



Skytra MTF Rulebook

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Disclaimer

Skytra Limited is currently applying to the UK FCA for registration to act as a benchmark administrator and authorisation as an Investment Firm operating as a Multilateral Trading Facility. Skytra Limited is a wholly-owned subsidiary of Airbus, and is a company incorporated in England and Wales under registered number 11984828.

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Contents

General	3
Glossary	4
1. Becoming a Participant	10
2. Registered Traders	15
3. Trading Rules	16
4. Instruments	18
5. Clearing and Settlement	19
6. Process Trades	21
7. Trade Controls	22
8. Market Conduct	24
9. High Frequency Trading	24
10. Algorithmic Trading	25
11. Direct Electronic Access	27
12. Liquidity Programs	27
13. Transparency and Transaction reporting	28
14. Skytra Powers	29
15. Compliance with Applicable Laws	30
16. Anti-Money Laundering, Anti-Terrorist Financing and Sanctions	30
17. Recordkeeping and Audit	30
18. Notifications	31
19. Complaints	31
20. Disciplinary Action	32
21. Amendments to the Rules	34
22. Liability of participants under these Rules	35
23. Contractual Recognition of Bail-In	35
24. Governing Law	36
Appendix 1	37
Version History	41

General

- (a) These Rules have been established in order to facilitate the efficient, fair and orderly operation of the MTF and to satisfy Skytra's regulatory obligations. Skytra is authorised and regulated by the FCA with permission to operate an MTF. These Rules are applicable to each Participant.
- (b) These Rules supplement and form part of the Participant Agreement between Skytra and each Participant. They are further supplemented by the MTF Service Description and other ancillary documents determined by Skytra and, depending on the nature of a Participant's access to the MTF, a relevant Appendix (the Documents). Each Participant's access to and use of the MTF is conditional on the acceptance of these Rules and is governed by the applicable Documents.
- (c) In these Rules references to a person include a corporate or unincorporated body, and to one gender include the other gender. Words in the singular include the plural and in the plural include the singular. References to a law are to such law as it is in force and any amendment, extension, application or re-enactment thereof and includes any subordinate legislation for the time being in force made under it.
- (d) References to a law or regulation include any supporting statutory provisions or publicly available guidance and any amendment, modification or re-enactment to such law or regulation.
- (e) All times referenced below are given in London time unless otherwise stated.
- (f) For certain Instruments made available on the MTF, there may be additional Instrument-specific requirements and protocols which will be applicable only to those Participants that trade in that Instrument. In each such case, the relevant Participant will be notified of such Instrument-specific protocols and requirements and their applicability to it, prior to it being able to trade the Instrument concerned. Such protocols and requirements shall form part of these Rules and accordingly are binding on all Participants to the extent that they trade in those Instruments.



Glossary

The below terms have the following meanings in these Rules:

A-IOI means any Actionable Indication of Interest, order or response to an RFQ submitted by a Participant to buy or sell one or more Instrument on the MTF.

Affiliate means, in relation to any person, a subsidiary of that person or a parent undertaking of that person or any other direct or indirect subsidiary of a parent undertaking of that person.

Agency Agreement means an agreement under which a Participant deals on the MTF as agent for one or more third parties.

Algorithmic Trading has the meaning set out in the FCA Handbook.

Algorithmic Trading ID means a password and/or identification criteria given by Skytra to a Participant deploying Algorithmic Trading.

Appeal Committee has the meaning given to it in Rule 20.2.

Appendix means, depending on the context, the Direct Market Access Appendix or the Liquidity Program Appendix.

Applicable Laws means all applicable laws, regulations, regulatory requirements (including public guidance, orders or other public directions of a regulatory authority), market rules and/or market conventions.

Bail-in Action means the exercise of the Relevant Bail-in Power.

Bail-in Legislation has the relevant meaning assigned to it under the Bank Recovery and Resolution Directive (2014/59/EU) and UK legislative provisions including but not limited to: the Special Resolutions Regime, PRA recovery and resolution framework, FCA recovery and resolution requirements, Banking Act 2009, Financial Services and Markets Act 2000; and Insolvency Act 1986.

Bail-in Termination Amount means any amount due in relation to participation on the MTF, together with any accrued but unpaid interest thereon, in respect of all Instructions and transactions under these Rules (before, for the avoidance of doubt, any such amount is written-down or converted by the relevant resolution authority).

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London.

CDD means **Customer Due Diligence** - the checks that Skytra will undertake to verify the identity of its Participants, including such anti-money laundering, CTF and know-your-customer checks as Skytra may determine are necessary in its sole discretion.



CCP means **Central Counterparty** - the entity or entities appointed by Skytra to act as counterparty and to provide clearing services with respect to the Instruments traded on the MTF that are Cleared Trades.

Cleared Trade means a transaction (which may include transactions executed using the CLOB, by RFQ or which are Process Trades) between Participants that are: (a) Clearing Members; or (b) have, in the reasonable opinion of Skytra, suitable and subsisting arrangements in place with a Clearing Member, which is submitted to a Central Counterparty for clearing.

Clearing Member or CM means a member of a Central Counterparty that is authorised to clear transactions in Instruments for another Participant(s) or as a Participant for its own account.

Clearing Rules means the rules of the CCP as may be amended from time to time.

CLOB means central limit order book.

Complaints means complaints made by Participants to Skytra that are considered under the procedure set out in Rule 19.

CTF means Counter Terrorist Financing.

DEA means **Direct Electronic Access** - an arrangement where a Participant of Skytra MTF permits a person to use its trading code (User ID) so the person can electronically transmit orders relating to an Instrument directly to the trading venue and includes arrangements which involve the use by a person of the infrastructure of the Participant, or any connecting system provided by the Participant to transmit the orders (direct market access). For the purposes of this Rulebook, Direct Electronic Access does not include sponsored access and cannot be provided to an end client where that end client has the ability to trade in a way that does not go through the DEA provider's pre-trade controls.

Direct Electronic Access Appendix means the form of acknowledgement set out in Appendix 1.

Direct Electronic Access Client means the underlying client of a Participant which receives DEA from that Participant.

Disciplinary Committee shall have the meaning set out in Rule 20.

Documents shall have the meaning given in Rule 1.2(iii).

Eligibility Criteria means the criteria set out in Rule 1.3 as may be amended from time to time.

Erroneous Index Price means an incorrect Index Price is published and subsequently amended by the Skytra Benchmark Administrator.

Error Trade means an erroneous transaction on the MTF as determined at the sole discretion of Skytra.



EU Bail-in Legislation Schedule means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time.

Excluded Liabilities means liabilities excluded from the scope of the contractual recognition of Bail-in requirement pursuant to the relevant Bail-in Legislation.

FCA means the United Kingdom Financial Conduct Authority or any successor regulatory authority.

FCA Handbook means the Handbook of rules made by the FCA, as amended from time to time.

Fees means execution, market data or any other fees payable to Skytra as made available by Skytra on the Website from time to time.

FOS means the UK Financial Ombudsman Scheme.

High Frequency Trading shall have the meaning given to it in article 4(1)(40) of MiFID.

Indication Of Interest (IOI) means a message from one Participant to another within the MTF reflecting a trading interest in a particular Instrument.

Index Price – means the value of the Skytra index published periodically by the Skytra Benchmark Administrator.

Insolvency Event means the occurrence of any of the following circumstances with respect to: (a) a Participant; (b) where a Participant deals as agent on the system, its Principal; or (c) where a Participant provides DEA, its underlying client:

- (a) a voluntary arrangement or composition or reconstruction of its debts;
- (b) the presentation of an administration petition;
- (c) its winding-up or dissolution;
- (d) the appointment of a liquidator, trustee, receiver, administrative receiver or similar officer;
- (e) a voluntary or involuntary petition for a bankruptcy order;
- (f) a notice received by Skytra, or comes to the attention of Skytra, from its CCP or other regulated venue, that the Participant has been declared Insolvent (or equivalent); or
- (g) any similar action, application or proceeding in any jurisdiction under Applicable Law to which it is subject, provided that in the case of any proceeding instituted against it, such proceeding must not be stayed or dismissed within thirty (30) days of the institution thereof.



Instruction means any order, quote, A-IOI, direction or instruction from a Participant pertaining to the operation of, and its trading on the MTF.

Instrument means any Skytra Derivative.

LEI means a legal entity identifier number which is compliant with the ISO 17442 standard (as such standard may be amended or replaced from time to time).

Liquidity Provider means a Participant which has entered into a Liquidity Program with the intention to make markets in one or more Instruments available on the MTF, or acts in a principal capacity on the MTF outside of a formal Liquidity Program.

Liquidity Program means any specific scheme published by Skytra under which Liquidity Providers agree to provide liquidity in Instruments.

Liquidity Program Appendix means the form of acknowledgement set out in Appendix 2.

MAR means the EU Market Abuse Regulation (Regulation (EU) No 596/2014), as amended from time to time or re-enacted.

Market Abuse means any behaviour that constitutes market abuse, market manipulation or insider trading, or any other similar or analogous behaviour prohibited or subject to sanctions or penalties under MAR and any other Applicable Laws.

Market Notice means any notice published or issued by Skytra from time to time, which is displayed on the Skytra website and/or provided directly to Participants.

MiFID means the EU Markets in Financial Instruments Directive II (Directive 2014/65/EU), as amended from time to time or re-enacted.

MiFIR means EU Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014), as amended from time to time or re-enacted.

MTF means the United Kingdom multilateral trading facility operated by Skytra.

MTF Service Description means the service description provided by Skytra and made available on its Website from time to time.

NCM means Non-Clearing Member

Participant means an entity that has entered into a Participant Agreement and that has, in Skytra's sole discretion, satisfied the necessary requirements under these Rules to participate in the MTF. For the avoidance of doubt, reference to a Participant shall exclude any data vendor.

Participant Agreement means an agreement entered into by a Participant with Skytra governing participation in the MTF, as amended from time to time.



Principal means, in relation to a Participant party to an Agency Agreement, a client on whose behalf it may act when participating on the MTF.

Process Trade has the meaning given in Rule 6

Registered Trader means a named individual who is authorised to take action on behalf of a Participant in relation to its activities on the MTF and who is made known by such Participant to Skytra.

Regulatory Authority means the FCA or any other relevant regulatory authority with responsibility for, or jurisdiction over, the MTF, a Participant, Principal or Direct Electronic Access Client.

Relevant Bail-in Power means the power to write-down and/or convert contained in relevant Bail-in Legislation.

RFQ means request-for-quote.

RFQ Service means the RFQ service provided by Skytra MTF

RTS 2 means Commission Delegated Regulation 2017/583, as amended from time to time or re-enacted.

RTS 6 means Commission Delegated Regulation 2017/589, as amended from time to time or re-enacted.

RTS 22 means Commission Delegated Regulation 2017/590, as amended from time to time or re-enacted.

RTS 24 means Commission Delegated Regulation 2017/580 as amended from time to time or re-enacted.

RTS 26 means Commission Delegated Regulation 2017/582, as amended from time to time or re-enacted.

Rule means a rule or provision of this Rulebook.

Rulebook means this MTF Rulebook as amended or extended from time to time.

Sanctions means any economic or trade sanctions, law, regulations or restrictive measures (including, for the avoidance of doubt, any sanctions or measures relating to any particular embargo or asset freezing) enacted, administered or imposed from time to time.

Skytra Algorithmic Testing Guide means the guide outlining the technical and testing specifications for use of the MTF as produced by Skytra and amended from time to time.



Skytra means a company incorporated in England and Wales under registered number 11984828, with its registered office at Dawson House, 5 Jewry Street, London, United Kingdom, EC3N 2EX, trading under the names Skytra MTF and Skytra Benchmark Administrator.

Skytra Benchmark Administrator means the benchmark administrator registered with the FCA under the EU Benchmarks Regulation that manages Skytra's indices. In order for EU-based supervised entities to use Skytra indices, Skytra will need to be registered as a Benchmark Administrator on the ESMA register by 31 December 2020. Skytra wishes to maintain presence on ESMA's register post-Brexit and retain recognition as an "EU-based" entity under Article 32 of BMR.

Skytra Derivative means a financial instrument that is made available for trading on the MTF in accordance with these Rules.

Trade Confirmation means a written or electronic record provided by Skytra to each Participant involved in the transaction containing the economic terms of the transaction as agreed between the Participants.

Trading Day shall mean a day on which the MTF is open for trading with such information published on the Website from time to time.

User ID means the password and identification criteria that are given to each Registered Trader by Skytra.

Website means the Skytra website which can be found at www.skytra.com.



1. Becoming a Participant

1.1. Applying to become a participant

- (a) Applicants may apply to become a Participant on the MTF at any time provided that they:
 - (i) pass such CDD checks as may be required by Applicable Law or as Skytra may require;
 - (ii) meet the criteria set out in Rule 1.4 (including the operational conditions for access to the MTF) and, in respect of any Algorithmic Trading activity, in Rules 10.2(l)(i)(c) and 10.2(m);
 - (iii) enter into a Participant Agreement and any other such Documents that Skytra may require from time to time; and
 - (iv) provide the following to Skytra at the time of submission of their application:
 - (A) their LEI number (and if acting as agent under an Agency Agreement, the LEI of each Principal); and
 - (B) completed and signed on-boarding documentation.
- (b) Participants must supply to Skytra all documentation and information requested of them by Skytra as part of the application process. All documentation and information requested by Skytra must be provided to Skytra within the timeframe stipulated by Skytra when asking for such documentation and/or information. A Participant must obtain all consents to provide, and must comply with Applicable Law when providing, such documentation and information.

1.2. Eligibility Criteria

Each Participant must:

- (a) be of sufficiently good repute, as determined by Skytra in its sole discretion;
- (b) have the necessary legal and regulatory authority and capacity to transact, and have arrangements for clearing the Instruments traded on the MTF;
- (c) inform Skytra of its intention to:
 - (i) act as agent under an Agency Agreement; and/or
 - (ii) provide its own clients with DEA and the conditions on which those clients have been given (and intend to use) DEA,

- (d) meet any technical specifications, standards and the certification tests required by Skytra for participation on the MTF;
- (e) undertake such conformance testing as Skytra may require and as set out in the Skytra Algorithmic Testing Guide;
- (f) have in place appropriate technology and systems to enable it to access the MTF and appropriate security measures;
- (g) have sufficient financial resources and trading ability, competence and experience to perform effectively and efficiently trading operations involving participation on the MTF and to meet all obligations involved in such participation;
- (h) have internal systems and controls satisfactory to Skytra in place to prevent and limit Error Trades and the submission of erroneous Instructions to the MTF and to ensure on-going compliance with, and prevent breaches of, Applicable Laws, these Rules and the Participant Agreement; and
- (i) have arrangements to ensure the timely clearing and settlement of Instruments which are satisfactory to Skytra;
- (j) meet any further eligibility criteria Skytra may impose from time to time with regard to participation on the MTF;

The MTF will conduct an annual risk-based assessment of a sample of Participants to confirm their continued compliance with the Eligibility Criteria.

1.3. Algorithmic Trading

Each Participant must:

- (i) inform Skytra of its intention to engage in Algorithmic Trading on the MTF;
- (ii) at each Participant's own cost and expense:
- (iii) have put in place all systems and controls required of the Participant under Applicable Law, including where the Participant engages in Algorithmic Trading: pre-trade controls on price, volume and value of the Instruction placed that are calibrated in accordance with Skytra's thresholds;
- (iv) post-trade arrangements for settlement and clearing;
- (v) appropriate qualified, trained and experienced Registered Traders,
- (vi) at each Participant's own cost and expense and in relation to Algorithmic Trading on the MTF (where relevant), ensure that:

- (vii) the algorithms it intends to use on the MTF and the connectivity of its systems have successfully passed the conformance testing with Skytra's systems; and
- (viii) its algorithms have successfully passed testing for disorderly trading conditions, and
- (ix) abide by the rules on Algorithmic Trading as detailed in RTS 6, where applicable

1.4. Continuing Obligations of Participants

A Participant must, on an on-going basis:

- (a) ensure its continuing compliance with these Rules and Applicable Law;
- (b) continue to meet the Eligibility Criteria;
- (c) have adequate organisational arrangements in place;
- (d) have in place appropriate risk management systems;
- (e) provide, and maintain, a list of current Registered Traders to Skytra;
- (f) ensure all Registered Traders, employees or agents involved in the use of, or trading on, the MTF are fit and proper, suitable, appropriately and adequately trained or qualified and properly supervised;
- (g) meet any technical specifications required by Skytra to access, and maintain its role as a Participant on, the MTF as may be updated by Skytra from time to time (including applicable certification and conformance testing as defined in the Skytra Algorithmic Testing Guide);
- (h) possess and maintain a valid LEI (or where acting under an Agency Agreement, ensure that each Principal possesses and maintains a valid LEI);
- (i) meet any applicable CDD as may be required by Skytra from time to time;
- (j) provide such additional documentation and information that Skytra may require from time to time within the timeframes specified by Skytra (including such documentation regarding its Principals and Direct Electronic Access Clients as Skytra may require);
- (k) co-operate in an open and honest manner with Skytra and/or any Regulatory Authority in relation to any investigation relating to Skytra on the MTF; and
- (l) in the event of any information request, investigation or other action by any Regulatory Authority or other competent body conducted in relation to use of or

trading on the MTF, co-operate with Skytra and the relevant investigating Regulatory Authority or competent body by providing access to documentation or information and by meeting any other reasonable request, except where such Participant is restricted from doing so by Applicable Laws (and procure that its Principal and/or Direct Electronic Access Client do the same).

1.5. Removal of a Participant by Skytra

- (a) Skytra may choose to suspend, limit or remove a Participant's access to the MTF or terminate its participation in the MTF without notice and otherwise in accordance with the terms of the Participant Agreement or otherwise take disciplinary action as it, in its sole discretion, deems necessary where:
- (i) the relevant Participant or Registered Trader breaches any of these Rules;
 - (ii) the Participant breaches Clearing Rules, clearing limits, ceases to be a Clearing Member, defaults or otherwise is unable to clear or be cleared at the CCP.
 - (iii) the Participant breaches a term of its Participant Agreement;
 - (iv) the Participant is in default in respect of the payments of any Fees to Skytra as part of these arrangements;
 - (v) the Participant's Agreement is terminated;
 - (vi) the Participant has made a misrepresentation to Skytra or has otherwise breached Applicable Laws in any material respect;
 - (vii) an Insolvency Event has occurred in relation to a Participant or Principal;
 - (viii) the Participant ceases to meet the Eligibility Criteria;
 - (ix) the Participant enters any RFQ, response to RFQ, IOI or any message into the MTF for the purposes of testing its ability to access the MTF without the prior consent of Skytra;
 - (x) the Participant engages in unauthorised High Frequency Trading on the MTF;
 - (xi) the Participant or a Principal repudiates or rejects one or more of its transactions on the MTF;
 - (xii) the Participant fails to provide documentation or information as required by Rule 1.2(b); or

- (xiii) Skytra, in its sole discretion, deems it necessary to ensure a fair and orderly market on the MTF, to uphold the integrity of the MTF, to comply with Applicable Laws or if so required by a Regulatory Authority.
- (b) Skytra will notify a Participant of a decision taken under this Rule 1.6 unless it is prohibited from doing so by Applicable Laws.
- (c) A Participant may appeal a decision taken by Skytra under this Rule 1.6 in accordance with the provisions of Rule 20.2.

1.6. Resignation of a Participant

- (a) A Participant may resign its status as a Participant by giving 30 calendar days' notice to Skytra. Notwithstanding the 30-day notice period referred to above, these Rules will continue to bind a Participant until:
 - (i) all of that Participant's Instructions have been matched, cancelled or withdrawn (including where such Instructions have been submitted under an Agency Agreement or through the use of DEA); and
 - (ii) all of that Participant's obligations (including, for the avoidance of doubt, the payment of any Fees) under the Rules have been performed or otherwise discharged.
 - (iii) Any applicable open interest held at the CCP is closed out (where required)
- (b) Skytra reserves the right to continue to request and to receive information from a Participant after its resignation has become effective where that Participant is subject to an on-going investigation by Skytra under these Rules or by a Regulatory Authority.

1.7. Notifications to be made by Participants to Skytra

Each Participant warrants that it will notify Skytra as soon as reasonably practicable upon becoming aware of:

- (a) any information provided under Rule 1.2 and 1.3 ceasing to be valid, accurate or correct (including, for the avoidance of doubt, where the Participant no longer meets the Eligibility Criteria or the continuing obligations applicable to it);
- (b) any known or suspected breach of Applicable Law relating to its participation in the MTF or of these Rules;
- (c) any change to its regulatory status and categorisation under MiFID;
- (d) any pending, threatened or actual investigation by a Regulatory Authority or pending, threatened or actual proceedings which, in each case, may impair the ability of the Participant to comply with these Rules;

- (e) any clearing or settlement failure relating to a transaction conducted on the MTF;
- (f) any Insolvency Event relating to it or to a Principal;
- (g) any change to LEI or any other relevant static data;
- (h) any inability to provide information relating to the submission of transaction reports by Skytra; and
- (i) any other material matter of which Skytra might reasonably expect to be made aware.

2. Registered Traders

2.1. Obligations of Participants in respect of their Registered Traders:

- (a) Each Participant must provide Skytra with a list of its Registered Traders in the format prescribed by Skytra, including details of their access requirements, and maintain that list as necessary.
- (b) A Participant must provide such information about each Registered Trader as Skytra may reasonably request, including (without limitation) the nationality(ies), date of birth, first name and surname of the Registered Trader, such information to be held by Skytra in compliance with Applicable Law.
- (c) Skytra will provide each Registered Trader with a User ID. Each Participant will be responsible for validating the identity of each of its Registered Traders and monitoring the use of its User IDs.
- (d) A Participant must ensure that:
 - (i) each Registered Trader is provided with the latest copy of these Rules and all other materials relevant to such Registered Trader's use of the MTF;
 - (ii) each Registered Trader is appropriately qualified and/or experienced to commit to trades on an MTF;
 - (iii) each Registered Trader has authority to use the MTF on its behalf;
 - (iv) the User ID given to each Registered Trader by Skytra is kept confidential to such individual and not disclosed to or used by any other person;
 - (v) each Registered Trader is provided with regular training in relation to the use of the MTF, these Rules, Applicable Laws and any relevant regulations including (but not limited to) MiFID and MAR; and
 - (i) each Registered Trader complies with all Applicable Laws and these Rules in relation to its use of the MTF.



2.2. Participants' responsibilities for Registered Traders

- (a) In respect of business conducted on the MTF:
 - (i) Skytra will be entitled to rely on, and a Participant will be bound by, any Instruction which Skytra reasonably believes in good faith to be from a Registered Trader;
 - (ii) until Skytra receives written notice to the contrary, it is entitled to assume that a Registered Trader has and continues to have full and unrestricted authority to submit Instructions on behalf of a Participant; and
 - (iii) a Participant will be responsible for the acts and conduct of all Registered Traders as if the acts and conduct of each of those persons were the acts and conduct of the Participant.
- (b) Each Participant will be responsible for a breach of a relevant obligation committed by any of its Registered Traders, and Skytra may, acting reasonably, take measures under these Rules and the relevant Participant Agreement, including suspension or termination of that Participant's (or, in Skytra's sole discretion, that Registered Trader's) access to the MTF.

3. Trading Rules

3.1. General

- (a) Each Participant is responsible for any transaction that it executes on the MTF and will be responsible for any Instructions that it sends to the MTF. Skytra will monitor the operation and use by Participants of the MTF.
- (b) Transactions may be entered into on the MTF:
 - (i) by a Participant:
 - (A) on its own account;
 - (B) as agent on behalf of a Principal; and/or
 - (ii) by way of DEA.
- (c) Where a Participant acts as agent on behalf of a Principal, it must:
 - (i) have entered into an Agency Agreement with that Principal prior to providing such a service on the MTF;
 - (ii) comply with the provisions of these Rules as applicable to agency business;

- (iii) place separate Instructions in respect of proprietary and agency transactions; and
- (ii) not act as agent for the buying and selling counterparty.
- (iii) place separate Instructions in respect of proprietary and agency transactions; and
- (iv) not act as agent for the buying and selling counterparty.

3.2. Methods of execution

The following methods of execution will be permitted on the MTF:

- (a) continuous matching on a CLOB;
- (b) RFQ;
- (c) by Process Trade; and
- (d) by auction.

3.3. Trading calendar

The MTF will be open for business on Trading Days and will operate during the hours set out on the Website or otherwise made available by Skytra by notice to the Participants.

3.4. Submission of Instructions to the MTF

- (a) Instructions are submitted to the MTF at each Participant's own risk.
- (b) The MTF will not accept Instructions or transactions from other trading venues.
- (c) Skytra may reject Instructions which exceed pre-determined volume and price thresholds relating to a particular Participant, Instrument or which Skytra, in its sole discretion, considers to be erroneous.

3.5. Cancellation

- (a) Skytra reserves the right to cancel any Instruction or transaction executed on the MTF, at its absolute discretion, where:
 - (i) the Instruction or transaction appears to be Market Abuse or indicative of Market Abuse, system abuse or misuse;
 - (ii) the Instruction or transaction appears to be deceptive or fraudulent;
 - (iii) the Instruction or transaction may be contrary to Applicable Law;

- (iv) the Instruction or transaction is in respect of an Instrument which has been suspended from trading on the MTF;
 - (v) such cancellation is necessary to maintain order in the market established by the MTF;
 - (vi) it is deemed to be an Error Trade (at the sole discretion of Skytra) where identified by Skytra or following a report from a Participant;
 - (vii) the Instruction or transaction was the result of an MTF system malfunction;
 - (viii) the transaction was executed following the publication of an Erroneous Index Price; or
 - (ix) a Cleared Trade is rejected by the relevant Central Counterparty.
- (b) A decision by Skytra to take action under this Rule 3.5 will be binding on Participants. Skytra will notify Participants of its decision to cancel an Instruction or transaction as soon as reasonably practicable unless it is prevented from doing so by Applicable Law.
- (c) Skytra shall not be liable for any losses that a Participant may suffer following a cancellation or any other act or omission taken by Skytra under this Rule 3.5.

3.6. Conclusion of a trade

- (a) Cleared Trades which are matched on a CLOB will be held to have been concluded under these Rules at the point of matching on the MTF.
- (b) Cleared Trades which use the RFQ submission method will be held to have been concluded under these Rules at the point of acceptance of the relevant quotation.
- (c) Cleared Trades which are Process Trades will be held to have been concluded under these Rules:
 - (i) if discussed but not pre-agreed, when executed on the MTF; or
 - (ii) if pre-agreed, at the time of such agreement between the parties.
- (d) The MTF will electronically send both Participants to a transaction a Trade Confirmation confirming that a trade has been concluded under these Rules.

4. Instruments

4.1. Making Instruments available for trading

Skytra will, in its sole discretion, determine the Instruments made available for trading from time to time. The list of Instruments which can be traded on the MTF will be available on the Website.

4.2. Trading halts

Skytra may temporarily halt or constrain trading on the MTF in any Instrument or cancel, vary or correct any transaction where Skytra considers that a significant price movement has occurred or there has been any other volatility in the relevant Instrument during a short period of time. In acting in this respect (and determining the duration of the halt or constraint), Skytra will at all times act in good faith having regard to the nature of the Instrument, its liquidity profile and possible damage that such a halt or constraint may cause to the interests of Participants.

4.3. Suspension and removal of instruments from trading

- (a) Skytra may suspend or remove Instruments from trading without prior notice if Skytra deems this necessary in order to maintain a fair and orderly market or if it is required to do so in order to comply with Applicable Law.
- (b) Skytra will suspend or remove an Instrument from trading if required to do so by a Regulatory Authority.
- (c) Skytra will make public and notify the relevant Regulatory Authority should any instrument be suspended, restored or removed from trading.

5. Clearing and Settlement

5.1. Clearing Arrangements

- (a) Each Participant must have in place a clearing agreement with the CCP covering all clients on whose behalf the Participant will be executing trades.
- (b) Any NCM must enter into and NCM-CM agreement as prescribed by the CCP.
- (c) Any NCM must notify Skytra and the CCP immediately where an NCM-CM agreement has been executed or terminated.

5.2. General matters in relation to clearing

- (a) All trades executed on the Skytra MTF are automatically subject to clearing at the CCP.
- (b) MTF transactions shall be subject to Registration [as defined in the Clearing Rules] with the CCP in accordance with the Clearing Rules. Upon such Registration of an MTF transaction, the Participant or their clients, as the case may be, will become counterparties to a cleared derivatives transaction corresponding to the MTF transaction. The Participant must ensure that it, where it is not a Clearing Member, or its client, as the case may be, has appropriate, legally effective contractual arrangements in place pursuant to which it or the client, as the case may be, becomes the counterparty to such transaction pursuant to direct or indirect clearing arrangements with a Clearing Member.

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- (c) Each Participant is responsible for executing all applicable agreements and arrangements necessary for clearing such transactions in accordance with Applicable Law.
- (d) Skytra will not be responsible or liable for the clearing of transactions executed by a Participant on the MTF. However Skytra:
 - (i) will use reasonable efforts to transmit information with respect to transactions and to provide the details of such transaction to the Central Counterparty, Clearing Member or other relevant intermediary in order to facilitate the clearing of transactions, where permitted by Applicable Law;
 - (ii) requires each Participant (including where acting as agent for a Principal under an Agency Agreement) to use Skytra's designated Central Counterparty and to:
 - (A) designate a Clearing Member (which may include itself where it is self-clearing) for a particular Cleared Trade;
 - (B) either directly, or via a Clearing Member acting on its behalf, have relevant arrangements to facilitate the clearing of Cleared Trades executed on the MTF;
 - (C) comply with the Clearing Rules of the Central Counterparty at all times; and
 - (D) provide Skytra with such information that Skytra may require from time to time.
- (e) The clearing services provided by a Central Counterparty designated with respect to any transaction accepted for clearing, and the rights and obligations of counterparties to such transaction (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity) will be governed by the Clearing Rules of the Central Counterparty.
- (f) Each Participant permits Skytra to pass information concerning the Participant's use of the MTF, including any relevant trade data, to the Central Counterparty, Clearing Member(s) or relevant intermediary or third party and the counterparty that executes the contract with the Participant to the extent reasonably necessary for the clearing or settlement of transactions entered into by such Participant. Skytra will not accept any responsibility or liability to the Participant or the Central Counterparty for, or in connection with, this information.

5.3. Clearing failures

- (a) Where a Cleared Trade that is concluded on the MTF and submitted for clearing is not accepted for clearing in accordance with the rules and procedures of the Central Counterparty:

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- (i) such Cleared Trade will be deemed void *ab initio* and will be cancelled by Skytra in accordance with Rule 3.5;
- (ii) Skytra will take reasonable steps to notify Participants of the non-acceptance of the Cleared Trade;
- (iii) where Skytra determines that the Cleared Trade failed due to a technical, administrative or clerical problem with the MTF, it will assess, using reasonable endeavours and without notice to the relevant Participants, whether the Cleared Trade can be re-submitted to the Central Counterparty; and
 - (A) where Skytra considers that it is able to correct the technical, administrative or clerical problem, it may re-submit the Cleared Trade to the Central Counterparty (for the avoidance of doubt, as a new Cleared Trade with materially similar economic terms) within a reasonable timeframe. The counterparties to that Cleared Trade agree to be bound by that re-submission; or
 - (B) where Skytra considers that it cannot correct the technical, administrative or clerical problem, it may seek guidance from the counterparties to the Cleared Trade in question, otherwise such a Cleared Trade, after having been deemed void as set out in Rule 5.3(a)i, may not be re-submitted to the MTF by the Participant.

Where a Cleared Trade that is concluded on the MTF is deemed void in accordance with Rule 5.3(a)i neither party to the void Cleared Trade will have any recourse to the other or be liable to the other for any losses, costs, expenses or charges suffered with respect to the void Cleared Trade.

6. Process Trades

6.1. General

- (a) Skytra may permit a Participant to execute a transaction on the MTF where the terms of the transaction have either been discussed or negotiated outside of the MTF, provided that the transaction:
 - (i) is between two Participants (either acting as Principal or agent under an Agency Agreement);
 - (ii) relates to an Instrument;
 - (iii) is subject to execution on the MTF; and
 - (iv) for the avoidance of doubt, has not been pre-agreed between the Participants prior to execution on the MTF.

Process Trades

- (a) Process Trades are subject to these Rules.
- (b) Skytra will have no responsibility or liability in respect of the negotiation or the execution of a Process Trade, including (without limitation) the fulfilment of any legal or regulatory obligations of a Participant in relation thereto.
- (c) A Participant must comply with Applicable Laws in relation to the negotiation and execution of Process Trades.

6.2. Submission and recordkeeping of Process Trades

- (a) Participants must comply with the obligations set out in the MTF Service Description in respect of Process Trades to which they are a party.
- (b) Where a Process Trade is made:
 - (i) between two Participants, for their own account, the selling Participant must submit the trade to the MTF; and
 - (ii) between Principals (or a Principal and a Participant), the relevant Participant must submit the trade to the MTF.
- (c) In addition to the obligations set out in Rule 6.2, Participants must maintain adequate records of all Process Trades (including without limitation, records of relevant telephone conversations and other electronic communications where permitted by Applicable Law) and must make sure records available at Skytra's reasonable request.

7. Trade Controls

7.1. General

- (a) Participants must have in place pre-trade controls that are proportionate to the type of trading that they are engaged in on the MTF.
- (b) Where pre-trade controls are set by the general clearing member of a Participant the Participant accepts these limits will supersede any limits set by the Participant.
- (c) Each Participant acknowledges and agrees that Skytra has in place a number of methods to manage volatility on the MTF which may lead to Instructions not being executed or being cancelled where they fall outside of the pre-defined thresholds for submission to, or execution on, the MTF. Further detail on the controls that Skytra has in place can be found in the MTF Service Description.
- (d) Skytra:
 - (i) reserves the right to manually override these constraints in its sole discretion and will provide prompt notice to Participants of such changes where reasonably practicable;

- (ii) reserves the right to change any limits set out in this Rule 7.1 or the MTF Service Description in its sole discretion; and may:
 - (A) request information from any Participant on the mechanisms it has in place to manage volatility and its trading controls;
 - (B) operate systems to cancel unexecuted Instructions submitted by or on behalf of a Participant, including:
 - I. upon request of the Participant;
 - II. where the MTF contains erroneous or duplicated orders; or
 - III. following a suspension initiated either by Skytra, or
 - (C) cancel or revoke transactions in case of malfunction of the MTF's mechanisms to manage volatility or of the operational functions of the MTF

7.2. Price and volume limits

- (a) Skytra has in place limits on the number of Instructions that can be sent per Participant per second. These limits are specified in the MTF Service Description.
 - (i) Skytra has in place the following pre-trade controls as detailed in the MTF Service Description:
 - (A) price collars that will automatically reject orders that do not meet pre-set price parameters on an order-by-order basis (which will be set by reference to certain dynamic and static price limits);
 - (B) maximum order values and volumes permitted for the CLOB; and
 - (C) the use of a 'kill switch' to reject or cancel unexecuted orders submitted by Participants. This 'kill switch' may be initiated on request of the Participant, a Clearing Member, a Central Counterparty, a Regulatory Authority or in Skytra's sole discretion.

For the avoidance of doubt, the order price limits will not apply to certain Instructions or to auctions. Further details are specified in the MTF Service Description.

7.3. Circuit breakers

- (a) Skytra will automatically reject or cancel any Instructions which fall outside of the circuit breaker limits set by Skytra for price, volume and size as detailed in the MTF Service Description.
- (b) Where Skytra detects extreme volatility in an Instrument traded on the MTF, it may temporarily halt or constrain trading in that Instrument.

- (c) Where Skytra's circuit breakers or other systems malfunction and cause disorderly trading, Skytra must cancel or revoke those transactions that have occurred due to the malfunction.

For the avoidance of doubt, circuit breakers will not be applied to certain Instructions or to auctions. Further details are specified in the MTF Service Description.

8. Market Conduct

- (a) Prohibitions in relation to certain types of market conduct

Participants must not:

- (i) engage in any behaviour which may contribute to disorderly market conditions;
- (ii) engage in any behaviour that constitutes attempted or actual Market Abuse or financial crime of any kind (including the submission of fictitious Instructions to the MTF);
- (iii) engage in conduct likely to harm the integrity, fairness or reputation of Skytra; or
- (iv) breach or attempt to breach these Rules.

- (b) Disorderly trading

- (i) Participants must not contribute to or cause disorderly trading on the MTF.
- (ii) Participants that use Algorithmic Trading systems on the MTF must certify that the algorithms that they deploy have been tested to avoid contributing to, or creating, disorderly trading conditions:
 - (A) prior to deployment of the algorithm;
 - (B) upon substantial update of a trading algorithm; and
 - (C) upon substantial update of a trading strategy.
- (iii) Skytra should be able to provide the Participants with access to a testing environment upon request.

9. High Frequency Trading

- (a) High Frequency Trading is prohibited on the MTF unless otherwise agreed by Skytra.

- (b) Participants may request that Skytra provide them with an estimate of the average number of messages per second in respect of each Instrument traded on the MTF for the period of two weeks after the end of each calendar month to facilitate a Participant's calculation to determine whether it is engaging in High Frequency Trading.
- (c) Skytra does not certify as to the accuracy of the data provided to the Participant. The Participant is expected to verify the average number of messages provided to it by Skytra.
- (d) If, after having assessed its activity on the MTF, a Participant considers that it is, or has, engaged in High Frequency Trading it must: (i) cease such activity; and (ii) inform Skytra promptly.

10. Algorithmic Trading

10.1. General

- (a) A Participant may only engage in Algorithmic Trading on the MTF with Skytra's prior written consent. Algorithmic Trading is not permitted on the RFQ Service without prior approval.
- (b) Each Participant intending to deploy an Algorithmic Trading system, algorithm or strategy on the MTF must successfully test conformance of the system, algorithm or strategy with the system of the MTF:
 - (i) before accessing the MTF as a Participant;
 - (ii) if providing DEA:
 - (A) when connecting to the MTF for the first time; or
 - (B) where there is a material change affecting the manner in which it provides DEA;
 - (iii) before the deployment or material update of an Algorithmic Trading system or algorithm or Algorithmic Trading strategy of that Participant; or
 - (iv) at Skytra's request.
- (c) Each Participant must remain fully responsible for the testing conducted under Rule 1.5(G) and for making any required changes to its systems following such testing. Participants are prohibited from engaging in Algorithmic Trading until all required testing has been successfully completed.
- (d) A Participant engaging in Algorithmic Trading must obtain an Algorithmic Trading ID and must ensure that an Instruction identifies:
 - (i) where it is generated by Algorithmic Trading;

- (ii) the algorithm employed; and
- (iii) the identity of the relevant Registered Trader or individual initiating the Instruction.

10.2. Pre-trade controls for Algorithmic Trading

Participants that engage in Algorithmic Trading on the MTF are required to comply with the pre-trade controls that are further specified in RTS 6. In particular, Participants must have:

- (a) price collars which automatically block or cancel orders that do not meet specified parameters;
- (b) maximum order values and order volumes calibrated for the CLOB;
- (c) maximum message limits pertaining to the submission, modification or cancellation of an order;
- (d) automated execution throttles which control the number of times an Algorithmic Trading strategy has been applied; and
- (e) kill functionality which enables the Participant to immediately cancel, cease or stop any or all of its unexecuted Instructions

10.3. Certain undertakings in relation to Algorithmic Trading

Each Participant that engages in Algorithmic Trading on the MTF will ensure, for the duration of its Algorithmic Trading activities, that:

- (a) it has a sufficient number of staff with the necessary skills to manage its Algorithmic Trading systems;
- (b) it has in place effective systems and risk controls suitable to the business it operates designed to ensure that its Algorithmic Trading systems are resilient and have sufficient capacity (including the pre-trade controls specified in Rule 1.4), which are subject to appropriate trading thresholds and limits and which prevents the sending of Error Trades or the systems otherwise functioning in a way that may create or contribute to a disorderly market;
- (c) it has in place effective systems and risk controls designed to ensure its Algorithmic Trading systems cannot be used for any purpose that is contrary to Applicable Laws or to the Rules of the MTF;
- (d) it has in place effective business continuity arrangements designed to deal with any failure of its Algorithmic Trading systems;
- (e) its systems are fully tested in appropriate testing environments, stress tested at least annually and subject to real-time monitoring in accordance with RTS 6;

- (f) its trading algorithms are compliant with all Applicable Laws;
- (g) it properly carries out required pre-trade controls on order entry for all Instruments and all necessary post-trade controls; and
- (h) it keeps suitable records in relation to its Algorithmic Trading.

11. Direct Electronic Access

- (a) A Participant may not provide DEA on the MTF without the express prior consent of Skytra. Skytra may refuse or impose conditions on any consent granted for such a request from a Participant.
- (b) In the event that the consent of Skytra is obtained and the Participant complies with the relevant conditions imposed (if any) to the satisfaction of Skytra, a Participant must acknowledge their adherence to the Direct Electronic Access Appendix prior to its provision of DEA. Participants must continue to comply with the obligations set out in the Direct Market Access Appendix for the duration of time whilst providing DEA.
- (c) A Participant permitted to offer DEA may offer Direct Electronic Access Clients the services as set out in the Direct Electronic Access Appendix. A Participant that provides DEA to a Direct Electronic Access Client is responsible and liable for the acts and omissions of each of its Direct Electronic Access Clients and is subject to the duties and obligations as set out in the Direct Electronic Access Appendix, including ensuring the Direct Electronic Access Client's compliance with (so far as applicable) the Rules and any guidance or other requirements issued by Skytra.
- (d) Skytra reserves the right to reject any request for the addition of a Direct Electronic Access Client in its absolute discretion.

12. Liquidity Programs

- (a) Skytra may from time to time introduce liquidity provision schemes in its sole discretion. Such schemes will be made available to the Participant under a Liquidity Program.
- (b) Liquidity Programs will stipulate the obligations that Participants will need to perform in order to qualify for any incentives offered under the Liquidity Program.
- (c) In all cases, only Instructions for a Participant's own account using proprietary capital will qualify for the Liquidity Program and the Participant will be required to separately identify to Skytra those Instructions that are Instructions qualifying for the Liquidity Program.

13. Transparency and Transaction reporting

13.1. Transparency

- (a) The MTF is subject to pre-trade and post-trade transparency requirements in accordance with MiFIR. Skytra has obtained a deferral from the FCA in respect of the requirement to publish transaction information in respect of orders which are large in scale. Unless otherwise agreed, Skytra will apply, where permitted, this deferral to all qualifying Instructions.
- (b) Skytra has been authorised to provide deferred publication of transactions as provided for by MiFIR and RTS 2. Post-trade publication will be made in accordance with the deferrals authorised by the FCA where permitted.
- (c) Information required to be disclosed under Skytra's transparency obligations will be disclosed and made available to the public as required by Applicable Laws.
- (d) Where Skytra is notified that the FCA has suspended pre-trade and post-trade transparency requirements in respect of an Instrument, Skytra will not publish information in respect of such Instrument for so long as the suspension is in effect.
- (e) Participants are solely responsible for any trade, transaction or other reporting or filing requirements imposed on the Participant under Applicable Law in connection with the use of the MTF. Nothing in this Rulebook serves to discharge the individual transparency obligations of a Participant.

13.2. Transaction reporting

- (a) Each Participant must be responsible for any disclosure, reporting and/or filing requirements that may arise for such Participant under Applicable Laws in connection with the Participant's use of the MTF including, for the avoidance of doubt, in respect of an assessment of which party should report when a transaction is executed on an agency basis.
- (b) A Participant must notify Skytra if it undertakes or intends to commence transaction reporting to the FCA (or other NCA) under MiFIR.
- (c) Notwithstanding Rule 13.2(b), Skytra is authorised to undertake transaction reporting to the FCA on behalf of a Participant, where Skytra is required to do so by Applicable Laws.
- (d) A Participant on whose behalf Skytra reports a transaction must not report, or cause another to report, the same transaction to the FCA.

A Participant must provide any information required by Skytra in order to undertake transaction reporting in accordance with Rule 13.2(c) including, but not limited to, all details required under RTS 22, in the format prescribed by Skytra (and such information in respect of its Principal if it is acting as agent under an Agency Agreement).

- (e) A Participant must provide the information required under Rule 13.2(d) as soon as practicable following the execution of a transaction on the MTF and, in any event, no later than noon on the Trading Day following execution of the transaction.
- (f) A Participant must have controls in place to ensure any information provided to Skytra under Rule 13.2(d) is complete and accurate.
- (g) A Participant must promptly inform Skytra where information provided under Rule 13.2(e) is inaccurate or incomplete and must co-operate with Skytra to rectify any errors in reports submitted by Skytra under Rule 13.2(c).

14. Skytra Powers

- (a) Skytra may take action that it deems reasonably necessary or appropriate in the circumstances set out in this Rule 14 and in order to preserve a fair and orderly market and the integrity of the MTF, including, but not limited to:
 - (i) reversing or cancelling any and all outstanding Instructions, to the extent technologically possible;
 - (ii) cancelling unexecuted Instructions;
 - (iii) imposing fixed penalties for minor breaches (in the reasonable opinion of Skytra) of its Rules from time to time;
 - (iv) suspending or terminating a Participant's right to use the MTF or access the MTF; or
 - (v) issuing written warning or private censure to the Participant.
- (b) In taking any of the actions in Rules 14(a) to 14(a) Skytra will act proportionately having regard to the circumstances and the reasonableness of such action in view of the possible damage that may be caused to a Participant's interests.
- (c) The powers conferred by Rule 14(a) will be exercisable by Skytra where:
 - (i) a Participant (or its Principal) fails to perform, or states that it is unwilling or unable to perform, in a timely manner taking into account any remediation period agreed between the Participant and Skytra, any obligation owing to Skytra under these Rules, the Participant Agreement or under any other Document;
 - (ii) a Participant disclaims, repudiates or rejects or challenges, in whole or in part, the validity of these Rules, the Participant Agreement or the terms of any other Document;
 - (iii) any representation or undertaking a Participant has made, or is deemed to have made, in respect of these Rules, or any other agreement in force between the Participant and Skytra or under or in respect of any transaction

is breached and the Participant has not complied with any remediation period agreed with Skytra for such breach;

- (iv) an Insolvency Event has occurred with respect to a Participant (or a Principal); or
- (v) for any reason (whether or not similar to the foregoing) Skytra reasonably considers that the exercise of any of the powers conferred by Rule 14(a) is necessary or appropriate in the circumstances.

15. Compliance with Applicable Laws

- (a) All Instructions and transactions effected under these Rules are subject to Applicable Laws.
- (b) In the event of any conflict between these Rules and any Applicable Law, the Applicable Law will prevail and, to the extent these Rules or any provision thereto will be held to be unenforceable or invalid, the relevant provision will, to that extent, be given no effect, but these Rules will in all other respects continue in full force and effect.
- (c) Skytra is entitled, and is hereby authorised by each Participant, to take any action or refrain from taking any action which they consider appropriate for the purpose of complying with any Applicable Law or with any request of any Regulatory Authority or competent body.

16. Anti-Money Laundering, Anti-Terrorist Financing and Sanctions

- (a) All Participants must satisfy and continue to satisfy CDD requirements, all Applicable Laws relating to CDD requirements and Sanctions as required by Skytra from time to time.
- (b) Each Participant must reasonably cooperate with Skytra regarding compliance with applicable CDD requirements relating to a transaction effected on the MTF with or for a Participant.

17. Recordkeeping and Audit

- (a) A Participant must retain a record of each transaction (and electronic communications related to that transaction) entered into by it on the MTF which is subject to these Rules for at least five years. Any such record shall be produced for inspection to Skytra on demand and, where it is not retained in legible form, must be capable of being reproduced in that form.
- (b) Skytra may make and retain records of all services, activities and transactions undertaken on the MTF and the Participant expressly agrees to the recording, use

and disclosure of telephonic and electronic communications in relation to its activities on the MTF.

- (c) Skytra may also reasonably request information from a Participant (or where acting as agent under an Agency Agreement, the Principal), or interview any employee of a Participant, about any matter which it considers may relate to these Rules, to the integrity of Skytra or which Skytra may require for the purpose of compliance with Applicable Law.

18. Notifications

18.1. Notifications from Skytra

- (a) Communications from Skytra to Participants will be made via Market Notice from time to time.
- (b) A Participant will be bound by a Market Notice even if, for any reason, the Participant did not receive it. Market Notices will become effective on the date stated on the relevant notice and will be made available on the Website.
- (c) Any notice issued Skytra shall rank *pari passu* with this Rulebook.

18.2. Notifications to Skytra

Participants must make notifications required by these Rules to Skytra in accordance with the contact details set out in the MTF Service Description.

19. Complaints

- (a) Skytra will consider and respond to Complaints by any Participant relating to the operation of the MTF by Skytra.
- (b) Skytra will consider and respond to Complaints about the conduct of Participants on, or in relation to, the MTF under Rule 19.
- (c) A Complaint shall be made in writing to Skytra and must be provided in accordance with the compliance contact details set out in the MTF Service Description.
- (d) If a Complaint relating to the performance of Skytra's regulatory functions, as specified in the FCA Handbook, is not satisfactorily resolved in the reasonable opinion of the complaining party, then the relevant complaining party can request that the Complaint be referred to the FOS. In doing so, the Participant agrees that any recommendation made by the FOS to Skytra must, if adopted by Skytra, be a full and final resolution of the Complaint and all associated rights and claims.

20. Disciplinary Action

20.1. Initial investigation

- (a) Where Skytra believes that:
 - (i) a Participant has breached or is in breach of the Rules or the Participant Agreement; or
 - (ii) receives a complaint about the conduct of a Participant from another Participant, a third party or a Regulatory Authority,

an initial investigation will be conducted by Skytra market supervision staff and an executive committee will be established in accordance with this Rule to consider the findings of the investigation (the **Disciplinary Committee**).

- (b) If the investigation requires access to a Participants' records (or, if acting under an Agency Agreement, those of the Principal), or interviews with a Participants' staff, the Participant must grant to procure such access to the extent permitted by Applicable Law. Skytra may also request further information from the complaining party.
- (c) Upon completion of its investigation, Skytra will provide a written summary of its findings for the Participant's review. The Participant will have ten (10) Business Days to respond to the findings beginning on the day on which the findings are notified to the Participant.
- (d) A Participant may apply to initiate settlement proceedings during this ten (10) Business Day period. If the Participant that is alleged to have breached the Rules and Skytra can agree the terms of a settlement, those terms will be presented to the Disciplinary Committee for approval. If approved by the Disciplinary Committee, the terms of the agreed settlement shall take immediate effect.
- (e) If a Participant wishes to dispute the findings, it must submit a written response by the end of the ten (10) Business Day period, including any evidence it believes relevant.
- (f) Skytra will review any evidence presented and, if appropriate, will amend its summary of findings. If Skytra concludes that there is still evidence of a breach of its Rules or of the Participant Agreement, it will present the summary of findings to the Disciplinary Committee. A Participant may make a written submission to the Disciplinary Committee regarding Skytra's summary of findings.
- (g) The Disciplinary Committee will comprise three senior members of Skytra staff, including the Chief Executive Officer or his or her deputy, but will not include staff that have been directly involved in the investigation. The Disciplinary Committee will provide its conclusions in writing to the Participant.

- (h) Where the Disciplinary Committee concludes that there has been a breach of the Rules or the Participant Agreement it may sanction the Participant. Sanctions available to the Disciplinary Committee include:
 - (i) a private warning as to the Participant's conduct;
 - (ii) a public warning as to the Participant conduct (made available on the Website);
 - (iii) suspension of a Participant's (or Registered Trader's) access to Skytra; and/or
 - (iv) termination of Participant's (or Registered Trader's) access to Skytra.
- (i) The standard of proof that will be applied to any proceedings brought under this will be the civil standard of proof under English law. Accordingly, the weight of evidence required will vary according to the seriousness of the alleged breach.
- (j) The Disciplinary Committee may require a Participant to pay costs as it sees fit, including the costs of the investigation and any administrative costs incurred in convening the Disciplinary Committee and any legal or professional advice required.
- (k) The Disciplinary Committee may refer the conduct of a Participant or any other natural or legal person that has been considered during the investigation to other appropriate Regulatory Authorities or competent bodies for possible action or further investigation.

20.2. Appeals process

- (a) A Participant may appeal the decision of the Disciplinary Committee or a decision taken by Skytra under Rule 20(h). An appeal must be made in writing within ten (10) Business Days of the relevant decision being made.
- (b) The appeal shall be based on one of the following grounds:
 - (i) the initial decision or sanction (as applicable) imposed is excessive;
 - (ii) that not all relevant evidence was considered by the Disciplinary Committee; and/or
 - (iii) that Skytra or the Disciplinary Committee (as applicable) misdirected itself or did not follow its own procedures correctly.
- (c) Appeals will be heard within two months of receipt of the written notice of appeal. The board of directors of Skytra will appoint a committee to review the appeal (the **Appeal Committee**), chaired by an independent non-executive director of Skytra and two senior market practitioners that are not directors or officers of Skytra. The appealing party will be notified of the membership of the Appeal Committee and

may object to the appointment of one member of the Appeal Committee upon reasonable grounds within ten Business Days of being notified.

- (d) The Appeal Committee may conduct proceedings at the hearing as it deems appropriate. The appealing party will be made aware of the format of the proceedings prior to the meeting and may provide a written submission to the Appeal Committee and, along with Skytra staff, may attend the hearing.
- (e) After having considered any evidence submitted and the facts surrounding the initial investigation the Appeal Committee may:
 - (i) dismiss or allow the appeal;
 - (ii) amend the original decision with respect to its finding or sanction; and/or
 - (iii) substitute its own finding or sanction.
- (f) Decisions of the Appeal Committee will be made by simple majority. An explanation of the decision will be provided to the Participant making the appeal and to Skytra.
- (g) The Appeal Committee may require a party to pay costs as it sees fit, including the costs of the appeal and any administrative costs incurred in convening the Appeal Committee and the costs of any legal or professional advice required.
- (h) The proceedings of the Appeal Committee and any hearings conducted will be confidential unless the Appeal Committee concludes that any aspect, including its final decision, should be made public.
 - (i) Any decision of the Appeal Committee shall be final.
 - (j) Where the Disciplinary process was initiated by a Complaint, upon its completion, Skytra will write to the complainant to confirm that the matter has been resolved. Skytra may make details of the outcome known to the complainant if appropriate and permitted by Applicable Law and its confidentiality obligations.

21. Amendments to the Rules

- (a) Skytra may at its sole discretion amend, supplement or revoke these Rules in full or in part and will introduce material changes by giving Participants ten Business Days' notice in the form of a Market Notice. The change will be effective from the date specified in the relevant Market Notice.
- (b) No Market Notice shall be required for changes which are considered in the reasonable opinion of Skytra to be non-material. Such changes will become effective when they are made available by Skytra on the Website.
- (c) Unless a change needs to be implemented without delay in order to ensure an orderly market or in order to comply with Applicable Law, Skytra will consult Participants on all material changes to the Rules. The minimum period of



consultation will be ten Business Days during which Participants can provide feedback on the proposed change.

22. Liability of participants under these Rules

- (a) In addition to the relevant provisions of the Participant Agreement concerning liability, these Rules will continue to bind the Participant in relation to outstanding and/or unsettled rights and obligations until:
 - (i) all the Participants outstanding Instructions and transactions have been executed, accepted, cancelled or withdrawn;
 - (ii) all outstanding obligations of that Participant with respect to such Instructions and any resultant transactions have been performed; and
 - (iii) all other outstanding obligations of that Participant under these Rules have been performed.
- (b) After any Participant has ceased to be a Participant, it will continue to be liable for its acts or omissions in connection with the MTF that occurred at any time before it ceased to be a Participant of the MTF.

23. Contractual Recognition of Bail-In

- (a) Skytra and each Participant acknowledges and accepts that liabilities arising under these Rules and other relevant Documents (other than Excluded Liabilities) may be subject to the exercise of the Relevant Bail-in Power by the relevant resolution authority and acknowledges and accepts to be bound by any Bail-in Action and the effects thereof (including any variation, modification and/or amendment to the terms of these Rules and the Documents which govern a Participant's relationship with Skytra, as may be necessary to give effect to any such Bail-in Action), which, if the Bail-in Termination Amount is payable by Skytra to a Participant, may include, without limitation:
 - (i) a reduction, in full or in part, of the Bail-in Termination Amount; and/or
 - (ii) a conversion of all, or a portion of, the Bail-in Termination Amount into shares or other instruments of ownership, in which case Skytra and each Participant acknowledges and accepts that any such shares or other instruments of ownership may be issued to or conferred upon it as a result of the Bail-in Action.
- (b) Skytra and each Participant acknowledges and accepts that this Rule 23 is exhaustive on the matters described herein to the exclusion of any other Documents, agreements, arrangements or understanding between the Participants and Skytra relating to the subject matter of these Rules and that no further notice will be required between the Participants and Skytra pursuant to these Rules and relevant Documents in order to give effect to the matters described herein.

- (c) The acknowledgements and acceptances contained in Rules 23(a) and 23(b) will not apply if:
 - (i) the relevant resolution authority determines that the liabilities arising under these Rules and relevant Documents may be subject to the exercise of the Relevant Bail-in Power pursuant to the law of the third country governing such liabilities or a binding agreement concluded with such third country and in either case the relevant Bail-in Legislation has been amended to reflect such determination; and/or
 - (ii) the relevant Bail-in Legislation has been repealed or amended in such a way as to remove the requirement for the acknowledgements and acceptances contained in this Rule 23.

24. Governing Law

This Rulebook and all non-contractual obligations arising out of or in connection with this Rulebook will be governed by and construed in accordance with English law.

Each Participant irrevocably agrees that the English courts will have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Rulebook.

Appendix 1

DIRECT ELECTRONIC ACCESS

1. DUE DILIGENCE

A Participant must conduct due diligence on the Direct Electronic Access Client to which it wishes to provide DEA to ensure that the Direct Electronic Access Client satisfies the requirements set out in these Rules and MiFID. The due diligence shall at least cover:

- (c) the governance and ownership structure of the Direct Electronic Access Client;
- (d) the types of strategies to be undertaken by the Direct Electronic Access Client;
- (e) the operational set-up, the systems, the pre-trade and post-trade controls and the real time monitoring of the Direct Electronic Access Client. [The Participant offering DEA allowing Direct Electronic Access Clients to use third-party trading software for accessing the MTF shall ensure that the software includes pre-trade controls that are equivalent to the pre-trade controls set out in applicable legislation implementing MiFID;
- (f) the responsible individuals within the Direct Electronic Access Client for dealing with actions and errors;
- (g) the historical trading pattern and behaviour of the Direct Electronic Access Client;
- (h) the level of expected trading and order volume of the Direct Electronic Access Client;
- (i) the ability of the Direct Electronic Access Client to meet its financial obligations to the Participant; and
- (j) the disciplinary history of the Direct Electronic Access Client.

2. SPECIFICATIONS FOR SYSTEMS OF PARTICIPANTS PROVIDING DEA

A Participant providing DEA to a Direct Electronic Access Client acknowledges that for the duration of time that it provides DEA to the MTF, it must:

- (a) have in place systems and controls which:
 - (i) ensure it conducts an assessment and review of the suitability of every Direct Electronic Access Client from the point at which it begins providing DEA and, thereafter, on an annual basis;

- (ii) enable the Participant to be able to identify Direct Electronic Access Clients who submit orders through the Participant;
- (iii) prevent a Direct Electronic Access Client from receiving DEA where that Direct Electronic Access Client exceeds pre-set trading and credit thresholds set by the Participant in accordance with RTS 6;
- (iv) prevent trading by a Direct Electronic Access Client which:
 - (A) may create risks to the Participant; or
 - (B) may create, or contribute to, a disorderly market on the MTF; or
 - (C) could be contrary to the MAR or these Rules,
- (v) permit the Participant to block or cancel orders which:
 - (A) relate to algorithmic trading where such orders lack authorisation to be submitted through DEA; or
 - (B) are related to Instruments which that Direct Electronic Access Client is not authorised to trade on the MTF; or
 - (C) breach the risk management threshold of the Participant,
- (b) monitor the transactions made by Direct Electronic Access Clients to identify:
 - (i) infringements of these Rules; or
 - (ii) disorderly trading conditions; or
 - (iii) conduct which may involve market abuse and which is to be reported to the FCA,
- (c) have a binding written agreement with each Direct Electronic Access Client which:
 - (i) explains the rights and obligations of each party arising from the provision of DEA; and
 - (ii) states that the Participant responsible for ensuring that the Direct Market Electronic Clients complies with the requirements of MiFID and these Rules,
- (d) notify the FCA of the provision of DEA to Direct Electronic Access Clients;
- (e) arrange for records to be kept in relation to:
 - (i) its systems and controls; and

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- (ii) orders submitted by Direct Electronic Access Clients, including modifications and cancellations, and
- (f) comply with all other Applicable Law concerning the provision of DEA.

Acknowledged by _____

[Insert name of Participant]

[Date]

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Version History

Version	Date	Summary of changes
1.7	April 2020	Draft document issued.

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