

TURQUOISE

TURQUOISE RULE BOOK

Version 2.6

Issued 22 April 2010

www.tradeturquoise.com

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1 Glossary

1.1 Glossary

Term	Meaning
ABBO	means the Away-market Best Bid and Offer price as determined by reference to the markets specified by Turquoise Management by Market Notice.
Appeals Committee	means the committee described in section 8.3 of these Rules.
Applicant	means a person applying to become a Member in accordance with section 3 of these Rules.
Board	means the board of directors of Turquoise Services Limited .
CESR	means the Committee of European Securities Regulators.
Chief Operating Officer	means the incumbent executive responsible for this function.
Closing Price	means the price that is set at the end of the Turquoise trading day and is derived from the TLTP. Where there is no TLTP at the close (i.e. no Turquoise trades have occurred during the day), the Closing Price will be the ELTP for European Securities, the USLTP for US Securities. Where there is no TLTP and no ELTP or USLTP, the Closing Price will be the previous day's Closing Price.
Competent Authority	means the authority designated by each member state of the EEA in accordance with Article 48 of MiFID or the relevant American authority.
Compliance and Regulatory Committee	means a sub-committee of the Board with oversight of the compliance function and with responsibility for, amongst other things, the disciplinary process.
Dark Order	means an order that is not displayed to the market.
EBBO	means European Best Bid and Offer which is the best bid and offer prices determined by reference to the TBBO and the ABBO. If there are no orders in any market on either side of the aggregate Order Book, or if all markets are closed, the EBBO is deemed to be undefined.
Eligibility Criteria	means the criteria for eligibility for participation on Turquoise set out in rule 3.1.3.
ELTP	means the European Last Trade Price and is the price of the last trade from European markets as defined by Turquoise

Term	Meaning
	and published in a Market Notice, excluding Turquoise. Prior to the first trade of a trading day, the ELTP is deemed to be undefined.
EMPP	means the European Midpoint Price and is the average of the two EBBO prices. The EMPP can have values with half-tick increments where there are an odd number of ticks between the EBBO prices. When the EBBO is undefined the EMPP is also deemed to be undefined.
Erroneous Order	an Order submitted to, or executed on, Turquoise in error as to price, quantity, currency, side or symbol.
FSA	means the Financial Services Authority of the United Kingdom.
FSA Rules	means the FSA Handbook of Rules and Guidance as amended from time to time.
FSMA	means the Financial Services and Markets Act 2000 of the United Kingdom as amended from time to time.
Iceberg Order	means an Order where only a portion of the total Order quantity of an Iceberg Order is visible in the Order Book at any one time. Once the designated display quantity is filled, then the display quantity is automatically and immediately refreshed reducing the quantity held in reserve. The total quantity of the Order is always reflected in the matching engine and eligible for execution. The display quantity must be submitted as an explicit quantity and not a percentage of the total quantity.
Integrated Order Book	means the Order Book containing only visible Orders and Dark Orders meeting the Large in Scale requirement
Large in Scale	means a size of Order as compared to the normal market size for the share or type of share in question and as determined by MiFID.
Limit Order	means an Order to buy or sell Securities at a price equal to or better than a limit price specified by the Member.
Market Notice	means any notice published or disseminated by Turquoise Management to Members from time to time.
Market Order	means an Order to buy or sell Securities at the price available in the Order Book.
Member	means a Member on Turquoise admitted in accordance with section 3 of these Rules (General or Market Maker).

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Term	Meaning
Member Agreement	the agreement entered into by Members and Turquoise Services Ltd that, along with these Rules, governs Members' access to and use of Turquoise.
Minimum Acceptable Quantity	means an explicit quantity less than or equal to the total Order quantity submitted for any Dark Order.
MiFID	means the European Parliament and Council Directive on markets in financial instruments (No. 2004/39/EC) and Commission Regulation (EC) 1287/2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive and Commission Directive No. 2006/73/EC implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.
MTF	means a Multilateral Trading Facility as defined in article 4(1)(15) of MiFID.
Order	means any Order submitted to an Order Book.
Order Books	means the facilities operated by Turquoise for the submission and execution of Orders.
Pegged Order	means an Order the price of which is determined by reference to either the TBBO or EBBO for the relevant instrument.
Pegged to Reference Price Order Book	means the Order Book containing only Dark Orders pegged to the midpoint of the Primary Market.
Price Control Band	means the range between the smallest possible price and the upper extreme of the Volatility Band in the case of a bid, or the range from the lowest extreme of the Volatility Band up to infinity in the case of an offer.
Primary Market	means the market on which Turquoise Management determines a Security has its primary listing.
PTM Levy	means the levy determined by and payable to the Panel on Takeovers and Mergers.
Regulatory Suspension of Trading	means a suspension of trading, in a Security, on a Primary Market for regulatory reasons,
Rules	means these Rules as amended from time to time.

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Term	Meaning
Security	means a Security eligible for trading on Turquoise in accordance with rule 4.1.1.
TBBO	means the Turquoise Best Bid and Offer price and is the best bid and offer price as represented by active and visible (but not including Dark Orders) in the Order Book. If either side of the Order Book has no visible Orders then the TBBO is deemed to be undefined.
Test Symbols	means symbols identified by Turquoise Management and communicated to Members as appropriate means of identifying securities for trading which exist only for testing purposes and will not lead to a binding contract.
TLAP	means Turquoise Last Auction Price and is the price for the most recent auction uncrossing.
TLTP	means the Turquoise Last Trade Price and is the price of the last trade on the Turquoise market. This is set by any trade that occurs in either the normal or auction phases of the market. Prior to the first trade of a trading day, the Last Trade Price is deemed to be undefined.
TMPP	means the Turquoise Midpoint Price and is the average of the two TBBO prices. The TMPP can have values with half-tick increments where there are an odd number of ticks between the TBBO prices. When the TBBO is undefined the TMPP is also deemed to be undefined.
TMO	means the Turquoise Market Operations
Trading Services Description	means the manual available for Members upon commencement of membership (as amended from time to time) providing, amongst other things, guidance on trading on Turquoise.
TRP	means the Turquoise Reference Price. During the pre-opening phase this will be the Closing Price or Closing Price adjusted for any corporate action that has taken place overnight. After Turquoise has opened for trading, this will be the TLAP. When there is no TLAP the TRP will remain the TCP. In the event that a significant price movement affects a Security, TMO will adjust the TRP to reflect the new market conditions.
Turquoise	means the multilateral trading facility operated by Turquoise Services Limited in accordance with these Rules.

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Term	Meaning
Turquoise Management	means the management of Turquoise Services Limited.
Turquoise Member Package	means the package of documents to be completed by Applicants as part of the application procedure.
Visible Orders	means displayed Orders contained in the Integrated Order Book.
Volatility Band	means the range of prices, as determined by TMO, on each side of the TLTP and the TRP by reference to which TMO may determine acceptable levels of price volatility.
USLTP	means the US Last Trade Price and is the price of the last trade from US markets as defined by Turquoise and published in a Market Notice excluding Turquoise. Prior to the first trade of a trading day the USLTP is deemed to be undefined.

2 Core Rules

2.1 Status of Turquoise

- 2.1.1 Turquoise is an MTF authorised and regulated by the FSA and will comply with all applicable rules, including the Rules, and regulations without notice to Members.
- 2.1.2 Turquoise is not available for the primary listing of Securities.

2.2 Governing law

- 2.2.1 These Rules are governed by, and shall be construed in accordance with, the laws of England and Wales.

3 Participation

3.1 Members

Application procedure

- 3.1.1 Applicants can apply to become Members at any time by completing the Turquoise Member Package.

Eligibility

- 3.1.2 Applicants are eligible to apply to participate on Turquoise provided they meet the Eligibility Criteria set out below.
 - (i) the Applicant must be an EEA regulated investment firm or credit institution (as defined under MiFID); or

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- (ii) the Applicant must show that it is fit and proper and that it has a sufficient level of ability and experience in trading cash equities and has adequate risk management and other relevant systems and controls; and
- (iii) Turquoise Management must be satisfied that the Applicant has or will have sufficiently completed conformance testing prior to conducting business on Turquoise; and
- (iv) the Applicant must be a clearing member of a central counterparty approved by Turquoise Management or have made satisfactory arrangements with an entity that is.

Members

3.1.3 All Members will have access to the same functionality, services and tariff structure on Turquoise.

Member responsibilities

3.1.4 Members will be responsible for all Orders and actions taken on the Members' user account by its officers, employees and agents.

3.1.5 A Member must at all times have adequate systems and controls to prevent the submission of Erroneous Orders to the Turquoise market and to ensure that its conduct on Turquoise complies with these Rules.

3.1.6 All Members are responsible for ensuring adequate training and supervision of their staff when using Turquoise.

3.1.7 Members are responsible for settling trades executed on Turquoise and are bound by the rules and procedures of the central counterparty (or the agreement with the clearing member) in the event of a settlement default.

3.1.8 Members are responsible for retaining records of all trades entered into on Turquoise for a minimum of 5 years;

3.1.9 Members are responsible for ensuring that, with respect to trading, relevant telephone lines are recorded and records are maintained for a minimum of 1 month;

3.1.10 Members must continue to meet the Eligibility Criteria at all times whilst a Member.

3.1.11 Members will be bound by these Rules and by any decision of Turquoise Management made pursuant to these Rules.

Notification requirements

3.1.12 Members must notify Turquoise Management as soon as practically possible on the occurrence of any of the following:

- (i) a change in the Members' name, contact details or legal status 5 working days in advance of any change taking effect;
- (ii) a change of control of the Member within the meaning given under FSMA within 5 days of becoming aware;

- (iii) a material change or intervention regarding the Member such as enforcement action by a Competent Authority or litigation to the extent that it affects the ability of the Member to comply with these Rules.
- (iv) insolvency of the Member immediately upon becoming aware;
- (v) a change in the Member's ability to meet the Eligibility Criteria immediately upon becoming aware;
- (vi) a loss of connectivity, or other technical issues which might affect the Member's ability to comply with these Rules, to Turquoise immediately upon becoming aware; or
- (vii) a material breach of these Rules upon becoming aware thereof.

3.2 Suspension or termination of a Member

3.2.1 Turquoise Management may at its absolute discretion suspend or terminate participation by a Member:

- (i) where the Member ceases to meet the Eligibility Criteria;
- (ii) where the Member breaches these Rules or the Member Agreement; or
- (iii) in any other circumstances where Turquoise Management reasonably considers such suspension or termination necessary to ensure orderly trading on the platform.

3.2.2 Turquoise Management will notify a Member in writing, as soon as practically possible, of action taken under rule 3.2.1.

3.2.3 A Member must lodge any appeal of a decision made by Turquoise Management under rule 3.2.1 within 10 days of receiving notice given under rule 3.2.2.

3.2.4 Turquoise Management may at its discretion reinstate a Member following suspension under rule 3.2.1 and may make such reinstatement subject to conditions or restrictions on participation.

3.3 Resignation of a Member

3.3.1 A Member may resign its participation on Turquoise by giving at least one (1) month's notice.

3.3.2 Turquoise Management may at its absolute discretion:

- (i) waive some or all of the notice period; or
- (ii) impose conditions or restrictions, including requiring a longer notice period, on the resignation of the Member to the extent that such conditions or restrictions are necessary to ensure the integrity of Turquoise and orderly trading on Turquoise.

3.4 Continuing obligations

3.4.1 Where disciplinary procedures under these Rules are in place or an investigation by Turquoise Management in relation to the conduct of the Member is underway, a Member's

obligations under Rules 3, 6, 7 and 8 will continue for one (1) calendar year after a Member ceases to participate in Turquoise either by reason of termination or resignation.

- 3.4.2** Turquoise Management retains the right to bring disciplinary action against a Member under section 8 of these Rules for one (1) calendar year after a Member ceases to participate in Turquoise where the cause of action occurred prior to the termination of Membership.

3.5 Confidentiality

- 3.5.1** Turquoise Management will treat as confidential any information received from Members in relation to business done on Turquoise except where:

- (i) the information is publicly available;
- (ii) disclosure is required by law or any tax or regulatory authority (including but not limited to a Competent Authority);
- (iii) disclosure is made in the interests of co-operation with any regulatory investigation conducted by a Competent Authority;
- (iv) disclosure is expressly permitted by law and any agreement between Turquoise and the Member; or
- (v) the Member has otherwise consented to the disclosure in writing.

3.6 Conduct Rules

Prohibited practices

- 3.6.1** Members must not, in respect of any of their business on Turquoise:

- (i) commit any act or engage in any course of conduct which creates or is likely to create a false or misleading impression as to the market in, or the price of, any Security;
- (ii) do or engage in any act or course of conduct which is likely to harm the integrity or fairness of Turquoise;
- (iii) commit any act or engage in any course of conduct which will or is likely to bring Turquoise into disrepute;
- (iv) do or engage in any conduct which is in breach of the Market Abuse Directive;
- (v) breach these Rules or cause or contribute to a breach of these Rules by any other Member; or
- (vi) place any Orders in an Order Book for the purpose of testing systems except where the appropriate Test Symbols are used.

- 3.6.2** Turquoise Management may take disciplinary action under section 7 of these Rules in relation to a Member's conduct which in the opinion of Turquoise Management falls within that described in rule 3.6.1.

3.7 PTM Levy

3.7.1 A Member will ensure payment of the PTM Levy by it or its clients to the Panel on Takeovers and Mergers in relation to trades undertaken on Turquoise for Securities of companies incorporated in the United Kingdom, the Channel Islands or the Isle of Man.

Guidance:

Turquoise supports the Panel on Takeovers and Mergers and reminds Members that a qualifying trade in a qualifying security, whether traded on or off any exchange or platform, is subject to the PTM levy

3.7.2 It is the Member's responsibility to determine the amount payable under the PTM Levy.

4 Securities traded on Turquoise

4.1 Securities eligible for trading on Turquoise

4.1.1 Turquoise Management will determine at its absolute discretion which Securities are eligible for trading on Turquoise.

4.1.2 Securities admitted to trading will be securities admitted to trade on a regulated market in the EEA ("European Securities") or in the United States of America ("US Securities").

4.1.3 Turquoise Management will make a decision on changes to the list of Securities and will communicate these decisions to Members in a timely manner by Market Notice.

4.1.4 If a Security trades in more than one currency, Turquoise may support multiple Order Books representing each of the currencies in which that Security trades.

4.1.5 If a Security that is capable of settlement in more than one settlement system, Turquoise may support multiple Order Books representing each of the currencies in which that Security trades.

4.2 Corporate actions

4.2.1 Members are required to obtain information relating to corporate actions affecting the Securities which they trade and must ensure that such a Security is accurately priced in respect of the corporate action.

5 Trading Rules

5.1 Trading calendar and hours of operation

5.1.1 Turquoise will be open for business every weekday except for Good Friday, Christmas Day and New Years Day.

5.1.2 The hours of operation of Turquoise will be as decided by Turquoise Management and communicated to Members by Market Notice.

5.1.3 Members will be given reasonable notice of any change to the trading calendar or hours of operation of Turquoise.

5.1.4 Regardless of the location of the primary listing of Securities, the trading calendar and hours of operation of Turquoise apply to all trading activity on Turquoise.

5.2 Trading sessions

5.2.1 Each trading day on Turquoise will be divided into sessions as decided by Turquoise Management and communicated to Members on reasonable notice by Market Notice.

5.3 Tick and lot sizes

5.3.1 Members must comply with the tick size structure set by Turquoise Management from time to time. In the absence of any tick size structure set by Turquoise Management, the applicable tick size will be as defined by the Primary Markets at the relevant time.

5.3.2 A lot size of one (1) will be utilised for all Securities.

5.4 Order types

5.4.1 Where an Order is specified as having a particular duration in a manner supported by Turquoise then the Order will expire at the end of that duration.

Limit Orders

5.4.2 A Limit Order will have either the full price and/or quantity displayed in the Integrated Order Book or, in the case of an Iceberg Order, some subset of the quantity displayed in the Integrated Order Book.

5.4.3 A Limit Order will only be matched at a price equal to or better than the limit price.

5.4.4 Turquoise will accept all Orders within the Price Control Band. Orders outside the Price Control Band will be rejected and Members will be notified of the rejection by TMO.

Market Orders

5.4.5 Turquoise will accept Market Orders that will execute until the entered quantity has been completed or a Volatility Band is reached.

5.4.6 A Turquoise Market Order will execute against all Orders within the Order Book, where execution is possible, and will not interact with Orders from an external market centre.

5.4.7 Pegged Order and Iceberg functionality do not apply to Market Orders.

Iceberg Orders

5.4.8 If an Order is partially executed and the remaining quantity is less than the original display quantity, then the new display quantity is equal to the residual balance.

5.4.9 Only the displayed quantity of an Iceberg Order will retain its place in the priority queue. When the displayed quantity is replenished, the new display quantity will go to the back of the priority queue at that price level.

5.4.10 Iceberg Orders can only be submitted for Limit Orders.

5.4.11 Iceberg Orders can be used in combination with Pegged Order functionality.

Pegged Orders

5.4.12 The price of a Pegged Order reflected in the matching engine will vary to track the fluctuation of a separate reference price.

5.4.13 Pegged Orders may be linked to the bid or offer price of the relevant Security on Turquoise or the EBBO.

5.4.14 Pegged Orders are not available for US Securities.

Immediate or Cancel (“IOC”) Orders

5.4.15 IOC Orders must be flagged to remove liquidity from either the Integrated or Pegged to Reference Price Order Book.

5.4.16 IOC Orders flagged as Dark will only interact with Orders in the Pegged to Reference Price Order Book.

5.4.17 IOC Orders flagged as Visible will interact with Orders contained in the Integrated Order Book.

5.5 Dark Orders

5.5.1 Neither the price nor quantity of a Dark Order will be visible in the Order Book.

5.5.2 All Dark Orders must have the appropriate flag for proper submission of the Order.

5.5.3 All Dark Orders must either meet the Large in Scale requirement or, where the Order is less than Large in Scale, the Order must be pegged to the midpoint of the Primary Market.

Large in Scale (“LIS”) requirement

5.5.4 Dark Orders can qualify as LIS as determined by reference to the Normal Market Size as defined in MiFID and updated annually by CESR.

5.5.5 LIS Orders will be entered into the Integrated Order Book.

5.5.6 A Dark Order submitted to the Integrated Order Book will be rejected if it is below the threshold for LIS in respect of the relevant Security.

5.5.7 The evaluation as to whether an Order qualifies as LIS will take place at the time the Order is submitted or its quantity or price is amended. A partial fill of an Order that is LIS will not change its qualification for being a Dark Order.

Dark Orders pegged to the midpoint of the Primary Market

5.5.8 Orders less than the LIS requirement may be Dark provided that the price is pegged to the midpoint of the Primary Market.

5.5.9 Dark Orders pegged to the midpoint of the Primary Market and less than LIS will be held in the Pegged to Reference Price Order Book.

5.5.10 Dark Orders pegged to the midpoint of the Primary Market and less than LIS will only be able to interact with other Dark Orders pegged to the midpoint of the Primary Market and less than LIS and IOC Orders flagged as Dark.

Types of Dark Orders

5.5.11 Turquoise will accept three types of Dark Orders:

- (i) Dark Orders submitted with a defined limit price;
- (ii) Dark Orders submitted as a market Order; and
- (iii) Dark Orders pegged to an indicated reference price.

Minimum Acceptable Quantity (“MAQ”)

5.5.12 A MAQ is optional and may be submitted for any Dark Order by the Member.

5.5.13 Any visible Limit Order submitted with an MAQ will be rejected by Turquoise.

5.5.14 A LIS Order specifying a MAQ can only be matched with a combination of Orders whose quantity is equal to or greater than the specified MAQ value for that LIS Order.

5.5.15 A Dark Order specifying a MAQ can be matched with either one or more Dark Orders or a visible Limit Order or combinations of both, depending on which Order Book it is submitted to.

5.6 Order matching

5.6.1 Continuous matching will occur during normal trading sessions.

5.6.2 Orders will be matched using the following criteria in order of precedence:

- (i) Price;
- (ii) Transparency (visible Limit Orders before Dark Orders); and
- (iii) Time (time priority in the Order Book is based on the time stamped on an Order when it arrived in the Order Book).

5.6.3 During continuous trading all visible Limit Orders will have priority over Dark Orders with the same price.

5.6.4 When an Order is matched on Turquoise it will create a binding contract.

5.7 Auctions

Scheduling

5.7.1 The daily trading cycle will begin with an opening auction.

5.7.2 TOC may schedule an ad hoc auction at any time in its absolute discretion where it considers this necessary to ensure orderly trading on Turquoise.

5.7.3 During an auction, continuous matching in applicable Securities is suspended.

5.7.4 All auctions may have their initial duration extended. This will be communicated to Members by Market Notice.

5.8 Volatility rejections

- 5.8.1** Orders outside the Volatility Band will be rejected and a message will be sent to the Member who placed the Order notifying the Member of the rejection.
- 5.8.2** Where an Order that would trigger a volatility rejection has been partially filled, the remaining quantity of the Order will be cancelled and a message will be sent to the Member who placed the Order notifying the Member of the cancellation.
- 5.8.3** Volatility Bands will be published in the Trading Services Description and any changes to Volatility Bands will be broadcast to Members via a system broadcast message.

5.9 Regulatory Suspensions of trading

- 5.9.1** In the event that there is a Regulatory Suspension of Trading in relation to a Security, Turquoise Management will suspend trading in that Security.
- 5.9.2** In the event of a Regulatory Suspension of Trading on a Primary Market, Turquoise Management will adopt the following procedure:
- (i) Existing Orders will remain in the Order Book;
 - (ii) New Orders will be rejected with appropriate error message; and
 - (iii) Members will be able to cancel their Orders, but no further Order amendment will be permitted.
- 5.9.3** Turquoise Management will comply with any instruction made by a Competent Authority to suspend or remove a Security from trading.
- 5.9.4** A Member must not execute a trade when it knows that the relevant Security is subject to a Regulatory Suspension of Trading regardless of the state of the Order Book for that Security.

5.10 Order Routing and Direct Market Access

- 5.10.1** Members are responsible for all obligations arising from an Order submitted to Turquoise in the Member's name regardless of the origin of the Order.

5.11 Cancelling trades and Orders

- 5.11.1** Turquoise Management, acting with due skill care and diligence, has discretion to cancel a trade, or delete an order, in whatever circumstances it considers appropriate, including, but not limited to circumstances where Turquoise Management cannot contact a Member seeking to extend an auction.
- 5.11.2** If an Order appears to be Erroneous in the opinion of Turquoise Management, Turquoise Management may contact the relevant Member to ensure the validity of the Order.
- 5.11.3** When considering whether to cancel an Order or a trade, Turquoise Management will take into account:
- (i) the size of the Order or trade; and
 - (ii) the price of the Order or trade.

Emergency powers

5.11.4 Turquoise Management may suspend all trading on Turquoise or impose conditions on trading on Turquoise, as notified to Members by Market Notice when it considers this necessary to maintain the integrity of the market or the fair and orderly trading on Turquoise.

General measures

5.11.5 Turquoise Management may, acting reasonably, change or adjust the Closing Price.

5.11.6 Turquoise Management may, acting reasonably, change or adjust the TRP.

5.12 Trade reporting

5.12.1 Turquoise Management will distribute information on the conclusion of a trade on Turquoise and trades reported to it under Rule 5.13 that will constitute a trade report for the purposes of the FSA Rules. Members must not report elsewhere, trades concluded on Turquoise, in satisfaction of any trade reporting requirement imposed by MiFID, except where the trade has been concluded on another MTF.

5.13 Negotiated Transactions

5.13.1 A Member may bring a privately negotiated transaction within the Rules subject to the following:

- (i) The security is a Security admitted to trading on Turquoise.
- (ii) The transaction is negotiated privately between two Members and is, by agreement, subject to the Rules of Turquoise.
- (iii) The negotiated transaction must be flagged as such and must be priced at or within the TBBO. Transactions priced outside the TBBO will be rejected.

Guidance:

Where there is no TBBO, the transaction will be rejected.

- (iv) A transaction reported to Turquoise pursuant to this rule must not duplicate another report in respect of the same transaction, where this trade has been concluded on another MTF, unless it requests the suppression of the report by using the appropriate indicator.

5.13.2 Turquoise Management may, at its absolute discretion, refuse a transaction being brought under its Rules.

Guidance:

Turquoise Management shall have discretion to refuse a negotiated transaction which is not flagged as such or where this transaction is not pertaining to a Security admitted to trading on Turquoise. For the avoidance of doubt, this list is non-exhaustive and for indicative purposes only.

6 Monitoring and compliance

6.1 Monitoring of compliance

6.1.1 Turquoise Management will have systems in place to monitor compliance with the Rules, disorderly trading conditions and conduct that may involve market abuse.

6.2 Co-operation with the FSA

6.2.1 Turquoise Management will report to the FSA any significant breaches of the Rules, disorderly trading conditions and conduct that may involve market abuse.

6.2.2 Turquoise Management will supply information to the FSA as required.

6.2.3 Turquoise Management will assist the FSA (or other Competent Authority) in any investigation of market abuse.

6.2.4 Members must co-operate with Turquoise Management and the FSA in any investigation conducted in relation to trading on Turquoise.

6.2.5 Turquoise Management has the power to do all things necessary to comply with relevant laws or the request of the FSA or other Competent Authority.

6.3 Disclosure by Members

6.3.1 Turquoise Management may require Members to disclose information or produce documents in the Member's possession, custody or control relevant to business on Turquoise in a format specified by Turquoise Management, for the purpose of investigating compliance with these Rules.

6.3.2 Members will provide all reasonable assistance to Turquoise Management and its delegates regarding the investigation of a possible breach of these Rules, which assistance may include providing access to information and individuals reasonably within the control of the Member.

6.3.3 The level of co-operation afforded by a Member under rule 6.3.2 can be taken into account in determining any sanction applied under rule 7.2.1.

7 Disciplinary action and sanctions

7.1 Powers of Turquoise Management to discipline Members

7.1.1 Turquoise Management may take disciplinary action against a Member in respect of any act or omission that may amount to a breach of these Rules.

7.1.2 Turquoise Management may suspend or restrict a Member's activities on Turquoise on an interim basis when a matter is under investigation.

7.1.3 Members shall co-operate with Turquoise Management in its investigation into a suspected breach of these Rules.

- 7.1.4 In enforcing these Rules, Turquoise Management will have regard to the need to maintain a fair and orderly market in the interests of Members.
- 7.1.5 Disciplinary action brought against a Member by Turquoise Management will be considered by the Compliance and Regulatory Committee.
- 7.1.6 The decision of the Compliance and Regulatory Committee will be deemed to be the decision of Turquoise Management.

7.2 Sanctions

- 7.2.1 Turquoise Management will have absolute discretion to impose sanctions on a Member for a breach of the Rules including:
- (i) temporary suspension;
 - (ii) termination of participation;
 - (iii) levying a fine up to £20 000;
 - (iv) issuing a cease and desist order;
 - (v) issuing a censure;
 - (vi) issuing a no action warning letter;
 - (vii) an order directing restitution to any injured person; and
 - (viii) publication of the details of the breach and the identity of the Member.
- 7.2.2 Turquoise Management may impose a combination of the sanctions listed in rule 7.2.1 on a Member for a breach of the Rules.
- 7.2.3 The discretion of Turquoise Management to impose sanctions will extend to negotiating a settlement with a Member regarding an alleged breach of these Rules, the terms of which may include imposing a sanction, or combination of sanctions, listed in rule 7.2.1.

8 Appeals

8.1 Rights

- 8.1.1 A Member may appeal a decision made by Turquoise Management under these Rules within ten (10) working days of having received written notice of the decision.
- 8.1.2 There is no right of appeal in relation to interim decisions.

8.2 Procedures

- 8.2.1 A notice of intention to appeal must be submitted in writing to Turquoise Management within ten (10) working days of the Member being notified in writing of the findings of any investigation of an alleged breach of the Rules. Turquoise Management will then refer any such appeal to the Appeals Committee.

8.2.2 A Member will, within twenty (20) working days of giving notification of any appeal under rule 8.2.1, provide the Appeals Committee with a written submission outlining the grounds for the appeal.

8.2.3 The Appeals Committee will consider requests for an extension to the timeframe allowed under 8.2.2.

8.3 Appeals Committee

8.3.1 Appeals will be heard and decided by the Appeals Committee.

8.3.2 The Appeals Committee will comprise of a Chairman, appointed by the Board, and a minimum of two other members, appointed by the Chairman, who are all independent of the Board and who are suitably qualified to hold the position of members of the Appeals Committee.

8.3.3 The Appeals Committee will be convened for cause.

8.3.4 The Appeals Committee will hand down a decision within twenty (20) working days of hearing the appeal.

8.3.5 The Appeals Committee may order any party to an appeal to pay costs as it thinks appropriate, including but not limited to, administration costs and reasonable costs incurred in the investigation, preparation and presentation of the appeal.

8.4 Decisions

8.4.1 The Appeals Committee can uphold, quash or amend the original decision that is the subject of the appeal.

8.4.2 Decisions of the Appeals Committee in relation to appeals will be final.

9 Changing the Rules

9.1 Power to change the Rules

9.1.1 Turquoise Management may, in its absolute discretion, amend the Rules.

9.2 Material amendment

9.2.1 Turquoise Management will consult with Members in relation to all material amendments, except those made in an emergency.

9.2.2 Members will have a minimum of ten (10) working days to comment on proposed changes.

9.2.3 For the purposes of rule 9.2.1, a material amendment means an amendment which will impact notably or significantly upon Members to the extent that, in the view of Turquoise Management, it:

- (i) requires significant changes to internal or electronic systems;
- (ii) affects the way that business is transacted;

- (iii) has significant legal or regulatory implications; or
- (iv) will, or may, cause substantial financial or resource outlay to Members.

9.3 Procedure for amendment

- 9.3.1** The procedure for amending the Rules will be administered in consultation with the Compliance and Regulatory Committee.
- 9.3.2** Turquoise Management will in its discretion decide whether amendments made in an emergency will be either subject to ratification through the routine amendment process as notified to Members under rule 9.3.1 or repealed once it is no longer necessary for the amendment to be in force.
- 9.3.3** The nature and duration of consultation will be commensurate with the materiality of the amendment.
- 9.3.4** All amendments will be notified to Members by Market Notice as soon as practicable together with an effective date for change.

10 Complaints by Members

- 10.1.1** Any complaint about the conduct of a Member or suspicion that any of the foregoing has committed or is about to commit a breach of these Rules, shall be made in writing, where possible, and be addressed to the Chief Operating Officer of Turquoise.
- 10.1.2** If the Chief Operating Officer considers the complaint substantive and may constitute a breach of these Rules he or she may recommend to Turquoise Management that it commence an investigation in accordance with these Rules.