Market Making

Operating Terms

Edition 01/2022

LUXEMBOURG
STOCK EXCHANGE

Market Making Operating Terms

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1 Purpose

Capitalised terms used in these Market Making Operating Terms (the Operating Terms) shall have meaning ascribed to them in the Market Making Terms and Conditions (the Terms and Conditions).

These Operating Terms form an integral and entire part of the Agreement.

2 Scope

The Operating Terms apply to the Member which matches the eligibility criteria to perform Market Making Activities as defined in the Terms and Conditions and which has executed a Registration Form.

The Operating Terms apply to the Financial Instruments as selected by the Market Maker only.

3 Changes to Operating Terms

LuxSE may adjust or modify any provisions of the Operating Terms at any time subject to providing reasonable.

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4 Market Making Requirements

As set out in section 1.3 of the Terms and Conditions, Market Making Activities are based on 4 (four) requirements including presence, relative spread, size and according to the level of liquidity of the relevant Financial Instruments as detailed below.

Normal market conditions	Instrument scope	All tradable instruments in continuous Central Order Book
	Participants	Open to all
	Presence*	**50%**
	Size	Bonds **EUR 50,000** (respecting the given lot sizes) Other instruments **EUR 10,000** (for equities and equity like instruments, the minimum quantity will be defined on a basis of minimum number of securities close to **EUR 10,000**)
	Relative spread***	Equities **2%** (if liquid) / **5%** (if illiquid) Other equities (GDRs...) **5%** ETFs **2,5%** (if liquid) / **5%** (if illiquid) UCITS **4%** Bonds **3%** Warrants **5%**
Stressed Market Conditions**	Presence*	N/A
	Size N/A	N/A
	Relative spread***	N/A
Exceptional Market Conditions**	No quoting obligation / suspension of performance monitoring	
Termination	Please refer to section 5 of the Terms and Conditions	

** Market Maker shall satisfy its market making obligations for a minimum of 50% of trading time calculated on a daily basis with respect to each Financial Instrument listed in the Registration Form as amended from time.*

*** As defined in the Terms and Conditions.*

**** Relative spread is calculated on the Market Maker's best bid-offer level as follows: relative spread = $\frac{Pask - Pbid}{(Pask+Pbid)/2}$*

5 Market Making Scheme

	Normal market conditions	Stressed Market Conditions**
Scope	Shares and ETFs having a liquid market*	
Presence	At least **50%**	At least **50%**
Relative spread**	Shares **2%** maximum ETFs **2,5%** maximum	Maximum **5%**
Size	Ask and bid price do not diverge by more than **50%** but with a minimum amount of **EUR 10,000**	Ask and bid price do not diverge by more than **50%** but with a minimum amount of **EUR 5,000**

** Shares and ETFs having a liquid market according to ESMA's criteria and assessment.*

*** As defined in the Terms and Conditions.*

**** As defined under point 4.*

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