

POSIT MTF UK Rulebook

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Contents

| | |
|--|----|
| 1) Participant application requirement | 3 |
| 2) Fees and charges..... | 3 |
| 3) Compliance with all applicable rules and regulations..... | 4 |
| 4) Market segments..... | 5 |
| 5) Instrument Universe | 5 |
| 6) Trading hours..... | 5 |
| 7) Systems, controls, policies and procedures | 5 |
| 8) Trading rules | 7 |
| 9) Pre-Trade Disclosures | 8 |
| 10) Post-Trade Disclosures | 8 |
| 11) Market making | 8 |
| 12) Settlement and default procedures..... | 9 |
| 13) Admission, removal and suspension of financial instruments..... | 9 |
| 14) Information covenants | 10 |
| 15) Participant termination/ resignation requirements | 10 |
| 16) Complaints..... | 10 |
| 17) Disciplinary processes | 11 |
| 18) Amendments..... | 11 |
| 19) Tax..... | 12 |
| 20) Conflicts between the operation POSIT MTF and the provision of certain agency brokerage services | 12 |

1) Participant application requirement

- a) Only eligible counterparties and professional clients as defined in Directive 2014/65/EU ('**Recast MiFID**') and Regulation (EU) No 600/ 2014 (**MiFIR** and jointly **MiFID II**) may be direct participants (as defined in MiFID II) of POSIT MTF UK ('**the MTF**').
- b) Applicants to become participants are required, on a continuous basis to:
 - i) be fit and proper;
 - ii) have proven track record of trading capabilities and competences;
 - iii) have adequate governance and organisational arrangements;
 - iv) have sufficient resources including, without limitation, capital adequacy and financial resources; and
 - v) have adequate systems and controls that at a minimum include:
 - (1) pre trade controls on price, volume and value of orders;
 - (2) kill functionality on orders that are proportionate to their trading activity;
 - (3) procedures and controls designed to prevent the entry of erroneous orders to the MTF;
 - (4) post trade controls on its trading activities; and
 - (5) appropriate order management, order routing, execution, voice and other recording facilities to provide to the Operator on request of any such recordings.
- c) Participants must ensure that their staff are fit and proper, have a sufficient level of trading experience, knowledge, ability and competence. **Virtu ITG UK Limited**, as operator of POSIT MTF UK (the **Operator**), reserves the right to require participants to demonstrate that these conditions are met. If at any time a participant does not comply with these rules, the Operator may suspend, restrict or terminate the participant's access to the MTF. Participants that are not credit institutions or investment firms under European Union law will be required to adhere to the requirements set out in MiFID II. Failure to comply with these requirements may result in the Operator suspending, restricting or terminating the participant's access to the MTF.
- d) To become a participant in the MTF, the relevant entity must submit a signed agreement with the Operator, a list and details of key contacts and any additional information reasonably required for the Operator to assess the applicant's eligibility to become a participant in the MTF.
- e) The application materials and requirements, these rules, the participant manual, technical and connectivity documentation and guidance, decisions or directions applicable to participants (the **Rules, Manuals and/ or Guidance**) will be available at www.virtu.com (the **Website**) or provided on request.

2) Fees and charges

The fees, charges and any other costs for the provision of the various services provided by the Operator as operator of the MTF

are available at the Website.

3) Compliance with all applicable rules and regulations

- a) Participants must comply at all times with the Rules, Manuals and Guidance.
- b) Participants must ensure that its officers, employees and agents, comply with all applicable rules and regulations relating to the participant's business and operations, including (without limitation) all reporting requirements under MiFID II and other European Union law (e.g. significant shareholding requirements).
- c) A participant shall not, in respect of its the MTF business:
 - i) commit any act or engage, or attempt, in any course of conduct which creates or is likely to create a false or misleading impression as to the market in, or the price or value of, any financial instrument (as defined in MiFID II);
 - ii) enter (or attempt to enter) into transactions on the MTF or enter (or attempt to enter) into orders which employ fictitious devices or any other form of deception or contrivance;
 - iii) manipulate (or attempt to manipulate) the reference price on the primary market in order to achieve a more favourable execution in the MTF;
 - iv) attempt to or commit any act or engage in any course of conduct which damages the fairness or integrity of the MTF;
 - v) attempt to or commit any act or engage in any course of conduct which causes, or is likely to contribute to, a breach of the Rules, Manuals or Guidance by another participant;
 - vi) engage in or permit through it sponsored access of the MTF, which is strictly prohibited at all times; or
 - vii) engage in any act prohibited by law, including without limitation, market abuse (whether insider dealing or market manipulation).

The Operator monitors for the above activities and any participant that engages in the above activities may be expelled from its participation in the MTF and the Operator will be entitled to cancel its MTF orders and transactions. Where the Operator, through its monitoring, has a reasonable suspicion of any infringement of the Market Abuse Regulation a Suspicious Transaction and Order Report will be submitted to the FCA.

- d) A participant shall provide the Operator with all reasonable assistance regarding the investigation of a possible breach of the Rules, Manuals or Guidance. Such assistance shall include, without limitation, providing access to information and individuals reasonably within the control of the participant. The Operator may report breaches of the Rules, Manuals or Guidance to the relevant national competent authority (as defined in MiFID II) and any other relevant regulatory authority. The Operator will provide full assistance to the Financial Conduct Authority ('FCA') in investigating and prosecuting reasonably suspected market abuse.
- e) Participants must ensure that their officers, employees or agents accessing the MTF have the necessary training and supervision in relation to their engagement with the MTF and its systems.
- f) Participants are responsible on a continuing basis for all the acts and conduct of persons trading under its user account. Participants shall be held responsible for violations of the Rules, Manuals, Guidance or applicable rules and regulations. The

Operator may suspend or terminate the relevant participant's rights of access and use of the MTF.

- g) Participants must at all times meet the technology requirements as notified by the Operator.

4) Market segments

The MTF has the following market segments:

- a) a non-pre-trade transparent segment in equities and equity like instruments (the **Equities Dark Segment**) utilising:
 - i) a system that accepts non pre-trade transparent orders under articles 4(1)(a) and 4(1)(c) MiFIR, in each case, at a midpoint; and
 - ii) a system that accepts non pre-trade transparent orders under articles 4(1)(a) and 4(1)(c) MiFIR at a close price point; and
- b) a lit periodic auction segment (the **Equities Periodic Auction Segment**) running auctions at frequent intervals with randomised timing and subject to certain conditions being met, such auctions being triggered on receipt and acceptance of a buy or sell order into the system segment.

Each segment is more particularly described in the participant Manual and (where applicable) Guidance issued by the Operator from time to time and available at the Website.

5) Instrument Universe

The MTF only accepts orders into the system's segments for financial instruments that are listed in the 'POSIT UK Universe File' (the **POSIT MTF UK Universe**) available on the Website.

6) Trading hours

- a) The hours of operation of each of the segments of the MTF will be as decided by the Operator and communicated to participants through Guidance which is available for review at the Website.
- b) The Operator will only change the calendar and/ or hours of operation of any of the segments of POSIT MTF UK after giving reasonable notice at the Website.

7) Systems, controls, policies and procedures

- a) The Operator has arrangements in place in relation to messaging capacity limits, details of which are available to participants. The Operator may, in its sole discretion, suspend, restrict or terminate trading on the MTF or impose conditions on trading in the MTF or suspend, restrict or terminate a participant's access to the MTF.
- b) Participants must maintain each necessary form of electronic communication with the MTF or required under any Guidance issued by the Operator. Without limitation, in order to maintain electronic communication with the MTF, participants should have the necessary communication line access, servers and software.
- c) Participant's access to the MTF must be subject to participant information security protocols. These protocols must comply with all applicable rules, regulations and Guidance. For the avoidance of doubt, the protocols must be capable of restricting access to the MTF to participant authorised users.

- d) Participants must ensure at their own cost that each of their (whether owned, under license or, under service contract with a third party) relevant equipment, hardware or, software is at all times compatible with the MTF systems.
- e) Participants are responsible for compliance with all applicable rules and regulations (including, without limitation, MiFID II) in relation to the entry, deletion and execution of an order in that participant's name.
- f) Participants are responsible for compliance with all MiFID II order record keeping requirements as specified in Guidance issued from time to time (available at the Website).
- g) Participants must:
 - i) undertake appropriate conformance testing using the MTF conformance testing facility prior to the initial use of, or a substantial update to, their (in each case) access to the MTF system or, any trading algorithm or algorithmic trading strategy for sending orders to the MTF; and
 - ii) prior to the initial use of, or update to, any trading algorithm or algorithmic trading strategy, certify to the Operator that the initial use or update of the algorithm or strategy has been tested to ensure compliance with all applicable rules and regulations relating to maintaining fair and orderly markets.
- h) Subject to the relevant participant (and where applicable, the relevant **Sub-delegation DEA Client**) being an investment firm authorised under MiFID II or a credit institution authorised under Directive 2013/36/EU and any refusal or restriction imposed by the Operator as operator of the MTF, where a participant or its client (a Sub-delegation DEA Client) provides direct electronic access (as defined MiFID II), the participant must at all times:
 - i) remain responsible for all trades executed using that participant's access to the MTF;
 - ii) maintain adequate and effective systems, controls, policies and procedures throughout the trading cycle. Such systems, controls, policies and procedures must satisfy the requirements of all applicable rules and regulations including, without limitation, MiFID II and Regulation (EU) No 596/2014 ('**MAR**');
 - iii) ensure that the Sub-delegation DEA Client maintains adequate and effective systems, controls, policies and procedures throughout the trading cycle. Such systems, controls, policies and procedures must satisfy the requirements of all applicable rules and regulations including, without limitation, MiFID II and MAR.
 - iv) ensure that it undertakes due diligence on any relevant person prior to granting direct electronic access under and in accordance with MiFID II, Commission Delegated Regulation (EU) 2017/589 and any other rule, policy statement, guidance or market watch provided by a national competent authority or the European Securities and Markets Authority;
 - v) ensure that the Sub-delegation DEA Client undertakes due diligence on its relevant client prior to granting direct electronic access under and in accordance with the relevant rules and requirements, in each case, of MiFID II, Commission Delegated Regulation (EU) 2017/589 and any other rule, policy statement, guidance or market watch provided by a national competent authority (as defined in MiFID II) or the European Securities and Markets Authority;
 - vi) distinguish its client order flow segmented by client and retain full and unfettered control over such order flow in order to, without limitation, cancel, delete or amend;

- vii) ensure that the Sub-delegation DEA Client requires its relevant client to distinguish its client order flow segmented by client and retain full and unfettered control over such order flow in order to, without limitation, cancel, delete or amend;
- viii) ensure that its clients comply with all the MTF Rules, Manuals and Guidance and all applicable rules and regulations and, policy statements, guidance or market watch provided by a national competent authority or the European Securities and Markets Authority;
- ix) ensure that the Sub-delegation DEA Client requires its relevant client to comply with all the Rules, Manuals and Guidance and all applicable rules and regulations and, policy statements, guidance or market watch provided by a national competent authority or the European Securities and Markets Authority;
- x) notify the Operator of the participant's intention to provide direct electronic access to a client and when it ceases to provide such access; and
- xi) ensure that the Sub-delegation DEA Client notifies it of the intention to provide direct electronic access to a client of the Sub-delegation DEA Client and when it ceases to provide such access.

8) Trading rules

- a) The Operator will ensure that there are, at all times, at least three materially active members of the MTF, each having the opportunity to interact with all the others in respect of price formation.
- b) All orders submitted by a participant, or on behalf of, a participant's client(s) and all resulting executions are subject to the Rules, Manuals and Guidance. Participants shall be bound by the Rules, Manuals and Guidance.
- c) The Operator is under no obligation to notify participants of pending market events or corporate actions which are likely to impact the price of financial instruments admitted to trading in one of the MTF's segments.
- d) Participants may amend or cancel an order entered into the relevant MTF segment.
- e) The Operator may, in its sole discretion, reject or cancel an order entered into the system if it considers that the order is invalid, incorrect, fraudulent, or if required to preserve a fair and orderly market on the MTF.
- f) Tick sizes applicable to any of the segments of the MTF are contained in Guidance issued by the Operator and available to view at the Website.
- g) Participants must ensure that their ratio of orders to unexecuted transactions is in accordance with the Operator's Guidance which is available at the Website.
- h) If the Operator suspends or removes a financial instrument in the MTF, any outstanding orders or unexecuted orders in that financial instrument will be cancelled with immediate effect.
- i) When an order is matched in the MTF, a binding contract is immediately concluded between the relevant participants for the sale and purchase of the specified number of financial instruments and at the price determined under the rules of the MTF.
- j) If an order is submitted by, or on behalf of, a participant and it is subsequently executed, no cancellation or reversal is permitted unless agreed by the Operator and the counterparty to the relevant transaction. A participant wishing to cancel a transaction must submit a cancellation request as soon as possible and, in any event, prior to the settlement date of the transaction. Neither the Operator nor its affiliates

shall have any responsibility or liability for the failure of a participant to cancel an order. The Operator may, in its sole discretion, and without any liability on its part or the part of its' affiliates, refuse to act upon, execute or otherwise implement any order and may cancel, halt and/ or constrain any order (including an order it believes to be or could be manipulative, disorderly, fraudulent, invalid or contrary to any rules/ regulations), trade or execution. The Operator shall make commercially reasonable efforts to notify each participant affected as soon as reasonably practicable of such refusal or cancellation. Without prejudice to the generality of the foregoing, the Operator may, if in its sole discretion it determines that circumstances warrant, cancel a clearly erroneous transaction regardless of whether or not a participant has requested such cancellation.

- k) The Operator shall take no responsibility for marking the MTF transactions as 'ex' or 'cum' a benefit on the MTF. The responsibility for accurately pricing a financial instrument transacted on the MTF undergoing a corporate action the sole responsibility of the participant.

9) Pre-Trade Disclosures

- a) **Equities Dark Segment** - the Operator has received approval from the FCA for waivers under articles 4(1)(a) (a reference price waiver facility) and 4(1)(c) (a large in scale waiver facility) MiFIR from the pre-trade transparency requirements set out in article 3 MiFIR. On that basis, the Operator, will not make public the information required under article 3 MiFIR in respect of orders entering the systems described in section 4 (a) (i) and (ii) of this Rulebook.
- b) **Equities Periodic Auction Segment** - in accordance with article 3 MiFIR, the Operator shall make public the indicative price and volume at which each relevant auction would execute if it was to execute at that point in time (each such publication, a Pre-trade Report). Section 6.5 of the Guidance contains further details of the relevant Pre-trade Report for each auction, the publication mechanism and how to access the publication mechanism.

10) Post-Trade Disclosures

- a) In accordance with Annex 1 of Table 3 of Commission Delegated Regulation (EU) 2017/587, the Operator makes public details of transactions concluded on the MTF. The Operator will always publish the gross price at which the trade was executed. The MTF trade data is monitored in accordance with MiFID II. All transactions concluded on the MTF are reported to an Approved Publication Arrangement (as defined in the Recast MiFID) as close to real-time as is technically possible and in any case within one minute of the relevant transaction. MTF transactions in AIM securities are reportable to the London Stock Exchange ("LSE") and are subject to its rules. Any changes to reporting mechanisms will be made available through the Guidelines published at the Website.
- b) In accordance with MiFID II, the Operator will transaction report all transactions of non-European Economic Area participants which are carried out on the MTF. Non-European Economic Area participants must provide the Operator with all necessary information relating to their trades in accordance with Commission Delegated Regulation (EU) 2017/590 and within the timescale notified by the Operator from time to time.

11) Market making

Any participant shall immediately notify the Operator if at any time they have a reasonable belief that they are engaged in a market making strategy (as defined in

article 17(4) Recast MiFID) in a financial instrument that is admitted to trade on the MTF. Subject to the Operator's assessment, any participant that the Operator determines is pursuing a market making strategy in the MTF shall enter into an agreement with the Operator to post firm and competitive prices on a regular and predictable basis in the relevant financial instruments admitted to trade on the MTF.

12) Settlement and default procedures

- a) In respect of the Equities Dark Segment and the Equities Periodic Auction Segment, the Operator or a 3rd party nominated by the Market Operator will be the settlement counterparty for each participant in the MTF transactions. Neither the Operator or any 3rd party nominated by the Operator is responsible for nor liable for the default of any Participant or its clients on any trades.
- b) A participant must ensure it has adequate settlement arrangements in place. A participant shall ensure that every transaction effected by it, or on its behalf, is settled in accordance with the settlement rules and market practice, including settlement due date, of the settlement system for transactions executed on the primary market. Each participant must provide the Operator's operations function with settlement instructions prior to executing a transaction.
- c) Participants acting in an agency capacity for third parties are bound as principal with the counterparty to the relevant transaction.
- d) Participants must settle the relevant transactions on or before the end of the standard settlement cycle for the relevant financial instrument.
- e) Participants shall ensure that financial instruments and/ or cash delivered in settlement of a relevant transaction are delivered free of any lien, charge or encumbrance.
- f) The Operator may postpone or extend a settlement period for all or for a specified number of transactions in specified financial instruments on a given day, for a specified period or indefinitely.
- g) Where the Participant fails or delays settlement, the Operator or the nominated 3rd party will cease providing settlement services and that Participant will need to settle bilaterally with their exchange counterparty.

13) Admission, removal and suspension of financial instruments

- a) The Operator will only admit financial instruments to trading on the MTF where they have a primary listing in another trading venue (as defined in MiFID II) or a third country venue.
- b) The Operator will immediately suspend trading in any financial instrument without prior notice to participants where:
 - i) it is requested to do so by a national competent authority; or
 - ii) if a suspension in the primary listing of the relevant trading venue has taken place; or
 - iii) subject to there being no significant damage to investors' interests or the orderly function of the market, to preserve the fair and orderly trading in that financial instrument on the MTF.
- c) Whilst a financial instrument is suspended from trading in the MTF, no conclusion of transactions under the rules of the MTF will take place.

14) Information covenants

- a) Other than in relation to a restriction under the applicable law and for the purpose of confirming compliance with the Rules, Manuals and/ or Guidance, participants will disclose at all times to the Operator information or provide documentation in their custody or control that is in connection with any aspect of their POSIT MTF business that the Operator would reasonably expect to be informed about and which should include, without limitation:
- i) a change of control where a natural or legal person acquires or sells a direct or indirect interest in the participant within the meaning of an acquisition under article 11 of Recast MiFID;
 - ii) a change of name of the participant, the parent or the ultimate parent;
 - iii) a change in the legal status of the participant;
 - iv) the participant is:
 - (1) unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
 - (2) the value of the assets of a participant is less than its liabilities; or
 - (3) a moratorium is declared in respect of any indebtedness of a participant.
 - v) a material breach of any of the Rules, Manuals or Guidance;
 - vi) the commencement of any investigation or disciplinary action by a national competent authority relating to the participant's activities on the MTF or which may affect the relevant participant's compliance with any of the Rules, Manuals or Guidance;
 - vii) a material adverse change affecting the participant's ability to comply with any of the Rules, Manuals or Guidance; or
 - viii) a change which impacts the participant's ability to meet the relevant requirements set out in section 1 (Participant application requirements) of these Rules.
- b) Participants will assist the Operator with any investigation relating to a possible breach of the Rules.
- c) Participants agree that the Operator can disclose the name of participants and any information that relates to such participant to national competent authorities.

15) Participant termination/ resignation requirements

A participant must give the Operator no less than thirty calendar days' notice of its intention to resign as participant in the MTF. VIUK reserves the right to refuse or extend the period required for a participant to resign until such time that the Operator considers that there are no further obligations or ongoing investigations in connection with or in relation to that participant. For the avoidance of doubt, a participant's resignation will not be effective until all outstanding orders have been matched, cancelled or withdrawn and all resulting transactions matched in the MTF have been fully settled.

16) Complaints

- a) All participant complaints relating to the operation of the MTF should be in first instance notified to the relevant participant's sales representative. The sales representative for

the Operator will escalate the complaint internally and arrange for a response as soon as possible but, in any event no later than after a reasonable period of time since the complaint was first discussed with the relevant sales representative. Should the relevant participant prefer to communicate directly to the compliance function, please refer to section 8 of the participant Manual for contact details of the Chief Compliance Officer.

- b) All participant complaints relating to the conduct of another participant should be submitted to the compliance function of the Operator. The compliance function may request any information it considers necessary (in its sole discretion) to decide on an appropriate course of action to seek to resolve the complaint.

17) Disciplinary processes

- a) Failure to comply with the Rules, Manuals or Guidance or applicable law, rules or regulations may result in the Operator taking such disciplinary actions against the relevant participant as it may consider appropriate for the purpose of maintaining fair and orderly trading in the MTF. Disciplinary actions may include suspending, restricting or terminating the relevant participant's access to the MTF.
- b) Certain types of behaviour may be reported to a relevant national competent authority at the discretion of the Operator unless otherwise obliged by law.
- c) Participants can appeal a disciplinary decision made by the Operator. Any appeal must be in writing and delivered to the Operator's senior management within a reasonable period of time after receipt of the Operator's decision. The disciplinary decision and the appeal will be re-considered by the Operator's senior management and will notify the relevant participant in writing no later than 30 calendar days after receipt of the appeal.

18) Amendments

- a) The operator may amend the Rules, Manuals or Guidance. The Operator will notify participants of any amendment or update to the Rules, Manuals or Guidance by publishing the proposed amendment or update on the Website.
- b) Subject to specified timing requirements of any relevant regulatory instructions or requests, material amendments to the Rules, Manuals or Guidance will only take effect after 30 calendar days from the date that the amendment or update is published at the Website.
- c) Participants will not be provided with advance notice of immaterial amendments to any of the Rules, Manuals or Guidance.
- d) Subject to specified timing requirements of any relevant regulatory instructions or requests, participants will be provided with a notice of no less than 30 calendar days in the event of material changes, suspension or termination of POSIT MTF services.

19) Tax

- a) It is the sole responsibility of each participant to assess whether any tax liability or exemptions arises from the execution of transactions.
- b) It is the sole responsibility of each participant to assess whether the United Kingdom Panel on Takeovers and Mergers' levy and its rate payable applies to a transaction.

20) Conflicts between the operation of the MTF and the provision of certain agency brokerage services

- a) The Operator may be both the operator of the MTF as well as a participant in the MTF (subject to at all times meeting the Rules participant eligibility criteria). The Operator offers agency brokerage services to its clients and has internal processes for the appropriate management of any conflict of interest arising from the operation of the MTF as well as the provision of certain agency brokerage services.
- b) The Operator is mandated to take all actions necessary under the Rules, Manuals and Guidance notwithstanding its or its affiliates' participation in the MTF or being a party to a transaction executed in the MTF.

End.