradition identifies activities to which this Part 5 applies, it may, at its election, impose the sanctions set out in Rule 502.

## **PART 6 - COOPERATION WITH REGULATORY AUTHORITIES**

### **601 Cooperation with Regulatory Authorities**

- 601.1 Tradition, which is the operator of the Tradition España OTF, is authorised and regulated by the CNMV in Spain. Tradition will report to the CNMV any significant breaches of the Rules, disorderly trading conditions and conduct that may involve Market Abuse, in each case only as are required to be reported to the CNMV under applicable law or regulation.
- 601.2 In addition to its obligations to the CNMV, Tradition will assist in any investigation conducted in relation to trading on the Tradition España OTF, whether by the CNMV or another competent or regulatory authority.

## PART 7 OTHER PROVISIONS

### 701 Fees and Costs

- 701.1 There will not be any charges levied against Participants for accessing the Tradition España OTF.

### 702 Obligation to Cooperate

- 702.1 Participants shall provide all reasonable assistance to Tradition (including without limitation providing information or access to systems, personnel and premises) as may be required to enable Tradition to carry out its obligations under these Rules or under applicable law or regulation.

### 703 Notice

- 703.1 Except as otherwise specified in these Rules (including, without limitation, a Venue Notification), any notice or other communication in connection with these Rules (each, a **"Notice"**) shall be:

- (a) in writing in English; and
- (b) delivered by hand, fax, email, registered post or by courier using an internationally recognised courier company.

- 703.2 The address and facsimile number (and the department or officer, if any, for whose attention the communication is to be made) of Tradition for any Notice is:

Address: Paseo de la Castellana, 31, Ed La Pirámide, 6ta Planta, Madrid 28046.

For the attention of Tradition España OTF General Manager

Fax: [tbc]. For the attention of Tradition España OTF General Manager

Email: [tbc] For the attention of Tradition España OTF General Manager

- 703.3 The address and facsimile number (and the department or officer, if any, for whose attention the communication is to be made) of a Participant is the address and facsimile number so notified by the applicant in their application pack, as may be amended by notification to Tradition by not less than five (5) Business Days' notice.

- 703.4 A Notice shall be effective upon receipt and shall be deemed to have been received:

- (a) at the time of delivery, if delivered by hand, registered post or courier; or
- (b) at the time of transmission in legible form, if delivered by fax.

- 703.5 Where any Notice is be sent by email in accordance with these Rules, that Notice shall be effective upon receipt and shall be deemed to have been received when the email has been delivered to, and received by, the email servers of the recipient.