

# CHI-X EUROPE

Chi-X Europe Ltd

Rulebook

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## DEFINITIONS

ccCFD	Centrally Cleared Contract for Difference as admitted to the <b>Chi-X MTF</b>
ccCFD Service	The ccCFD Service operated by <b>Chi-X</b>
CCP (Central Counterparty)	A body appointed by <b>Chi-X</b> to provide <b>Post Trade Services</b> .
Chi-X	The Multilateral Trading Facility and Trade Data Monitor service which are authorised and regulated by the <b>FSA</b> that are operated by Chi-X Europe Limited.
Chi-Delta	The non-displayed order book, separate from the <b>Chi-X Visible Order Book</b> , where entered orders are not displayed.
Chi-Velocity	The proximity hosted risk management software licensed by <b>Chi-X</b> to a <b>Trading Participant</b> to provide pre and/or post-trade controls.
Client	The customer of a <b>Participant</b> including firms provided with order routing facilities.
Direct Clearing Participant	An entity, recognised by the <b>CCP</b> , appointed by the <b>Trading Participant</b> to perform <b>Post Trade Services</b> on behalf of itself.
Eligibility Criteria	The prospective <b>Trading Participant</b> must be regulated by the FSA or an equivalent competent authority (as defined in <b>MIFID</b> Article 48), or demonstrate that it has sufficient experience in trading in securities admitted to trading on the <b>Order Book</b> .
Executing Broker	An entity authorised to enter orders through the <b>ccCFD Service</b> .
FSA	The UK Financial Services Authority
General Clearing Participant	An entity, recognised by the <b>CCP</b> , appointed by the <b>Trading Participant</b> to perform <b>Post Trade Services</b> on behalf of <b>Trading Participants</b> .
MIFID	Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and Council)
MTF	Multilateral Trading Facility as defined within <b>MiFID</b>
Order Books	The two separate systems used for the matching of orders and execution of trades operated by <b>Chi-X</b> , namely the <b>Visible Order Book</b> and <b>Chi-Delta</b> .
Participant	A <b>Trading Participant</b> or a <b>TDM Participant</b>
Participation	Admission by <b>Chi-X</b> as a <b>Participant</b>
Primary Market	The market on which <b>Chi-X</b> determines a <b>Security</b> has its primary listing.
Post Trade Services	The management of positions from the point of execution to change of ownership registered at the domestic central securities depository. These

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services include, but are not limited to, novation, netting, position management and the posting of settlement instructions.

PTM Levy	The Levy determined by and payable to the Panel on Takeovers and Mergers.
Relevant Transaction	A transaction that takes place on <b>Chi-X</b> .
Rules	The Chi-X Rule Book, Chi-X Guidance Notes, Chi-X Europe Exchange Guide, TDM Service Description, and <b>Trading Notices</b> issued by <b>Chi-X</b> as amended or extended from time to time.
Security	An instrument available for trading on <b>Chi-X</b> , including an equity, Exchange Traded Fund, Exchange Traded Commodity and Depositary Receipt.
Sponsored Access	The facility whereby the <b>Clients</b> of <b>Chi-X Trading Participants</b> have a direct technical connection to <b>Chi-X</b> without the need to physically go through the internal systems of the <b>Trading Participant</b> , excluding where a <b>Trading Participant</b> is using <b>Chi-Velocity</b> . This is a direct technical connection only and any trading is done in the name of the <b>Trading Participant</b> .
Sponsored Client	The <b>Client</b> of a <b>Chi-X Trading Participant</b> which connects to <b>Chi-X</b> through <b>Sponsored Access</b> .
Sponsoring Participant	The <b>Trading Participant</b> of <b>Chi-X</b> that provides <b>Sponsored Access</b> to <b>Sponsored Clients</b> .
Statement of Authority	A statement by a <b>Clearing Participant</b> to a <b>CCP</b> stating that it authorises a specified <b>Trading Participant</b> to conclude trades on <b>Chi-X</b> for which the <b>Clearing Participant</b> has accepted responsibility
TDM Participant	An entity admitted to Chi-X able to submit off-exchange trades to the Chi-X <b>TDM</b> service.
Trade Data Monitor/TDM	The trade publication venue operated by <b>Chi-X</b> , which has been authorised by the <b>FSA</b> .
Trading Notice	A notice issued by <b>Chi-X</b> on its website.
Trading Participant	An entity admitted to <b>Chi-X</b> able to submit orders to the <b>Order Books</b> , whose admission has not been terminated.
Transaction Report	A report provided to a regulator detailing such information as the regulator may require relating to a trade.
Vendor	A third party used to assist in accessing <b>Chi-X</b> through the provision of pre and/or post-trade controls located proximate to <b>Chi-X</b> .
Visible Order Book	The <b>Chi-X Order Book</b> in which all orders are displayed, other than the non-displayed portion of iceberg orders, non-displayed orders that meet the Large-in-scale criteria, and non-displayed orders in securities other than equities.
Volume Weighted Spread	Provided that there is a two way spread on the <b>Visible Order Book</b> , the spread between the average price if a sell order were to execute against buy orders on the <b>Visible Order Book</b> up to the order size, or the total of all buy orders, and

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the average price if a buy order were to execute against all sell order on the **Visible Order Book** up to the order size, or the total of all sell orders.

## PARTICIPATION

### Eligibility

In order to be eligible to become a **Trading Participant** on **Chi-X** the applicant must be able to demonstrate that it has sufficient experience in trading cash equities and other **Securities**. Membership of another **Securities** trading venue would normally demonstrate this, however other criteria will be taken into consideration. Please contact **Chi-X** Compliance (+44 (0)20 7131 3399, [compliance@chi-xeurope.com](mailto:compliance@chi-xeurope.com)) for further information.

### Authorisation and Admission

- 01 Prospective **Participants** shall be required to:
  - 01.01 meet the **Eligibility Criteria**.
  - 01.02 be a **Direct Clearing Participant** or provide a **Statement of Authority** from a **General Clearing Participant**.
  - 01.03 accurately complete and sign the relevant **Chi-X Participant** application form.
  - 01.04 sign the relevant **Chi-X Participant** agreement.
  - 01.05 provide any other additional information as required by **Chi-X**.
  - 01.06 sign the commitment to abide with the **Rules**.
  - 01.07 agree that the **Rules** are binding on them and that they may be changed at the discretion of **Chi-X**.
  - 01.08 satisfy general technical requirements determined by **Chi-X**.
- 02 **Chi-X Participation** shall become effective on such date and at such time as **Chi-X** may specify upon satisfactory fulfilment of **rule 01** and is at the full discretion of **Chi-X**.

### Continuing Obligations

- 03 **Participants** must ensure continuing compliance with the **Rules**.
- 04 **Participants** must have adequate internal procedures and controls.
- 05 **Trading Participants** must have adequate execution, voice recording, order management and settlement arrangements in place.
- 06 **Trading Participants** must ensure any persons, whether staff or **Clients**, who submit orders to **Chi-X** through the **Participant**, are sufficiently trained and have adequate experience, knowledge and competency.
- 07 **Participants** shall, at all times, have one or more persons, who must be identified to **Chi-X**, who are competent to advise the **Participant** on the application of these **Rules**.
- 08 **Trading Participants** must ensure they have a valid **Clearing Participant** at all times when trading on **Chi-X** with a binding **Statement of Authority**.

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- 09 If, at any time, a **Trading Participant** does not comply with the **Rules**, **Chi-X** may suspend, restrict or terminate that **Trading Participant's** access to the **Order Book** or the business conducted by the **Trading Participant** on the **Order Book**.
- 10 If, at any time, a **Trading Participant**, at **Chi-X's** sole discretion poses a credit risk to **Chi-X**, **Chi-X** may suspend, restrict or terminate that **Trading Participant's** access to the **Order Book**.

## Compliance with Rules

- 11 **Participants** (including prospective **Trading Participants**) shall be bound by these **Rules**.
- 12 **Participants** shall be bound by any direction or decision of **Chi-X** relating to activity on **Chi-X**.

## Substantial Shareholdings

- 13 Where there is a requirement under substantial shareholdings rules to notify any person or body as to the existence of a substantial shareholding, **Participants** must ensure compliance with this obligation. Notification to **Chi-X** will not discharge any obligations under the substantial shareholding rules or their equivalent.

## Resignation

- 14 **Participants** may resign by giving **Chi-X** at least 30 days' written notice.
- 15 **Chi-X** may, in its absolute discretion, refuse to accept notice of resignation in the event that **Chi-X** considers there is an outstanding matter concerning the **Trading Participant** that is subject to an ongoing investigation.
- 16 **Participants** will remain subject to these **Rules** notwithstanding the termination of their **Participation** until such time as **Chi-X** is satisfied that all obligations of the **Participant** as set out in these **Rules** have been satisfied or released. **Participants** will remain responsible for their acts and omissions during any period of **Participation** and shall comply with any requests for information and assistance which **Chi-X** may make at any time following the termination of their **Participation**.

## PAYMENTS

### Fees and Charges

- 17 A **Participant** shall pay to **Chi-X** all applicable subscriptions, charges, fees and any other costs due in accordance with these **Rules** or pursuant to any agreement signed with **Chi-X**. Any **Participant** which fails to pay its invoices by the due date for two consecutive months will be required to move to making payments by Direct Debit.

### Taxes

- 18 The **Participant** shall be liable for the payment of any applicable taxes that arise from the trading of **Securities** on the **Chi-X Order Book**, including, inter alia, stamp duty reserve tax.
- 19 It is the obligation of the **Participant** to determine whether taxes arise from the trading of **Securities** on the **Chi-X Order Book**, and to apply for any exemptions from such taxes.

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## PTM Levy

- 20 A **Participant** is liable for the payment of the **PTM Levy** by itself or its **Clients** in respect of **Relevant Transactions** where the **PTM levy** is applicable.
- 21 It is the obligation of the **Participant** to determine whether the **PTM Levy** is applicable, and also the rate at which it is payable.

## NOTIFICATIONS

- 22 All notifications under these **Rules** shall be made as soon as is reasonably practicable to **Chi-X** Compliance. Where a notification is initially made verbally or via electronic mail there may be a requirement for the notice to be confirmed in writing.
- 23 A **Trading Participant** will notify **Chi-X** in writing, or by electronic mail, at least 21 calendar days in advance of the proposed effective date of any significant changes to its structure. The types of changes which would be considered relevant would include:
  - A change in control of 20% or above.
  - A change of name
  - A change of address
  - Change in **Chi-X** contacts (referring to the contacts provided on page 9 and/or the Trading Profile Authorised Signatory List of the Complete **Participant** Application Pack)
  - A change to the individuals listed on the Trading Profile Authorised Signatory List.
  - Change in the officers of the **Participant**.
  - If an administrator or receiver is appointed, or if a resolution is passed to wind up the business of the **Participant**.
  - The commencement of enforcement or other proceedings whether before any court or tribunal by any Regulator to the extent that such action or proceedings could impair, restrict or prevent its compliance with these **Rules**, save to the extent that such notification or disclosure is prohibited by law or any relevant regulator.

## RESPONSIBILITY OF PARTICIPANTS

### Transaction Records

- 24 **Participants** must retain a record of each transaction entered into by it on **Chi-X** for at least five years. Records must be stored in an unalterable format. Any such record must be capable of being produced for inspection by **Chi-X** on demand and in legible form.

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## Transaction Reporting

- 25 **Participants** are not required to submit **Transaction Reports** to **Chi-X**. **Participants** must however comply with all applicable transaction reporting rules.

## Trade Reporting

- 26 **Chi-X** will publish details of all trades transacted on **Chi-X** in accordance with **FSA** regulations. To avoid duplication **Trading Participants** should not publish details of trades transacted on **Chi-X**, unless otherwise agreed with **Chi-X**.

## Prohibited or suspended securities

- 27 **Chi-X** may (in its absolute discretion) admit securities to the **Order Books** and suspend or remove any **Security** from the **Order Books** at any time for any reason.

## Misleading acts, conduct, and prohibited practices

- 28 A **Participant** shall not and shall not collude with others in respect of its business on **Chi-X**:
- 28.1 commit any act or engage in any course of conduct which creates, or is likely to create, a false or misleading impression of the market in, or the price, supply, or value of, any **Security**;
  - 28.2 cause or enter into any artificial transaction;
  - 28.3 submit an order with a fictitious quantity or price onto one or both of the **Order Books**;
  - 28.4 commit any act or engage in any course of conduct which is likely to damage the fairness or integrity of **Chi-X**;
  - 28.5 commit any act or engage in any course of conduct which causes, or contributes to, a breach of the **Rules** by another **Participant**;
  - 28.6 effect a pre-arranged transaction that is designed to give the market a false view of supply, demand or pricing of a **Security** or index.
- 29 A **Participant** shall not commit any act or engage in any course of conduct the sole or main intention of which is to move the price of that **Security** or the level of any index of which that **Security** is a component.

## TRADING RULES

### Access to Chi-X

- 30 A **Participant** is responsible for all obligations and liabilities arising from the entry, deletion and execution of all orders submitted to the **Order Books** by the **Participant**.
- 31 **Chi-X** reserves the right to restrict a **Participant**'s receipt of information or access to and use of the **Order Books**.

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- 32 **Chi-X** reserves the right to delete any order submitted to the **Order Books** where **Chi-X** believes it necessary in order to preserve market orderliness.

## Orders

- 33 The order types that may be submitted are described in detail in the **Chi-X** Europe Exchange Guide. Order types may be added or removed at the discretion of **Chi-X**.
- 34 All orders entered on to the **Order Books** are firm and available for execution (in full) and, when executed, will be binding on the **Chi-X Participant** placing the order (unless otherwise provided in these **Rules**) even if the order was placed on behalf of a third party.

## Order Routing

- 35 A **Participant** may provide an automatic order routing facility which enables a third party to route orders through it directly to the **Order Books**.
- 36 A **Participant** that submits or routes orders to the **Order Books** shall, at all times, have sufficient order management systems, procedures and controls designed to prevent the entry of erroneous orders to the **Order Books**.

## Entry and deletion of orders

- 37 A **Participant** may only submit, amend, or delete orders from the **Order Books** during the times specified by **Chi-X** in the **Chi-X** Europe Exchange Guide.
- 38 A **Participant** shall not submit orders or amend orders on the **Order Books** in a **Security** which is subject to suspension by **Chi-X**. Orders in such a **Security** may be deleted from the **Order Books**.

## Erroneous Trades

- 39 See Guidance Note 01.

## Error Trades

- 40 See Guidance Note 02.

## Suspension of automatic execution

- 41 **Chi-X** may suspend the automatic execution of orders on one or both of the **Order Books** in one or more **Securities** if:
- 41.1 **Chi-X** determines a system problem has occurred or is likely to occur;
  - 41.2 the **Security** is the subject of a regulatory suspension;
  - 41.3 **Chi-X**, in its absolute discretion, considers it appropriate to do so.

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## SETTLEMENT

### Obligation to settle

- 42 A **Participant** must, in respect of transactions executed on **Chi-X**, settle all obligations in accordance with the rules and customs of the relevant settlement system pursuant to any procedures established by the **CCP (s)**, or where agreed with **Chi-X** that the trade will be suppressed from being sent to the **CCP**, settle any obligations in accordance with the relevant settlement system. Trades may be suppressed where the **Participant** is the buyer and seller to that trade, and is acting as principal in both cases. Suppressed trades do not remove **Participants'** obligations to settle all transactions executed on **Chi-X**.
- 43 Where the **Participant** is acting as agent for another party, and failure to deliver securities and/or cash is the fault of the third party, the **Participant** will be bound as principal with the counterparties to the transaction.
- 44 The settlement due date for all transactions guaranteed by a **CCP** and executed on **Chi-X** mirrors the settlement due date for transactions executed on the **Primary Market**.
- 45 A **Participant** shall ensure that securities delivered in settlement of a transaction are free of any charge or encumbrance.
- 46 **Chi-X** may postpone or extend a settlement period for all transactions or for transactions in specified securities affected on a given day, indefinitely or for a specified period.
- 47 Unless agreed otherwise, a transaction in any **Security** shall be settled in the standard place of settlement for that **Security**, as published by **Chi-X** from time to time.
- 48 The **Security** shall be settled according to the rules applied by the **CCP**.

### Settlement Default

- 49 In case of settlement default by a **Participant**, or its **Client**, with regard to a transaction guaranteed by a **CCP** and executed on the **Order Books**, the **Rules** and procedures of the **CCP** used shall be followed.

### Corporate Actions

- 50 A **Participant** shall treat a **Security** as being 'ex' a benefit from the time that **Security** is marked 'ex' that benefit on the **Primary Market**.
- 51 **Chi-X** will take no responsibility for marking a **Security** as 'ex' or 'cum' a benefit on the **Chi-X** trading system.
- 52 The responsibility for accurately pricing a **Security** undergoing a **Corporate Action** is solely with the **Participant**.

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## INFORMATION, MONITORING AND INVESTIGATION

### Information

- 53 **Chi-X** requires a **Participant** to notify **Chi-X** compliance immediately when it becomes aware of a significant contravention by itself, or any other **Participant**, of these **Rules**.
- 54 **Chi-X** may require the immediate provision by a **Participant** of accurate information about its transactions in a format, electronic or otherwise, as specified by **Chi-X**.
- 55 **Chi-X** may require the immediate production of documents relating to **Chi-X** in the **Participant's** possession, custody, power or control.

### Disclosure of Information

- 56 Information received from **Participants** on **Chi-X** is treated as confidential; however **Chi-X** may disclose information and documents:
  - 56.1 to co-operate, by the sharing of information and documents and otherwise, with any authority, body or person having responsibility for the supervision or regulation of any regulated activity or other financial service or law for enforcement purposes;
  - 56.2 for the purpose of enabling it to institute, continue, or defend any proceedings including any court proceedings;
  - 56.3 for any regulatory purpose;
  - 56.4 under compulsion of law;
  - 56.5 for the protection of investors and the maintenance of high standards of integrity and fair dealing; and
  - 56.6 for any other purpose with consent of the person from whom the information was obtained and, if different, the person to whom it relates.

### General

- 57 **Chi-X** may, at its discretion, waive the enforcement of these **Rules** but any waiver shall not prevent or restrict **Chi-X** from taking action to enforce these **Rules** whether in respect of any other infringement of them (even if related) or against any other **Participant** in relation to the same breach.

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## SANCTIONS

- 58 In the interests of maintaining a fair and orderly market, **Chi-X** will have absolute discretion in using any/all of the following sanctions for breach of **Chi-X Rules**:
- 58.1 written warning;
  - 58.2 temporary suspension;
  - 58.3 publication of details of the offender and rule infringement;
  - 58.4 termination of **Participation**.

## DEFAULT

- 59 **Chi-X** is not responsible for and shall not be liable for the default of any **Participant** on any trade. Trades undertaken in the **Order Books** are not subject to any compensation scheme.

## TRADE DATA MONITOR

**Trade Data Monitor Participants** on **Chi-X** are separately authorised from **Trading Participants**.

- 60 **TDM Participants** are required to publish details of their OTC executions to **Chi-X** on a real-time basis. Any trades which are eligible for delayed publication, under the terms of **MIFID**, article 30.2, and the **FSA Market Code of Conduct (MAR)** 5.3.3, must be identified as such by the **TDM Participant** and publication will be delayed as appropriate by **Chi-X**.
- 61 **TDM Participants** will take all reasonable steps to ensure that trade data published by them to **Chi-X** is free from inaccuracies or omissions.
- 62 In the event that a **TDM Participant** becomes aware of inaccuracies or omissions in the trade data provided to **Chi-X**, the **TDM Participant** is required to inform **Chi-X** immediately. Corrected data should be provided to **Chi-X** as soon as possible.
- 63 **TDM Participants** are required to publish trade data to **Chi-X** in a format prescribed by **Chi-X**.

## COMPLAINTS BY PARTICIPANTS

- 64 In the event that a **Participant** is unsatisfied with the service provided by **Chi-X**, then the **Participant** should inform **Chi-X Compliance**, who will assess whether the complaint has merit and will escalate the matter to **Chi-X** as appropriate. Full details of the **Chi-X** complaints procedure are available on the **Chi-X** Europe website at this link:

<http://www.chi-xeurope.com/document-library-sub-sections/trading-guides-and-rules.asp>

## SPONSORED ACCESS

### Connection

- 65 A **Sponsored Client** may obtain **Sponsored Access** to **Chi-X** only if such access is authorised in advance by one or more **Chi-X Sponsoring Participants** completing a **Sponsored Access Subscription Form** and a **Sponsored Access Order Form** identifying that **Sponsored Client**.
- 66 **Chi-X** maintains the right to refuse connection of a **Sponsored Client** in the event that **Chi-X** is not satisfied in any respect that the **Sponsored Client** should be connected to **Chi-X**. Reasons may include, but are not limited to, **Chi-X** is not satisfied that sufficient due diligence has been undertaken by the **Sponsoring Participant** on the **Sponsored Client**, **Chi-X** is not satisfied with the controls in place to prevent disorderly trading or market abuse, or **Chi-X** is aware of any adverse information relating to the **Sponsored Client**.
- 67 Validation criteria per **Sponsored Client** per day will be provided to **Chi-X** by the **Sponsoring Participant** with appropriate validation controls set by **Chi-X** by the time agreed in advance with **Chi-X**.
- 68 Authorisation will continue unless otherwise terminated by the **Sponsoring Participant** or by **Chi-X** upon 30 days written notice by either party.
- 69 **Chi-X** may suspend or terminate access immediately by disconnecting the appropriate trading sessions if it determines that the **Sponsoring Participant** or **Sponsored Client** i) have breached, or **Chi-X** has a reasonable suspicion they may breach, any material rules that lead to disorderly trading or trading that may constitute market abuse; ii) have breached, or **Chi-X** has a reasonable suspicion they may breach the terms of the **Sponsored Access Subscription Form**; iii) are engaged in activities that **Chi-X** reasonably determines to be detrimental to the business of **Chi-X**; iv) for regulatory reasons; (v) System maintenance, stability or development,
- 70 A real time drop copy feed of all messages will be provided by **Chi-X** to the **Sponsoring Participant** relating to all activity by **Sponsored Client**, for the purpose of internal monitoring, control and real time transparency of the **Sponsored Client's** activity by the **Sponsoring Participant**.

### Sponsoring Participants' Obligations

- 71 The **Sponsoring Participant** is responsible for full compliance oversight of the **Sponsored Client** including, but not limited to, know your client checks, anti-money laundering controls and monitoring for market abuse. 72 The **Sponsoring Participant** remains responsible for meeting its own regulatory requirements in respect of the **Sponsored Client's** activities, including through pre-trade controls on orders and post-trade measures to monitor trading activity, in particular with regard to all forms of market abuse including market manipulation.
- 73 The **Sponsoring Participant** must ensure that the contractual agreements in place between itself and the **Sponsored Client** includes provision for the **Sponsoring Participant** to be able to unilaterally require that the **Sponsored Client** to stop sending orders immediately.
- 74 The **Sponsoring Participant** acknowledges and agrees that all orders entered by the **Sponsored Clients** and any person acting on behalf of or in the name of such **Sponsored Client** and any executions occurring as a result of such orders are binding in all respects on the **Sponsoring Participant**. The **Sponsoring Participant** is responsible for any and all actions taken by the **Sponsored Client**.

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- 75 If a **Sponsoring Participant** loses the ability to monitor the trading activity of its **Sponsored Clients** for any reason, the **Sponsored Participant** must inform **Chi-X** immediately. **Chi-X** will terminate access by disconnecting the appropriate **Sponsored Client** trading sessions.
- 76 The **Sponsoring Participant** must integrate and conform to Chi-X's All Messages Drop Feed.
- 77 The **Sponsoring Participant** must provide parameters for all mandatory and optional controls on a daily basis by the time agreed with Chi-X and in accordance with Sponsored Access Service Guide and File Specifications for **Sponsored Access** document.
- 78 The **Sponsoring Participant** must complete the **Sponsored Access** Order Form per Sponsored Client, and immediately update **Chi-X** in the event that the information detailed on this form changes.
- 79 **Sponsoring Participant** shall ensure that the **Sponsored Client** complies with the **Chi-X Rules** as if the **Sponsored Client** were a **Chi-X Trading Participant**.
- 80 **Sponsoring Participant** shall ensure that the **Sponsored Client** takes reasonable precautions to prevent unauthorised use or access to **Chi-X**, including unauthorised entry of information into the **Chi-X** system, or the information and data made available therein.
- 81 The **Sponsoring Participant** must describe to **Chi-X** the due diligence measures in place for taking on a **Sponsored Client** and the controls and monitoring of the trading activity envisioned by the **Sponsoring Participant** in order to prevent disorderly trading or market abuse by the **Sponsored Client**. In the event that these procedures change the **Sponsoring Participant** is obliged to inform **Chi-X**. **Chi-X** also retains the right to request details of these controls at any time.

## General

- 82 The trading charges incurred by **Sponsored Clients** will be charged to the **Sponsoring Participant** by Direct Debit.
- 83 **Sponsoring Participant** will be liable for all charges incurred by providing **Sponsored Access** to the **Sponsored Client**.
- 84 **Chi-X** maintains the authority to audit such provisions as and when required.

## Vendors

- 85 **Sponsoring Participant** must inform **Chi-X** if a **Vendor** is used, to connect a **Sponsored Client** to **Chi-X**.
- 86 The **Sponsoring Participant** must ensure that the use of a **Vendor** does not restrict its ability to comply with the **Chi-X Rules**.

## NEGOTIATED TRANSACTIONS

87 A **Trading Participant** may bring an off-order book transaction under the **Rules** subject to them complying with the following:

- a) The security is a **MiFID security** that is available for trading on **Chi-X**.
- b) The transaction is negotiated privately between two **Chi-X Trading Participants** and, by agreement, is executed within the **Chi-X MTF**, and is subject to the **Rules**.
- c) The negotiated transaction is flagged as such.
- d) The negotiated transaction will be priced at or within the **Volume Weighted Spread**, or, if there is no **Volume Weighted Spread**:
  - (i) At or within 20% greater than the highest priced trade and 20% less than the lowest priced trade on the **Chi-X Visible Order Book** (provided that the stock has traded on the **Chi-X Visible Order Book** during that trading day), or
  - (ii) 20% of the last traded price on the **Chi-X Visible Order Book** (if the **Security** has not traded on the **Chi-X Visible Order Book** that day, and the **Security** has traded on the previous trading day), or
  - (iii) If the stock has not traded on the **Chi-X** visible order book during that trading day, nor on the previous trading day, then negotiated trades in that stock will not be accepted by **Chi-X**.

**Chi-X** has the right to refuse an off-order book transaction being brought under its **Rules**, at its absolute discretion.

## ccCFD Service

### 88 Trading Days and Trading Hours

The trading days for each **ccCFD** contract will match the trading days of the underlying equity to which that contract relates.

The trading hours of the **ccCFD Service** will be published in the **Chi-X** Exchange Guide.

### 89 Admission to Trading

Only **ccCFD** contracts which have been approved by **Chi-X** will be admitted to the **ccCFD Service**, and to the **Chi-X MTF**. A full list of approved contracts will be accessible through the **Chi-X** website. Orders may not be submitted to the **ccCFD Service** for any other contracts.

All **ccCFD** contracts will be reviewed by **Chi-X** prior to admission to the **ccCFD Service** to ensure that they are suitable for use in the **ccCFD Service**. This includes, inter alia, that they will allow **Chi-X** to continue to satisfy its obligation to maintain a fair and orderly market.

The **ccCFD** contract specifications will be published to all users of the **ccCFD Service**. The **ccCFD** contract specifications may be amended from time to time by **Chi-X** in connection with regulatory, legislative or other reasons. Any amendments will be published to users of the **ccCFD Service** by Trading Notice. However, **ccCFD** Contract specifications will not be amended in respect of open positions, except in exceptional circumstances and/or in the interests of maintaining a fair and orderly market.

### 90 Access to the ccCFD Service

Users of the **ccCFD Service** must:

- be **Trading Participants** of the **Chi-X MTF**.
- meet the definition of an eligible counterparty, as defined in COBS 3.6 of the **FSA Handbook**.
- complete and sign all applicable legal agreements relating to the provision of this service.

### 91 Order Types

All orders entered through the **ccCFD Service** will form part of a pair of orders. The pairs of orders must adhere to one of the following:

- (i) Equity order and **ccCFD** order: The orders are economically identical (for example price and volume), but they are opposite sides (i.e. one is a buy, one is a sell) and the instrument type is different; or
- (ii) **ccCFD** order and **ccCFD** order: These orders are economically identical but have different settlement accounts. They may only be used to allocate a **ccCFD** position from one account to another.

### 92 Trade Event

A trade has not occurred until it has been brought onto the **Chi-X MTF**. The time of the trade is the time that it is brought onto the **Chi-X MTF**.

## 93 Pricing

Trades brought onto the **MTF** through the **ccCFD Service** must meet the conditions of either rule 93A or 93B.

A. Trades brought onto the **MTF**, except trades which form a pair of **ccCFD** trade and **ccCFD** trade, must be priced at or within the **Volume Weighted Spread**, or, if there is no **Volume Weighted Spread**:

- (i) At or within 20% greater than the highest priced trade and 20% less than the lowest priced trade on the **Chi-X Visible Order Book** (provided that the stock has traded on the **Chi-X Visible Order Book** during that trading day), or
- (ii) 20% of the last traded price on the **Chi-X Visible Order Book** (if the security has not traded on the **Chi-X Visible Order Book** that day, and the security has traded on the previous trading day), or
- (iii) If the stock has not traded on the **Chi-X Visible Order Book** during that trading day, nor on the previous trading day, then negotiated trades in that stock will not be accepted.

B. It meets one of the following pricing conditions, and is flagged as such in the order message:

- (i) Benchmark (denoted with a 'B')

To be used where the price is derived over a period of time from post-trade prices according to a specified benchmark.

- (ii) Cross (denoted with a 'X')

To be used where the order has arisen as a result of the user of the **ccCFD Service** bringing together two orders with the purchase and the sale conducted as one transaction and involving the same volume and price.

- (iii) Give-up/give-in (denoted with a 'G')

To be used where the order has arisen from a give-in or give-up.

- (iv) Ex/cum dividend (denoted with a 'E')

To be used where the order is ex or cum dividend.

- (v) Technical (denoted with a 'T')

To be used as a generic category covering orders which either represent non-addressable liquidity or were priced according to factors other than the current market price of the share. These include OTC hedges of a derivative and inter-fund transfers.

## 94 Trade Reporting

Trades arranged through the **ccCFD Service** will be considered to have been carried out on **Chi-X**; **Chi-X** will publish all trades arranged through the **ccCFD Service**. To avoid duplication, no other party should publish details of these trades.

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**ccCFD** vs **ccCFD** trades are not deemed to represent an economic transaction and therefore will not be printed.

## 95 Transaction Reporting

**Chi-X** does not perform transaction reporting. It is the responsibility of the parties using the **ccCFD Service** to comply with any applicable transaction reporting obligations.

## 96 Errors made by an Executing Broker

**Chi-X** will not correct orders that are entered through the **ccCFD Service**. In the event that an **Executing Broker** wishes to amend an order it must input an order into the **ccCFD Service** which reverses the order which contained the error and also to enter the correct order into the **ccCFD Service**.

## 97 Trades which cannot be accepted by Chi-X

In the event that a trade is sent to the **Chi-X MTF** that cannot be accepted, **Chi-X** will reverse the trade. Examples are where the trade does not comply with the terms of Negotiated Transaction Waiver, or where an error has been made by the **CCP** which means that the trade cannot be settled.

**Chi-X** will aim to cancel the resulting trades within 30 minutes of the trade time. In exceptional circumstances, for example where the error has been made by the **CCP**, **Chi-X** will consider cancelling a trade more than 30 minutes after the trade time, however, trades will not be cancelled later than 12pm on the following trading day for that stock.

## 98 Clearing and Settlement

Each user of the **ccCFD Service** must have Clearing and Settlement arrangements in place in respect of the market segments and asset classes which they intend to access prior to accessing the service.

In the event that incorrect clearing member data has been provided as part of an order, the user is required to correct the position by using a correcting trade.

## 99 General

**Chi-X** has the right to refuse an off-order book transaction being brought under its **Rules**, at its absolute discretion.

## 100 Designated Liquidity Provider status

1. A Designated Liquidity Provider must deal as principal in the relevant securities, and post executable quotations of a minimum size on Chi-X Europe in the applicable securities and at competitive prices, with the result of providing liquidity on a regular and on-going basis to the market. This is described in Guidance Note 8. Chi-X Europe may amend from time to time the requirements through a Trading Notice.

2. A Trading Participant is required to segregate liquidity provision activity and identify to Chi-X Europe those orders that qualify for the scheme.

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3. The Designation would only apply in respect of eligible activity in the securities accepted by Chi-X Europe. The status of Designated Liquidity Provider would cover trades undertaken to meet the specific obligations, respective transactions related to this business, and in the genuine capacity of liquidity provision, including the management of associated risk positions. It would not cover trades where the main overall intention is to create a short position, rather than the provision of liquidity.
4. Chi-X Europe has the right to make publicly available the names of Liquidity Providers and the securities for which they are registered.
5. A Designated Liquidity Provider arrangement will be for a Minimum Term as set out in Guidance Note 8. In exceptional circumstances, a firm may request from Chi-X Europe a temporary withdrawal from its Liquidity Provider Obligations.
6. A Trading Participant must register with Chi-X Europe the intention to act in the capacity of a Designated Liquidity Provider and sign an agreement to meet the applicable requirements for the securities in which it intends to fulfil this function. Chi-X Europe has the right, at its sole discretion, to refuse an application or accept it for only some of the securities notified. Subject to the Minimum Term, should a Trading Participant wish cease to act in this capacity it must inform Chi-X Europe immediately.
7. Chi-X Europe has the right, at its sole discretion, to withdraw the designation should it become aware that a Trading Participant is not meeting, or likely to meet, the requirements set forth in clause 1 above.

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## VERSION CONTROL

Revised [128/84/11](#)– Summary of Changes from the previous version:

Section	Rule No.	Description of Change
<a href="#">Settlement Designated Liquidity Provider status</a>	<a href="#">10042</a>	Rule expanded to incorporate <a href="#">Designated Liquidity Provider status</a> <del>the suppression of self trades from being sent to the CCP</del>