



OTF Rulebook

Rulebook

HPC SA (OTCex Group)

3/12/2019

These rules were the subject of an AMF decision dated 06/02/2018 of the initial approval of the rules and an AMF decision dated 05/12/2019 approving the amendments to the rules

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1.0	6 February 2018	HPC SA	OTF approval
1.1	5 March 2019	HPC SA	Extension of the OTF scope
1.2	3 December 2019	HPC SA	Extension to the Swap operations executed by a US Person

Summary of the main developments

Modifications on 5 March 2019

- Addition to the voice segment:
 - a. FX derivatives
- Extension of the scope of instruments in the Hybrid / Electronic segment by adding the following classes of financial instruments:
 - a. Bonds
 - b. Interest rate derivatives
 - c. FX derivatives
 - d. Inflation derivatives
- Introduction of continuous auction mode in the Hybrid / Electronic segment
- Extension of waivers in the OTF voice (HPCV) and OTF Hybrid / Electronic (HPCO) segments:
 - a. Illiquidity
 - b. LIS Package
 - c. SSTI
- Change in the way in which pre- and post-trade transparency obligations are met

Modifications on 3 December 2019

- Extension of the OTF eligibility to US entities, the applicant must be an Eligible Contract Participant (ECP) as defined in Section 1a (18) of the Exchange Act (US Code, Title 7, Chapter 1).
- Creation of a 'Clearing' section that is distinct from a 'Settlement' section and precision on clearing rules applicable to 'US Person' within the meaning of the US Commodity Exchange Act ("CEA").

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CHAPTER 1 - GENERAL PROVISIONS

1.1. Definitions and interpretation

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

ACPR	means "Autorité de Contrôle Prudentiel et de Résolution", a French supervisory body, about which the objectives are set out, inter alia, in Article L. 612-1 of the Monetary and Financial Code
AMF	means "Autorité des marchés financiers", a French supervisory body that guarantees, among other things, the protection of savings, investor information and the proper functioning of financial markets and investment services in France
AMF Rules	means the AMF Guide, rules and guidelines, in particular the "General Regulations of the Autorité des marchés financiers" and any other similar elements in force from time to time
Board of directors	means the Board of Directors of HPC SA
Client	means a person who has been admitted as a client of the HPC SA OTF, pursuant to the rules set out in Chapter 2
Eligibility criteria	means the criteria, currently established by HPC SA, that determine the conditions to be met to become a Client and participate in the Platform (conf. "Eligible")
Electronic trading	means the service, relating to an Order, submitted electronically by OTF Clients on the HPC SA OTF Platform
Financial products	means the instruments, assets and contracts traded on the Platform and as further described in the Product Instructions, available on HPC's website (even those that are not deemed to be Financial Instruments, under MIFID II, such as wholesale energy contracts, traded on the Platform)
OTF Operator	Member of the Staff of HPC SA, who is a broker and acts on behalf of its clients in the OTF
HPC SA	means HPC SA
Hybrid brokerage service	means the service, relating to an Order, submitted by the OTF Operator in the HPC eTrading / HPC Energy Trading Electronic System on behalf of Clients
Insolvency situation	means, in relation to any Client: <ul style="list-style-type: none"> (a) that a judgement is rendered by a court of competent jurisdiction or a decision is adopted, for the liquidation, bankruptcy or administration of such Client or a notice of appointment of a trustee in bankruptcy or administrator of such Client is filed with the court of competent jurisdiction; (b) the appointment of a director, trustee in bankruptcy, receiver, administrator or other similar agent of such Client or in respect of any part or property thereof; (c) such Client organises a meeting of its claims generally or enters into or proposes any agreement or arrangement with or assignment for the benefit of its creditors generally (other than in connection with a reorganisation or restructuring, previously approved in writing by HPC SA); (d) such Client is unable to pay its debts when due or acknowledges in writing its inability to pay its debts when due or is insolvent; (e) an application is made for the liquidation of the Client, provided that an Insolvency Situation has not arisen as a result of the filing of a liquidation application which is cancelled, suspended or rejected within thirty (30) days from the commencement;



	(f) any recourse against any Client in any jurisdiction, which is analogous to any of the acts referred to in subparagraphs (a), (b), (c), (d) or (e) above
MiFIR	means the regulation No 600/2014 of the European Parliament and of the Council of 15 May 2014
MIFID II / MIF II	means the Markets in Financial Instruments Directive No 2014/65/UE (MIFID II) (effective from January 3rd, 2018)
OTF	Organised trading system, following the definition pursuant to MIFID II or OTF means a Multilateral System, which is not a regulated market or MTF [Multilateral Trading Facility] and in which multiple third parties, who buy and sell interests in Bonds, Structured Financial Products, Emission Allowances or Derivatives, are able to interact in the System in a manner that generates a contract, in accordance with Title II of the Directive
Platform	means the OTF, operated by HPC SA, using its System(s) and driven by different trading processes and protocols (open outcry, hybrid or electronic trading mode)
The Rules	constitutes the "Rules of Use of the HPC SA OTF" for the purposes of the provision of services by HPC SA OTF and means this Rulebook, as it may be amended, modified, extended, supplemented or replaced from time to time
System	means 1) HPC Energy Trading, the Trading System, operated by HPC SA for the purposes of the Platform, for Commodity Derivatives, which can be used using either the electronic or hybrid protocol (MIC: HPCS); 2) HPC eTrading, the Trading System, operated by HPC SA for the purposes of the Platform, used for electronic or hybrid protocols trading through continuous or periodic auction (MIC: HPCO); 3) the Voice Trading System (for all other instruments, tradable on the OTF; MIC: HPCV); in which the provisions required to operate an OTF are in place
Voice Trading System	A trading system in which transactions between members are organised through open outcry trading.
Trading system with a continuous auction order book	A system that, by means of an order book and a trading algorithm operating without human intervention, continuously matches sell orders and buy orders on the basis of the best available price.
Periodic auction trading system	A system that matches orders based on periodic auctions and a trading algorithm that operates without human intervention.
Trading day	means a day, during which the Platform is open for business, other than a day that is a public holiday in the jurisdiction concerned

1.1.2. References to laws, regulations, rules or regulations of a Regulatory Body or its provisions shall be construed as references to any of the foregoing, to the extent that they may be amended, extended, modified or replaced from time to time.

1.1.3. References to times will mean Paris times (Winters: UTC + 1; Summer: UTC + 2), unless otherwise specified.

1.1.4. References to the days are to trading days, unless otherwise indicated.

1.1.5. To the extent that there is any conflict between these Rules and any other OTF-related documentation exploited by HPC, the former shall prevail.

1.1.6. Subject to compliance with the Rules, HPC SA may, in its capacity as Operator of the OTF, trade through its own account (Matched Principal Trading), without being authorised to execute Client Orders on the OTF, in relation to its own capital.



- 1.1.7. None of the Affiliates of HPC SA is authorised to execute Orders from Clients on the OTF in relation to its own capital.

1.2. Application of the Rules

- 1.2.1. These Rules set out the general conditions, which will apply to participation in and trading on the OTF Platform, for all Clients, in order to ensure the proper functioning of the System(s) concerned, operated by HPC SA.
- 1.2.2. These Rules and any amendments to these Rules are subject to approval by the AMF.
- 1.2.3. The Platform allows Clients to participate in the trading of Financial Products through the System and in accordance with the definitions set out in Chapter 1.1. of this Rulebook.
- 1.2.4. Any Person authorised by HPC SA through the Application Procedure (Part 2.1. of this Rulebook), expressly acknowledges that he has read and understood the Rules and agrees to be bound by and comply with the Rules, with respect to any Order and Expression of Interest, submitted to the OTF, as well as any resulting transaction executed on or through the OTF.

1.3. Amendments

- 1.3.1. Subject to the other provisions of this Rule 1.3, HPC SA has the right to amend, extend, modify or supplement the Rules from time to time, to the extent necessary or desirable, in accordance with the conditions prevailing on the Market. Any amendment to these Rules must be approved by the AMF before it enters into force.
- 1.3.2. Clients will be informed of any changes at least twenty (20) Trading Days prior to the effective date of such changes, other than those to be made without delay by law or regulation or unless a short-term action by HPC SA becomes necessary due to specific Market conditions.
- 1.3.3. If any amendment to the Rules adversely affects the rights or obligations of any Client, such Client may waive its participation within five (5) Trading Days of being notified of such amendment and cease to be a Client by notifying HPC SA in writing.
- 1.3.4. Any amendments, extensions, modifications or additions to the Rules shall be notified to Clients by means of a circular, which shall set out HPC SA's press release, sent to Clients by email (to the email address notified by the Client to HPC SA from time to time) and displayed on HPC SA's website.

1.4. The Platform

- 1.4.1. The Platform, as it is called, allows HPC Clients authorised to trade, to transmit Orders on Financial Products, using the OTF System(s), in the manner stipulated in the Rules and through different execution protocols: hybrid, electronic and voice trading.
- 1.4.2. Voice Trading System: voice trading (or IB Chat) through OTF operators and multilateral search for a counterparty among HPC OTF Clients. In the context of trading under the voice protocol, the order book is not accessible to OTF customers.
- 1.4.3. Hybrid trading protocol: the Order taking and its evolution process is partly carried out by voice (or by IB Chat). The OTF Operator may take charge of performing the various input and modification of input on behalf of their Clients. Transactions are executed in the platform through the electronic match of buying and selling interest that have been entered by the OTF Operator on behalf of the client or by the client itself.



- 1.4.4. Electronic trading protocol: all trading is done electronically, and, orders are automatically integrated from the time the Client enters and modifies the order directly, until the transaction is completed, through the electronic matching of buyer and seller interests.

- 1.4.5. The parties to Financial Product trades will remain anonymous to other clients on the System prior to the matching of the orders. However, immediately after the execution of a Name give-up Transaction, the Clients, who are parties to said trade, will be, each other, notified by means of electronic confirmations, issued from the OTF System, to the attention of the Client's Systems concerned.



CHAPTER 2 - PARTICIPATION IN THE PLATFORM

2.1. OTF admission application procedure

- 2.1.1. Admission request to the Platform will be made by submitting an application form to HPC SA.
- 2.1.2. The application for admission to the Platform shall be accompanied by all the supporting information, as stipulated in the application form, failing to which the application shall be returned to the applicant company and shall not be processed until it has been fully completed.
- 2.1.3. All applications will be validated by HPC SA and complete applications will be validated, under normal circumstances, within 10 Trading Days of receipt.
- 2.1.4. HPC SA will notify each successful candidate of the date on which its participation in the OTF will become effective.
- 2.1.5. A candidate may appeal a decision taken by HPC SA by sending a written notice of appeal to the Executive Committee, domiciled at HPC SA, 22 rue des Capucines, 75002 Paris, FRANCE.
- 2.1.6. The notice of appeal should clearly specify the grounds on which the candidate is appealing and the reasons why he believes he should be admitted as a client. Upon receipt of such notice, the Executive Committee will consider the reasons for the appeal, as set out in the notice of appeal, as well as the comments submitted by HPC SA's services to the Executive Committee. The Executive Committee shall decide on the matter within 30 days of receipt of the notice of appeal and its decision shall be final.

2.2. Eligibility

- 2.2.1. An application for admission as a client of the Platform will only be considered if the candidate meets the following requirements:
 - (a) the candidate:
 - (i) is a regulated investment company or provider of investment services or a credit institution (as defined under MiFID II),
 - (ii) or it is authorised to operate and is supervised by a financial market regulatory authority in its country of domicile and, under the applicable laws of that country, is granted a status equivalent to that of a bank (authorised to carry out deposit-taking activities) or an investment services provider,
 - (iii) or has the appropriate qualification and experience and meets the classification criteria as an Eligible Counterparty or Professional Client at all times,
 - (iv) In addition, for US entities, the applicant must be an Eligible Contract Participant (ECP) as defined in Section 1a (18) of the Exchange Act (US Code, Title 7, Chapter 1).
 - (b) the candidate has sufficient technical and organisational resources to ensure the successful completion of Transactions on Financial Products and meets the technical requirements for connection to the System. HPC SA must be satisfied



that the candidate has or will have sufficiently satisfied the compliance tests before carrying out activities on the Platform;

- (c) the applicant must not be the subject of an Insolvency Event, as defined in Chapter 1.1. of this Rulebook;
 - (d) the candidate has accepted the General Trading Conditions and has confirmed said General Conditions with HPC SA,
- 2.2.2. HPC SA may give a favourable response to an application, refuse an application or accept an application on a conditional basis according to any conditions it considers appropriate. However, candidates who meet the same criteria will be subject to the same conditions.
- 2.2.3. The OTF may not interact with a Systematic Internaliser (SI) in a way that has the effect of validating Orders from the Systematic Internaliser in the OTF and placing Orders or proposing prices from the OTF in a Systematic Internaliser. The OTF will not be able to interact with another OTF.
- 2.2.4. HPC may have Clients that execute counterparty transactions on its OTF. In this case, HPC has no capital or close relationship with said Clients.

2.3. Clients' Obligations

- 2.3.1. Each Client is required to comply with the OTF Rules.
- 2.3.2. Each Client shall be responsible for all Orders and actions undertaken on its behalf by its officers, employees and agents.
- 2.3.3. A Client is required at all times to have adequate Systems and controls in place to minimise the risk of error in relation to trading activities submitted to the OTF, in particular electronic trading, and to ensure that its conduct on the OTF complies with these Rules.
- 2.3.4. All Clients must ensure that their Staff have adequate training to use the Platform and trade through the various protocols and that they are properly supervised when using the HPC SA OTF.
- 2.3.5. Clients must not, in the course of their business through the OTF:
- (a) commit any act or adopt any behaviour of any kind that creates or is likely to create a false or misleading impression with respect to the purchase and sale or price of any Financial Product or;
 - (b) commit any act or adopt any behaviour likely to undermine the integrity or stability of the System or;
 - (c) constitute a market abuse.
- 2.3.6. The OTF Client shall inform HPC SA without delay:
- (a) if it or any of its employees assigned to trading operations are unable to comply with the Rules;
 - (b) when an insolvency situation arises in connection with its participation in the OTF;



- (c) if it commits a material breach of these Rules, as soon as it becomes aware, or,
 - (d) when it ceases to comply with any or all of the Criteria of Eligibility.
- 2.3.7. Clients are required to keep records or supporting documents of all Orders and trades processed through the OTF for a minimum period of 5 years.
- 2.3.8. Clients are required to ensure that, within the framework of their trading activities, the relevant digital flows are recorded and that the related files are kept for at least 5 years.
- 2.3.9. Clients must meet the Eligibility Criteria at all times while they are OTF Clients.
- 2.3.10. The specific obligations of Clients in relation to the various Financial Products traded in the OTF will be set out in the Product Instructions. These Instructions will be made available to Clients on the HPC SA website and sent to OTF Clients.
- 2.3.11. Clients shall be bound by the Rules, the Product Instructions and any decision of HPC SA taken pursuant to these Rules.

2.4. Access to the System

- 2.4.1. MiFID II is technologically neutral. Thus, OTF systems by definition include the management of Client Orders through the voice trading protocol and other trading as follows:

Branch	MIC	Products (1)	Trading protocol	Trading system
Branch 1	HPCS	Commodity-related derivatives	Hybrid / Electronic	HPC Energy Trading
Branch 2	HPCO	Bonds	Hybrid / Electronic	HPC eTrading
		Interest rate and currency derivatives		
		Inflation linked derivatives		
Branch 3	HPCV	Bonds	Voice	HPC Voice OTF
		Interest rate derivatives (except options on swaps)		
		Currency derivatives		
		Equity Derivatives		

(1) For details on the products traded on the OTF, see Chapter 3.1 Eligible financial products.

- 2.4.2. An OTF Client may designate one or more Responsible Persons, in accordance with the procedures for accessing HPC SA Systems and the eligibility criteria, as may be stipulated by HPC SA for this purpose.
- 2.4.3. A responsible person(s) in the Client's premises, if any, shall be responsible for all communications between the Client and HPC SA and all notices or other communications of any kind sent to such responsible person(s) by HPC SA shall be binding on such Participant.
- 2.4.4. Clients will be granted access to the System by HPC SA, in order to initiate Transactions on Financial Products available on the OTF (via a personal connection or an abbreviated number allowing trading on Voice and IB Chat).
- 2.4.5. Each Client is required to request the issuance of a personal connection (user code or short code) for each of its employees who will conduct trading through the System and



for each of the other employees who will need to access the System for other reasons (e. g. system management, responsibilities relating to post-trade services), in particular with respect to electronic trading.

- 2.4.6. Clients are required to promptly notify HPC SA of any changes in its Staff who have been assigned a personal access code by HPC SA, so that access rights can be terminated, or new access rights granted, if necessary.
- 2.4.7. The Client will be asked by OTF operators to personally connect or access the System before each Order placed on the OTF, even with regard to Voice or Hybrid Systems.
- 2.4.8. Clients of the OTF are not authorised to provide their Clients with Direct Electronic Access (DEA) to the OTF.
- 2.4.9. No Client shall allow unauthorised third parties to use the System for any purpose whatsoever. The personal access code, assigned to an employee of the Client, is specific to that Client and may not be used by other persons or Clients. Clients must have Systems and procedures in place and designed to ensure that logins are only used by the employees for whom they have been issued.
- 2.4.10. Clients must time-stamp Orders from the moment they place them on the OTF. If a Client receives Orders from a third party, it must time-stamp the Orders as soon as they are received.

2.5. Waiver, suspension and termination of the participant

- 2.5.1. A Client may -terminate its participation and cease to be a Client of the OTF by sending written notice of 10 Trading Days to HPC SA. HPC SA may, in addition, at its sole discretion, waive all or part of the notice period.
- 2.5.2. The status of OTF Client may be suspended or terminated in accordance with Chapter 5 of these Rules. In addition, HPC SA may immediately suspend a Client's or person's access to the System or any part of the System or any Financial Product traded on the System or refuse to accept an Order on the System or refuse to assign a personal access code to a person if HPC SA considers, in its reasonable judgement, that such action is necessary to preserve the security or integrity of the System, to prevent the violation of laws or regulations or to protect other users of the System from fraud. HPC SA shall give reasonable notice, as far as possible and to the extent permitted by applicable law, to users concerned by any such action and of the actual time and date of such action. A Client may appeal a decision to suspend a Client or a person under these Rules, in accordance with the provisions set out in Chapter 5, and any such appeal shall be heard accordingly (and for the avoidance of doubt, the suspension shall remain in place while any appeal is being considered).
- 2.5.3. The renunciation, suspension or termination of a Client's participation shall be without prejudice to the Client's obligations, which shall survive such renunciation or termination of the status as OTF Client and shall continue beyond any suspension.
- 2.5.4. In the event of a renunciation, suspension or termination of a Client's participation, the Client shall ensure that prior to the effective time and date of the renunciation, suspension or termination (as the case may be), all unmatched Orders and/or prices, from which the conclusion of Transactions in Financial Products may result, have been cancelled. In the event that the Client fails to promptly carry out such cancellations, HPC SA will cancel the unmatched Orders and/or prices and, following the renunciation, suspension or termination, the Client will continue to be required to carry out the Transactions in Financial Products that it has concluded before the renunciation, suspension or termination (as the case may be).



- 2.5.5. At the time and date, at which the renunciation, suspension or termination of a Client's participation becomes effective, HPC SA shall be entitled to take all necessary measures to prevent the Client concerned from initiating new Transactions on Financial Products on the OTF.
- 2.5.6. When deciding to suspend or terminate a Client's participation in the OTF, HPC SA will apply objective criteria. The same criteria will be applied to Clients who meet the same conditions.
- 2.5.7. HPC SA will suspend or terminate a Client's access to negotiations on the OTF due to circumstances presented by the Client and specific to the Client (the Client no longer meets the eligibility criteria for trading on the OTF), as well as if the Client does not meet the obligations inherent to Clients.

2.6. Fees, levies and remuneration

- 2.6.1. HPC SA has sole authority to set the dates and amounts of any fees, levies or charges to be collected from OTF Clients, which fees, levies or charges will be paid to HPC SA when due, without any right of set-off or deduction.
- 2.6.2. Details of all relevant charges (including any access or installation charges related to the Electronic Brokerage Services, if applicable) will be notified separately to the Client during its process of admission as an OTF Client and will be published on the HPC SA website.



CHAPTER 3 - USING THE OTF SYSTEM

3.1. Eligible financial products

3.1.1. HPC SA will decide which Financial Products will be traded on the Platform as well as the parameters to be entered or indicated for the trading of said Financial Products. The following Financial Products are offered for trading through the OTF:

Branch	MIC	Asset category	Asset sub-category / Characteristics	Tradability criteria	Trading protocol	Trading system	HPC's trading capacity
Branch 1	HPCS	Commodity-related derivatives	Wholesale Energy Contracts with physical delivery (1)	At the request of clients / Liquidity of the instrument	Hybrid Electronic	HPC Energy Trading	Name give-up
Branch 2	HPCO	Interest rate and currency derivatives	Options on interest rates (swaptions), OIS, IRS, CIRS, FRA, Interest rate and currency derivatives (OIS, IRS, CIRS, FRA CMS Spreads, CMS swaps, FRA CMS, etc.) Inflation Linked Swaps Inflation Linked Options	Trading obligation / At the request of clients / Liquidity of the instrument	Hybrid / Electronic	HPC eTrading	Name give-up
		Bonds	Covered bonds, Corporate bonds, Sovereign Bonds (SSC), Inflation-indexed bonds, Other government bonds, Other Bonds (TCN, High Yield)	At the request of clients / Liquidity of the instrument			Default Matched Principal Trading / Name give-up at the Client's request
Branch 3	HPCV	Interest rate and currency derivatives	Options on interest rates, OIS, IRS, CIRS, FRA, Other Interest rate and currency derivatives (CMS Spreads, CMS swaps, FRA CMS, etc.)	Trading obligation / At the request of clients / Liquidity of the instrument	Voice	HPC Voice OTF	Name give-up
		Equity derivatives (2)	Call vs Call (Exotic), Forwards, EFP Index & Single Stock (Vanilla), Futures and Individual Equity Index (vanilla) Quantum forward transaction (exotic), Equity swaps (vanilla) Index Swap (Vanilla), Index and Single stocks Total Return swaps (Vanilla), Variance swaps, Dividend swaps on single stock and index (Vanilla), Synthetic OTC on single stock and index (Vanilla), OTC Options on index and single stock (Vanilla), Call baskets Exotic and Vanilla Options, Dividend Index Options	At the request of clients / Liquidity of the instrument			Name give-up
		Bonds	Covered bonds, Corporate bonds, Sovereign bonds (SSC), Other government bonds, Other Bonds (TCN, High Yield)	At the request of clients / Liquidity of the instrument			Default Matched Principal Trading / Name give-up at the Client's request

- (1) Wholesale energy products that must be physically settled which fulfils the conditions set out in Article 5 of Delegated Regulation (EU) 2017/565 will be tradeable on HPC OTF but will not be considered as MIFID II Financial Instruments pursuant to Directive 2014/65/EU, Annex C (6). As such, the provisions relating to pre and post trade transparency as well as transaction reporting will not be applicable to these products.
- (2) Equity Derivatives that are traded on an exchange will not be traded on the OTF. When the Equity Derivative traded on the OTF has a cash equity hedge, the hedged will not be traded on the OTF.

3.1.2. HPC SA has the discretion to withdraw or suspend any Financial Products, eligible for the OTF, which no longer comply with the OTF rules, unless such action is likely to significantly harm the interests of investors or the proper functioning of the Market.

3.1.3. This suspension or withdrawal decision and the complete updated list of Financial Products, eligible for OTF, will be published on the HPC website, using the format presented in Table 2 of the Annex to MIFID II ITS 2.



- 3.1.4. Full details of the Financial Products, eligible for OTF, are set out in the Product Instructions.
- 3.1.5. Changes in the characteristics of the Financial Products, available through the System, will be determined by HPC SA and made known to all Clients, in accordance with Chapter 1.3.4.
- 3.1.6. The list of Financial Products, eligible for the OTF, will be published and disclosed regularly through the HPC website. Likewise, the OTF operators may communicate directly, to their clients, especially for hybrid / electronic trading systems any change in the list of eligible Financial Products.

3.2. Suspension and Withdrawal of Financial Products from trading

- 3.2.1. HPC SA may at any time immediately suspend trading, in whole or in respect of one or more types of Financial Products, if it considers such action necessary to maintain the integrity of the OTF or fair compliance with the OTF Trading Rules.
- 3.2.2. HPC SA may, as soon as possible, revoke the suspension of trading in whole or in respect of one or more types of Financial Products if, in its opinion, the reason for such suspension has ceased to exist.
- 3.2.3. The decision to suspend or withdraw a Financial Product from trading on the OTF Platform of HPC SA is taken if the Financial Product no longer complies with the OTF Rules, unless such action is likely to significantly harm the interests of investors or the proper functioning of the OTF. The following criteria will support HPC's decision to suspend or withdraw a Financial Product from trading:
 - a National Competent Authority has issued a decision to suspend or prohibit trading in said Financial Product;
 - the HPC SA settlement agent has informed HPC SA of its decision to cease offering its clearing services for said Financial Product;
 - the level of liquidity of said Financial Instrument;
 - the fact that commodity-linked Derivatives traded on the OTF no longer meet the definition of a wholesale energy product that must be physically settled, as set out in Article 5 of Commission Delegated Regulation (EU) No 2017/565.
- 3.2.4. HPC SA's decision regarding the suspension or withdrawal of trading in a type of Financial Product is generally taken after the close of the day's trading on the OTF and will be made public in a timely and effective manner and communicated to all Clients through the HPC website or to the address, specified in the admission application file or as otherwise notified by a Client to the operator before the beginning of the next Trading Day.
- 3.2.5. If trading in specific types of Financial Products is suspended in whole or in part, no new Orders or prices will be entered in relation to said type of Financial Product for the



duration of the suspension and all Orders, which are not matched before the time of suspension, will be cancelled.

3.3. Features of the OTF Platform

- 3.3.1. In order to perform all the due diligence required by MiFID II (as of January 3, 2018), the OTF Operator will execute Orders in the OTF, to match them in a manner that:
- centralises information for HPC operators, dedicated to the OTF (OTF operators);
 - provides the audit trail;
 - warrants the optimal matching of Orders and strategies;
 - meets the requirements of pre- and post-trade transparency towards all OTF Clients;
 - preserves the integrity of the information during straight through processing (STP) and transmits it to the supplier of the ARM System for the purpose of preparing transaction reporting to the regulator.
- 3.3.2. The OTF can manage simple Orders, alternative instruments, strategies and hedges in a logical manner, in order to make the best use of the available information and to warrant an optimal market. It will thus determine in real time the optimal combination of Orders and strategies.
- 3.3.3. For hybrid and electronic transactions, the OTF may be set to reflect the minimum matching rules that the operator considers useful to optimize the liquidity of the Market.
- 3.3.4. In order to optimise liquidity conditions, the operator may decide to make the OTF Hybrid / Electronic Platform available to Clients on a continuous basis or during one-time sessions, in whole or on a subset of instruments.
- 3.3.5. When the OTF Hybrid / Electronic Platform is made available to Clients, they can place their Orders directly or transmit them to an operator, who will place them in their market (see Chapter 4 - Trading Rules), in particular in the context of transactions under the hybrid protocol.

3.4. Pre- and post-trade transparency obligations

- 3.4.1. HPC SA's OTF is a Platform that mostly handles orders and transactions that are large in scale compared with normal market sizes. HPC's OTF may also offer derivatives which are not subject to the trading obligation specified in Article 28 of the EU Regulation n°600/2014 and other financial instruments for which there is not a liquid market.

HPC SA, as an OTF Operator, in accordance with EU Regulation 600/2014, Article 9, will use pre-trade transparency waivers (subject to regulatory approval). The pre-trade transparency exemptions considered by HPC SA for its OTF are:

- (i) The waiver pertaining to order placed on financial instrument for which there is not a liquid market (Illiquidity waiver);
- (ii) The waiver pertaining orders and transactions that are large in scale compared with normal market size. (Waiver LIS);



- (iii) The waiver pertaining to said 'package order' i.e. made of more than one financial instrument and that are large in scale compared with normal market sizes (Waiver Package LIS);
 - (iv) The waiver pertaining the size specific to the financial instrument referred on Actionable Indication of Interest placed with Voice Trading (Waiver SSTI).
- 3.4.2. HPC SA, in its capacity as OTF Operator, will make public the current bid and offer prices and also the size of trading interest and orders at such prices that have been expressed in its OTF System (pre-trade transparency), with the exception of Actionable Indication of Interest and Orders that have been waived from publication. HPC SA will fulfil its pre-trade transparency obligation in a dedicated section of the OTCex Group website for all Orders except waived Orders.
- 3.4.3. As required by EU Regulation No. 600/2014, Article 10, HPC SA, in its capacity as OTF Operator, will fulfil its post-trade transparency obligation in a dedicated section of the OTCex Group website. Transactions will be published in accordance with the stated deadline: all Operations must be made public as far as possible in real time. HPC SA may defer publication regarding transactions executed on HPC's OTF in the circumstances described in Delegated Regulation (EU) No 2017/583 of July 14, 2016, which supplements Regulation (EU) No 600/2014).

3.5. Transaction reporting

- 3.5.1. Where applicable, the Operator shall ensure that Transaction Reports are issued in accordance with the reporting requirements of the applicable regulatory provisions.
- 3.5.2. Clients remain responsible for meeting their own transaction reporting requirements unless they are not subject to MiFID 2. In this case, the Platform, here the OTF, is responsible for the production of transaction reports to the Competent National Authority on behalf of the Client.
- 3.5.3. HPC SA has chosen and will use an Approved Reporting Mechanism (ARM) to meet its reporting requirements under MiFID 2.
- 3.5.4. Details of the reported Transactions will be sent daily to OTF Clients (at the end of the Trading Day), to enable them to meet their own obligations.



CHAPTER 4 – TRADING RULES

4.1. Discretionary execution of Orders

- 4.1.1. HPC SA will exercise its discretion when deciding to place or withdraw an Order from the OTF.
- 4.1.2. The OTF Operator will exercise its discretion at the level of an Order when, at a given time, the OTF Operator considers that a more favourable result would be obtained by executing outside the OTF, with respect to the best execution policy.
- 4.1.3. The exercise of the operator's discretion with respect to the execution of Orders will be systematically carried out in accordance with HPC SA's best execution policy. If Clients provide HPC SA with specific execution instructions, HPC SA will not be considered to exercise discretion with respect to execution of Orders when it complies with such specific instructions.
- 4.1.4. The OTF Operator will exercise its discretion in this regard, to match or not, Orders present in the System and that can be matched. The detailed rules, under which the two Client Orders are matched, depend on the type of product and are described in the Product Instructions.

4.2. Voice trading protocol

- 4.2.1. The following Products are managed on the OTF with the Voice Trading Protocol:
- Bonds,
 - Interest Rate Derivatives (excl. Options on Swaps),
 - Currency Derivatives
 - Equity Derivatives.
- 4.2.2. Role of the OTF Operator by voice: the OTF Operator may enter, amend or cancel Orders on behalf of the Client.
- 4.2.3. The HPC SA Trading Teams will have the authority to cancel unmatched Orders on behalf of a Client.
- 4.2.4. The OTF Operator can receive:
- simple orders specifying the instrument, direction (buy or sell), size and price;
 - specific orders detailing precise execution indications.
- 4.2.5. Unless waived, Orders received are published in accordance with pre-trade transparency obligations. The OTF Operator will enter each Order on an eligible Financial Instrument on the pre-trading screen of the OTF Platform. This screen is connected to a publishing system for Pre-trade transparency compliance obligations. All Orders received, except those waived, are published in a dedicated section of the OTCex Group website. The publication waiver will be applied in accordance with the conditions set within the Article 3.4.1. of this rulebook and with respect to the conditions presented by the technical standard RTS 2, Annex III.
- 4.2.6. When receiving an initial buying or selling interest, the OTF Operator will reach out to other clients to find a potential match to such initial buying or selling interest.



- 4.2.7. When placing an Order in the System, the OTF Operator ensures that there are always at least two other clients physically able to interact with the Order it places. The OTF Operator will ensure that the largest portion of the Order is executed on a priority basis. It may also carry out partial execution if the counterparties agree. Unless otherwise instructed by the Client, the OTF Operator shall use its discretion to facilitate the matching of Orders. It may withdraw the Order in whole or in part, to execute it outside the OTF (as an OTC Operation or on another Platform).
- 4.2.8. A withdrawal (modification of the Order or cancellation) of an unmatched Order from the OTF is made by the OTF Operator, at the Client's request. The OTF Operator informs the other parties in the system that the Order is cancelled on the Platform. The withdrawal of a matched Order from the OTF is carried out with the agreement of both counterparties.
- 4.2.9. The OTF Operator matches the two buyer and seller interests of Clients according to its execution discretion, all the necessary conditions for doing so being met. To help match the interest, the OTF Operator may propose to a Client to amend its Order, in the view to ensure that opposed Orders are in accordance with their matching point.
- 4.2.10. Matching conditions are reached where trade price, volume and terms have been agreed by two clients holding opposite interest. Orders are then executed on "Name Give-Up basis", the OTF Operator discloses the names of the counterparties only to the counterparties involved in the transaction and the OTF Operator withdraws from the Transaction, which is then legally formalised between the counterparties on the OTF. With regard to said, "Name Give-Up" Transactions, HPC SA is not a party to the Transaction. However, when market practice so requires or at the request of counterparties, in the case of Bonds and Debt Securities, the Transaction may be executed by interposing the operator's own account ("matched principal"). As such, the Operator of the OTF plays a role in the trading with both counterparties.
- 4.2.11. The Transactions are also published by the operator of the OTF in a dedicated section of the OTCex group's website, in accordance with the deferral rules to which the Transaction relates.

4.3. Hybrid trading protocol

- 4.3.1. The following Products are managed on the OTF with the Hybrid Trading Protocol:
- Bonds,
 - Interest rate and currency derivatives,
 - Inflation derivatives,
 - Commodity-related derivatives (Wholesale energy products, which must be physically settled).
- 4.3.2. The Hybrid Brokerage Service uses an Electronic Platform ("the Platform", i.e. HPC eTrading for financial instruments and HPC Energy Trading for commodity derivatives). In such system, Orders are entered on the Platform in the name of the client, either by the OTF Operator on behalf of his Client or directly by the client. As such, the Hybrid Trading Protocol allows the Client to choose the mode of interaction (placing, modifying or cancelling orders) it wishes to have with the Operator (voice or electronic).
- 4.3.3. The OTF Operator cannot be held responsible for delays observed when placing an order transmitted by a Client on the platform, or for its failure. The OTF Operator shall endeavour to respond to the request in a reasonable manner and within an appropriate time frame.
- 4.3.4. Trading within HPC eTrading' Platform, depending on the instruments or client's requirement is done using either continuous or periodic auction mode as defined in Annex 1 of RTS 2. The OTF Operator may propose continuous or periodic auctions. Orders placed for continuous



auction could not interact with orders placed for periodic auction. Prices offered within a periodic auction consider, when launching the periodic auction, the state of the market and specifically the level of prices available within the continuous auction. In that case, prices for the orders available in the continuous auction when launching the periodic auction will always anchor said auction.

- 4.3.5. An Order, directly placed in the platform or communicated by voice by an authorised operator from a client to an OTF Operator for the purpose of placing an electronic buy or sell order (Hybrid Order), will not in itself be a guarantee of execution. It is the sole responsibility of the Client's authorised operator (and ultimately the Client itself) to monitor, directly in the system or through the OTF Operator, its own flow of Electronic Transactions and their execution.
- 4.3.6. The Operator of the OTF is responsible for publishing the transactions that Clients have executed on the Platform, unless otherwise provided for in the regulations.
- 4.3.7. During Trading Days and hours, Clients may either place their Orders directly with the OTF Operator by voice, via recorded telephone lines or electronically via Bloomberg IB Chat, or place their orders themselves directly on the platform.
- 4.3.8. Where HPC SA provides hybrid brokerage services, the following sub-clauses will apply, unless otherwise specified, contained in the Product Instructions:
- (a) An OTF Operator will place, when it is in the interest of the Clients, the Orders received "by voice" from the Clients, in the OTF Order Book. In such a case, the OTF Operator will place such Orders in the OTF as soon as reasonably possible after having received adequate instructions to place them.
 - (b) All Orders and resulting transactions will be governed by these Rules.
- 4.3.9. Only an OTF Operator may act as an agent on behalf of the Clients.
- 4.3.10. An OTF Operator is not able to place Orders on behalf of persons who are not OTF Clients.
- 4.3.11. During Trading Days, as defined above, the OTF Operator may receive:
- simple orders specifying the instrument, direction (buy or sell), size and price;
 - specific orders detailing precise execution indications;
 - or more general Orders, such as an indication of interest that may include several alternative instruments; order defines entirely in terms of risk; an Order conditioned by an event; a specific execution method; special rules of execution, inter alia.
- 4.3.12. Unless they are waived, the Orders received are published in a dedicated section on the OTCex group's website in order to ensure pre-trade transparency; each Order on an Eligible Financial Instrument will appear on the OTF Platform. The publication waiver will be applied in accordance with the conditions set within the Article 3.4.1. of this rulebook and with respect to the conditions presented by the technical standard RTS 2, Annex III.
- 4.3.13. Within the Electronic Platform (HPC eTrading for financial instruments and HPC Energy Trading for commodity derivatives), orders are matched by the algorithm. The OTF operator, at his discretion, can configure this algorithm according to the characteristics of his market (its liquidity, volatility, depth...) and his own experience in order to optimise the liquidity. For the



'Package Orders', the OTF Operator, for example, and in accordance with his client, may choose or not to dismember the strategies into simple orders.

The OTF Operator will exercise its discretion at the level of an Order when, at a given time, the OTF Operator considers that a more favourable result would be obtained by executing outside the OTF, with respect to the best execution policy.

- 4.3.14. A withdrawal (modification of the Order or cancellation) of an unmatched Order from the OTF is made by the OTF Operator, at the Client's request or by the Client himself.
- 4.3.15. The withdrawal of a matched Order from the OTF is carried out with the agreement of the Client's Operator.
- 4.3.16. Trading within HPC eTrading system is done using either continuous or periodic auction mode. The OTF Operator in this case, depending on the instruments he processes, may organise from time to time, on his own initiative or at the request of Clients, a periodic auction trading session, in order to optimise liquidity. There may be multiple periodic auction trading Sessions on any trading day. The continuous and periodic auction procedures are specified in the OTF Product Instructions.
- 4.3.17. Executed Orders are also published in a dedicated section of the OTCex group's website, considering the deferred publication deadlines considered for transactions.

4.4. Electronic trading protocol:

4.4.1. The following Products are managed on the OTF with the Electronic Trading Protocol:

- Bonds,
- Interest rate and currency derivatives,
- Inflation derivatives,
- commodity-related derivatives (Wholesale energy products, which must be physically settled).

4.4.2. Where HPC SA provides electronic brokerage services, the following sub-clauses apply, unless otherwise specified, contained in the Product Instructions and published on the HPC SA website:

- (a) the OTF Client will submit and cancel all of his Orders in the Platform himself;
- (b) All Orders and resulting transactions of this type will be governed by these Rules. Trading within In the HPC eTrading system is done using either continuous or periodic auction mode. The OTF Operator, depending on the instruments he processes, may organise from time to time, on his own initiative or at the request of Clients, a periodic auction trading session, in order to optimise liquidity. Matching of Orders on electronic trading mode is done by the platform's automate. There may be multiple continuous or periodic auction Trading Sessions on any Trading Day. The auction procedures are specified in the OTF Product Instructions.



- 4.4.3. If the Order is executed, the OTF confirms the execution to the Client. In addition, the OTF Operator may send an informal confirmation to the Customer through IB Chat or any other protocol that meets the Client's needs.
- 4.4.4. If the Order is not executed, the Client will be informed via the OTF screen.
- 4.4.5. If any technical problem occurs on the Client's side, the OTF Operator may act on behalf of the Client de facto switching to hybrid mode. In this case, all amendments will be registered by Bloomberg (Chat IB).
- 4.4.6. Unless exempted, Orders entered on the Platform are published for pre-trade transparency in a dedicated section on the OTCex Group website. The publication waiver will be applied in accordance with the conditions set within the Article 3.4.1. of this rulebook and with respect to the conditions presented by the technical standard RTS 2, Annex III.
- 4.4.7. In order to match orders, other counterparties must have entered opposing interests on the Platform. Matching conditions are achieved when the trading price, volume and trading terms have been agreed by at least two Clients with opposing interests. If two Clients place identical orders in price and direction, the Orders are matched according to their order of entry on the Platform. Orders are then executed, and the transaction is legally formalised between the counterparties. Several counterparties may be required to match a Simple Order. An Order may only be partially executed for a reasonable size if there are not enough competing interests entered on the Platform.
- 4.4.8. A withdrawal (modification of the Order or cancellation) of an unmatched Order from the OTF is made by the Client himself.
- 4.4.9. The other existing parties may find that the Order is cancelled in the Order Book.
- 4.4.10. Executed Orders are also published in a dedicated section of the OTCex group's website, considering the deferred publication deadlines considered for transactions.

4.5. Cancellation of Orders

- 4.5.1. An Order may be cancelled at the Client's initiative due to unmatched Orders.
- 4.5.2. HPC SA may, in its capacity as OTF Operator, cancel an Order, to ensure its best execution on another Platform or OTC, or to terminate an auction session when market conditions or technical problems no longer allow the OTF to operate properly.
- 4.5.3. HPC SA will inform all Clients on the OTF that the Order or auction session has been cancelled.

4.6. Trading with the Operator's Own Account

- 4.6.1. With respect to Bonds and Debt Securities, only when the Client has consented to the process, HPC SA will play a role in the execution of Client's Orders through trading with the interposition of his own account (Matched Principal), whereas HPC acts as buyer with respect to the seller of the OTF Financial Product and as seller with respect to the buyer of the OTF Financial Product.
- 4.6.2. The execution of an Order will then generate the creation of two Transactions:
 - (i) a transaction between the purchaser of Financial Instruments and HPC SA and
 - (ii) a Transaction between the seller of Financial Instruments and HPC SA.



4.7. Name give-up

- 4.7.1. The execution of an Order may generate only one transaction between the two counterparties. Once the transaction is confirmed to both counterparties, they will be responsible for settling the Transaction between themselves (Name give-up transactions).
- 4.7.2. All Financial Products, tradable on the OTF, can be executed through a Name give-up.

4.8. Trading days and hours

- 4.8.1. HPC SA's OTF trading will take place on each Business Day, other than TARGET holidays and stock exchange holidays in the United Kingdom. The Operator reserves the right to determine additional Trading Days, after prior notification to Clients. For this purpose, "Business Day" means any day of the week that is not a TARGET holiday or a holiday in the United Kingdom.
- 4.8.2. Except in discretionary circumstances or different provisions described in the "Product Instructions", the usual trading hours are:
- 8 am - 7 pm (Paris time).
 - These trading hours are indicative and may vary according to the specificities of the Financial Products, in order to ensure fair and orderly trading under the conditions stipulated in Chapter 4, paragraph 4.12.

4.9. Clearing

- 4.9.1. Derivatives transaction will be executed as uncleared Bilaterally Settled Transactions, unless they are Cleared Derivative Transactions.
- 4.9.2. With respect to transactions involving Cleared Derivatives, they must be cleared through a Clearing House that is recognized by the Operator of the OTF. When dealing on a cleared derivative, the clients must have a clearing account with the relevant Clearing House or with a Clearing Member of such Clearing House.
- 4.9.3. In the case the derivative transaction is a "swap transaction" executed by a "US Person" within the meaning of the US Commodity Exchange Act ("CEA"), the following provisions apply:
- a) when a swap transaction executed by a U.S. person is a "customer" position subject to CEA section 4d, the Transaction, if intended to be cleared, must be cleared through a Commission-registered futures commission merchant ("FCM") at a Commission-registered derivative clearing organization ("DCO");
 - b) when a swap transaction executed by a U.S. person is a "proprietary" position under Commission Regulation 1.3(y), the transaction, if intended to be cleared, must be cleared either through a Commission-registered DCO or a clearing organization that has been exempted from DCO registration by the Commission pursuant to CEA section 5b(h) (an "Exempt DCO"); and
 - c) when a swap transaction is subject to the Commission's clearing requirement under Part 50 of the Commission's regulations, and is entered into by a person that, pursuant to CEA section 2(h)(l), is subject to such clearing requirement, the transaction must be cleared either through a Commission-registered DCO or an Exempt DCO; provided that, consistent with (i) above, if the transaction is a "customer" position subject to CEA section 4d, it must be cleared through a Commission-registered FCM at a Commission-registered DCO, and cannot be cleared through an Exempt DCO.



4.10. Settlement

- 4.10.1. With respect to Transactions involving the Operator's own account on the HPC OTF, HPC SA is a party to the Transaction. Clients do not know each other and deal with HPC simultaneously. Both the trading and the Settlement are referred to as "Match Principal Trading". Transactions with the Operator's own account are settled by HPC SA through its settlement agent. HPC SA will provide or make available to each client the details of the Transaction, in order to facilitate the prompt settlement (settlement and delivery) of such Transactions.
- 4.10.2. With respect to Name Give-up Transactions, HPC SA has no role in the outcome of the Transaction; Clients settle directly through their agents or settlement entities.
- 4.10.3. With respect to Name give-up Transactions, the OTF Operator is not responsible or liable for the settlement of Transactions executed by a client on the OTF.
- 4.10.4. Each Client is responsible for the settlement of all transactions it executes on the OTF and each Client must ensure that it has the ability, including legal and regulatory capacity, to settle such transactions accordingly.

4.11. Incorrect transactions

- 4.11.1. Transactions in Financial Products, executed through OTF Systems by means of a Client's user identification, shall be binding on said Client subject to any other provision of these Rules.
- 4.11.2. Notwithstanding the foregoing, HPC SA may cancel a Transaction in Financial Products in accordance with the policy set out in Chapter 4, paragraph 4.11.

4.12. System-related Incorrect Transactions

- 4.12.1. HPC SA may unilaterally cancel a Transaction in Financial Products, when such Transaction constitutes a "System-related Incorrect Transaction".
- 4.12.2. For the purposes of this Rule, a System-related Incorrect Transaction may occur when, due to a problem with the System, a Financial Products Transaction is entered:
- (a) on behalf of a Client without the knowledge or authority of such Client;
 - (b) by an authorised operator of the Client, after a notification of inactivation of access to the System, said authorised operator having been received by HPC SA or
 - (c) said Transaction being manifestly erroneous.
- 4.12.3. Any notification, relating to a System-related Incorrect Transactions, must be made by a Client to HPC SA:
- (a) by email to the email address of HPC SA "otf.support@otcexgroup.com" or, when the communication is by telephone, promptly confirmed thereafter by email (and in any case, no later than ten (10) minutes after the end of said telephone communication);
 - (b) all communications must be made by a duly authorised member of the Client's Staff.
- 4.12.4. All notifications from Clients relating to a System-related Incorrect Transaction must contain:
- (a) the Client's essential contact details (name and direct line);



- (b) all specific details of the Transaction(s);
- (c) the timestamps of each Transaction and
- (d) the Client's reason for considering that the Transaction is a System-related Incorrect Transactions

- 4.12.5. A notice of cancellation of a System-related Incorrect Transactions, issued by HPC SA, will specify, where applicable, the details of the Transaction and the timestamps.
- 4.12.6. Within thirty (30) minutes of the issuance of a notice of cancellation of a System-related Incorrect Transaction by HPC SA, the Clients, party to the Financial Products Transaction, may jointly agree that the Financial Products Transaction does not constitute a System-related Incorrect Transaction (a "Good Transaction"). Good Transactions will not be cancelled but all System-related Incorrect Transactions will be cancelled by HPC SA, in accordance with said Rule.
- 4.12.7. When a System-related Incorrect Transaction must be cancelled, HPC SA will then notify the counterparty(ies) of the cancellation of the Transaction; it will be cancelled, and all Clients will be informed of said cancelled Transactions.
- 4.12.8. No processing fees will be payable in respect of a cancellation, caused by a System-related Incorrect Transaction.
- 4.12.9. If there is not sufficient time on the Trading Day for any of the provisions of this Chapter 4, paragraph 4.11 to be executed, HPC SA and the affected Clients shall use reasonable efforts to ensure that such procedures are executed prior to the commencement of trading on the next Trading Day or, if this is not possible, as soon as possible after the commencement of the next Trading Day following the Trading Day on which the error situation occurred.

4.13. Market Surveillance and Disruptions in Services

- 4.13.1. HPC SA will maintain systems to monitor compliance with these Rules, chaotic trading conditions and confusing trading behaviour, which could lead to market abuse. HPC SA will enforce compliance with these Rules and will take all necessary measures, in accordance with and subject to the provisions of these Rules, to ensure rational trading and the proper functioning of the System.
- 4.13.2. In order to ensure the proper functioning of the System, the start of trading may, on the order of HPC SA, be postponed for the entire System or trading hours may be extended or shortened, provided that HPC SA is under an obligation to restore normal negotiations and normal trading hours, as soon as reasonably possible.
- 4.13.3. In the event of technical problems that may result in a violation of laws or the Regulations, erroneous trading or security breaches or that may have a material impact on the performance or harm the integrity or stability of the System, HPC SA may, in respect of an individual Client



or all Clients, temporarily suspend access to the transaction(s) through the System, to the extent required as a result of such technical problems.

- 4.13.4. In the case of measures taken, which have a significant impact on the operation of the System, the Clients affected shall be notified promptly, as far as possible, through the System or - in the event of a System failure - by other appropriate electronic means.
- 4.13.5. If participation in trading through the System is not possible for specific Clients due to technical incidents, the System will continue to be available to other Clients but HPC SA will be required to remedy such technical incidents as soon as reasonably possible.



CHAPTER 5 - DISCIPLINARY PROCEDURES AND SANCTIONS

5.1. Disciplinary action

HPC SA will be able to:

- (a) take disciplinary action against a Client for any act or omission that constitutes a material breach of these Rules, in accordance with the procedures set out in paragraph 5.2 below and
- (b) suspend or restrict a Client's activities on the Platform on a provisional basis when a file is under investigation, provided that such suspension or restriction is only put in place if there is a reasonable doubt that the Client has committed a material breach of these Rules.

5.2. Sanctions

HPC SA may apply sanctions to a Client for a material breach of these Rules, such sanctions representing the following:

- (a) a written warning;
- (b) a temporary suspension;
- (c) the submission of a report on the activity in question to the CNA;
- (d) the issuance of a cease and desist order;
- (e) the removal of access to the OTF;

HPC SA will apply objective criteria to impose sanctions on a Client, so that the same sanction will be applied to Clients who commit the same violation.

5.3. Procedures

- 5.3.1. In order to achieve its overall objective of ensuring fair and orderly trading of Financial Products on the OTF Platform, HPC SA will use audits to identify violations and ensure compliance with these Rules, including through the careful review of data and reports resulting from the trading.
- 5.3.2. In the event of any alleged violation or suspected violation of these Rules by a Client, HPC SA shall notify the Client of the initiation of an investigation and shall provide the Client with information in a reasonable and sufficient quantity to enable him to assess the alleged violation, except where such notification is excluded by applicable law or regulation. Where there is sufficient information regarding the reason for the alleged violation or suspected violation, such notification may include a request to the Client to take such corrective action, so as to ensure that the alleged violation or suspected violation will not recur.
- 5.3.3. Violations of the Rules may be but are not limited to: conduct or acts contrary to the Rules and Regulations relating to market abuse or money laundering or any other Rules relating in particular to good conduct; failure to comply with the Rules relating to time stamping or the Trade Settlement Rules.
- 5.3.4. HPC SA will investigate the facts underlying each case and determine whether any of the sanctions set out in Chapter 5.2 should be applied in relation to a violation of the Rules. In



reaching such a decision, HPC SA will take into account a number of factors, including in particular:

- (a) the nature and seriousness of the violation of the Rules and the duration, as well as the frequency, of the reprehensible behaviour;
- (b) how the violation of the Rule appeared;
- (c) the impact, actual or potential, on the Market of the violation of the Rule and any other repercussions;
- (d) the extent to which the violation of the Rule was deliberate or reckless;
- (e) the compliance history of the investigated Client and the specific history of the violation of the Rule in question and whether any warnings have been previously issued against the Client in relation to the Rule;
- (f) consistent and fair application of the Rules (all precedents for similar violations of the Rule);
- (g) the Client's reaction capacity and behaviour regarding the case under investigation.

- 5.3.5. At the conclusion of its investigation, HPC SA will decide what action is necessary in each case and will communicate this decision promptly to the Client (including if no action is to be taken). In addition to (or instead of) the sanctions, described in Chapter 5, Rule 22, HPC SA may, in the first instance, request that the Client concerned take corrective measures, in order to ensure that the violation will not occur again. Alternatively, HPC SA may decide to issue a warning notice against the Client concerned. HPC SA will ensure that any sanction, applied to a Client, is proportionate to the violation of the Rule in question and, where the sanction is a temporary suspension, that such suspension will cease when the Client has completed the corrective measures reasonably necessary to obtain HPC SA's satisfaction.
- 5.3.6. During its investigation, HPC SA will give the Client the opportunity to make reasonable requests and/or information relating to the alleged violation that HPC SA will take into account in order to reach a conclusion, if any, on any necessary action.
- 5.3.7. A Client shall cooperate with HPC SA in investigating potential violations by reasonably aiding, including the provision of reasonable information requested by HPC SA, subject to regulatory and confidentiality restrictions.
- 5.3.8. For the avoidance of doubt and subject to any other appropriate provision of these Rules, any investigation, measure or sanction shall remain confidential.
- 5.3.9. A Client may appeal a decision of HPC SA relating to a disciplinary measure within 10 Trading Days of notification of the decision, stating the grounds on which the Client is appealing and the reasons why he considers the decision to be unfounded. Appeals will be heard and decided by the Board of Directors of HPC SA.



CHAPTER 6 - OTHER PROVISIONS

6.1. Complaints

- 6.1.1. HPC SA will establish and maintain effective and optimal complaint and redress procedures for the out-of-court settlement of disputes with Clients concerning the provision of investment and ancillary services.
- 6.1.2. Any complaint concerning the conduct of a Client or any suspicion that any Client has committed or is about to commit a violation of these Rules or any other complaint, relating to the OTF, must be established in writing and submitted to the following address:

HPC SA
Compliance Department
22, rue des Capucines
75002 Paris
France

or by email to: otf.compliance@otcexgroup.com

6.2. Notification

- 6.2.1. The Intervener may, at any time, supplement or implement new Rules, amend existing Rules or repeal Rules in whole or in part. Clients will be informed of any such changes by the issuance of a Market Notice. These Rules and any amendments to these Rules are subject to approval by the AMF.
- 6.2.2. Such changes shall be effective at the time specified in the appropriate Market Notice. Unless otherwise required by a Regulatory Authority or by applicable Law, any such change will not apply retrospectively.
- 6.2.3. If the change in the Rules is:
- significant, the Intervener shall give reasonable notice to the Clients, before the said change comes into force;
 - insignificant, the Intervener may proceed with said change without notifying the Clients in advance of said change.

6.3. Applicable law

- 6.3.1. The Rules shall be interpreted in accordance with and governed by the laws of France.
- 6.3.2. Except where these Rules expressly provide otherwise, any dispute between a Client and HPC SA concerning these Rules, any Transaction executed in accordance with these Rules and any non-contractual obligations arising out of or in connection with these Rules shall be governed by French law and all questions and disputes relating to the same matters shall be subject to the exclusive jurisdiction of the French courts, to which all Clients submit.
- 6.3.3. The parties hereby submit to the non-exclusive jurisdiction of the French courts, with respect to any legal action or proceeding arising out of or in connection with the said Rules.



6.4. Technical issues

- 6.4.1. The mechanisms, provided for by the System, must ensure that the capacity of the Software and the Service is sufficient. The Intervener:
- shall maintain effective Systems, procedures and arrangements to ensure that the service is reliable, that it is able to process optimal volumes of Orders and messages and that it is able to ensure orderly trading under market stress conditions;
 - shall ensure that the service has sufficient capacity to accept at least twice its historical peak of messages, expressed as the highest number of messages per second, recorded by the Software over the previous five years, as referred to in RTS 7 11 (1);
 - shall ensure that the Software is able to handle an increasing flow of messages, without significantly degrading the performance of the Software. In particular, the design of the Software will allow its capacity to extend within a reasonable period of time as often as necessary, as referred to in RTS 7 11(4).
- 6.4.2. Significant messages, when they relate to Orders, will include: (a) any entry, including the entry of an Order, the amendment or cancellation of an Order and (b) any exit, including the System's response to an entry, the display of Order Book data and the dissemination of Post-trade data, as referred to in "SDR 11(1) (a) & (b)".

6.5. Virtual Emergency Stop Button

- 6.5.1. The OTF Platform provides a Virtual Emergency Stop Button function, in order to avoid causing instability or incorrect trades in the OTF, with respect to hybrid and electronic execution protocols.
- 6.5.2. In the event of a potential threat to the integrity of financial markets, the OTF Operator may activate the Virtual Emergency Stop Button functionality without the Client's consent. The OTF Operator sends several warnings to the Customer in advance.
- 6.5.3. When the Virtual Emergency Stop Button feature is activated by the OTF authorised Intervening member, Trading Days are stopped, all Order entries are blocked and all potential Matching Orders are suspended, either for a subset of Financial Products or for all Orders, placed on the OTF.
- 6.5.4. When the Virtual Emergency Stop Button feature is enabled by a Client, his selected Orders are automatically deleted, if they have not yet been electronically matched.

6.6. Tick size regime

- 6.6.1. In accordance with the provisions of Articles 18 and 49 of Directive No 2014/65/EU and Recital 2 of Delegated Regulation No 2017/588, due to the nature of the Instruments traded on the OTF (Bonds, Derivatives, Wholesale Energy Products, which must be physically traded), no tick size regime is applicable on the OTF.

