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Trading and Settlement
Rules

Effective: June 2025

Responsive. Innovative.

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Preface

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The Authority is responsible for the supervision of Members of the Exchange, and for undertaking market surveillance, and is licensed to operate an investment exchange under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended).

Authority's Purpose: Our purpose is to provide a well-regulated listing and trading venue for issuers of global securities and their investors, thus promoting responsible economic growth.

Authority's Mission: Our mission is to constantly add value for all our stakeholders by providing a secure and high-quality service across a trusted, cost effective and efficient marketplace.

The Trading and Settlement Rules, and the trading systems and activities to which they refer, relate to the buying and selling of TISE-listed securities, and:

- govern transactions undertaken by Trading Members in securities listed on the Exchange;
- govern the behaviour of Trading Members to ensure their compliance with the Membership Rules;
- ensure transparent price and orderbook formation, best execution, and the operation of an orderly market; and
- are subject to revision and may be waived or modified by the Authority. The Authority may also impose additional requirements or special conditions where it considers it appropriate to ensure orderly trading and settlement.

A Trading Member is expected to comply with all Membership Rules and Trading and Settlement Rules applicable to them and provide to the Authority without delay all the information and explanations that the Authority may reasonably require to ensure the orderly market operation or compliance with the Membership Rules and Trading and Settlement Rules.

The admission of any securities to trading on the Exchange shall not constitute a warranty or representation by the Authority as to the competence of the Issuer, service providers or any other party connected with a security. The admission of any Trading Member of the Exchange shall not constitute a warranty or representation by the Authority as to the competence of the Trading Member, any agent of the Trading Member, or any other party connected with the Trading Member. The Authority accepts no liability for any loss, damage, cost or expense whatsoever incurred by any person.

The Authority may provide additional guidance on any aspect of the Trading and Settlement Rules and discussions take place in strict confidence subject to any legal or regulatory obligations with which the Authority must comply. Please consult with us at an early stage if you need to clarify matters or have questions regarding the trading or settlement process.

Principles

The Trading and Settlement Rules require Trading Members to adhere to the following Principles, in order for investors to have and maintain confidence in the markets we operate.

Trading Members agree to:

- observe high standards of integrity and fair dealing;
- observe high standards of market conduct and positively contribute to the market operated by the Authority being orderly, fair, and efficient;
- act with due skill, care, and diligence;
- manage conflicts of interest fairly;
- execute trades at the best possible price; and
- deal with the Authority in an open and transparent manner.

Glossary of terms

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Throughout these Membership Rules, the following terms, except where the context otherwise requires, have the following meanings:

Agent
a person or legal entity acting on behalf of or in the name of a Member whether by way of a contractual relationship or otherwise;

Auction algorithm
a consistent system-driven approach to determining the expected auction price and volume that can be executed from the orders currently in the system;

Auction board
a list of securities subject to the same schedule of trading sessions;

Auction session
the phase of the trading session where the auction is carried out with the intention of matching the maximum volume of securities according to the auction algorithm, that leads to executed trades;

Authority
The International Stock Exchange Authority Limited, also known as TISEA;

Board
the Board of Directors of the Authority;

Business day
any day on which the Exchange is open for business, as published on the Exchange's website;

Closed session
the phase of the trading session after the auction session has completed;

Cross trades
an off-market trade in which a Trading Member acts as either:

I. buyer and seller for that transaction in an agency capacity; or

II. buyer or seller on one side of that transaction and as a Trading Member acting as principal on the other side;

Director
a person who acts as a director or equivalent officer;

Disciplinary Committee
a committee established by the Board for the purposes of considering disciplinary matters;

Enquiry session
the phase of the trading session where the auction system is open for approved users to view orders currently on the auction system and where they cannot enter, modify, or withdraw any orders;

Erroneous trade
an error trade that deviates so much from the current market price that it is likely to cause market impact, as determined by the Authority;

Exchange
the investment exchange known as The International Stock Exchange, TISE or any previous or successor name, which is operated by the Authority;

GFSC
Guernsey Financial Services Commission;

Glossary of terms

Halted session
the phase of the trading session where the auction system is unavailable to users because the trading session for one or many securities has been paused by the Exchange;

Listing Agent
a Member appointed by an issuer as a Listing Agent for the purposes of listing debt securities on the Exchange's Qualified Investor Bond Market;

Listing Member
a Member entitled to act as a Sponsor or Listing Agent for the purposes of obtaining and maintaining a listing of securities on the Exchange;

Market impact
in relation to an error and in the absence of intervention by the Authority, an error is likely to:

I. have a severe and adverse impact on the functions of the Exchange or settlement systems, the integrity or certainty of the Exchange's markets or the Trading System, such as (but not limited to) a breakdown or malfunction in the Exchange's systems;

II. have a severe and adverse impact on one or more Trading Participants, including, without limitation, a financial loss of GBP25,000 or more; and

III. result in a movement in the market of a security of more than 10%.

Market Maker
a Trading Member who is registered as a market maker in accordance with the Trading and Settlement Rules;

Member
a company, partnership or other legal entity which has been admitted to membership of the Exchange;

Membership Rules
the rules of the Authority concerning, inter alia, its requirements for membership of the Exchange, code of conduct, trading, settlement of securities transactions, arbitration, and discipline, as amended from time to time;

Minimum quotation size
the minimum number of securities of an issuer that a market maker must be willing to trade per transaction at the price quoted for that security;

Model A settlement agent
acts as agent for a Trading Member in the reporting of, and the arranging for the settlement of, transactions in the name of the Trading Member which entered the transaction;

Model B settlement agent
acts for a Trading Member and is liable for transactions (including the reporting of transactions) dealt by the Trading Member as if it, the settlement agent, had dealt the transaction itself;

Negotiated deals
off-market trades between two Trading Participants acting as principal or acting as agent;

NOVA
the TISE trading system used for the on-market auction trading of securities listed on the Exchange;

Official List
the list of securities admitted to listing and trading on the Exchange, which is published and maintained by the Authority;

Off-market trading
trades executed by Trading Members but not on a trading system operated by or on behalf of the Authority e.g., cross trades or negotiated deals;

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On-market trading
trades entered and executed on a trading system operated by or on behalf of the Authority;

Pre-auction session
the phase of the trading session where users can submit orders and which are registered on the order book, but no matching takes place. Orders can be modified or cancelled, and a theoretical auction price is calculated and displayed on a continuous basis as each order is introduced, amended, or cancelled;

Price stabilisation
a process whereby the price of a security is adjusted, or held, to achieve a successful transaction and where such action regarding the price is for the limited purpose of preventing or slowing down a decline in the price of the security in advance of or during that transaction;

Security
a security admitted to trading on the Official List;

Sponsor
a Listing Member appointed by an issuer as sponsor for the purpose of listing certain equity securities in accordance with the Membership Rules;

Trading participant
Trading Members who have a right, pursuant to the Membership Rules and these Trading and Settlement Rules, to trade at the Exchange;

Trading session
a sequence of enquiry, pre-auction, auction, and closed sessions which together are scheduled and planned for each auction board;

Trading and Settlement Rules
a subset of the Membership Rules, concerning inter alia, its requirements for trading;

Trading Member
a Trading Member that has been accredited and approved by the Exchange with respect to transactions in securities in the Official List as principal or on behalf of clients and may include being a market maker in the market provided by the Exchange; and

Trading system
the trading system operated by or on behalf of the Authority.

General trading rules

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1.1. Scope of these rules

1.1.1. These rules govern all secondary market trading activities undertaken by Trading Members in securities listed on the Exchange.

1.2 Trading Member obligations

1.2.1. Trading Members must ensure that they comply with the Membership Rules, including the Principles and Code of Conduct contained therein, and with these Trading and Settlement Rules.

1.3 Market conduct

1.3.1 In addition to any other related obligation it may have, a Trading Member must report any suspicion of insider dealing or market manipulation to the Authority immediately, in accordance with the Code of Conduct set out in the Membership Rules and provide all records and information to the Authority that supports the suspicion.

1.4 Trading and trade reporting systems

1.4.1 Trading Members are required to comply with the operational, procedural, technical and security requirements of the Authority's trading and trade reporting systems.

1.4.2 Trading Members must have documented internal physical and technical access restrictions to all trading and trade reporting systems, and these must be provided to the Authority without delay upon request.

1.5 Cyber security

1.5.1 Trading Members are required to maintain robust cyber security systems and controls to ensure the security of the data related to its activities as a Trading Member.

1.5.2 Trading members must ensure that appropriate incident management protocols are in place in the event of a cyber security breach and must notify the Authority without delay if a breach occurs impacting its trade or settlement data.

1.6 Trading days and market open times

1.6.1 On-market trading auctions will be scheduled to take a place on pre-determined business days.

1.6.2 Off-market trading can take place on any business day.

1.6.3 Market open times and trading hours are from 09:00 to 16:30 and all trading and scheduled auction sessions will take place within these hours, unless otherwise advised by the Authority.

1.7 Security trading currency and security code

1.7.1 Trading for each class of security shall be undertaken in the currency agreed with the Authority.

1.7.2 Each class of security shall be designated a security code determined by the Authority, and all trades and trade reporting must contain the correct security code for those trades and trade reports.

1.8 Trading accounts

1.8.1 Trading Members must set up and maintain unique and distinguishable accounts for each client trading securities, or groups of those clients where each client in that group has evidenced their consent in full knowledge of all other parties included in the account.

1.8.2 Trading Members who hold and/or trade securities as Principal must do so via a principal trading account which is unique and distinguishable from client trading accounts.

1.8.3 Trading Members must use the correct trading account when undertaking trading activities, must not use a trading account for any investor not connected with that trading account, and must have adequate controls in place to prevent such errors occurring.

1.8.4 Trading Members must correct any errors regarding the use of incorrect trading accounts without delay once the error is identified and maintain a record of all such errors.

1.8.5 If a trade is executed against an incorrect trading account, the Trading Members must inform all counterparties to the trade and the Authority without delay.

1.8.6 Trading Members must ensure all client cash transactions relating to their trading activities are separately identifiable and traceable to each client.

1.8.7 Trading Members must have documented policies and procedures in place for the set-up, maintenance, and deletion of trading and cash accounts, and for the handling of error entries.

1.9 Transaction recording and record keeping

1.9.1 Trading Members must record all communication with clients and other Trading Members regarding their trading activities.

1.9.2 Trading Members must retain all records of communication relating to their trading activities for at least six years, or as otherwise in accordance with any other regulatory body by which they are licensed or supervised subject to notifying the Authority.

1.9.3 Trading Members must maintain retrievable system or document records of all trade instructions and transactions, with a clear audit trail from enquiry or instruction through to trade execution or cancellation, for at least six years or as otherwise in accordance with any other regulatory body by which they are licensed or supervised subject to notifying the Authority.

1.9.4 Trading Members must retain all client-broker contracts for at least six years after the contract expires or is terminated, and these must disclose whether the client is acting as principal or as agent for another party.

1.9.5 Trading Members must provide all relevant recordings and records to the Authority upon request without delay.

1.10 Short selling

1.10.1 Trading Members are permitted to undertake short selling of securities subject to not breaching any capital adequacy requirements prescribed by their regulator or their own internal policies.

1.10.2 Short selling is not permitted without the short seller first having sufficient security lending arrangements in place to fulfil all settlement obligations.

1.11 Security borrowing and lending

1.11.1 Trading Members are permitted to borrow securities to cover their own expected short positions or late client deliveries, but these must be within documented internal policy parameters.

1.11.2 Trading Members may lend securities held in its own account to other Trading Members or clients, but these must be within documented internal policy parameters.

1.11.3 All borrowing and lending of securities by Trading Members must be reported to the Authority in advance of any related trading taking place and no later than the close of that business day.

1.12 Trading of qualified investor bond market securities

1.12.1 A Trading Member must have adequate controls in place to ensure that it does not accept orders involving Bonds traded on the Exchange which do not come from Qualified Investors, as defined in the Listing Rules.

1.13 Market makers

1.13.1 Trading Members may register as a market maker for any security listed on the Exchange including those securities traded on-market via Nova.

1.13.2 Trading Members require permission from the Authority before registering as a market maker for any security listed on the Exchange.

1.13.3 The Authority may terminate a Trading Member's registration as market maker for any security if the Trading Member fails to comply with their obligations referred to in these Trading and Settlement Rules.

1.13.4 Trading Members may voluntarily terminate its market maker registration for any security, subject to providing notification to the Authority at least one business day in advance of such termination.

1.13.5 Market makers must maintain two-sided quotations for those relevant securities, in such format as required by the Authority.

1.13.6 Market makers must offer to buy and sell those relevant securities to another enquiring Trading Member or client at the price quoted for those relevant securities.

1.13.7 Market makers must offer to buy and sell those relevant securities at or above the minimum quotation size, as specified by the Authority and as set out in Rule 1.14, for those relevant securities.

1.13.8 Market makers must report price quotations to the Authority prior to normal trading hours and may not withdraw from displaying quotations for those securities until the end of trading hours.

1.13.9 Market makers may update price quotations during trading hours and must inform the Authority of such changes without delay.

1.13.10 Market makers must ensure that price quotations reasonably relate to the prevailing market conditions and are within spreads agreed by the Authority. The Authority may suspend the market maker's price quotation in a security if the market maker fails to re-enter its price quotation following a request to do so by the Authority.

1.13.11 If due to a system failure a market maker is unable to enter or update its price quotations, the market maker must notify the Authority immediately. In these instances, the market maker may either request that its price quotations are published on the Exchange's website as indicative only, (in which case the market maker is not obliged to execute transactions at its quoted price until such time as the quotation ceases to be indicative) or continue to trade at the prices displayed.

1.13.12 In exceptional circumstances, and subject to a written request being made five business days in advance to the Authority, a market maker may temporarily suspend its obligations as a market maker, subject to that request being approved by the Authority.

1.14 Minimum quotation size and currency of quotation

1.14.1 The Authority shall publish the minimum quotation size for each security with a market maker appointed, which shall be determined by the Exchange in consultation with Trading Members that are registered as market makers in those securities.

1.14.2 The Authority may from time to time amend the minimum quotation size of any security to reflect changes to the underlying price of the security, and these changes will be published on the Exchange's website.

1.14.3 The currency of quotation for each security, or change thereof, will be determined by the Authority in consultation with Trading Members that are registered as market makers for that security and the issuer's Sponsor or Listing Agent.

1.15 Price stabilisation

1.15.1 Trading Members must inform the Authority prior to undertaking any price stabilisation activities.

1.15.2 Trading Members must retain a register of all price stabilisation actions it undertakes, or is undertaken on its behalf, and the register must be provided to the Authority upon request.

1.16 Trading halts and suspensions

1.16.1 The Authority can halt or suspend trading in any security for any reason at its own discretion and will advise Trading Members immediately of any such decision and, once determined, as to when trading in those securities will resume.

1.16.2 Trading Members can request that the Authority halts or suspends trading of any security and must provide the Authority with a clear rationale and any relevant supporting information when making the request.

1.16.3 In the event of trading being halted or suspended, and prior to any further trading being undertaken, Trading Members must seek and receive agreement from their clients as to whether pre-existing non-executed orders are to be maintained, deleted, or amended.

1.17 Trade publication

1.17.1 All trades governed by these rules are to be published without delay by means determined by the Authority.

1.17.2 The Authority will publish at the end of each business day by such means as may be determined by the Authority, the highest and lowest price traded on the day, and the traded volume for each traded security.

1.17.3 Trading Members making a request to the Authority to delay the publication of a trade must submit their request without delay following the executing of the trade.

1.18 Erroneous trade cancellations

1.18.1 Trading Members may submit a request to the Authority to approve the cancellation of genuinely erroneous trades matched via orders on the auction system or matched off-market by the Trading Member. Such requests must be made to the Authority without delay after matching and the erroneous trade be judged by the Authority as having market impact.

1.18.2 All erroneous trade cancellation requests must include the relevant trade ID/reference number, security code, number of securities matched being requested for cancellation, the price matched, the counterparties (if known), the nature of the error and the reason for seeking cancellation, and whether both trade counterparties have consented to the proposed cancellation.

1.18.3 The Authority will endeavour to respond to requests to cancel trades within 30 minutes of receiving the request from Trading Members.

1.18.4 The Authority may, in addition to requested cancellations, cancel trades which are deemed to reflect unfair, disorderly, inefficient market operation, or improper trading conditions.

1.18.5 Trading Members must maintain a register of all erroneous trades, all related communication and correspondence, and all follow-up actions, and provide this register to the Authority without delay upon request, including within any deadline set by the Authority.

1.19 Client complaints

1.19.1 Trading Members must maintain a register of all client complaints received relating to their trading activities and responsibilities as Trading Members and provide this register to the Authority upon request without delay.

1.19.2 The Trading Member's register of client complaints must contain the name of the client making the complaint, the date the complaint was received, details of the complaint, details of the actions taken by the Trading Member to resolve the complaint or why no action was taken, and the date the complaint was remedied.

1.19.3 Trading Members must ask all clients making verbal complaints to confirm if they wish to make a formal complaint in writing, which will then be subject to entry on the register.

1.20 Disputes

1.20.1 Any disputes in writing, or which have existed without resolution for more than one week, between Trading Members or between Trading Members and their clients, and which relate to executed trades must be reported to the Authority without delay.

On-Market auction trading rules

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2.1 Trading on NOVA TISE Trading System

2.1.1 Securities must be listed on the Exchange to qualify for trading on-market on Nova.

2.1.2 Trading Members must request prior approval from the Authority for any security to be included on an auction board, moved to a different auction board, or removed from an auction board, at least one business day in advance of the intended addition or change being implemented.

2.1.3 Securities traded on-market on Nova may also be traded off-market outside of scheduled trading sessions by Trading Members, subject to compliance with all relevant rules in chapter 3.

2.2 Auction dates and times

2.2.1 The dates and times of each auction are set by the Authority for each calendar year, and these will be notified to all Trading Members and published on the Exchange's website before the end of the preceding calendar year. Trading Members must request prior approval from the Authority to change any auction session date or time and provide an appropriate rationale for this request.

2.2.2 The Authority reserves the right to unilaterally change any auction session date or time and will seek to consult with Trading Members in advance of such changes where possible. Trading Members must respond to such consultations without delay, and within any deadline set by the Authority.

2.2.3 Trading Members are responsible for informing their clients of the correct auction dates and times for the securities which their clients wish to trade, and if those dates and times are subsequently changed.

2.3 Order entries

2.3.1 Trading Members are responsible for ensuring the accuracy and completion of all order entries on Nova and, where relevant, that they are consistent with their clients' instructions.

2.3.2 Orders may only be entered, modified and/or cancelled on Nova during the designated pre-auction session.

2.4 Market makers

2.4.1 Where a market maker intends to make a matching order to execute against another participant's buy or sell order, and the price of that order is outside of its published price quote range for that security, it must execute that trade off-market and report that trade to the Exchange in line with Chapter 3 requirements.

Off-Market trading rules

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3.1 Off-market trading of securities also traded on Nova

3.1.1 Trading Members may facilitate and execute off-market crossings trades and negotiated deals for securities listed on the Exchange including those securities that trade on Nova.

3.2 Trade reporting

3.2.1 Trading Members must report all large or special crossing trades which are executed outside of any current price quotations for that security to the Authority immediately.

3.2.2 Trading Members must report all other off-market trades to the Authority without delay.

3.2.3 Trades that are not reported within one hour of execution will be considered as late reports, and consistent late reporting of trades may result in disciplinary action being taken against a Trading Member.

3.2.4 Trading Members must report all relevant trades via the trade reporting mechanism approved by the Authority.

3.2.5 Trading Members must provide the Authority with any additional information requested by the Authority regarding a trade without delay and within any deadline set by the Authority.

3.3 Obligations where a Trading Member is not acting as market maker

3.3.1 Trading Members must consider any price quotation displayed by a market maker in that security.

3.3.2 Trading Members undertaking a cross trade or negotiated deal with a non-Member client shall ensure that the price at which the transaction is carried out shall be no worse than the best price quotation displayed on the Exchange's website at that time.

3.4 Market makers

3.4.1 In securities for which there is only one market maker, quotations by the sole market maker shall be considered indicative.

3.4.2 In securities for which there are multiple market makers, the transaction price of any trades between those market makers must equal or better the best quotation in that security at the time of the transaction.

Settlement rules

4.1 Trade confirmation

4.1.1 Trading Members must provide trade confirmations for all trade transactions they execute.

4.1.2 Trading Members must confirm a transaction with a client either by dispatching a contract note or by using an electronic trade confirmation service that has been approved by the Authority, by close of business on the next business day following the transaction.

4.1.3 All trade confirmations must state that the Trading Member is "a Trading Member of The International Stock Exchange and that the transaction is subject to the rules of The International Stock Exchange".

4.1.4 All trade confirmations must include the following information:

I. whether the Trading Member is acting in a principal or agency capacity;

II. the quantity and description of the securities included in the transaction;

III. the price per unit of the securities;

IV. the amount of commission (if any) and any other fees charged; and

V. the date and time of the transaction (or state that the time of the transaction is available upon request) and the settlement date.

4.2 Method of settlement

4.2.1 All transactions must settle via a clearance and settlement system acceptable to the Authority, including but not limited to Euroclear (CREST and CREST Residual) and Clearstream.

4.2.2 All Trading Members must, either directly or indirectly, operate through a settlement agent via an account with an acceptable settlement system as set out in Rule 4.2.1.

4.2.3 Any rules and regulations of the settlement system used prevail over these Settlement Rules where a conflict with these rules may affect the settlement process or custody arrangements.

4.2.4 Where the buyer and seller of a security are members of different but connected settlement systems, the terms and conditions governing such connections shall prevail over these Settlement Rules where a conflict with these rules may affect the settlement process or custody arrangements.

4.3 Timing of settlement

4.3.1 The Authority will determine the standard settlement period for each security, which in general will follow market practice for that type of security.

4.3.2 Trading Members may request an amendment to the standard settlement period for a security, however there is no obligation for the Authority to agree to such requests. Non-standard settlements of up to 30 business days is permissible provided it is agreed between the relevant parties.

4.3.3 Settlement periods, and any amendments thereof, will be published on the Official List and by such other means determined by the Authority.

4.3.4 All settlements are cum all future benefits unless otherwise agreed between the relevant parties or by the Authority.

4.3.5 Transactions may not be settled for value prior to the date of the transaction.

Settlement rules continued

4.4 Responsibility for settlement

4.4.1 It is the responsibility of the selling Trading Member, or their settlement agent, to deliver the securities to the buying Trading Member, or their settlement agent.

4.4.2 It is the responsibility of the selling Trading Member to ensure the securities are in good order, are free from lien, and that any stamp duty, where applicable, has been applied to the transfer deeds.

4.4.3 Where temporary certificates have been issued, these do not constitute good delivery on or after the date when the definitive certificates are made available.

4.4.4 Bonds must have the proper warrants or coupon sheet with the same certificate numbers as those bonds securely attached. Bonds whose warrants or coupon sheet are detached, prior to the date stipulated, shall not constitute good delivery.

4.4.5 Mutilated securities and/or securities with mutilated warrants or coupon sheets attached do not constitute good delivery unless they have been authenticated by the trustee, fiscal agent or any paying agent acting on behalf of the trustee or fiscal agent.

4.4.6 It is the responsibility of the buying Trading Member, or their settlement agent, to ensure the consideration is paid for deliveries effected against payment, in a manner directed by the selling Trading Member.

4.5 Partial settlement

4.5.1 Trading Members buying securities are required to accept partial deliveries of transactions, and Trading Members selling securities must restrict partial deliveries to a minimum and as agreed by the buyer, for both free deliveries and for deliveries against payment.

4.6 Erroneous or bad deliveries

4.6.1 If a Trading Member causes an erroneous or bad delivery, they shall bear the full costs for the return or transfer plus interest on any out of money amounts.

4.7 Late settlements

4.7.1 All Trading Members are required to provide the Authority with a weekly report of any open transactions that are 5 or more business days past the settlement due date.

4.7.2 The Authority may, at its own discretion and where it is not satisfied by explanations provided and progress of resolution regarding late settlements, set, impose, and communicate by notice to the failing Trading Member, financial penalties on the failing Trading Member.

4.8 Buying in

4.8.1 A Trading Member may instruct the Authority, in writing in the prescribed form, to buy-in securities not delivered in settlement of a transaction from the third business day after the due date for settlement, except that the Authority may decide a buy-in is not appropriate and take no action.

4.8.2 Once a buying-in instruction has been given, the Trading Member who issued the instruction may withdraw the instruction and shall do so forthwith if the selling Trading Member settles before the buy-in is affected.

4.8.3 The Authority may, at its own instigation, buy-in any transaction that is still open 20 business days after its settlement due date.

4.8.4 The cost of buying-in is borne by the failing Trading Member. These costs include fees set by the Authority to cover its costs in undertaking the buying-in.

4.9 Ex-transactions

4.9.1 A Trading Member who purchases securities, as either principal or as agent, prior to the ex-date for a dividend, interest payment or stock event, is entitled to receive the benefit concerned. If settlement takes place after the record date, then the selling Trading ember must, within 5 business days, pass the benefit concerned to the buying Trading Member. It is the responsibility of the selling Trading Member to collect the benefit from its client.

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4.10 Settlement agents

4.10.1 An organisation that is, in the opinion of the Authority, suitably regulated may, with the written consent of the Authority, act as a Model A or a Model B settlement agent on behalf of a Trading Member.

4.10.2 The Authority may give permission to a Trading Member which effects transactions in its own right to offer the facilities of a Model A or Model B settlement agent. If such permission is granted the Trading Member is liable in respect of its settlement activity as if it were a settlement agent of the type in question.

4.10.3 A Trading Member must report to the Authority the appointment of any organisation, including those of a Model A or Model B settlement agent, relating to the settlement of transactions, at least 10 business days before the settlement agent settles the first transaction for the Trading Member concerned.

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1. How the auction trading process works on Nova

1. Securities which are intended to trade on-market can be allocated to an existing auction board (daily, weekly, fortnightly, monthly), or to a new auction board that better reflects the anticipated buy and sell investor demand, or ad-hoc auctions can be scheduled if required.
2. Each scheduled auction, which may involve one or multiple securities, will comprise the following supporting sessions and will proceed in order according to pre-arranged and communicated times:
   I. Enquiry
   II. Pre-auction
   III. Auction
   IV. Closed
3. The Authority can halt the progress of an auction of selected securities or for the entire auction board where it deems it appropriate to do so.
4. Trading Members can submit, modify, and cancel various order types during the pre-auction session only, and can view existing order entries during the enquiry session.
5. Snapshots of the open order book will be published on the Exchange's website every 15 minutes throughout the pre-auction session.
6. A theoretical auction price is calculated and distributed on a continuous basis as each order is submitted, modified, or cancelled during the pre-auction session.
7. The auction session will start at a time within a random number of seconds either side of the scheduled start time.
8. During the auction session orders are matched according to the auction algorithm. Trades are executed where possible, and any remaining orders can either be cancelled automatically or continued into the next scheduled auction.
9. The auction algorithm is a four-step approach to determining the auction price and involves the use of conditional decision rules. If a clear result cannot be achieved when the first decision rule is applied, the model progresses to the second decision rule and so on. The decision rules are always applied in the same order as follows:
   I. Principle 1 – does maximum executable volume achieve a single price?
   II. Principle 2 – does the minimum surplus achieve a single price?
   III. Principle 3 – does market pressure achieve a single price?
   IV. Principle 4 – does the reference price achieve a single price?
10. When the answer to any of the above four Principles is a 'Yes', the price achieved becomes the auction price.
11. Following the auction, the trade summary information is updated on the order book page and the trades are added to the trades screen, where all the trades executed by the user or Trading Member (as appropriate) are displayed.
12. Trades are output to a CSV file for onward settlement processing.
13. Trading Members will be provided with a system demo, training, user guidance and manuals to support their understanding and use of Nova and its functionalities.

Continuing obligations continued

2. Role of the Trading Member

1. The role of, and rules relating to, Trading Members are set out in the Membership Rules and these Trading and Settlement Rules.

3. Failure to comply with these rules

1. Where, as a result of supervisory activities or otherwise, the Authority has reason to believe that a Trading Member is not compliant with any part of the Membership Rules, including the requirements of Schedule 1, and/or these Trading and Settlement Rules it may:

    I. impose on the Trading Member conditions relating to their staffing, training, policies, procedures and controls or any other relevant matters;

    II. restrict the scope of Exchange business conducted by the Trading Member;

    III. refer the Trading Member to the Disciplinary Committee (Membership Rules - OPERATIONAL MATTERS 2);

    IV. suspend the Trading Member from membership of the Exchange for such time as it thinks fit; and/or

    V. terminate the Trading Member's membership of the Exchange.

4. Payment of trading fees and charges

1. The Authority may, from time to time, for the purposes of the administration of the Exchange, impose trading fees and charges in such respects and on such terms as the Authority may prescribe.
2. The applicable trading fees and charges imposed by the Authority may, from time to time, be revised by the Authority without prior notice as it shall in its absolute discretion think fit.
3. A Trading Member or Trading Participant shall pay to the Authority all applicable trading fees and charges as set out in the trading fees and charges schedule published on the Exchange's website from time to time in accordance with any specified terms and conditions.
4. Where a Trading Member or Trading Participant fails to pay in accordance with these Rules, other than in the case of a legitimate dispute, the Authority may at any time and from time to time at the cost of that Trading Member or Trading Participant restrict or suspend that Trading Member's or Trading Participant's access to the Exchange.

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Trading and Settlement
Rules

Effective: June 2025

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