Market Making

General Terms and Conditions

Edition 01/2022

LUXEMBOURG
STOCK EXCHANGE

Preamble

The following are the terms and conditions (the Terms and Conditions) applicable to the Member applying to be a market maker as defined in article 4(1)(7) of Directive 2014/65/EU (MIFID II) and the Commission Delegated Regulation (EU) 2017/578 (RTS 8). The Terms and Conditions form an entire and integral part of the agreement applicable to the Member engaged in supplying Market Making Activities (as defined below).

By becoming a Market Maker (as defined below) and carrying out Market Making Activities, the Member (as defined below) agrees to be bound by and comply with the present Terms and Conditions as amended from time to time. The Market Maker will be deemed to have accepted these Terms and Conditions every time it supplies Market Making Activities.

The Terms and Conditions may be amended, replaced or supplemented at any time by LuxSE and will be made available on LuxSE's website or sent by email or otherwise when agreed with the Market Maker.

In the absence of any written objection and/or if the Market Maker continues performing Market Making Activities, the Market Maker shall be deemed to agree with the amended Terms and Conditions. LuxSE shall use best efforts to discuss with the Market Maker, or a representative group of Market Makers, prior to making any amendment to the Agreement (as defined below) that is likely to have a significant impact on the Market Maker.

This preamble forms an integral and entire part of the Terms and Conditions and has a binding effect.

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Capitalised terms shall have the meaning ascribed to them as follows:

"Agreement" means together the Registration Form, the Operating Terms and the Terms and Conditions.

"Confidential Information" means any and all information (whether such information is in oral or written form or is recorded in any other medium, whether such information is marked as confidential or not) related to (I) the Agreement, (II) the Market Making Activities, (III) a Party including any information related to such Party's business, customers, activities, organisation or group, systems, infrastructure, products, know-how, marketing plans, operation and/or technical processes, procedures and its services.

"Exceptional Circumstances" means the exceptional circumstances as described in article 3 of RTS 8.

"Financial Instruments" means the financial instruments for which Market Making Activities are performed by the Market Maker. The Financial Instruments are listed in Appendix 1 of the Registration Form, as amended, replaced or supplemented from time to time.

"LuxSE" means Luxembourg Stock Exchange.

"Market" means a Securities Market of the Luxembourg Stock Exchange as defined in the Rules & Regulations.

"Market Maker" means the Member which has signed the Registration Form to become a market maker as defined by article 4(1)(7) of MIFID II.

"Market Making Activities" means, as defined by RTS 8, the algorithmic trading activities pursuing a market making strategy on a Market operated by LuxSE and carried out by the Member/Market Maker for its own account.

"Market Making Scheme" means a market scheme as referred to article 48(2)(b) of MIFID II.

"Member" means a member of LuxSE (i.e. it has executed a Membership and Trading Platform Application Form – or any equivalent document - and has been accepted as a member by LuxSE).

"MIFID II" means Directive 2014/65/EU.

"Operating Terms" means the Market Making Operating Terms.

"Order Book" means the central order book maintained and operated by LuxSE.

"Party" means each of LuxSE and the Member.

"Parties" means jointly LuxSE and the Member.

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"Registration Form" means the Market Making Registration Form as completed and signed by the Marker Maker.

"Rules and Regulations" means the Rules and Regulations of the Luxembourg Stock Exchange as amended, supplemented or replaced from time to time. It also includes any trading manual that may be related or attached to such Rules and Regulations.

"RTS 8" means the Commission Delegated Regulation (EU) 2017/578 supplementing MIFID II.

"Stressed Market Conditions" means (I) the 10 (ten) minutes period following the resumption of trading after a trading halt occurred during continuous trading and/or (II) events or periods where LuxSE anticipates that significant short-term changes in price or volume are likely to happen.

"Trading Platform" means the Trading Platform as defined in the Rules and Regulations.

Unless the context requires otherwise, references importing the singular shall include the plural and vice-versa.

Purpose

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The Terms and Conditions define the conditions under which the Market Maker is responsible for performing the Market Making Activities, through the Order Book, in the Financial Instruments. When the Registration Form refers to more than one Financial Instrument, the provisions of the Agreement including, where applicable, any Market Making Scheme shall apply to the same extent to each Financial Instrument.

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1 Obligations of the Market Maker

1.1 Compliance and duty of care

The Market Maker undertakes to provide the Market Making Activities at all times in compliance with the terms of this Agreement, the applicable laws and regulation (including but not limited to MIFID II and RTS 8) and the Rules and Regulations.

The Market Maker shall be responsible for obtaining and maintaining in effect all authorisations, permits, licenses and insurance necessary to permit the Market Maker to supply the Market Making Activities and comply with its obligations under this Agreement.

The Market Maker shall fulfil its obligations under the Agreement with all due care, skill and diligence.

1.2 Monitoring

The Market Maker shall ensure that all transactions performed on the Markets are subject to surveillance, compliance and audit processes and procedures that are reasonably necessary to ensure its continuing compliance with all applicable laws and regulation, including but not limited to those legal and regulatory obligations relating to reconciliation and market monitoring.

1.3 Key requirements

Market Making Activities are based on 4 (four) key requirements according to the level of liquidity of the relevant Financial Instruments as defined in the Operating Terms:

- Trading quality: the Member shall only be accepted as Market Maker if and only if it is trading solely on its own account;
- Presence: the Market Maker shall post firm, simultaneous two-way quotes for at least 50% of the daily trading hours during which continuous trading takes place (excluding opening and closing auctions) and calculated for each trading day. In case of resumption of trading after interruptions resulting from volatility, the Market Maker shall ensure to meet the minimum presence time;
- Relative spread (as defined in the Operating Terms): the Market Maker shall post quotes of competitive prices that it to say quotes posted at or within the maximum bid-ask range set and imposed by LuxSE;
- Size: the Market Maker shall post quotes of comparable size. Quotes shall be considered as having a comparable size when their sizes do not diverge by more than 50% from each other and respects the minimum size requirements set and imposed by LuxSE.

The above key requirements are further detailed in the Operating Terms.

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1.4 Market Making Scheme

Certain Financial Instruments are subject to Market Making Schemes under specific conditions as defined in the Operating Terms.

1.5 Notification

The Market Maker shall notify LuxSE immediately in the event that the Market Maker is or anticipates to be unable, for whatever reason, to fulfil any of its obligations under the Agreement.

2 Obligations of LuxSE

2.1 Benefits granted by LuxSE

LuxSE grants the Market Maker the following benefits under the Agreement:

- Publicity of its function as Market Maker: LuxSE shall publish relevant information for each Financial Instrument, and
- Any other benefits that may be granted by LuxSE at a later stage.

2.2 Monitoring

LuxSE will monitor on an ongoing basis that the Market Maker complies with its obligations under the Agreement. The Market Maker will be informed on its daily and/or monthly compliance with the requirements as set out in the Operational Terms by mean of a dedicated report (T+1) sent by LuxSE outlining performance vs criteria per Financial Instrument.

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3 Alteration and suspension of Market Making rights and obligations

3.1 Occurrence of Exceptional Circumstances or Stressed Market Conditions

In the event Exceptional Circumstances happen, the Market Maker's obligation to provide liquidity (and any benefits that may accrue to the Market Maker as result thereof) shall be altered or suspended in accordance with the provisions of the relevant Market Making Scheme or where otherwise detailed in this Agreement. Upon the occurrence of Exceptional Circumstances, LuxSE shall notify the Market Maker as soon as reasonably practicable and the rights and obligations of the Market Maker shall be suspended or altered (as the case may be and in accordance with the relevant Market Making Scheme document) or, where not specified, for a time period to be agreed between the Parties.

3.2 Occurrence of Exceptional Circumstances or Stressed Market Conditions

In the event Stressed Market Conditions happen, the Market Maker's obligation to provide liquidity (and any benefits that may accrue to the Market Maker as result thereof) shall be altered or suspended in accordance with the provisions of the relevant Market Making Scheme or where otherwise detailed in this Agreement. Upon the occurrence of Stressed Market Conditions, LuxSE shall notify the Market Maker as soon as reasonably practicable and the rights and obligations of the Market Maker shall be suspended or altered (as the case may be and in accordance with the relevant Market Making Scheme document) or, where not specified, for a time period to be agreed between the Parties.

The above provisions in relation to Stress Market Conditions do not apply to those market making arrangements which are not subject to a Market Making Scheme.

3.3 Immediate suspension

The rights and obligations under the Agreement shall be suspended immediately and without any further act or formality, in case of:

- Breach of either Party's contractual obligations arising from this Agreement (in accordance with the termination conditions set forth below);
- Suspension or loss of the Market Maker's status as Member of the Market on which the Financial Instrument is listed;
- Material malfunction, disruption or interruption of the Trading Platform; and
- Any conflict between the rights and obligations of the Parties under this Agreement and any law or regulation, rule, published practice or guideline of any relevant government, governmental agency, banking or tax authority having jurisdiction over one of the Parties.

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4 Use of Trademarks

The Market Maker hereby grants LuxSE a non-exclusive, transferable, royalty-free licence to use any of its relevant commercial references (e.g. logo, trademarks) and/or brand names (collectively the "Trademarks"), to the extent necessary for LuxSE's regulatory obligations relating to the publication of the identities of the participants associated with any Market Making Scheme. LuxSE is also authorised to use the Trademarks for any promotional activity in respect of the supply of the Market Making Activity including, amongst others, references to, inter alia, the Market Maker's volumes of business and quality of quotation.

5 Term and termination

5.1 Duration

The Agreement is deemed to take effect at the date specified and subsequently confirmed by LuxSE.

The Agreement is made for an indefinite period unless otherwise specified in the relevant Market Maker Scheme or elsewhere in the Agreement.

5.2 Termination

Either Party may terminate the Agreement in whole or in part (i.e. in relation to specific Financial Instruments) at any time by giving a 30 (thirty) days written prior notice (or any shorter period as agreed between the Parties).

The Agreement shall automatically terminate in the event the Market Maker ceases to be a Member of the Market where the Financial Instruments are admitted, for any reason.

5.3 Specific termination

In case the Market Maker does not comply with the requirements of the Operating Terms during a period of 3 (three) entire months during the same calendar year (whether in a row or on a cumulative basis), LuxSE will withdraw the Market Maker status of the Member in connection with the relevant Financial Instrument(s) for the rest of the current calendar year.

For the avoidance of doubt, the application of the above procedure will not impact the Market Making Activities carried out in connection with the other Financial Instruments and for which the Market Maker has complied with its obligations. Once the Market Maker has lost its market maker status for all Financial Instmuments, it will become a normal trading member.

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6 Fees and payment

6.1 Fees

In accordance with section 1.2, LuxSE shall verify that the Market Maker has complied during the previous month with its obligations under the Agreement. No trading fees will be due for the Market Making Activities performed in relation to the Financial Instruments if the monthly check made by LuxSE shows that the Market Maker complied with its obligations under the Agreement.

If it appears that the Market Maker has failed to act in accordance with the requirements of the Agreement, a fee per transaction will be charged for all transactions made during the relevant period. Such fee is defined in the Fee Schedule published on LuxSE's website.

6.2 Minimum Activity Charge (MAC)

In the event a Member stops being a Market Maker in the circumstances described in section 5.3, a MAC will be charged to the Market Maker in accordance with the Fee Schedule as published on LuxSE's website.

6.3 Payment

All invoices issued by LuxSE must be paid in EUR within the 30 (thirty) days following the date of the invoice. Invoice must be paid by bank transfer. Any objection shall be raised in writing and addressed to LuxSE (**invoicing@luxse.com**) within the 30 (thirty) days following the date of the invoice.

In the event any amount remains unpaid for more than 30 (thirty) days after the invoice date, LuxSE may, without further act or formality, charge late payment interest at the legal rate applicable in Luxembourg for commercial matters, except when the non-payment of the outstanding amounts results from a good faith dispute. Interests shall be calculated from the date the invoice has become due and payable. The application of late payment interests as stated above is without prejudice to any other right or remedy that LuxSE may have under this Agreement or the applicable law.

When any payment remains outstanding for a period of more than 90 (ninety) days after the invoice is issued, and in the absence of any good faith dispute, LuxSE reserves the right to suspend the Services with prior notice.

When any payment remains outstanding for a period of more than 10 (one-hundred and twenty) days after the invoice is issued, and in the absence of any good faith dispute, LuxSE reserves the right to terminate the Agreement without further act or formality.

The application of the above rights by LuxSE is without prejudice to any other right or remedy that LuxSE may have under any provision of the Agreement or the applicable law.

6.4 Revision of fees

LuxSE may vary any fees applied under this clause from time to time. Any application or variation of fees under this clause shall not have retroactive effect and will be communicated to the Market Maker within a reasonable period of time in advance.

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7 Modifications and improvements

Through the transmission of an Updated List (as defined in the Registration Form), the Market Maker may request to start or to resign from Market Making Activities on one or more Financial Instrument(s) on the relevant Trading Platform.

LuxSE reserves the right to make any modifications or adjustments related to the Agreement from time to time on one month's written notice to the Market Maker.

8 Confidentiality

8.1 Confidentiality obligations

Unless otherwise agreed between the Parties, the Party receiving Confidential Information (the Receiving Party) shall keep the Confidential Information of the other Party (the Disclosing Party) secret and confidential and shall not (without the prior written consent of the Disclosing Party) intentionally or unintentionally disclose any part of that Confidential Information to any person other than to its employees, agents, service providers, or contractors, officers (the "Authorised Recipients") who require access to that Confidential Information in order for the Receiving Party to perform its obligations under this Agreement or receive the benefit of its rights under this Agreement.

The Receiving Party and its Authorised Recipients shall not (without the prior written consent of the Disclosing Party) use the Confidential Information except for the exclusive purpose of performing its obligations under the Agreement or receiving the benefit of its rights under the Agreement. Each Party shall be responsible for the acts and omissions of its employees, agents, officers, service providers or contractors.

8.2 Exceptions

Without prejudice to the above, the Market Maker shall be allowed to disclose Confidential Information:

- In respect of the Agreement, to an issuer of a Financial Instrument to the extent reasonably necessary or required;
- Relating to its own transactions duly carried out by it on a Market;
- Generally made available to the public by LuxSE;
- To the extent required pursuant to applicable law, an order of a court of competent jurisdiction, or a request of a regulatory or public authority of competent jurisdiction, in which case the Market Maker shall inform LuxSE in advance or, if not legally allowed to do so, as soon as possible thereafter.

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8.3 Property rights

Any Confidential Information shall at all times be and remain the sole and exclusive property of the Disclosing Party. Nothing in this Agreement is constructed to assign, transfer, and license or create in the Receiving Party's favour any entitlement or right in connection with the Confidential Information including but not limited to any intellectual property rights, property rights or license other than the rights granted under this Agreement.

8.4 Survival

The obligations as defined in this clause 10 shall continue after the termination of the Agreement for a period of 10 (ten) years.

9 Personnal data

LuxSE processes, as a controller, personal data under the Agreement. This processing is in relation to the personal data (I) of authorised users who use the services or Trading Platform under the Market Maker's control and responsibility or (II) transferred by the Market Maker within the framework of its market activity (the Personal Data).

The Personal Data are provided by the Market Maker to LuxSE. The Market Maker shall, on behalf of LuxSE, provide notice to the people to who the Personal Data belong (the "Concerned People") in accordance with applicable law and regulation, which may include confirmation that:

- The Personal Data collected are identification data in order to allow the Market Maker to perform the Market Making Activities and to enable LuxSE to comply with its duties under this Agreement;
- If relevant or necessary for the proper provision operation or management of the Market Making Scheme or the Market Making Activities, the Personal Data may be communicated to LuxSE's providers, licensors or suppliers (e.g. Euronext N.V.) in accordance with the applicable regulation;
- The Personal Data may also be communicated by LuxSE to competent authorities;
- These data will be retained by LuxSE as long as necessary for the performance of the Agreement and for compliance with applicable law and regulation;
- The Concerned People are responsible for notifying LuxSE of any modification of their Personal Data or any other information relevant to the processing of their Personal Data (such as, but not limited to, their objection to the processing of their Personal Data) so that LuxSE is able to update (or delete) the relevant Personal Data and comply with applicable law and regulation; and
- The Concerned People have a right to access, amend or delete Personal Data relating to them, to object to the processing of their Personal Data by LuxSE and to submit a complaint to the compe- tent data privacy authority. Apart from the latter, these rights can be exercised by sending an email to **privacy@luxse.com**.

Such notice may in addition include any other information as required by applicable law and regulation.

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By executing and sending the signed Agreement, the Market Maker confirms that it has informed the Concerned People of the purpose and the conditions of the processing of their Personal Data by LuxSE as detailed herein.

The Market Maker represents and warrants that these data are at all times collected, processed and provided to LuxSE in accordance with all applicable law and regulation, including without limitation that relating to the protection of individuals with regard to the processing of personal data. The Market Maker undertakes to indemnify and hold harmless LuxSE against any loss, claim, procedure or penalty whatsoever arising from any breach by the Market Maker or by the Concerned People of the Market Maker's foregoing representation and warranty.

10 No agency

Each of the Parties acknowledges and agrees that nothing in this Agreement shall be deemed to create a partnership or agency relationship between the Market Maker and LuxSE or any agent or contractor of LuxSE, or be deemed to authorise either Party to incur any liabilities or obligations on behalf of or in the name of the other.

11 Notification

Except as otherwise provided in this Agreement, all notices by one Party to the other under this Agreement shall be sent by hand, email or by regular mail, postage prepaid, to the applicable person and address specified on the Registration Form. Any modification to the name or details of a contact person shall be notified to the other Party in writing.

12 Assignment

Neither Party may assign or transfer the Agreement to any third party without the prior consent of the other Party. However, any company or entity resulting from the merger or amalgamation of LuxSE or any company succeeding to substantially all of the business of LuxSE shall thereupon become the successor or assignee of LuxSE under this Agreement without prior consent or further act or formality.

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13.1 Entire agreement

This Agreement and any other documents expressly incorporated into this Agreement constitute the entire agreement of the Parties and supersede any previous agreement of the Parties as to the subject matter of this Agreement.

Each Party acknowledges that it has not relied on or been induced to enter into this Agreement by a representation other than those expressly set out in this Agreement. This does not affect a Party's liability in respect of a fraudulent misrepresentation.

13.2 Severability

If at any time any provision of the Agreement is declared invalid and unenforceable, to the fullest extent permitted by the applicable law:

- The other provisions of the Agreement shall remain in full force and effect and the relevant other sections shall be interpreted in line with the intention of the Parties (as reasonably possible); and
- The Parties shall negotiate in good faith, replacement or substitutive provisions which are legally valid, binding and enforceable. The meaning of such replacement clauses shall, to the extent reasonably feasible, remain close to the original intention of the Parties when entering into the Agreement.

13.3 Waivers

No failure by a Party to exercise, nor any delay by such Party in exercising, any right or remedy hereunder shall operate as a waiver of any right or remedy hereunder, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by the applicable law.

13.4 Governing law and jurisdiction

The Agreement shall be governed by and shall be construed in accordance with the laws of the Grand Duchy of Luxembourg. LuxSE and the Member agree that the courts of Luxembourg shall have exclusive jurisdiction for any action or proceeding relating to the Agreement or the interpretation of the Agreement.

Any and all dispute, claim or litigation arising out of, or in connection with the Agreement shall first be handled while aiming to resolve such dispute, claim or litigation by amicable settlement. Only if and when the dispute cannot be resolved within a reasonable timeframe, it may be brought before the competent court of Luxembourg City.

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