



Bourse de  
Luxembourg

# Rules and regulations of the Luxembourg Stock Exchange

**Part 3 : Market rules of the Luxembourg Stock Exchange**

Edition 2009/03

In accordance with Law of 13 July 2007 relating to Markets in Financial Instruments, the Commission de Surveillance du Secteur Financier was informed in advance of the changes made in the operating rules of the markets operated by the Luxembourg Stock Exchange.

These rules and regulation replace those dated 11/07 that were entered into force 1 November 2007.

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**Part 3 : Market rules of the Luxembourg Stock Exchange**

**Chapter 1: General Provisions**

**1.1 Definitions**

For the purposes of these Rules, the following capitalised terms shall, unless specifically provided otherwise, have the following meanings:

<b>Admission Agreement</b>	a written agreement entered into between the Luxembourg Stock Exchange and a Member or prospective Member in which the Member or prospective Member, as the case may be, applies for membership and agrees inter alia to abide by the Rules in force and any modifications there to;
<b>Admitted Financial Instrument</b>	Any Financial Instrument admitted to listing or trading on a Securities Market of the Luxembourg Stock Exchange;
<b>Affiliate</b>	Any Person designated as such by the Luxembourg Stock Exchange pursuant to Rule 3.3;
<b>Automated Order Routing System</b>	Any system of computers, software or other system that allows orders to be sent by a Client to a Member and submitted to the Luxembourg Stock Exchange Trading Platform without substantial human intervention;
<b>Banking Directive</b>	EU Directive 2000/12/EC of the European Parliament and of the Council of March 20, 2000 relating to the taking up and pursuit of the business of Credit Institutions;
<b>Basket Trade</b>	Cross trades in two or more Securities involving the same counterparties;
<b>Block Trade</b>	Any transaction of the kind defined in Rule 4404/2;
<b>Central Order Book</b>	The Luxembourg Stock Exchange Trading Platform's order book, in which all submitted orders and any modifications thereto are held until matched, expired or withdrawn;
<b>Central Trading System</b>	The central processing system of the Luxembourg Stock Exchange Trading Platform

<b>Certificate</b>	A document embodying one or more Securities;
<b>Client</b>	Any Person who employs the services of a Member in relation to one or more orders for the purchase or sale of one or more Admitted Financial Instruments;
<b>Competent Authority</b>	La Commission de Surveillance du Secteur Financier.
<b>Credit Institution:</b>	Any financial institution as defined in Article 4 (1) of Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and with the exception of institutions referred to in Article 2 of the same Directive.
<b>Cross Transaction</b>	In respect of Securities a cross trade or principal trade executed pursuant to Rule 4402 which does not interact with orders in the Central Order Book but whose price is constrained by the prices of such orders;
<b>Depository Receipt</b>	A Security embodying an entitlement to specific rights attaching to an Underlying Security, issued by an entity other than the Issuer of the Underlying Security.
<b>Directive on Markets in Financial Instruments</b>	Directive 2004/39/EC of the European Parliament and the Council of 21 April 2004 relating to Markets in Financial Instruments.
<b>EEA Passport</b>	The entitlement of a Person to set up a branch or supply services in an EEA member-state other than the one in which the registered office is located, subject to conditions stipulated by the applicable European directives;
<b>Eligible Financial Instrument</b>	An Admitted Financial Instrument specified in the Appendix to the Trading Manual as eligible to be included in the Internal Matching Facility
<b>Euronext</b>	The corporate group consisting of Euronext N.V., a corporation (“naamloze vennootschap”) governed by the laws of the Netherlands, the Euronext Market Undertakings and any other subsidiaries as the context may require;

<b>Euronext Market Undertakings</b>	Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris;
<b>Euronext Securities Market</b>	Any Regulated Market for Securities and MTF operated by any Euronext Market Undertaking;
<b>Equity Securities</b>	Shares and other transferable securities equivalent to Shares, as well as any other type of tradable securities giving the right to acquire Equities Securities as a consequence of their being converted or the rights conferred by them being exercised, provided that Securities of the latter type are issued by the issuer of the Underlying Securities or by an entity belonging to the group of the said issuer.
<b>Financial Institution:</b>	Any financial institution as defined in Article 4 (5) of Directive 2006/48/CE of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and which fulfils the conditions set forth in Article 24 thereof.
<b>Financial Instrument</b>	Any instrument mentioned in section C,Annex1 of Directive 2004/39/EC of the European Parliament and the Council of 21 April 2004 relating to Markets in Financial Instruments;
<b>Home State</b>	The country in which a Person has its registered office or its head office or, in the case of an individual, the country in which such individual has its principal place of business;
<b>Information Technology Agreement</b>	In respect of the Securities Markets of the Luxembourg Stock Exchange, the written agreement entered into between the Luxembourg Stock Exchange or the technical operator of the platform designated by the Luxembourg Stock Exchange and a Member or prospective Member pursuant to Rule 2201/1 (iv) laying down the technical conditions to access the Luxembourg Stock Exchange Trading Platform for Securities and the terms and conditions under which Luxembourg Stock Exchange or the operator of the designated platform provides services to the Members in respect of Securities;

<b>Internal Matching Facility</b>	A service for a Member which implies that an order in respect of an Eligible Financial Instrument entering the order book already containing an order by that Member at the best limit will be executed against this latter order without regard to its entry time
<b>Investment Company:</b>	An investment company whether or not constituted as a UCI;
<b>Investment Fund</b>	An investment fund constituted as unit trust/common fund, other than an open-ended fund;
<b>Investment Firm</b>	A Person, other than a Credit Institution or a Financial Institution, whose regular occupation or business is the provision of Investment Services for third parties on a professional basis, within the meaning of Article 4 of the Directive on Markets in Financial Instruments;
<b>Investment Service</b>	Any of the services listed in Section A of Annex 1 to the Directive relating to Markets in Financial Instruments;
<b>Issuer</b>	Any legal entity that has issued has issued an Admitted Financial Instrument or wishing to proceed to such an admission.
<b>Liquidity Provision Agreement</b>	A written agreement entered into between the Luxembourg Stock Exchange and a Market Maker pursuant to Rule 4107;
<b>Luxembourg Stock Exchange Trading Platform</b>	The technical platform used or designated by the Luxembourg Stock Exchange;
<b>Market Maker</b>	Any Member who has undertaken, and been appointed by the Luxembourg Stock Exchange, to enhance the market liquidity of a particular Admitted Financial Instrument, in accordance with Rule 4107;

<b>Member</b>	Any Person who has been admitted to Membership of the Securities Markets of the Luxembourg Stock Exchange and whose membership has not been terminated. Access to and participation in the Securities Markets of the Luxembourg Stock Exchange are reserved solely to Members or Cross Members. Access to and indirect participation in the Securities Markets of the Luxembourg Stock Exchange via clients and affiliates of these Members are carried out on behalf of the Member having permitted access to and participation in the Securities Market of the Luxembourg Stock Exchange under their entire responsibility;
<b>Member of the Securities Market of the Luxembourg Stock Exchange</b>	Status as a Member of the Securities Markets of the Luxembourg Stock Exchange as defined by Rule 2.1;
<b>Member State</b>	Any of the Member States of the European Economic Area.
<b>MiFID Passport</b>	The recognised right of an MiFID firm to carry on investment business throughout the European Economic Area on the basis of authorisation by the competent authorities of its home Member State pursuant to the Investment Services Directive;
<b>MTF</b>	Multilateral trading facility in the scope of Article 4(1), 15) of the Directive relating to Markets in Financial Instruments.
<b>Notice</b>	Any written communication, labelled Notice, issued by the Luxembourg Stock Exchange to all Members or to any class of Members for the purpose of interpreting or implementing the Rules or any other purpose contemplated in this Rule Book;
<b>National Regulation</b>	Any and all laws and regulations applicable in the jurisdiction of Luxembourg.
<b>Non-MiFID Firm:</b>	A Person without the right to an MiFID Passport, including a Person established within a Member State of the European Economic Area but excluded from the scope of the Directive on Markets in Financial Instruments and a Person from a third country, whether authorised for Securities trading or not;

<b>Partner Market</b>	A market which is the subject of an agreement with the Luxembourg Stock Exchange pursuant to Rule 3101/1;
<b>Person</b>	Any individual, corporation, partnership, association, trust or entity as the context admits or requires;
<b>Public-Law Issuer</b>	An Issuer that is a state, a territorial body under public law or an international institution under public law;
<b>Regulated Market;</b>	Any market for Financial Instruments within the scope of Article 4(1), 14) of the Directive relating to Markets in Financial Instruments.
<b>Responsible Person</b>	An individual designated as such by a Member and registered with the Luxembourg Stock Exchange pursuant to Rule 2202;
<b>Rules</b>	The rules set forth in Part 3 of the Rules and Regulations of the Luxembourg Stock Exchange, as interpreted or implemented by Notices;
<b>Securities Market of the Luxembourg Stock Exchange</b>	Any Regulated Market for Securities and MTF operated by the Luxembourg Stock Exchange.

<b>Security</b>	<p>any transferable security of one of the following categories:</p> <ul style="list-style-type: none"> <li>(i) Shares from companies and other securities equivalent to shares from companies, partnerships and representative share certificates.</li> <li>(ii) Bonds or other debt securities including certificates containing such securities.</li> <li>(iii) Any other security with the right of buying or selling such securities or giving rise to a settlement in cash, fixed with reference to transferable securities, currency, an interest rate or yield rate, primary materials or other indices.</li> <li>(iv) Shares or units in undertakings for collective investment in all their forms.</li> <li>(v) Money market instruments and all other securities for which, subject to the National Regulations, the Luxembourg Stock Exchange may decide that they can be traded on a Securities Market of the Luxembourg Stock Exchange.</li> </ul>
<b>Shares</b>	Any shares of capital stock or other equity securities issued by a corporation or other incorporated business enterprise
<b>Trading Day</b>	Any day on which the Securities Markets of the Luxembourg Stock Exchange are open for trading;
<b>Trading Hours</b>	The trading hours on any Trading Day as announced by a Notice;
<b>Trading Host</b>	The central processing system of the Luxembourg Stock Exchange;
<b>Trading Manual</b>	Those procedures concerning the Securities Markets of the Luxembourg Stock Exchange issued pursuant to Rule 4105, issued as a Notice;
<b>Transaction</b>	Any purchase or sale of an Admitted Financial Instrument.
<b>UCI</b>	An Undertaking for Collective Investment;
<b>Unit</b>	Unit of a UCI

## **1.2 Interpretation**

- 1201 References to any law, regulation, directive or rule shall be construed as those in force at the relevant time.
- 1202 [Reserved]
- 1203 [Reserved]
- 1204 Chapter or section headings in these Rules are for ease of reference only; they are not part of the content of the relevant chapter or section and do not in any way affect the interpretation thereof.
- 1205 Capitalised terms used in these Rules shall be construed to be of such gender or number as the context admits or requires.
- 1206 Capitalised terms defined in Rule 1.1 and used but not otherwise defined in Notices or other communications of the Luxembourg Stock Exchange shall have the same meaning therein as set forth in Rule 1.1.
- 1207 Unless specifically provided otherwise, time specifications in these Rules or in Notices or other communications of the Luxembourg Stock Exchange shall be construed to refer to Central European Time.
- 1208 Unless specifically provided otherwise, any time periods stated in these Rules or in Notices or other communications of the Luxembourg Stock Exchange shall be counted from midnight to midnight. The time periods shall be deemed to begin on the day following the day on which the event that causes such period to begin takes place. If the date on which any such period terminates is not a Trading Day, the relevant time period shall expire on the next Trading Day. Time periods stated in months or years shall be counted from the starting day through the day preceding the corresponding day in the relevant subsequent month or year.

## **1.3 Language**

- 1301 These Rules and the Notices shall be drawn up in French and may be translated into English.
- 1302 Any applications, filings and correspondence with, and submissions to, the Luxembourg Stock Exchange by Members, prospective Members or not, shall be made in one of the official languages of Luxembourg or in English at the choice of the instigator.

## **1.4 Implementation and Modification of Rules**

- 1401 These Rules shall be implemented and interpreted by:
- (i) Notices applicable to all Securities Markets of the Luxembourg Stock Exchange
  - (ii) Individual decisions taken by the Luxembourg Stock Exchange, in accordance with the Rules;

Notices shall become effective and binding upon publication by the Luxembourg Stock Exchange in the manner set forth in Rule 1501 or at such subsequent date as is specified in such publication.

- 1402 With a view to the adequate and proper operation of the Securities Markets of the Luxembourg Stock Exchange and the protection of the interests of participants on those markets, the Luxembourg Stock Exchange may modify the Rules, including by adopting additional Rules, whenever it deems such modifications necessary or appropriate.

Such modifications shall become effective and binding on all Members upon publication by the Luxembourg Stock Exchange in the manner set forth in Rule 1501 or at such subsequent date as is specified in such publication.

If any modification of the Rules, other than a modification required by European Community law or National Regulations, materially adversely affects the rights or obligations of Members generally or of any class of Members, then any Member so affected may terminate its membership of the Luxembourg Stock Exchange by notice in writing given to the Luxembourg Stock Exchange within five Trading Days from the date of publication of the relevant modification.

## **1.5 Publication and Communications**

- 1501 The Luxembourg Stock Exchange shall ensure publication of this Rule Book, subsequent amendments to the Rules and Notices through dissemination to its Members or to the relevant class of Members via its trading system, publication in its periodical publications or individual notification as appropriate

- 1502 Unless specifically provided otherwise, any notification or other communication specific to a Member which is required to be made in writing by any Rule may be made by any means of communication producing or permitting reproduction of a written or printed text of the notice.

Any such notification or communication shall be deemed to have been received when effectively delivered to the recipient's address or transmitted to and received via its fax number or electronic mail address, as the case may be, except that any such notification or communication made by ordinary mail shall be deemed to have been received on the second, fourth or seventh Trading Day following the postal stamp date, depending on whether the notice is sent within the same country, to another Member State or to a country outside the European Economic Area, respectively.

Any such notification or communication to a Member shall be made to the address, fax number or electronic mail address specified in writing by such Member to the Luxembourg Stock Exchange. For Members, such a registration has to be done pursuant to Rule 2.7.

1503 The Luxembourg Stock Exchange may gather information useful for its activities and may, in accordance with applicable legislation in relation to personal data protection, record conversations conducted on telecommunications equipment of all types located in its premises including conversations held based in its premises using mobile telecommunications equipment. The Luxembourg Stock Exchange shall determine the conditions in which it retains the recordings in accordance with applicable legislation relating to personal data protection.

**1.6 Exclusion of Liability**

1601 Subject to National Regulations, the Luxembourg Stock Exchange shall use reasonable best efforts to monitor compliance with the Rules by the Members, to enforce the Rules and to organise fair, orderly and efficient markets.

1602 Subject to National Regulations, in providing trading facilities in respect of Admitted Financial Instruments and related services and communications, infrastructure and connections, the Luxembourg Stock Exchange shall act on a commercial best efforts basis.

1603 The Luxembourg Stock Exchange is required, pursuant to National Regulations, to:

- (i) have clear and transparent Rules which
  - (a) provide for fair and orderly trading and establish objective criteria for the efficient execution of orders; and
  - (b) ensure that any Financial Instruments admitted to trading are capable of being traded in a fair, orderly and efficient manner;
- (ii) establish and maintain effective arrangements and procedures for the regular monitoring of the compliance with the Rules by Members; and
- (iii) monitor the activity undertaken by Members in order to identify breaches of the Rules, disorderly trading conditions or conduct that may involve market abuse.

1604 The Luxembourg Stock Exchange wishes to draw the following statement to the attention of Members. In pursuit of Luxembourg Stock Exchange's responsibilities as an operator of regulated markets including those referred to under Rule 1603, there are a number of actions which may or may not be undertaken by the Luxembourg Stock Exchange, whether as a result of Luxembourg Stock exchange's own determination or at the request of a Member or the Competent Authority. Some of these actions are listed below, without limitation:

- (i) the suspension or restriction in some way of business on any of the Luxembourg Stock exchange Markets pursuant to Rule 4403;
- (ii) the closure for any period of any of the Luxembourg Stock Exchange Markets pursuant to Rule 4403;
- (iii) the cancellation of trade(s) on any of the Luxembourg Stock Exchange Markets pursuant to Rule 4403;

- (iv) any investigation, audit or check in respect of a Member to ensure compliance with the Rules pursuant to Rules 6.2; and
- (v) the suspension of membership rights and/or termination of membership pursuant to Rule 2.7 and/or Rule 6.3.

This may result in the inability of one or more Members and, through such Members, one or more Clients, to enter into Transactions.

- 1605 Unless otherwise expressly provided in the Rules or in any other agreement between the Luxembourg Stock Exchange and a Member, the Luxembourg Stock Exchange shall only be liable for fraud, gross negligence and wilful misconduct where there is a finding of such by a court in Luxembourg.
- 1606 Members are required to draw the statements in Rules 1604 and 1605 to the attention of their Clients.
- 1607 For the purposes of this Rule 1.6, references to the Luxembourg Stock Exchange shall include any directors, officers, employees of the Luxembourg Stock Exchange.

#### **1.6A Confidentiality of Information**

- 1601A All information concerning the affairs of a Member or an applicant for Membership obtained or received by the Luxembourg Stock Exchange shall be treated as confidential.
- 1602A The Luxembourg Stock Exchange shall be able to pass on confidential information in respect of such Person to:
- (i) a company operating in a Partner Market;
  - (ii) a settlement agent;
  - (iii) the Competent Authority,

provided that any Person receiving confidential information pursuant to this Rule 1602A is subject to professional secrecy obligations and shall be required to respect the confidentiality of such information. The Luxembourg Stock Exchange shall inform the Member or the Person requesting the allocation of Member status of the transfer of this confidential information without prejudice to the market abuse law.

#### **1.7 Governing Law**

- 1701 All provisions in these Rules in respect of orders produced and/or Transactions executed or entered into on the different Securities Markets of the Luxembourg Stock Exchange and all matters related thereto and, subject to Rule 1702, all other provisions of the Rules shall be governed by Luxembourg law and interpreted accordingly.

- 1702 The Luxembourg Stock Exchange and the Member may agree in a written agreement a choice of governing law and jurisdiction different from that specified in Rule 1701, with the exception of the provisions relative to the orders produced and/or Transactions executed or entered into on the Securities Markets of the Luxembourg Stock Exchange and all matters related thereto.
- 1703 Nothing contained in these Rules overrides any provision of applicable National Regulation and, in the case of any conflict between any provision of these Rules and National Regulation, National Regulation will prevail.

**1.8 Entry into Effect**

- 1801 These Rules shall enter into effect on 9 March 2009.

## **Chapter 2: Members of the Securities Markets of the Luxembourg Stock Exchange**

### **2.1 Membership of the Securities Markets of the Luxembourg Stock Exchange and trading activities**

#### 2101 Membership of the Securities Markets of the Luxembourg Stock Exchange

2101/1 Any person wishing to become a Member of a Securities Market of the Luxembourg Stock Exchange must apply for membership in accordance with the provisions of this Chapter 2. The admission of a Person to Membership of a Securities Market of the Luxembourg Stock Exchange is subject to the prior written approval by the Luxembourg Stock Exchange. Upon admission by the Luxembourg Stock Exchange pursuant to this Chapter 2, the Person shall be denoted as a Member of the Securities Markets of the Luxembourg Stock Exchange.

2101/2 The trading privileges and obligations of a Member shall be set forth in these Rules, the Admission Agreement and in other specific agreements contemplated by these Rules.

2101/3 Membership or any rights arising from such Membership may not in any way be transferred (other than by way of corporate restructuring with no change of beneficial ownership) or encumbered by or on behalf of the Member.

#### 2102 Membership Capacities

2102/1 Membership capacities are determined by the Luxembourg Stock Exchange although a Member may, if he so wishes, restrict such scope in respect of his activities on one or more of the Securities Markets of the Luxembourg Stock Exchange.

### **2.2 Requirements for Membership Status**

#### 2201 Eligibility for Membership

2201/1 The Luxembourg Stock Exchange shall determine whether an Applicant which does not already hold membership of the Securities Markets of the Luxembourg Stock Exchange (depending on the particular case) satisfies the following criteria:

(i) in respect of an Investment Firm or a Credit Institution, that:

(a) it is authorised by the competent authorities of its home Member State to conduct business on the market; and

(b) where relevant, it has given appropriate notification to the competent authority concerned that it wishes to take up its EEA passport in the jurisdiction in which the Luxembourg Stock Exchange is situated;

(ii) in respect of a Non-MiFID Firm:

- (a) that it is authorised, or otherwise licensed or permitted by the Competent Authority to conduct business on the market, or in the absence of a requirement for authorisation, licensing or permission, it can otherwise demonstrate that it is fit and proper; and
- (b) that it enjoys the business standing suitable for admission to Membership;
- (iii) that its staff are suitably qualified and experienced in order to implement and maintain adequate internal procedures and controls in relation to its intended business on the market;
- (iv) that, where relevant, it has entered into any agreement envisaged by these Rules and has met any technical requirements specified by the Luxembourg Stock Exchange.
- (v) that it can demonstrate fluency of its relevant personnel in one of the official languages of Luxembourg or in English; and
- (vi) that it can demonstrate that it has sufficient resources for the role(s) it intends to perform on the market; and
- (vii) that it comply with any other criteria, including financial requirements, which the Luxembourg Stock Exchange may prescribe and publish by Notice.

2201/2 Natural persons and sole proprietorships are not eligible to become Members of the Securities Markets of the Luxembourg Stock Exchange.

2201/3 Admission to membership of one of the Securities Markets of the Luxembourg Stock Exchange shall not confer any right to attend or vote at meetings of the Luxembourg Stock Exchange nor confer any right for payment of debts or performance of obligations in respect of the Luxembourg Stock Exchange.

2201/4 The Luxembourg Stock Exchange will only consider applications for membership in respect of Persons located in jurisdictions with satisfactory regulatory arrangements including those in respect of:

- (i) supervision of investment activity; and
- (ii) information sharing and co-operation between the supervisory authority of the jurisdiction concerned and the Competent Authority.

2202 Responsible Persons and Traders

2202/1 A Member must ensure that it has a sufficient number of Responsible Persons for the nature and scale of business trading. A Responsible Person shall be responsible for trading activity conducted on the Securities Markets of the Luxembourg Stock Exchange under his authority and may be a trader himself and/or a trading supervisor.

2202/2 In order to comply with this Rule 2202, a Responsible Person must, pursuant to the requirements of the Luxembourg Stock Exchange, be adequately trained and fully conversant with the Rules and Trading Procedures. The Luxembourg Stock Exchange may impose requirements (and publish such requirements by Notice) in respect of training and competence of Responsible Persons.

2202/3 Subject to any restrictions imposed by the Luxembourg Stock Exchange, trading may be conducted by Responsible Persons or by other individuals within the Member, at the discretion of the Member, provided all such individuals are suitable and adequately trained in accordance with the Rules. When Securities are being traded, traders must submit their orders under the general authority of such Responsible Person.

## **2.3 Application Procedure**

2301 Submission of the Application

2301/1 Applicants shall submit a written application for Membership to the Luxembourg Stock Exchange including, in particular, information and documents that the Luxembourg Stock Exchange deems pertinent in its judgement in order to review the application.

2301/2 An existing Member wishing to act in a capacity other than that to which it is already admitted or wishing to extend its activities on another Market of the Luxembourg Stock Exchange shall submit a written application to that effect.

2302 Application File

2302/1 The admission application for membership is made using the form prescribed by the Luxembourg Stock Exchange in one of the official languages in Luxembourg or in English.

2302/2 The Luxembourg Stock Exchange may require from the applicant additional information and documents and may instigate such investigation to verify information submitted by the applicant as it deems necessary. The Luxembourg Stock Exchange may require the applicant, or one or more representatives of the applicant, to attend for interview by the Luxembourg Stock Exchange.

2302/3 Each applicant and each Member shall make a commitment to provide all information or make any modifications to its information systems that may be required by Luxembourg Stock Exchange, acting in good faith.

2303 Determination of Application

2303/1 Luxembourg Stock Exchange shall, after receipt of an application for Membership and any additional information requested by it, on its sole discretion approve or reject such application or approve such application subject to such conditions and/or restrictions as it considers appropriate. The Luxembourg Stock Exchange shall notify the applicant of its decision in writing.

2303/2 Without prejudice to Rule 2303/3 and subject to Rule 1.6A, the Luxembourg Stock Exchange shall keep confidential all information submitted to it by a Member or a prospective Member in connection with an application for Membership or obtained by it in the course of reviewing such application.

2303/3 The Luxembourg Stock Exchange shall inform the Competent Authority and the other Partner Markets of the admission of new Members and the date on which such new Members are approved and/or start trading.

2303/4 If the Luxembourg Stock Exchange decides to refuse an application it shall promptly notify the applicant in writing. Such applicant may, by notice in writing within seven days of receiving notice of such decision, require the Luxembourg Stock Exchange to give additional explanations for its decision within seven days of receiving such notice from the Applicant.

## **2.4 Members' Continuing Obligations**

2401 A Member shall on a continuing basis:

- (i) abide by the Rules in force, and take all appropriate actions prescribed by the Rules;
- (ii) fulfil his obligations under the Admission Agreement and, where relevant, any other agreement(s) to which the Luxembourg Stock Exchange and the Member are party;
- (iii) pay the fees and charges prescribed by the Luxembourg Stock Exchange according to the conditions established by the Luxembourg Stock Exchange and communicated to Members;
- (iv) submit as soon as possible any information or document which the Luxembourg Stock Exchange or such agents consider appropriate for purposes of controls, without prejudice to the regulatory provisions relating to the professional secrecy of Members,
- (v) comply with the technical requirements of the relevant Luxembourg Stock Exchange Trading Platform(s) and of any other information technology system or network operated by Luxembourg Stock Exchange, as set out in the relevant agreement(s);
- (vi) notify the Luxembourg Stock Exchange as soon as possible and in writing of any material changes to the information submitted during the course of the Membership application, including (without limitation) those in respect of the Member's authorisation, license or permission to conduct Investment Services;
- (vii) give prior written notice to the Luxembourg Stock Exchange of any facts or circumstances which may affect the legal form or organisation of the Member or its trading activities on the Securities Markets of the Luxembourg Stock Exchange , including (without limitation) any consolidation, reorganisation, merger, change of name, change of control or similar event to which the Member is or will become a party and provide such additional information as the Luxembourg Stock Exchange may reasonably require;
- (viii) notify immediately the Luxembourg Stock Exchange of the commencement or anticipation of any bankruptcy, insolvency, winding up, administration or equivalent event (including amicable settlement) in any relevant jurisdiction the Member is subject to or to which the Member is a party;

- (ix) provide the Luxembourg Stock Exchange with such contact details of representatives of the Member as may be determined by the Luxembourg Stock Exchange including any changes to such details (in particular changes to the address of the Member) in a timely manner;
- (x) ensure that any description of his membership or the services that he is able to provide, in the form and context in which it appears or is used, does not misrepresent the scope of the capacity which he enjoys under the Rules in relation to the Luxembourg Stock Exchange; and
- (xi) implement and maintain adequate internal procedures and controls in relation to its business on the market.

## **2.5 Extension of Membership**

2501 Securities Markets of the Luxembourg Stock Exchange

2501/1 Upon admission by the Luxembourg Stock Exchange in accordance with this Chapter 2 and upon completion of such procedural requirements as may be set forth in one or more Notices on this subject, a Person other than a Non-MiFID Firm may become a Member of, and be entitled to trade on other Securities Markets of the Luxembourg Stock Exchange in the same capacity and subject to the same restrictions as on the markets operated by the Luxembourg Stock Exchange.

## **2.6 Register of Members**

2601 The Luxembourg Stock Exchange shall maintain a register of Members, including in particular the contact details and capacities of Members.

2602 A Member shall be deemed to have elected domicile at the address stated by him in the Admission Agreement or at the last address subsequently specifically notified by him in writing to the Luxembourg Stock Exchange.

## **2.7 Resignation, Suspension and Termination**

2701 Resignation

2701/1 A Member may cease to be a member by giving the Luxembourg Stock Exchange written notice of his wish to resign from membership (a “resignation notice”).

2701/2 Subject to National Regulation, Luxembourg Stock Exchange may, in its sole discretion, postpone the effective date if it considers it necessary for the protection of clients, or otherwise in the interests of the market. If the Luxembourg Stock Exchange does so, it may waive the Member’s liability for some or all the fees and charges arising in respect of the period following the date on which his resignation notice would otherwise have taken effect.

2701/3 Upon a Member's notification of its resignation pursuant to Rule 2701/1, all amounts owed by such Member to the Luxembourg Stock Exchange shall become immediately due and payable. The Member shall forthwith return to the Luxembourg Stock Exchange on request, any software, equipment and documentation which may have been made available by the Luxembourg Stock Exchange.

2701/4 A Member's resignation shall become effective only as of the date confirmed in writing by the Luxembourg Stock Exchange to the Member.

2702 Suspension and Termination

2702/1 Notwithstanding the rules of Chapter 6, as applicable, the Luxembourg Stock Exchange shall suspend for a fixed term in whole or in part, a Member's trading privileges and may terminate his Membership in the event of:

- (i) A member failing to perform, or delaying performing, any of such Member's obligations under the Admission Agreement, any other agreement to which both the Luxembourg Stock Exchange and the Member are party for which such failure would constitute a violation of the Members' obligations under the Rules; or
- (ii) the dissolution of the Member, if a legal entity or partnership; or
- (iii) a Member suspending payment or calling a meeting of his creditors; or
- iv) a Member having a receiving order or a bankruptcy order made against him or all of the partners; or
- (v) a Member which is a legal person having a receiver or an administrative receiver appointed or a petition for winding up presented or a resolution passed for winding-up or proceedings have otherwise commenced for its dissolution; or
- (vi) insolvency or other similar event occurring in respect of a Member; or
- (vii) the Member's application for Membership containing material errors or omissions or being misleading in a material respect; or
- (viii) the revocation or expiry without renewal of the Member's Home State authorisation, licence or permission to engage in the relevant Investment Services resulting in the Member failing to satisfy the Membership requirements under Rule 2201; or
- (ix) a Member failing to satisfy the Luxembourg Stock Exchange that it meets any financial requirement for membership stipulated by the Luxembourg Stock Exchange from time to time.

2702/2 Any termination pursuant to Rule 2702/1 shall be decided by the Luxembourg Stock Exchange, taking into account the degree of seriousness or permanence of the event in question. The decision of suspension or termination shall be notified in writing to the Member.

- 2702/3 Without prejudice to the application, if applicable, of the Rules of Chapter 6, the Luxembourg Stock Exchange may withdraw Membership of the Securities Market of the Luxembourg Stock Exchange if the Member:(i) has not started trading in the three months following his admission as a Member to the Securities Markets of the Luxembourg Stock Exchange; or(ii) has ceased to carry out regularly brokerage and/or dealing in Securities for a period of six consecutive months,
- 2702/4 A Member whose trading privileges are suspended or whose membership is terminated may apply to the Luxembourg Stock Exchange at any time to have the suspension or termination revoked. On making such an application the Member shall provide the Luxembourg Stock Exchange with any information it may require, where necessary. The Luxembourg Stock Exchange may reject such application or may reinstate the Member or restore his trading privileges either unconditionally or subject to any conditions the Luxembourg Stock Exchange may think appropriate. Such Member may, by notice in writing within seven days of receiving notice of such decision, require the Luxembourg Stock Exchange to give additional explanations for its decision within seven days of receiving such notice from the Member.
- 2702/5 A Member whose trading privileges are in whole or in part suspended for any period:(i) shall be prohibited from trading as a Member during the period of suspension (save as may be allowed by the Rules for purposes of closing out his and his Clients' open positions); but (ii) shall remain liable in respect of all his obligations of membership including the payment of any fees and charges payable under the Rules.
- 2702/6 Without prejudice to the above, a Person whose membership has been terminated shall remain subject to the Rules and to the jurisdiction of the Luxembourg Stock Exchange in respect of acts and omissions while he was a Member, for a period of twelve months from the date at which the termination of Membership became effective. Furthermore, a Person whose membership is terminated shall forfeit all rights to use any trading privileges granted to him, without being entitled to any refund of fees paid in respect of the same.
- 2702/7 All amounts owed by a Member to the Luxembourg Stock Exchange shall become immediately due and payable upon such Member's notification of its suspension or termination pursuant to Article 2702/2. All of such Member's obligations towards the Luxembourg Stock Exchange resulting from that membership shall be fully discharged. The Member shall forthwith return to the Luxembourg Stock Exchange on request, any software, equipment and documentation which may have been made available by the Luxembourg Stock Exchange.
- 2703 Notification of resignation, suspension and termination of membership
- The Luxembourg Stock Exchange shall promptly inform the Competent Authority, and the Partner Markets of the resignation, termination or suspension, as well as of the termination of such suspension, of the membership of any Person.

### **Chapter 3: Market Access Arrangements**

#### **3.1 Cross Membership**

- 3101/1 The Luxembourg Stock Exchange may enter into an agreement with another exchange operating a Regulated Market or an MTF in order to define, on a reciprocal basis, specific conditions for the admission of members of the said markets. For the purposes of this Rule 3.1, such Regulated Market or organised market shall be described as a “Partner Market”.
- 3101/2 A Person accessing the Securities Markets of the Luxembourg Stock Exchange through a cross-membership agreement of the sort contemplated by Rule 3101/1 is referred to as a “Cross Member”. Except as otherwise provided in the relevant agreement, a Cross Member cannot benefit from other cross membership agreements executed by the Luxembourg Stock Exchange.
- 3101/3 A Cross-Member is bound by the Rules of the Luxembourg Stock Exchange as amended by the provisions of the cross membership agreement. Conversely, a Member shall comply with the rules of the Partner Markets where it trades.
- 3101/4 The Luxembourg Stock Exchange shall inform the relevant market with which the Luxembourg Stock Exchange has concluded a cross-membership agreement of the admission of a new Cross Member and of the resignation, termination or suspension of Membership of a Cross Member.

#### **3.2 Electronic Access Facilities for Clients**

- 3201/1 Any access granted by a Member to his Clients by way of an Automated Order Routing System must be adequately controlled in accordance with the provisions of Rule 5106.
- 3201/2 All business undertaken by a Client via an Automated Order Routing System on the Securities Market of the Luxembourg Stock Exchange will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.

#### **3.3 Electronic Access Facilities for Affiliates**

- 3301/1 The Luxembourg Stock Exchange may consider an application from a Member who wishes to obtain direct access to a Securities Market of the Luxembourg Stock Exchange for his Affiliate(s).
- 3301/2 For the purposes of this Rule, Affiliate means a Person who:
- (i) owns 95 per cent or more of the Member; or
  - (ii) is owned 95 per cent or more by the Member; or
  - (iii) is owned 95 per cent or more by a third party who also owns 95 per cent or more of the Member.

All successful applicants for Affiliate access will be notified in writing by the Luxembourg Stock Exchange.

3301/3 The Luxembourg Stock Exchange will only consider applications in respect of Affiliates located in jurisdictions with satisfactory regulatory arrangements including those in respect of:

- (i) supervision of investment activity; and
- (ii) information sharing and co-operation between the supervisory authority of the jurisdiction concerned and the Competent Authorities or, where permitted by National Regulation, the Luxembourg Stock Exchange.

3301/4 All business undertaken by an Affiliate on a Securities Market of the Luxembourg Stock Exchange will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.

## **Chapter 4: Trading Rules for Securities**

### **4.1 General Conditions**

#### 4101 Scope of Chapter 4

This Chapter 4 sets forth rules governing trading on the Securities Markets of the Luxembourg Stock Exchange.

#### 4102 Trading Days

The Trading days in any given calendar year shall be announced by the Luxembourg Stock Exchange in a Notice published no later than the last Trading Day of the preceding year.

#### 4103 Currency of Trading

Orders for the purchase or sale of Securities shall be expressed in the currency determined by the Luxembourg Stock Exchange for the relevant class of Securities.

#### 4104 Trading Symbols

The Luxembourg Stock Exchange shall define trading symbols for the purpose of identifying Securities in Luxembourg Stock Exchange trading systems. It may on its sole discretion modify or reassign such trading symbols at any time. The Issuers of the relevant Securities shall have no proprietary rights to such trading symbols.

#### 4105 System Rules and Technical Requirements

When trading on a Securities Market of the Luxembourg Stock Exchange, Members shall comply with the operational, procedural and technical requirements of the Luxembourg Stock Exchange systems and networks, as specified by the Luxembourg Stock Exchange.

#### 4106 Member Responsibility

In respect of business conducted on the Securities Markets of the Luxembourg Stock Exchange or business related thereto, a Member of the Securities Markets of the Luxembourg Stock Exchange shall be responsible for the acts and conduct of all Responsible Persons registered in its name and all individuals trading under the general authority of such Responsible Persons. In particular, a Member of the Securities Markets of the Luxembourg Stock Exchange shall be held responsible for a violation of a relevant obligation committed by any such person and sanctions may be imposed under these Rules.

4107 Market Makers

4107/1 When the Luxembourg Stock Exchange considers it to be in the interest of the market that liquidity in a particular Admitted Financial Instrument be improved, it may enter into agreements with one or more Members who shall assume the role of Market Maker for such instrument. The Luxembourg Stock Exchange shall determine the minimum and maximum number of Market Makers for the relevant Security.

4107/2 The Luxembourg Stock Exchange shall publish and regularly update the list of Market Makers and relevant information relating to their activities in accordance with Rule 1501.

**4.2 Orders**

4201 Scope of Rule 4.2

This Rule 4.2 only concerns orders for the purchase or sale of Securities submitted by Members of the Securities Markets of the Luxembourg Stock Exchange to the Central Order Book of a Securities Market of the Luxembourg Stock Exchange and shall not stand in the way of specific arrangements regarding order specifications as agreed between Securities Market members and their Clients. A Member may decline to execute orders that are subject to conditions precedent or subsequent, or other validity constraints, which are not contemplated by this Chapter 4

4202 General Terms and Conditions

4202/1 Minimum Indications

Any order submitted to the Central Order Book shall at least indicate the following elements:

- (i) the Security to which the order relates or the trading symbol assigned by the Luxembourg Stock Exchange to such Security;
- (ii) whether the order is for a purchase or a sale;
- (iii) the order quantity;
- (iv) the price conditions;
- (v) and whether the order is for:
  - (a) the Member's own account;
  - (b) for the account of an Affiliate granted direct access pursuant to Rule 3.3;
  - (c) for the account of a third party;
  - (d) whether or not such order is submitted pursuant to a Liquidity Provision Agreement.

Furthermore, when trading a basket of Securities with a single counterparty, a Member of the Securities Markets of the Luxembourg Stock Exchange shall specify, for each Cross Transaction, that it forms one component of a Basket Trade.

When placing an order, a Member of the Securities Markets of the Luxembourg Stock Exchange may also indicate special conditions as per Rule 4204.

#### 4202/2 Order Size

All order sizes can be traded, subject to particular specifications in respect of certain types of Securities as set forth in one or more Notices.

#### 4202/3 Certain Events

Unexecuted orders in respect of a particular Security shall be cancelled in the Central Order Book upon the occurrence or the announcement of certain events concerning the relevant Issuer which are likely to substantially affect the price of such Security, as set forth in one or more Notices.

Members of the Securities Markets of the Luxembourg Stock Exchange must agree with their Clients whether events of the kind referred to in the preceding paragraph require express renewal of orders or whether Securities Markets Members are entitled to re-enter orders after having performed the necessary price or quantity adjustments, where appropriate.

#### 4202/4 Modification and Cancellation

Any order entered into the Central Order Book may be modified or cancelled prior to its execution. Any increase in the order quantity or change in the limit price shall cause the forfeiture of time priority.

### 4203 Order Types

#### 4203/1 Market Orders

An order to buy or to sell a stated amount of a security that is to be executed at the best price(s) obtainable when the order reaches the Central Order Book.

#### 4203/2 Limit Orders

Limit orders are bid or ask orders that can only be executed at their specified price limit or at a better price. The price limit must be consistent with the tick specified by a Notice.

#### 4203/3 Stop Orders

Stop orders are orders which are triggered when a specified price limit is reached in trading (implying that the market must trade at or above the stop limit for a buy order and at or below the stop limit for a sell order). In the case of a stop loss order, a market order shall then automatically be generated and added to the Central Order Book. In the case of a stop limit order, a limit order shall automatically be generated and added to the Central Order Book.

#### 4203/4 Pegged Order

A limit order to buy or sell a stated amount of a security at a display price set to track the current bid or ask of the Luxembourg Stock Exchange central Order book. The associated price of each Pegged Order that is updated will be assigned a new entry time with priority in accordance with Luxembourg Stock Exchange Rules. Pegged orders can have a limit price which if breached will cause the pegging to temporarily stop as long as the current bid or ask is more aggressive than this price.

#### 4204 Order parameters

##### 4204/1 Validity

Orders entered into the Central Order Book may be valid for the Trading Day, until a specified date, or until cancelled, subject to a maximum duration of 365 days. Absent specification of its duration, an order shall be deemed to be valid for the Trading Day. For a specified trading session as of its entry, an order may be valid until a specified time, or for a specified length of time or for the next opening auction or closing auction.

##### 4204/2 Execution parameters

##### 4204/2/A Particular execution conditions

Certain types of orders may be made subject to the following execution conditions in accordance with the matrix of order types and execution conditions set forth in one or more Notices:

- (i) «Immediate Or Cancelled», are orders which are executed to the fullest extent possible either immediately upon entry during with any remaining unexecuted portion being cancelled;
- (ii) «minimum-quantity orders» are orders which must be executed immediately to the extent of a specified minimum quantity, with any remaining unexecuted portion being added to the Central Order Book. Such orders shall be cancelled failing immediate execution of the specified minimum quantity;

it being understood that conditions (i) and (ii) above shall be allowed only in respect of continuous trading.

##### 4204/2/B Market Orders

- (i) Pure Market Orders: any remaining unexecuted portion is being added to the Central Order Book for execution as soon as possible at the next prices.
- (ii) Market-to-limit orders: are bid or ask orders which, in continuous trading are executed immediately at the best opposite price limit and, in auctions are executed at the auction price, with any remaining unexecuted portion being automatically transformed into a limit order at the last executed price and added to the Central Order Book.

4204/3 Transparency parameters

"Reserve orders", also referred to as "iceberg orders", are orders of which only specified tranches, that may not be less than a threshold specified by Notice (except for the final tranche), are successively entered in the Central Order Book, and disclosed to the market, with the current time stamp following full execution of the preceding tranche.

**4.3 Trading Cycles**

4301 Overview

Securities shall be traded either through continuous matching of orders at opposite sides of the Central Order Book or through call auction procedures following a period in which orders have been accumulated without execution.

The allocation of Securities between continuous and auction mode trading shall be determined by the Luxembourg Stock Exchange on the basis of objective criteria including (without limitation) historical and expected trading volumes, the inclusion in a Luxembourg Stock Exchange or other internationally recognised index and the presence of Market Makers.

4302 Continuous Trading

4302/1 Pre-opening phase

An opening auction shall be held at the beginning of each Trading Day prior to the commencement of continuous trading, in the manner specified in one or more Notices.

4302/2 Main trading session

Upon completion of the opening auction, trading shall take place on a continuous basis, with each incoming order being checked immediately for possible execution against orders on the opposite side of the Central Order Book and any remaining unexecuted portion of such order being added to the Central Order Book, subject to different execution conditions permitted by Rule 4204.

4302/3 Closing Phase

Except for certain types of Securities designated by the Luxembourg Stock Exchange, the final price shall be determined through a closing auction in the manner specified in one or more Notices.

4302/4 Trading-at-last

Except for certain types of Securities designated by the Luxembourg Stock Exchange, a short period may be provided at the close of a Trading Day during which orders can be entered for execution at the last traded price.

4303 Auctions

4303/1 Call Phase

Each auction shall begin with a call phase in which orders are recorded without giving rise to Transactions. During such call phase, Members of the Securities Markets may enter new orders as well as modify or cancel existing orders. An indicative price, representing the price which the system matcher would determine on the basis of the given Central Order Book situation, shall be displayed and updated continuously as the Central Order Book situation evolves.

4303/2 Price determination phase

Following completion of the call phase, the system shall seek to determine a price so as to produce the maximum executable volume as per Rule 4401/3. During such price determination phase, no new orders may be entered and existing orders may not be modified or cancelled.

4303/3 Trading-at-last

For Securities designated by the Luxembourg Stock Exchange, a period may be provided following the auction during which orders can be entered for execution at the auction price

4304 Post trading Central Order Book management

During a period after the close of trading defined by Notice, the Members of the Securities Markets can access the Central Order Book in order to enter new orders as well as modify or cancel existing orders for the next Trading Day.

4305 Out-of-Hours Trading

4305/1 Price Range

Without prejudice to the rules applicable to Block Trades, Transactions made outside the trading sessions shall be effected at a price within a price range of 1% around the last traded price, boundaries included.

**4.4 Market Mechanisms**

4401 Order Matching and Execution

4401/1 Execution priority principle

Orders in the Central Order Book shall be executed according to strict price priority.

Orders at the same price are ranked and executed according to strict time priority, with the following exception: during the continuous trading phase, orders at the best limit submitted by a Member who is participating in the Internal Matching Facility will be executed against such Member's incoming orders in the Central Order Book.

#### 4401/2 Continuous Trading

During continuous trading, each incoming order shall be checked immediately for possible execution against orders on the opposite side of the Central Order Book. Orders in the Central Order Book shall be executed according to price/time priority. The traded price shall be determined by the limit price of orders sitting on the Book.

#### 4401/3 Auctions

The auction price shall be the price which maximises the volume exchanged based on the Central Order Book at the closing of the call phase.

Market orders shall have priority over limit orders. Likewise, Market-to-limit orders shall take precedence over limit orders with a limit equal to the opening price.

If there are several limits with equally high executable volume, the price shall be determined successively by reference to the lowest surplus for each limit, market surplus side and the price of the last automated trade (adjusted to take account of any corporate event that may have occurred in the interval). If such price is not available, another reference price determined in accordance with one or more Notices on the subject, until a single auction price is achieved.

#### 4402 Cross Trades and Principal Trades

Cross Trades involve the simultaneous production and execution by a single Member of the Securities Market of the Luxembourg Stock Exchange of opposing buy and sell orders of Clients for an identical quantity of a particular Security and at the same price in the Central Order Book.

Cross Trades can be made only for Securities traded continuously and shall be effected at a price within the market's best bid/ask spread at the time of execution, boundaries included.

Principal trades involve Members of the Luxembourg Stock Exchange trading voluntarily against their Clients and shall be effected on the conditions applicable to Cross Trades.

#### 4403 Trading Safeguards

##### 4403/1 Volatility interruptions or extensions

If any order entered in the Central Order Book is bound to cause the price of any Security to cross a defined threshold, the Luxembourg Stock Exchange will in continuous trading temporarily interrupt automated execution of such orders, for the portion which would be traded outside the threshold, or in auction trading postpone the auction, as the case may be.

The aforesaid thresholds may be determined by the Luxembourg Stock Exchange in reference to a static or dynamic reference price, as set forth in one or more Notices.

In continuous trading, if a threshold is crossed, an auction shall be automatically initiated before continuous trading is resumed.

In auction mode trading, the volatility extension shall consist of a postponement to the next auction planned.

#### 4403/2 Other Trading Halts

The Luxembourg Stock Exchange may suspend trading in any Security in order to prevent or halt disorderly market conditions, either on its own initiative, and in its sole discretion, or at the reasoned request of the relevant Issuer.

In addition, the Luxembourg Stock Exchange shall suspend trading in any Security upon the request of the Competent Authority..

#### 4403/3 Trade or price cancellation

The Luxembourg Stock Exchange may cancel Transactions, even if already registered, which in its reasonable judgement do not comply with a Rule or applicable law or regulation or are the subject of a manifest material error. In the circumstances described in one or more Notices, the Luxembourg Stock Exchange may also cancel a traded price, which shall have the effect of cancelling all Transactions effected at such price in the specified time interval.

#### 4404 Off-Order Book trading

4404/1 This Rule 4404 defines those transactions that can be deemed to have been effected on the Luxembourg Stock Exchange securities regulated markets pursuant to Articles 18 to 20 of EU regulation 1287/2006 without having been processed in the central order book system, besides the out-of-hours trades referred to in Rule 4305. For purposes of this Rule, a Notice shall determine the Securities which shall be regarded as equivalent to Shares or bonds.

#### 4404/2 Block Trades.

Block Trades in Securities admitted to listing or trading on a Luxembourg Stock Exchange Securities Market may be carried out outside the Central Order Book if they are effected in accordance with this Rule 4404.

#### 4404/2A Definition

Block Trades shall mean Transactions that are equal to or exceed the following thresholds:

- (i) for Shares, the thresholds for large scale transactions as set forth by EU Regulation 1287/2006, depending on the average daily turnover as calculated by the relevant competent authority and published by CESR from time to time pursuant to the aforementioned Regulation;
- (ii) for all other Securities, EUR 150,000.

4404/3 Trading at or around the value weighted average price

4404/3A Market value weighted average price (“Market VWAP”) Transactions are those where, in accordance with the provisions of the Trading Manual, a Member agrees with his Client or with another Member to effect a Transaction at a price within a 1% range (boundaries included) around the average price, as weighted by volumes, traded in the Central Order Book of a Security during a future period of time.

4404/3B The Luxembourg Stock Exchange is solely competent for defining the computation method of the weighted average prices that may be used as reference prices when registering Transactions of this kind on the Securities Markets of the Luxembourg Stock Exchange. In particular, for the purposes of such a computation, the Luxembourg Stock Exchange may exclude certain types of Transactions as may be specified in the Trading Manual.

4404/3C Only Shares traded continuously are eligible for such Market VWAP Transactions facility.

4404/4 Other Negotiated Trades

Other Negotiated Trades consist of the other kinds of Trades negotiated privately but which are still executed within this Rule 4404. They should be executed at a price at or within the current volume-weighted average spread reflected on the order book, boundaries included.

## **4.5 Confirmation, Reporting and Publication**

4501 Confirmation

The Luxembourg Stock Exchange shall acknowledge orders entered into the Central Order Book and give them a sequential number per Security, which shall be disclosed to the relevant Member of the Securities Markets of the Luxembourg Stock Exchange.

The Luxembourg Stock Exchange shall send a confirmation of execution to the relevant counterparties upon full or partial execution of any order and this confirmation shall state the unfilled order quantity, if any.

4502 Reporting of Transactions

4502/1 Scope.

This rule governs only Transactions (i.e. trades made under the Rules of the Securities Markets of the Luxembourg Stock Exchange ) and extends without prejudice to the trade reporting obligations set forth by national regulations implementing Article 25 of the Directive relating to Markets in Financial Instruments.

4502/2 Order book transactions

Transactions carried out in the Central Order Book are automatically and immediately deemed to have been effected upon, and reported to the Securities Market managed by the Luxembourg Stock Exchange.

4502/3 Off order book transactions

The Members of the Securities Market of the Luxembourg Stock Exchange who have effected Transactions outside the Central Order Book shall immediately report such Transactions to the Luxembourg Stock Exchange specifying if they were working for their own account or on behalf of a third party.

Market VWAP Transactions shall be reported immediately after the end of the agreed period of time referred to in Rule 4404/3.

Transactions carried out outside the Central Order Book shall only upon reporting be deemed to have been effected on the Securities Market of the Luxembourg Stock Exchange, subject to any trade cancellation action pursuant to Rule 4403/3.

4503 Publication

4503/1 For the purposes of this Rule 4503, “publication” shall be construed as dissemination to Members, Affiliates with whom Members have granted direct access with the consent of the Luxembourg Stock Exchange pursuant to Rule 3.3, eligible information vendors and other Persons which have entered into a Luxembourg Stock Exchange market databases distribution agreement.

4503/2 Pre-trade transparency

The Luxembourg Stock Exchange shall continuously publish:

- (i) the market by orders, i.e., details all orders outstanding at a given time. Its dissemination is suspended if a «fast market» procedure is implemented in cases of extreme activity;
- (ii) the market by limits, i.e., the ten best bid/ask limits in the Central Order Book,

including the number of orders and total disclosed order quantity at each such limit.

During the call phase of auctions, the Luxembourg Stock Exchange shall continuously publish the theoretical opening price and the components of the potentially executable volume at that price.

4503/3 Post-trade publication

4503/3A Order Book Trades

For each Transaction carried out in the Central Order Book, the Luxembourg Stock Exchange shall immediately publish the quantity, price and time of execution of such Transaction.

The Transactions carried out as Cross Transactions shall be published with a special indicator.

#### 4503/3B Off-order Book Trades in Shares and Equivalent Securities

With regard to Shares and equivalent Securities, the following distinctions shall apply:

- (i) Block Trades shall be published upon reporting;
- (ii) Transactions carried out outside Trading Hours shall be published before market opening on the following Trading Day;
- (iii) Market VWAP Transactions shall be identified as such and published immediately upon reporting,

For purposes of this Rule, a Notice shall determine the Securities which shall be regarded as equivalent to Shares.

#### 4503/3C Off-order Book Trades in Bonds and equivalent Securities

With regard to Bonds and equivalent Securities, the following distinctions shall apply:

- (i) Block Trades shall be published upon reporting;
- (ii) Transactions carried out outside Trading Hours shall be published before market opening on the following Trading Day;

#### 4503/4 Use of market data by Members of the Securities Markets of the Luxembourg Stock Exchange.

The use of market data by Members of the Securities Markets of the Luxembourg Stock Exchange is governed by the data distribution agreement with the Luxembourg Stock Exchange

### **4.6 Settlement**

4601 The settlement of transactions executed on a Securities Market of the Luxembourg Stock Exchange shall be arranged via the recognised systems of the Luxembourg Stock Exchange.

4602 The Luxembourg Stock Exchange may authorise specific settlement methods for Transactions on Securities or categories of Securities with different settlement conditions. The Securities designated as having different settlement conditions have specific features or trading conditions making them incompatible with settlement systems for Transactions recognised by the Luxembourg Stock Exchange. The Securities with different settlement conditions are identified by a specific indicator.

## **Chapter 5: Rules of conduct**

### **5.1 Overview**

5101 Scope of Chapter 5

5101/1 This Chapter 5 sets forth rules of conduct specific to the Securities Market of the Luxembourg Stock Exchange which the Members must observe when trading on such Markets.

5102 General Duties of Integrity, Fair Dealing and Care

5102/1 When trading on the Securities Market of the Luxembourg Stock Exchange, a Member shall:

- (i) observe high standards of integrity, market conduct and fair dealing;
- (ii) act with due skill, care and diligence; and
- (iii) refrain from any act or course of conduct which is likely to harm the reputation of the Luxembourg Stock Exchange or any Securities Market of the Luxembourg Stock Exchange.

5102/2 A Member shall behave in a responsible manner when using a Luxembourg Stock Exchange Trading Platform and associated facilities provided by the Luxembourg Stock Exchange and shall only use the Platform and these facilities when there is a legitimate need to do so.

5103 Cooperation with the Luxembourg Stock Exchange

5103/1 In dealing with the Luxembourg Stock Exchange, its directors, officers, employees, agents and representatives, Members shall act in an open and cooperative manner, be honest and truthful and not mislead or conceal any material matter.

5103/2 In particular, without prejudice to the above, and the legal conditions relating to professional secrecy of Members, each Member shall:

- (i) provide full and prompt responses to all requests for information by the Luxembourg Stock Exchange in respect of business conducted on the Securities Markets of the Luxembourg Stock Exchange or business related thereto and provide access to all relevant books, records, audio logs and other forms of documentation; and
- (ii) notify the Luxembourg Stock Exchange promptly of any matter which may reasonably be expected to be a matter of concern to the Luxembourg Stock Exchange in the context of its relationship with such Member, including (without limitation) any corporate action or other event that may cause such Member to cease to be in compliance with the Rules. This duty of disclosure shall arise as soon as the Member becomes aware, or has reasonable grounds for believing, that such a matter has arisen or will arise.

5104 No Fraudulent or Misleading Conduct

5104/1 In conducting business for itself or on behalf of its Clients, a Member must not engage in, knowingly facilitate or fail to take reasonable steps to prevent:

- (i) any action or any course of conduct that has the effect, or may be expected to have the effect, of artificially and/or abnormally moving the price or value of any Admitted Financial Instrument or any instrument underlying an Admitted Financial Instrument or the level of any index of which an Admitted Financial Instrument is a component;
- (ii) entering artificial orders or otherwise entering into or causing any artificial Transaction;
- (iii) reporting a fictitious Transaction or any other false data to Luxembourg Stock Exchange or causing such data to be input into any Luxembourg Stock Exchange system;
- (iv) any action or any course of conduct that creates or may reasonably be expected to create any false or misleading impression as to the market in, or price or value of, any Admitted Financial Instrument;
- (v) any other action or any other course of conduct that may damage the integrity and the transparency of any of the Security Markets of the Luxembourg Stock Exchange ; or
- (vi) agreeing or acting in concert with, or providing any assistance to any Person (whether or not a Member) with a view to or in connection with any action or course of conduct referred to in paragraphs (i) to (v) inclusive of this Rule 5104 or otherwise causing or contributing to a breach of any applicable Rule by such other Person.

5104/2 It is specified that a Member is responsible for all business conducted in its name, whether or not such business has been executed on behalf of a Client and whether or not such business has been input through the Member via an Automated Order Routing System by such Client.

5104/3 If a Member becomes aware of any action or course of conduct taken by a Client or by a Responsible Person or an individual trading through a Responsible Person which is or appears to be inconsistent with the requirements of this Rule 5104, it shall report it promptly to the Luxembourg Stock Exchange pursuant to Rule 5103.

5105 Use of the Luxembourg Stock Exchange Trading Platform

5105/1 When using the Luxembourg Stock Exchange Trading Platform and associated facilities, a Member is prohibited from engaging in practices which may cause degradation of the service or give rise to a disorderly market. Such practices include, but are not limited to, submitting unwarranted or excessive electronic messages or requests to the Luxembourg Stock Exchange Trading Platform.

5106 Internal Controls

5106/1 A Member shall set up and maintain an appropriate system of internal controls, which ensures that the Member continuously complies with all requirements imposed by or pursuant to the Rules.

5106/2 The system of internal controls shall contain internal procedures specific to the Member's capacity on the Securities Markets of the Luxembourg Stock Exchange. These procedures shall be documented and updated on a regular basis. Where a Member executes business on behalf of Clients it must have adequate controls and procedures to ensure that, as far as reasonably possible, such business complies with, inter alia, Rule 5104.

5106/3 Members' internal controls shall include pre- and post-trade risk management controls which are appropriate to the nature, scale and complexity of the Member's business on the Securities Market of the Luxembourg Stock Exchange. Specifically this means that, inter alia, a Member shall ensure that it has appropriate arrangements in place:

- (i) to vet orders prior to their submission to the Central Order Book, irrespective of whether such orders have been submitted manually or electronically (including via an Automated Order Routing System); and
- (ii) to monitor the positional and financial risks inherent in the business it conducts.

5106/4 In respect of arrangements put in place by a Member pursuant to Rule 5106/3, the Member must be able to demonstrate that the following monitoring requirements have been incorporated in their systems:

- (i) position limits;
- (ii) user definitions (i.e. the ability to define the individual user(s));
- (iii) product definitions (i.e. the ability to restrict access to particular Admitted Financial Instruments or groups of Admitted Financial Instruments);
- (iv) maximum order size per user; and
- (v) either automatic order rejection when a limit is exceeded or the order being held subject to manual override by an appropriately authorised risk manager.

5106/5 The Luxembourg Stock Exchange may specify by Notice additional requirements in respect of pre-trade vetting and post-trade risk management for specific Securities Markets of the Luxembourg Stock Exchange.

5106/6 A Member shall have adequate arrangements to ensure that all staff involved in the conduct of business on the Luxembourg Stock Exchange are suitable, adequately trained and properly supervised.

## 5.2 Audit Trail

### 5201 Recording of Order Details

5201/1 A Member shall ensure that each order designated for execution on the Securities Markets of the Luxembourg Stock Exchange received from a Client is recorded and time-stamped immediately by a process other than handwriting. The order record must be time-stamped again on execution and also at the time of any amendment or cancellation of the order by the Client.

5201/2 Order records must be individually identifiable and preserved on order slips or by Automated Order Routing Systems, or by any other means specified by the Luxembourg Stock Exchange, providing that any such method of recording complies with the requirements of this Rule 5201.

5201/3 Order records must contain the following information and any additional information required by the Luxembourg Stock Exchange:

- (i) the identity of the individual submitting the order to the Trading Host under which it is submitted;
- (ii) the identity of the individual completing the order record;
- (iii) buy/sell; (iv) volume; (v) Admitted Financial Instrument;
- (vi) put/call and exercise price (if applicable);
- (vii) delivery/expiry month (if applicable);
- (viii) price or price limit, price range or strategy price;
- (ix) order type and execution conditions; and
- (x) strategy type indicator (if applicable).

5201/4 All order records, of whatever kind, must be:

- (i) robust, secure and not prone to alteration;
- (ii) made available:
  - (a) immediately on the day of the transaction; and
  - (b) within a reasonable period of time thereafter, where required by the Luxembourg Stock Exchange and
- (iii) presented in a manner which is easily decipherable by the Luxembourg Stock Exchange.

5201/5 Members who employ an Automated Order Routing System must have suitable contingency procedures in the event of systems failure, which may include back up systems or recourse to a paper-based audit trail, such that no loss of audit trail data can occur.

5202 Retention of Information

5202/1 A Member shall maintain for a period of five years records of:

- (i) automatic screening parameters and modifications thereof, where applicable, as well as rejected orders, pursuant to Rule 5106/3;
- (ii) orders, arranged chronologically, pursuant to Rule 5201/1; and
- (iii) Transactions and, if applicable, the settlement and custody of Securities traded on the Securities Markets of the Luxembourg Stock Exchange.
- (iv) All records maintained pursuant to this Rule 5202 shall be available for inspection by the Luxembourg Stock Exchange within the scope of its controls.

5203 Voice Recording of Telephone Conversations between the Luxembourg Stock Exchange and Members

In respect of the Securities Markets of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange requires recordings to be made by or on behalf of the Member of conversations conducted on telecommunications equipment of any kind located in a Member's premises and relating to actual or intended market transactions. Any such recordings made pursuant to such requirements shall be retained by the Member for a period of six months for possible inspection by Luxembourg Stock Exchange.

## **Chapter 6: Measures in case of Violation of the Rules**

### **6.1 Scope of Chapter 6**

6101 An alleged violation by a Member of an obligation of the Rules related to the operating of the Securities Markets of the Luxembourg Stock Exchange (an “Alleged Violation”) shall be dealt with in accordance with the provisions of this Chapter.

6102 The conditions of this chapter cover without prejudice:

- (i) any action and/or measures that may be taken by the Luxembourg Stock Exchange based on any procedure laid down in another part of the Rules;
- (ii) any provision of National Regulation concerning enforcement by the Competent Authority.

6103 Immediate Measures

In the case where a violation of the Rules by a Member constitutes a threat to the integrity or the safety of the markets, or upon instruction of the Competent Authority, the Luxembourg Stock Exchange may take immediate measures to protect the market, including suspension of all or some of such Member’s trading rights.

### **6.2 Procedure**

6201 Examination

6201/1 For the examination of an Alleged Violation, the Luxembourg Stock Exchange may:

- (i) require the Member to provide any information, copies of records and documents that may be relevant for the examination of the Alleged Violation;
- (ii) require any Member to procure the attendance of any of its directors, officers, employees, agents and representatives at a specified time and place, at either the offices of the Luxembourg Stock Exchange or those of the Member, in order to answer questions or provide explanations that may be relevant for the examination of the Alleged Violation.

6202 Confidentiality

The Luxembourg Stock Exchange shall use any information obtained pursuant to Rule 6201 exclusively for purposes and within the scope of this Chapter 6 and any related arbitration or court proceedings and shall not otherwise disclose such information except:

- (i) To the Competent Authority;
- (ii) When otherwise required by applicable law and regulation; or
- (iii) Pursuant to exchange-of-information arrangements with other exchanges or clearing houses, provided that these arrangements are bound by an equivalent confidentiality undertaking.

6203 Report

6203/1 When there is an Alleged Violation the Luxembourg Stock Exchange shall make a written report.

6203/2 This report shall contain the findings of the Luxembourg Stock Exchange and a reference to the Rule allegedly breached by the relevant Member.

6203/3 The Luxembourg Stock Exchange shall send this report upon completion to the relevant Member and to the Competent Authority.

6203/4 The Luxembourg Stock Exchange shall give the relevant Member an opportunity to present its response in writing within two weeks, unless otherwise specified, after receiving the report.

6203/5 Any comments made by the Member shall be attached to said report.

6204 Exploratory Meeting

6204/1 Upon completion of the report and after receiving the written comments, if any, of the Member, the Luxembourg Stock Exchange shall, at either party's request, organize a meeting with the Member. This meeting will allow both parties to ask further questions and respond on the Alleged Violation.

6204/2 The meeting will be held at the premises of the Luxembourg Stock Exchange or, if both parties agree, in another place.

6204/3 In this meeting both parties may, at their own discretion, bring any representative, expert or other person. Each party shall ensure the confidentiality of the non-public information provided to such attendees and will be liable for breach of confidentiality by those present on their behalf, unless those attendees have a statutory obligation to disclose the information. Both parties shall have the possibility to deny the attendance of experts or other persons if they are able to prove that these persons are affected by conflicts of interest.

6204/4 The number of persons attending a meeting for each party shall not exceed eight, unless agreed upon otherwise between the Luxembourg Stock Exchange and the Member.

6204/5 Upon prior request of the Member, the Luxembourg Stock Exchange shall compile minutes of the said meeting to be signed by the Luxembourg Stock Exchange and the Member.

6.3 Rectification, Suspension and Termination

6301/1 If a Rule has been violated, the Luxembourg Stock Exchange may:

- (i) require the Member to fulfil its obligations under the Rules or require rectification towards the Luxembourg Stock Exchange of the violation by such Member of an obligation under the Rules within a term specified;

- (ii) (a) require from the Member liquidated damages for the violation of the Rule, of a fixed amount between 500 euros and 250,000 euros according to a scale published in a Notice; or
  - (b) claim any kind of compensation for actual damage caused to the interest of Luxembourg Stock Exchange as a commercial operation and as a Regulated Market or to the integrity or safety of its markets, if the damage is proven to be patently higher than the fixed amount under a). The claim shall be limited to direct damage except in case of wilful misconduct or gross negligence;
- (iii) suspend some of the Member's trading or membership rights on the Securities Markets of the Luxembourg Stock Exchange for no more than six months;
- (iv) suspend for no more than six months the Member's membership of the Luxembourg Stock Exchange; (v) terminate the Member's membership of the Luxembourg Stock Exchange; and/or (vi) publish all or part of the decision taken by the Luxembourg Stock Exchange under this Rule.

6301/2 The relevant Member shall be informed of the decision of the Luxembourg Stock Exchange by a letter sent by registered mail.

6301/3 The Luxembourg Stock Exchange shall promptly inform the other Members and Partner Markets of: (i) a suspension or termination of the membership of any Member; (ii) the period of such suspension; and (iii) the decision of the Member to contest the decision before the competent court or an arbitration institution.

## **6.4 Reporting and Publication**

### **6401 Reporting**

The Luxembourg Stock Exchange shall:

- (i) report regularly on the monitoring of compliance with the Rules and on violations of the Rules to the Competent Authority;
- (ii) immediately notify the Competent Authority of a decision to suspend or to terminate a Members trading or membership rights under Chapter 6;
- (iii) prepare and publish a general report on the application of Chapter 6 from time to time but at least once a year. If necessary to protect the integrity or the safety of the markets such report may disclose the identities of the Members involved.

### **6402 Infringement of National Regulation**

If the Luxembourg Stock Exchange finds in the course of an examination of an alleged violation or on any other occasion serious indications of a possible infringement of National Regulation, it shall report the matter to the Competent Authority as soon as possible.

**6.5 Responsibility of the Member after membership termination or resignation**

6501 Termination or resignation of membership of the Luxembourg Stock Exchange is without prejudice to the right of the Luxembourg Stock Exchange to seek evidence and to require financial compensation pursuant to Rule 6301/1 (ii) for damages caused by any violations of the Rules by a Member.