

**Oslo Børs**  
**Member and Trading Rules**  
**Version 1.0**  
**January 2010**

<b>1</b>	<b>CORE RULES</b>	<b>11</b>
1.1	MEMBER FIRMS	11
1.1.1	Categories of Membership [1000-1005]	11
1.1.2	Authorisation [1010-1015]	11
1.1.3	Suitability [1020-1026]	12
1.1.4	Resignation of membership [1030-1031]	14
1.1.5	Appeals and complaints [1040]	14
1.1.6	Notifications [1050-1051]	14
1.1.7	Trade confirmations [1060]	15
1.1.8	Trade records [1070]	15
1.1.9	Language requirement [1080]	15
1.1.10	Voice recording [1090]	15
1.1.11	Settlement agent [1095]	15
1.2	COMPLIANCE AND ENFORCEMENT	16
1.2.1	Compliance and enforcement [1100]	16
1.2.2	Duty of confidentiality [1105-1106]	16
1.2.3	Information, monitoring and investigation [1110-1114]	16
1.2.4	Imposition of sanctions [1115-1116]	17
1.3	CHARGES AND FEES	17
1.3.1	Exchange charges [1200-1203]	17
1.4	GENERAL CONDUCT	18
1.4.1	Misleading acts, conduct and prohibited practices [1300 – 1300.6]	18
1.4.2	Good stock exchange practice [1305]	18
1.4.3	Market manipulation [1310]	19
1.5	SYSTEMS AND TECHNICAL REQUIREMENTS	19
1.5.1	Technical requirements [1400-1402]	19
1.5.2	System testing [1420-1421]	20
1.5.3	Member firm system problems [1430]	21
1.6	EXTRAORDINARY MEASURES	22
1.6.1	Regulatory suspensions (trading halt) [1500-1501]	22
1.6.2	Matching halt [1510]	23
1.6.3	Restricted trading [1520]	23
1.6.4	Market situations [1530]	23
1.7	SPECIFIC TRADING REGULATIONS	24
1.7.1	When issued dealing [1600-1602]	24
1.7.2	Conditional trades [1610]	24
1.7.3	Stabilisation [1620]	24
1.7.4	Reg S traded securities [1630]	25
1.8	INFORMATION AND INTELLECTUAL PROPERTY RIGHTS	26
1.8.1	Information from TradElect® [1700–1705]	26
1.8.2	Intellectual Property Rights [1710–1716]	27
1.9	LIMITATION OF LIABILITY	28
1.9.1	Limitation of liability [1800–1800.7]	28
1.10	AMENDMENTS TO THE RULES	29
1.10.1	Amendments to the rules [1900]	29
<b>2</b>	<b>ORDER BOOK TRADING RULES</b>	<b>30</b>
2.1	TRADES	30
2.1.1	On Exchange trades [2000]	30
2.1.2	Trader groups [2010]	30
2.2	ORDER ENTRY	30

2.2.1	Access to TradElect® and the responsibility of member firms [2100-2109] .....	30
2.2.2	Exchange enforced cancellation of trades [2120-2121].....	35
2.3	ORDER AND TRADE PUBLICATION.....	36
2.3.1	Publication [2200] .....	36
<b>3</b>	<b>OFF ORDER BOOK TRADING RULES.....</b>	<b>37</b>
3.1	TRADES .....	37
3.1.1	On Exchange trades [3000].....	37
3.1.2	Requirement to trade report [3010-3013].....	37
3.1.3	Standard trade report deadlines [3020-3022].....	39
3.1.4	Trade Publication [3030-3035] .....	39
3.1.5	Required content of trade reports [3040] .....	40
3.1.6	Trade report corrections [3050-3051] .....	41
3.1.7	Exchange enforced cancellation of trades [3080].....	41
<b>4</b>	<b>MARKET MAKING RULES (RESERVED).....</b>	<b>42</b>
<b>5</b>	<b>SETTLEMENT AND CLEARING RULES .....</b>	<b>42</b>
5.1	SETTLEMENT.....	42
5.1.1	Obligation to settle [5000].....	42
5.1.2	Time of settlement [5010-5013].....	42
5.1.3	Mandatory Clearing [5020-5023].....	42
5.2	CLEARING THROUGH A CENTRAL COUNTERPARTY .....	42
5.2.1	Clearing arrangements [5201-5202].....	43
5.2.2	Central counterparty's rejection of trades for clearing [5203 – 5204] .....	43
5.2.3	Central counterparty Contracts [5210] .....	43
5.2.4	Suspension and termination of clearing arrangements [5220 – 5224].....	44
5.2.5	Central counterparty ceasing registration of central counterparty trades [5230-5231] 45	
<b>6</b>	<b>COMPLIANCE PROCEDURES.....</b>	<b>47</b>
6.1	DISCIPLINARY PROCESS.....	47

# THE RULEBOOK

## Introduction

In connection with the **Exchange's** implementation of the trading system **TradElect®**, the **Exchange** has determined to implement a new Rulebook replacing in its entirety the Norex Member Rules. This new Rulebook shall come into force simultaneously with the launch of **TradElect®** planned for 15 February 2010. The provisions regarding mandatory clearing of certain equity instruments will however enter into force from the moment an approved central counterparty commences clearing, planned for 30 April 2010.

The Rulebook applies equally to Oslo Børs and the regulated market Oslo Axess. A separate rulebook has been adopted for Oslo ABM. The Rulebook comprises a complete set of rules on membership conditions and trading rules in relation to both trading in equities and fixed interest securities as further described below.

The new rulebook is in relation to layout and content based on the on the London Stock Exchange's rules, however the **Exchange** has sought in cooperation with its members to make the amendments required in order to accommodate the rules to Norwegian trading practices and legislation.

The Rulebook has been prepared in an English version only. The latest updated version of the Rulebook is at any given time available on [www.oslobors.no](http://www.oslobors.no).

## Structure and content

The Rulebook consists of the following main sections:

Section	Rules beginning	Content
Definitions	~	Definitions applicable to these rules
Core Rules	1000	Ongoing requirements for member firms and rules that apply at all times
Order Book Trading Rules	2000	Rules applying when trading on an order book
Off Order Book Trading Rules	3000	Rules applying when trading away from an order book
Settlement and Clearing Rules	5000	Rules applying to settlement and clearing
Compliance	C series	Compliance procedures

Supplementary guidance to the rules are, when applicable, located immediately after the relevant rule in the Rulebook. Rules with supplementary guidance are flagged with the notation "**G**". The **member firms** are equally bound by the supplementary guidance set out in the Rulebook and should accordingly always consult the applicable guidance when considering a rule.

As a starting point all of the rules apply equally to both trading in **equities** and **fixed interest securities**. Where a rule is only relevant to trading in **equities** or **fixed interest securities** this is expressly stated in the wording of the rule.

Words written in bold in the Rulebook are defined in the definitions chapter of the Rulebook.

Trading outside the **order book** in **equities admitted to trading** may be conducted *on Exchange* or OTC. If the parties agree that the trade should be *on Exchange*, they are required to report the trade as **manual trade** in accordance with the Off Order Book Trading Rules. Such *on Exchange* trades are regulated by these rules. OTC trades, however, are not subject to these rules. The parties *may* nevertheless report an OTC trade to Oslo Børs as a **manual trade**.

Trading outside the **order book** in **fixed interest securities admitted to trading** is always to be considered as *on Exchange* and accordingly subject to the trade reporting requirements and other provisions of these rules.

In general, the Rulebook contains relevant legal provisions (the rights and obligations that the **Exchange** and the **member firms** are subject to) while descriptions of trading functionality available in **TradElect®** can be found in supplementary documentation. Accordingly, attached to the Rulebook are 'Market Model – Oslo Børs Fixed Income' and 'Market Model - Oslo Børs Equities'. These documents set out the more specific trading conditions and characteristics of the two respective markets. The **Market models** will be continuously updated in order to ensure that they fully and accurately describe the operation of tradable instruments in the various sectors and segments of the **Exchange's** markets. The **Market models** are part of the Rulebook and are equally binding on the **member firms**. The latest updated version of the **Market models** will at any given time be found on our website together with the Rulebook.

# DEFINITIONS

<b>admitted to trading</b>	admission to trading on the <b>Exchange's</b> markets (Oslo Børs and Oslo Axess)
<b>agency cross</b>	a trade by which a <b>member firm</b> acting as an <b>agent</b> matches the buy and sell orders of two or more non-members at the same price and on the same terms
<b>agent</b>	a <b>member firm</b> acting on behalf of a <b>customer</b> or <b>counterparty</b> in an agency capacity
<b>associate</b>	in relation to any <b>person</b> , means that <b>person's</b> associate as defined in Section 2-5 of the <b>Securities Trading Act</b>
<b>algorithmic trading</b>	registrations in the form of placements, changes or cancellations of orders in the <b>order book</b> through the use of software which automatically generates orders in response to specific pre-programmed factors
<b>automatic trades</b>	trades effected automatically on an <b>Exchange order book</b> , cf. Rule 2000
<b>bid price</b>	the price at which a <b>member firm</b> is prepared to buy <b>instruments</b>
<b>business day</b>	any day on which the <b>Exchange</b> is open for dealing
<b>buyer</b>	(a) a <b>member firm</b> purchasing securities from another <b>member firm</b> ; or  (b) in the case of a <b>central counterparty trade</b> a <b>matched buyer</b> .
<b>central counterparty</b>	a body that assumes the risk for <b>central counterparty trades</b> by acting as the selling party to a <b>matched buyer</b> and as the buying party to a <b>matched seller</b> or their <b>clearing member</b> , as appropriate
<b>central counterparty contract</b>	any contract arising between <b>clearing members</b> and a <b>central counterparty</b> , resulting from a <b>central counterparty trade</b>
<b>central counterparty rules</b>	the rules, general regulations, default rules and procedures of a <b>central counterparty</b>
<b>central counterparty security</b>	shares, equity certificates, <b>exchange traded funds</b> and any other instruments which have been designated by the <b>Exchange</b> and a <b>central counterparty</b> as eligible for central counterparty processing
<b>central counterparty trade</b>	an electronically matched order on TradElect® in a <b>central counterparty security</b>
<b>clearing agreement</b>	an agreement entered into between the <b>Exchange</b> and a <b>central counterparty</b> regulating the relationship between the <b>Exchange</b> and the <b>central counterparty</b> in relation to the <b>central counterparty's</b> clearing of trades dealt in <b>central counterparty securities</b>

<b>clearing declaration</b>	a declaration which shall be submitted to the <b>central counterparty</b> by a <b>General Clearing Member</b> for each of its <b>Non Clearing Members</b> stating that the <b>General Clearing Member</b> accepts that all of the <b>Non Clearing Member's central counterparty trades</b> will be cleared by the <b>General Clearing Member</b> on behalf of the <b>Non Clearing Member</b> in accordance with the terms of the <b>General Clearing Member's clearing membership agreement</b>
<b>clearing member</b>	a <b>General Clearing Member</b> or a <b>Direct Clearing Member</b>
<b>clearing membership agreement</b>	the agreement entered into between a <b>central counterparty</b> and a <b>clearing member</b> under which, amongst other things, a <b>central counterparty</b> agrees to make available clearing services in respect of <b>central counterparty contracts</b>
<b>compliance procedures</b>	the 'C' series of these rules which sets out the rules and procedures for disciplinary proceedings and disciplinary and non-disciplinary appeals
<b>counterparty</b>	a <b>person</b> who is not a <b>customer</b> with whom a <b>member firm</b> undertakes a trade <b>on Exchange</b> and including (where applicable) a <b>central counterparty</b>
<b>current market value</b>	means prices, which upon a comprehensive assessment, reflect the current pricing of the <b>Instrument</b> in question.
<b>customer</b>	a <b>person</b> for whom a <b>member firm</b> undertakes a trade or otherwise performs services <b>on Exchange</b>
<b>deferred publication</b>	a facility for <b>member firms</b> to delay the publication of a trade in certain securities for a period of time. For <b>MiFID transparent securities</b> the period of time is dependent on its size in accordance with the thresholds detailed in Commission Regulation (EC) No 1287/2006
<b>Direct Clearing Member</b>	a <b>member firm</b> that is party to a valid and subsisting <b>clearing membership agreement</b> with a <b>central counterparty</b> and which may clear with the <b>central counterparty central counterparty trades</b> dealt by the <b>member firm</b> itself and <b>central counterparty trades</b> dealt by its customers
<b>EEA</b>	the European Economic Area
<b>EEA regulated market</b>	a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of <b>MiFID</b> .
<b>employee</b>	in relation to a <b>member firm</b> a director, partner or principal or <b>person</b> employed in or about the firm's business as a <b>member firm</b> , whether under a contract of service or for services (including a training contract) and any <b>person</b> seconded to work in or about that business

<b>equities</b>	shares, <b>equity certificates</b> , <b>warrants</b> , <b>financial certificates</b> , <b>exchange traded funds</b> , <b>exchange traded commodities</b> and other instruments that are <b>admitted to trading</b> in any of the segments defined in the <b>Market model equities</b>
<b>equity certificates</b>	equity securities issued by Norwegian savings banks which are not organised as limited liability companies
<b>Exchange</b>	Oslo Børs ASA which trades as “Oslo Børs” including, where the context so permits, any committee, sub-committee, employee or officer to whom any function of Oslo Børs ASA may for the time being be delegated
<b>Exchange Act</b>	Exchange Act of 29 June 2007 No 74
<b>Exchange enforced cancellation</b>	the cancellation by the <b>Exchange</b> of an <b>on Exchange</b> trade either in response to a request from a party to the trade or undertaken unilaterally by the <b>Exchange</b> . Discretion as to whether or not to cancel a trade lies solely with the <b>Exchange</b>
<b>Exchange price list</b>	the documents published by the <b>Exchange</b> , from time to time, setting out charges and fees for: <ul style="list-style-type: none"> <li>(a) membership of the <b>Exchange</b>;</li> <li>(b) use of <b>TradElect</b><sup>®</sup>;</li> <li>(c) trades reported to the <b>Exchange</b>; or</li> <li>(d) other services and products provided by the <b>Exchange</b></li> </ul>
<b>Exchange Regulations</b>	Exchange Regulations of 29 June 2007 No 875
<b>exchange traded commodity</b>	a financial instrument <b>admitted to trading</b> in accordance with the <b>Exchange’s</b> ETC Rules
<b>exchange traded fund</b>	a financial instrument <b>admitted to trading</b> in accordance with the <b>Exchange’s</b> ETF Rules
<b>financial certificates</b>	a financial instrument <b>admitted to trading</b> as a financial certificate in accordance with the <b>Exchange’s</b> Warrant Rules
<b>fixed interest security</b>	a security that is <b>admitted to trading</b> in any of the segments defined in the <b>Market model fixed income</b>
<b>foreign</b>	non-Norwegian
<b>General Clearing Member</b>	a <b>member firm</b> that is party to a valid and subsisting <b>clearing membership agreement</b> with a <b>central counterparty</b> and which may clear with the <b>central counterparty</b> , <b>central counterparty contracts</b> resulting from <b>central counterparty trades</b> dealt by the <b>member firm</b> itself, trades dealt on behalf of its customers or also other <b>member firms’</b> trades, or a non-member firm as mentioned in Rule 1005.
<b>instruments</b>	<b>equities</b> and <b>fixed interest securities</b>

<b>investment services</b>	business related to specified investments in <b>Norway</b> as set out in Section 2-1 of the <b>Securities Trading Act</b> or in other <b>EEA</b> states as set out in legislation adopted for the implementation of Article 4(1)(2) , cf. Annex I A of <b>MiFID</b> , or equivalent business conducted in third states outside the <b>EEA</b>
<b>ISIN</b>	the international security identification number
<b>large trade</b>	a trade conducted in an <b>MiFID transparent security</b> that is not subject to pre-trade transparency on <b>TradElect</b> <sup>®</sup> as the size of the corresponding order was equal to or larger than the minimum size of order as specified in Table 2 in Annex II of Commission Regulation (EC) No 1287/2006
<b>Listing Rules</b>	the listing rules of Oslo Børs and Oslo Axess
<b>manual trades</b>	trades that are not <b>automatic trades</b>
<b>Market model equities</b>	Market Model – Oslo Børs Equities
<b>Market model fixed income</b>	Market Model – Oslo Børs Fixed Income
<b>Market models</b>	<b>Market model equities</b> and <b>Market model fixed income</b>
<b>market situation</b>	a general term used to describe one or more issues that may impact the orderliness of trading multiple securities
<b>matched buyer</b>	a <b>member firm</b> on the buy side of an electronically matched order on the <b>TradElect</b> <sup>®</sup>
<b>matched seller</b>	a <b>member firm</b> on the sell side of an electronically matched order on the <b>TradElect</b> <sup>®</sup>
<b>member authorised connection</b>	a direct technical connection that enables a non <b>member firm</b> to access <b>TradElect</b> <sup>®</sup> directly under a <b>member firm's</b> trading codes. Orders submitted in this manner do not pass through the usual order management systems of the <b>member firm</b> .
<b>member firm</b>	a partnership, corporation, legal entity or sole practitioner admitted to <b>Exchange</b> membership and whose membership has not been terminated. For the purposes of the <b>compliance procedures</b> , <b>member firm</b> shall include a former <b>member firm</b> where appropriate
<b>member ID</b>	the highest level of identification of a <b>member firm</b> in the trading system
<b>membership profile</b>	the trading and non trading profile of a <b>member firm</b> as held by the <b>Exchange</b>
<b>MiFID</b>	Markets in Financial Instruments Directive [Directive 2004/39/EC]
<b>MiFID transparent security</b>	a share admitted to trading on an <b>EEA regulated market</b>
<b>negotiated trade</b>	a trade conducted in a <b>MiFID transparent security</b> that is not subject to pre-trade transparency on <b>TradElect</b> <sup>®</sup> and which is on terms that are no worse than those that could be achieved on the relevant <b>Exchange order book</b> (or where the share is not traded continuously,

	is on terms that are no worse than those that could be achieved on a relevant venue with continuous trading), after taking into account any relevant trading, settlement and clearing costs
<b>Non Clearing Member</b>	a <b>member firm</b> that is not a <b>clearing member</b> in respect of a particular trade
<b>Norway</b>	the Kingdom of Norway
<b>notice</b>	any notice issued by the <b>Exchange</b> from time to time to <b>member firms</b> generally or to any class of <b>member firms</b>
<b>offer price</b>	the price at which a <b>member firm</b> is prepared to sell <b>instruments</b>
<b>on Exchange</b>	a trade executed under the Rules of the <b>Exchange</b> as defined by rules 2000 & 3000
<b>order book</b>	a facility operated by the <b>Exchange</b> for the electronic submission and (where applicable) automatic execution of orders in <b>order book securities</b> .
<b>order book security</b>	a security which the <b>Exchange</b> has admitted to trading on an <b>order book</b>
<b>order routing</b>	a facility provided by a <b>member firm</b> through which a <b>customer</b> is able to submit orders to <b>TradElect®</b> under the <b>member firm's</b> trading codes and via the <b>member firm's</b> usual order management systems, but without manual intervention by the <b>member firm</b> .
<b>person</b>	an individual, corporation, partnership, association, trust or other entity as the context admits or requires
<b>principal</b>	a <b>member firm</b> or other <b>person</b> acting as principal
<b>primary listing</b>	the listing on the <b>Exchange's</b> markets for which the issuer has entered into a primary listing agreement or a listing on any other exchange or regulated marketplace which is considered by the <b>Exchange</b> as a primary listing in connection with admission to secondary listing on the <b>Exchange's</b> markets
<b>registrar</b>	the keeper of a register of securities
<b>Reg S traded security</b>	securities of US issuers (as defined under US securities law) issued pursuant to the offshore safe harbour from registration requirements available under Category 3 of Regulation S under the US Securities Act of 1933, as amended, and identified as such on <b>TradElect®</b> with the letters "REG S"
<b>relevant contracts</b>	any contracts arising between the <b>Exchange</b> and a <b>member firm</b> , including but not limited to the Membership Agreement
<b>Securities Trading Act</b>	Securities Trading Act of 29 June 2007 No 75
<b>Securities Trading Regulations</b>	Securities Trading Regulations of 29 June 2007 No 876
<b>seller</b>	(a) a <b>member firm</b> selling securities to another <b>member firm</b> ; or

	(b) in the case of a <b>central counterparty trade</b> a <b>matched seller</b> .
<b>settlement agent</b>	a <b>person</b> providing settlement services
<b>settlement procedures</b>	the '5000' series of these rules regarding settlement of <b>on Exchange</b> trades
<b>subsidiary</b>	as defined in section 1-3 second subsection of the Public Limited Companies Act of 13 June 1997 No. 45
<b>TradElect®</b>	the trading system operated by the <b>Exchange</b>
<b>trade report</b>	a report of the details of a trade effected <b>on Exchange</b> which is made to <b>TradElect®</b> and which the <b>Exchange</b> may publish subject to certain criteria
<b>trade reporting period</b>	the period each day when TradElect® accepts <b>trade reports</b> as defined from time to time in the <b>Market models</b> .
<b>trader group</b>	the level at which authorisation and / or role enablement for trading actions in a particular Market is performed in the trading system
<b>trader initiated trading</b>	registrations in the form of placements, changes or cancellations of orders in the <b>order book</b> conducted manually by traders on behalf of a <b>member firm</b>
<b>trading day</b>	the period of continuous trading as defined from time to time in the <b>Market models</b>
<b>unique trade identifier</b>	a unique reference assigned to a transaction by either a <b>member firm</b> or, for a transaction where a <b>trade report</b> is generated automatically by the <b>Exchange's</b> systems, the trade code assigned by <b>TradElect®</b> to such <b>trade report</b>
<b>warning notice</b>	a letter issued by the <b>Exchange</b> to a <b>member firm</b> outlining any relevant rule breach
<b>warrant</b>	a financial instrument <b>admitted to trading</b> as a warrant in accordance with the <b>Exchange's</b> Warrant Rules
<b>when issued dealing</b>	trades effected in accordance with these rules in securities which are the subject of an application to be <b>admitted to trading</b> , entered into before, and conditional upon, trading becoming effective

# 1 CORE RULES

## 1.1 Member firms

### 1.1.1 Categories of Membership [1000-1005]

G	1000	The <b>Exchange</b> may permit membership under one of the following categories:
	1000.1	a full <b>member firm</b> ;
	1000.2	an equity <b>member firm</b>
	1000.3	a fixed interest <b>member firm</b>
	1000.4	a limited <b>member firm</b>

*Guidance to Rule:*

*For the purposes of these rules, references to **member firm** includes all categories of membership as defined above, save that an equity **member firm** may trade only in equities, a fixed interest **member firm** may trade only in **fixed interest securities**, while a limited **member firm** may trade in certain segments, sectors or securities as further defined by the **Exchange**.*

*Membership is granted for trading on both Oslo Børs and Oslo Axess. Fixed interest **member firms** may however only trade on Oslo Børs since **fixed interest securities** are not listed on Oslo Axess.*

G	1005	An entity which has been accepted as a <b>General Clearing Member</b> by a <b>central counterparty</b> which the <b>Exchange</b> has entered into a <b>clearing agreement</b> with, may clear <b>central counterparty securities</b> matched in TradElect® without being a <b>member firm</b> with the <b>Exchange</b> provided that such <b>clearing member</b> has <ul style="list-style-type: none"><li>- entered into a legally valid, binding and subsisting <b>clearing membership agreement</b> with such <b>central counterparty</b>; and</li><li>- signed a legally valid, binding and subsisting declaration to the <b>Exchange</b> that it shall be bound by the applicable Settlement and Clearing Rules, i.e. the rules beginning with 5000 and the <b>compliance procedures</b>.</li></ul>
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*Guidance to Rule:*

*The clearing membership agreement and the declaration must be sent to the **Exchange** and approved by the **Exchange** before the clearing member in question may commence clearing of **central counterparty securities**.*

### 1.1.2 Authorisation [1010-1015]

G	1010	A <b>member firm</b> must at all times be authorised under relevant Norwegian, or appropriate <b>EEA</b> legislation, or in the view of the <b>Exchange</b> be otherwise sufficiently regulated, in respect of capital adequacy, and fitness and probity. In addition, the <b>member firm</b> must fulfil the specific requirements set out in Section 26 of the <b>Exchange Act</b> .
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*Guidance to Rule:*

*The **Exchange** will consider a **person** to be appropriately authorised or sufficiently regulated if that **person** is:*

1. authorised or permitted to provide adequate investment services in accordance with Section 2-1 first subsection of the Securities Trading Act;
2. authorised or permitted to provide adequate investment services in accordance with legislation adopted in its home state for the implementation of Article 4(1)(2), cf. Annex I A of **MiFID**; or
3. registered outside the **EEA** and authorised or permitted to carry on the equivalent of an investment service in its home state.

An applicant which is seeking authorisation under the **Securities Trading Act** or equivalent foreign legislation may be considered but any decision to grant membership based on this will be subject to authorisation being granted and will not become effective until that condition is satisfied.

The **Exchange's** assessment of a **member firm's** authorisation may include, but is not limited to, consideration of:

- the scope of its authorisation or permission; and
- evidence of satisfactory regulation of the applicant's financial integrity and fitness and probity.

Where the **Exchange** deems it necessary to protect the integrity of the **Exchange's** markets, action may be taken under Rule 1015 without prior notice to the **member firm** concerned.

Section 26 of the **Exchange Act** requires investment firms and credit institutions to have a prudent level of own funds, an appropriate organisation, sufficient technical systems and otherwise be deemed fit to participate in trading in relation to the obligations that membership represents. Other legal or physical persons must be deemed a fit person and have sufficient expertise in respect to trading and transactions, sufficient organisational arrangements in place (where appropriate) and sufficient financial resources in relation to the position the person intends to assume in the market.

1015	If, at any time, a <b>member firm</b> does not comply with Rule 1010 or is sanctioned by an authority responsible for the supervision or regulation of <b>investment services</b> , the <b>Exchange</b> may:
1015.1	restrict the scope of <b>on Exchange</b> business conducted by the <b>member firm</b> ; or
1015.2	terminate the membership of the <b>member firm</b> in accordance with the <b>compliance procedures</b> .

### 1.1.3 Suitability [1020-1026]

G 1020	A <b>member firm</b> must, to ensure compliance with these rules, at all times have:
1020.1	a current and valid membership in a central securities depository where the <b>instruments</b> traded on <b>the Exchange's</b> markets are settled or an agreement with a <b>settlement agent</b> with such membership providing for settlement of the <b>member firm's on Exchange</b> trades;
1020.2	adequate trade execution, recording, reporting and settlement procedures and systems, and, if relevant, order management procedures and systems;
1020.3	sufficient staff with adequate knowledge, experience, training and competence;
1020.4	adequate internal procedures and controls; and
1020.5	one or more compliance officers who shall be identified to the <b>Exchange</b> and be competent to advise the <b>member firm</b> and its <b>employees</b> on the application of these rules.
1020.6	A full <b>member firm</b> and an equity <b>member firm</b> must in addition have a current and valid clearing arrangement in accordance with the requirements set out in Rule 5201. The same applies to limited <b>member firms</b> trading in <b>central counterparty securities</b> .

Guidance to Rule:

In determining whether a **member firm** has met the requirements of Rule 1020, the **Exchange** may require information regarding the level of training and qualifications of

individual traders, including the taking of any relevant examinations.

1021	Where the <b>Exchange</b> has reason to believe that a <b>member firm</b> is not conducting, or may not conduct, its operations in accordance with Rule 1300, 1305 and 1310, and that requirements or restrictions are reasonably necessary to ensure that it does so, the <b>Exchange</b> may at any time:
1021.1	suspend, either in part or in full, a <b>member firm's</b> membership on the <b>Exchange</b> in accordance with the <b>compliance procedures</b> or its access to any of the <b>Exchange's</b> services; or
1021.2	restrict the scope of <b>on Exchange</b> business conducted by the <b>member firm</b> .

G 1022	In accordance with notification Rule 1050, a <b>member firm</b> shall notify the <b>Exchange</b> immediately of any matter that is material to the <b>member firm's</b> suitability as a <b>member firm</b> .
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*Guidance to Rule:*

*Such matters shall include, but are not limited to:*

- (i) *the presentation of a petition for debt settlement proceedings or bankruptcy of the **member firm** or of a company which is a subsidiary or holding company of the **member firm**;*
- (ii) *the appointment of a receiver, administrator or trustee of the **member firm**;*
- (iii) *the making of a composition or arrangement with creditors of the **member firm**;*
- (iv) *a company proposal or decision to dissolve the **member firm**, including receipt of a notice of dissolution from any public authority and the filing of a claim for dissolution by a shareholder*
- (v) *the imposition of disciplinary measures or sanctions on the **member firm** or any **employee** by any statutory, professional or other body exercising a regulatory or disciplinary jurisdiction with regard to the provision of **investment services** or matters related thereto, whether within Norway or elsewhere;*
- (vii) *an event equivalent to those identified in (i) to (v) above under **foreign** legislation; and*
- (viii) *any material change to any matter previously notified to the **Exchange** that is pertinent to the **Exchange's** consideration of a **member firm's** authorisation.*

G 1023	A <b>member firm</b> shall be bound by and observe:
1023.1	these rules (as amended from time to time);
1023.2	any rules and procedures set out in any supplementary documentation issued by the <b>Exchange</b> under these rules;
1023.3	the provisions of any <b>notice</b> ; and
1023.4	any requirement, decision or direction of the <b>Exchange</b> .

*Guidance to Rule:*

*A **member firm** may appeal against a decision of the **Exchange** pursuant to these rules and in accordance with Rule 1040*

*Requirements, decisions and directions of the **Exchange** mentioned in Rule 1023.4 must be made pursuant to these rules.*

1024	A <b>member firm</b> shall take all reasonable steps to ensure that its <b>employees</b> comply with all applicable obligations arising under these rules.
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1025	A former <b>member firm</b> shall be bound by these rules in respect of all activities which took place prior to termination of membership (and which were subject to these rules) until the latest of:
1025.1	one year after it ceases to be a <b>member firm</b> ;
1025.2	the date on which all of its <b>on Exchange</b> trades are settled and completed; or

1025.3	the date on which all outstanding subscriptions, charges or other sums due to the <b>Exchange</b> have been paid in full.
1026	Breaches of these rules conducted by a former <b>member firm</b> prior to termination of membership may be sanctioned by the <b>Exchange</b> in accordance with the <b>compliance procedures</b> .

#### **1.1.4 Resignation of membership [1030-1031]**

G 1030	A <b>member firm</b> may resign by giving the <b>Exchange</b> at least one month's prior written notice.
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*Guidance to Rule:*

*The one month's notice period will be counted from the end of the month in which the **member firm's** resignation was received by the Exchange.*

1031	A <b>member firm</b> that has ceased to carry on business activities for which it was deemed suitable for membership may have its membership terminated with immediate effect or upon such notice as otherwise determined by the <b>Exchange</b> .
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#### **1.1.5 Appeals and complaints [1040]**

G 1040	An applicant or <b>member firm</b> may appeal against a decision of the <b>Exchange</b> pursuant to these rules and in accordance with the rules in the <b>compliance procedures</b> .
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*Guidance to Rule:*

*Appeals may be made in connection with, but not limited to, the following situations:*

- *refusal or attachment of conditions to the grant of membership;*
- *daily fines or violation charges imposed by the **Exchange**.*

*Any appeal under this rule shall be conducted in accordance with the procedures set out in the **compliance procedures**.*

#### **1.1.6 Notifications [1050-1051]**

##### **Immediate notifications**

G 1050	A <b>member firm</b> shall, immediately upon becoming aware of any circumstances which have, will or may lead to a contravention of any of the rules, including system problems, notify the <b>Exchange</b> of such circumstances in as much detail as is available to it. Failure of a <b>member firm</b> to notify the <b>Exchange</b> in such circumstances may result in a contravention of the rules by the <b>member firm</b> .
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*Guidance to Rule:*

*Such notifications should be made to the Market Surveillance Department.*

##### **Advanced notifications**

G 1051	A <b>member firm</b> shall notify the <b>Exchange</b> in writing, at least 21 calendar days in advance of the proposed effective date, of any proposed changes to its <b>membership profile</b> .
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*Guidance to Rule:*

*The **Exchange** would expect notification of, at a minimum, the following profile changes:*

- *name and address of the **member firm**;*
- *senior executive officer or compliance officer of the **member firm**;;*

- access to **TradElect**<sup>®</sup>;
- scope of settlement and clearing arrangements in relation to **on Exchange** business including settlement and clearing codes; and
- termination of clearing membership agreement in accordance with Rule 5220.

Such notifications should be made to the Market Surveillance Department.

### 1.1.7 **Trade confirmations [1060]**

G	1060	A <b>member firm</b> shall not inform a <b>customer</b> that a trade is subject to the Oslo Børs Member and Trading Rules unless the trade is <b>on Exchange</b> .
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*Guidance to Rule:*

*The rule ensures that a **customer** is not misinformed that a trade is subject to the rules of the **Exchange** when it is not. A **member firm** may however state on its business letters, notices and other publications that it is a member of the **Exchange** and may where it issues a confirmation inform a **customer** that a trade is subject to the rules of the **Exchange**.*

### 1.1.8 **Trade records [1070]**

	1070	A <b>member firm</b> shall retain a record of each <b>on Exchange</b> trade entered into by it which is subject to these rules for at least five years. Any such record shall be produced for inspection to the <b>Exchange</b> on demand and, where it is not retained in legible form, must be capable of being reproduced in that form.
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### 1.1.9 **Language requirement [1080]**

	1080	Every document that is required to be provided to the <b>Exchange</b> under these rules shall be in Norwegian, English, Swedish or Danish.
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### 1.1.10 **Voice recording [1090]**

	1090	Voice recording equipment shall be installed, maintained and used with respect to trading activities as required by the <b>Securities Trading Act</b> or similar legislation adopted in the <b>member firm's</b> home state.
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### 1.1.11 **Settlement agent [1095]**

G	1095	A <b>member firm</b> may act as, or use the services of, a <b>settlement agent</b> to settle <b>on Exchange</b> business.
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*Guidance to Rule:*

***Member firms** must make their own arrangements for settling their **on Exchange** trades. A **member firm** may, but is not obliged to, employ one or more **settlement agents**, which could include its **General Clearing Member**. **Direct Clearing Members** may also use a separate **settlement agent**.*

## 1.2 Compliance and enforcement

### 1.2.1 Compliance and enforcement [1100]

1100	The <b>Exchange</b> may, at its discretion, waive the enforcement of these rules.
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### 1.2.2 Duty of confidentiality [1105-1106]

1105	<p>The <b>member firm</b> shall ensure that officers, <b>employees</b> and parties retained to provide services are bound by a duty of confidentiality and do not make any unauthorised disclosure of or utilise information regarding business circumstances or personal circumstances which is obtained in the course of the <b>member firm's</b> activities on the <b>Exchange</b>. The duty of confidentiality shall apply notwithstanding that the employment relationship has terminated or the services have been completed.</p> <p>If the <b>member firm</b> erroneously receives information from the <b>Exchange</b>, the <b>member firm</b> shall immediately notify the <b>Exchange</b>.</p>
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1106	The <b>Exchange</b> and officers and <b>employees</b> of the <b>Exchange</b> may not make any unauthorised disclosure or use of information regarding any business or personal circumstances that relates to the operations of the <b>Exchange</b> . The duty of confidentiality shall apply notwithstanding that the employment has terminated or the services have been completed.
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### 1.2.3 Information, monitoring and investigation [1110-1114]

G 1110	A <b>member firm</b> , as well as officers and <b>employees</b> of the <b>member firm</b> shall notwithstanding any duty of confidentiality, furnish the <b>Exchange</b> with any information necessary for the <b>Exchange</b> to be able to comply with its duties pursuant to the <b>Exchange Act</b> and other legislation. <sup>1</sup> The <b>Exchange</b> may request information from a <b>member firm</b> , on any matter which it considers may relate to these rules or to the integrity of the <b>Exchange's</b> markets.
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*Guidance to Rule:*

*In relation to any request for information, the **Exchange** would expect the provision of accurate information in a timely manner in a format, electronic or otherwise, specified by the **Exchange**.*

1111	A <b>member firm</b> shall comply or procure compliance with any requirement of the <b>Exchange</b> made pursuant to these rules.
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1112	<p>A <b>member firm</b> is responsible to the <b>Exchange</b> for the conduct of its <b>employees</b> and agents. Such conduct shall be treated for the purposes of these rules as conduct of the <b>member firm</b>.</p> <p>The <b>Exchange</b> may at any time require a <b>member firm</b> to disclose the identity of the <b>employee</b> placing an order or executing a trade in <b>TradeElect</b><sup>®</sup>. The <b>member firm</b> should disclose the information immediately upon demand.</p>
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1113	A <b>member firm</b> shall not knowingly provide the <b>Exchange</b> with any information (including information for the purpose of becoming a <b>member firm</b> ) which is false, misleading or inaccurate and shall comply or procure compliance with a request by the <b>Exchange</b> for explanation or verification of information provided to the <b>Exchange</b> .
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1114	To the extent permitted by Section 14 of the <b>Exchange Act</b> , the <b>Exchange</b> may disclose information and documents:
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<sup>1</sup> Section 26, seventh subsection of the Exchange Act.

1114.1	to co-operate, by the sharing of information and documents and otherwise, with any recognised exchange or clearing house which clears and/or settles <b>on Exchange</b> trades and any authority, body or <b>person</b> in <b>Norway</b> or elsewhere having responsibility for the supervision or regulation of any <b>investment services</b> or other financial service or for law enforcement purposes;
1114.2	for the purpose of enabling it to institute, carry on or defend any proceedings including any court proceedings;
1114.3	for any purpose referred to in relevant rules and regulations ,
1114.4	under compulsion of law;
1114.5	for the purpose of enabling the <b>Exchange</b> to discharge its functions having regard in particular to the protection of investors and the maintenance of high standards of integrity and fair dealing; and
1114.6	for any other purpose with the consent of the <b>person</b> from whom the information was obtained and, if different, the <b>person</b> to whom it relates

#### 1.2.4 Imposition of sanctions [1115-1116]

1115	If the <b>Exchange</b> considers that a <b>member firm</b> has contravened any of these rules it may impose sanction(s) in accordance with the <b>compliance procedures</b> .
1116	The <b>Exchange</b> may bring disciplinary proceedings against a former <b>member firm</b> whilst the former <b>member firm</b> is bound by these rules.

### 1.3 Charges and fees

#### 1.3.1 Exchange charges [1200-1203]

G 1200	A <b>member firm</b> shall pay to the <b>Exchange</b> :
1200.1	applicable annual fees and trading fees set out in the Exchange commercial terms and the relevant <b>Exchange price list</b> ;
1200.2	any other sums due in accordance with <b>relevant contracts</b> between the <b>Exchange</b> and the <b>member firms</b> ; and
1200.3	other sums notified by the <b>Exchange</b> in accordance with these rules.

*Guidance to Rule:*

*Rule 1200.3 refers to sums that the **member firm** is required to pay to the **Exchange** in accordance with other provisions of these rules, notably violation charges and daily fines as set out in Rule C101 and C102.*

1201	Unless otherwise specified by the <b>Exchange</b> , any subscriptions, charges or other sums due to the <b>Exchange</b> shall be paid in full within 30 calendar days from the date of the invoice.
1202	In order to pay charges and sums due to the <b>Exchange</b> , the <b>Exchange</b> may require a <b>member firm</b> to execute and maintain in force a direct debit mandate in the <b>Exchange's</b> favour on a bank account in Norway.
1203	Where a <b>member firm</b> fails to pay in accordance with these rules other than in the case of a dispute, the <b>Exchange</b> may terminate its membership without prejudice to any other action which the <b>Exchange</b> may take.

## 1.4 General conduct

### 1.4.1 Misleading acts, conduct and prohibited practices [1300 – 1300.6]

G	1300	A <b>member firm</b> shall not, in respect of its <b>on Exchange</b> business:
	1300.1	do any act or engage in any course of conduct which creates or is likely to create a false or misleading impression as to the market in, or the price or value of, any security;
	1300.2	cause a fictitious trade or a false price to be input into <b>TradElect</b> <sup>®</sup> ;
	1300.3	effect a trade at any price which differs to an unreasonable extent from any firm price displayed on <b>TradElect</b> <sup>®</sup> in that security;
	1300.4	do any act or engage in any course of conduct which is likely to damage the fairness or integrity of the <b>Exchange's</b> markets;
	1300.5	do any act or engage in any course of conduct which causes, or contributes to, a breach of the <b>Exchange's</b> rules by another <b>member firm</b> ; or
	1300.6	cause an order or a trade which do not reflect the <b>current market value</b> of that security to be put into <b>TradElect</b> <sup>®</sup> .

*Guidance to Rule:*

#### Order book conduct

A **member firm** is at all times bound by suitability Rule 1020.

A **member firm** submitting an order to **TradElect**<sup>®</sup> is responsible for that order under the above Rule. This applies whether the order is submitted by the **member firm** itself or has been automatically routed from a third party through **member authorised connection** or **order routing** (whether another **member firm** or not).

#### Entry and deletion of orders

All orders entered on to the **order book** are firm. While the **Exchange** understands that trading decisions of **member firms** may change, **member firms** should not enter orders into the auction or during continuous trading with the intention of deleting or otherwise amending them before execution. This can give a potentially misleading impression of the level of liquidity in the market or the likely auction uncrossing price and volume to other participants. Such activity may constitute a breach of Rule 1300.

#### Current market value

All orders and trades placed in **TradeElect**<sup>®</sup> must reflect the **current market value** of the **instrument** in question and constitute genuine orders and trades..

When assessing whether a trade represent current market value, consideration should be made to, among other things, the changes in the pricing of the **instrument** during the relevant **trading day**, the changes in the pricing of the **instrument** on previous **trading days**, the volatility of the **Instrument** and the general changes in the pricing of comparable **instruments** and, where relevant other particular conditions related to the trade.

An order will not reflect **current market value** if placed in the **order book** with a price that would not be considered **current market value** for a corresponding trade. The order's period of validity must be taken into consideration when assessing the price of the order.

### 1.4.2 Good stock exchange practice [1305]

1305

A **member firm** shall observe good stock exchange practice.

### 1.4.3 Market manipulation [1310]

G 1310

A **member firm** trading in an **instrument** shall not do any act or engage in any course of conduct which may constitute market manipulation for the purposes of Section 3-8 of the **Securities Trading Act**.

*Guidance to Rule:*

*In its efforts to avoid possible manipulation situations and should a **member firm** have concerns about whether a particular trading strategy might be called into question by the **Exchange**, they should contact the Market Surveillance Department, as far in advance as possible, to discuss the proposed strategy. All such enquiries will be treated in the strictest confidence by the **Exchange**.*

## 1.5 Systems and technical requirements

### 1.5.1 Technical requirements [1400-1402]

G 1400

A **member firm** shall be connected to data communication networks for communication with **TradElect®** as approved or instructed by the **Exchange** from time to time.

The **member firm** shall be solely responsible for the installation of suitable software and hardware for connection to and communication with **TradElect®**.

The Exchange may require that defect or deficiencies are rectified and may prohibit the **member firm** from using specific software or hardware until the defect or deficiency is rectified.

*Guidance to Rule:*

*The **member firm** shall ensure that its software and hardware is designed and located in such a manner that high standards of authorisation control, traceability and physical security are met. This implies, inter alia, that unauthorised access to **TradElect®** must be prevented and it must be possible to retroactively trace the origin of separate registrations in **TradElect®**. The hardware shall be located in premises that are not accessible to unauthorised persons. The **Exchange** may prescribe further security routines.*

*The member firm must notify the **Exchange** immediately in the event of a serious breach of security measures or risk of serious breach of security measures that may affect the member firm's connection to **TradElect®**, any other **member firms'** connection to **TradElect®** or **TradElect®** itself. If the **member firm** suspects that procedures for access to **TradElect®** have become known to an unauthorised party, the **Exchange** shall be immediately notified thereof.*

1401

The **Exchange** reserves the right to make modifications to **TradElect®**, e.g. to modify the hardware and the location thereof, to modify the software, and to change the protocol for data communication with **TradElect®**.

The **Exchange** shall notify the **member firm** in due time prior to effecting modification to **TradElect®**. In the event of extensive modifications which may require modification of the **member firm's** hardware or software, the notification shall include a description of the modifications, scheduled time for testing and the date on which the modifications shall come into effect. Changes, amendments, and modifications in **TradElect®** shall be implemented by the **Exchange** and the **member firm** will be subject to deadlines and procedures as further decided by the **Exchange**.

The **member firm** shall comply with instructions issued by the **Exchange** concerning modifications to **TradElect®**. Upon instructions from the **Exchange**, modifications of the **member firm's** hardware and software shall be subject to system tests in accordance with

Rule 1420

The **member firm** may modify its hardware and software being connected to **TradElect®**. Modifications which have an influence on or interfere with **TradElect®** must be reported to the **Exchange**. The **Exchange** may require that the modified hardware or software to be tested in accordance with Rule 1420. The **member firm** may request to test the modified equipment in accordance with Rule 1420.

The **Exchange** reserves the right to close **TradElect®** for repairs where necessary, or limit the functions of **TradElect®** when conducting repairs. Such work shall preferably be scheduled outside the trading day. The **Exchange** shall, where possible, provide the **member firm** with reasonable notice prior to the implementation of such measures.

1402

The **member firm** shall appoint one or more technical contacts who shall be responsible for the **member firm's** hardware and software, for the **member firm's** connection to **TradElect®** and for handling and administering relevant enquiries from the **Exchange**. The **member firm** shall notify the **Exchange** in writing of the names of the persons appointed as technical contacts and, upon replacement of such persons, provide written notice in respect of the new persons appointed.

### 1.5.2 System testing [1420-1421]

1420

A **member firm** must pass a conformance test as further defined by the **Exchange** before being given access to the **TradElect®** production environment.

A **member firm** is only allowed to use software that has passed a conformance test for trading on **TradElect®**. The **member firm** is responsible for making sure that all software used has passed the conformance test.

The **Exchange** is entitled to summon **member firms** to mandatory test weekends or dress rehearsals before significant system upgrades or other events of major impact.

G 1421

A **member firm** shall not submit orders or **trade reports** to **TradElect®** for the purpose of testing any systems or controls.

*Guidance to Rule:*

*The **Exchange** expects **member firms** to test their systems or controls prior to submitting orders or **trade reports** to **TradElect®**. To enable this testing, the **Exchange** offers **member firms** a separate connection to a testing environment packaged within a number of services such as the Customer Development Service, Conformance Testing, High Volume Testing and Participant Test Weekends, in addition to the use of specific test segments on **TradElect®**. **Member firms** are encouraged to contact the **Exchange** to discuss their testing requirements. **Exchange** approved testing undertaken by **member firms** (including the **Exchange** test segment on **TradElect®**) is not prohibited by this rule.*

*Testing on the **TradElect®** is prohibited as it has the potential to impact the market, particularly as testing may result in unusually priced and/or sized orders or trade reports being entered. The **Exchange** relies on **member firms** to submit only bona fide business to **TradElect®**. Submitting orders or **trade reports** to **TradElect®** for the purpose of testing a **member firm's** or its **member authorised connection** customer's systems or controls is not an acceptable market practice.*

*This rule is not intended to preclude a **member firm** from pursuing a bona fide trading strategy, as **principal** or on behalf of a **customer**, or from effecting trades in the normal course of its business. To ensure that the quality of **TradElect®** and the trading service is maintained, a **member firm** should, on request, be able to demonstrate to the **Exchange** that, in submitting an order or **trade report** or pursuing a particular trading strategy, it acted pursuant to a bona fide trading strategy and not in order to test its systems or controls; or*

***Member firms** that require further information on how to conduct testing with the **Exchange** should contact the Market Surveillance Department.*

### 1.5.3 **Member firm system problems [1430]**

G 1430	Where a <b>member firm</b> identifies a system problem it shall inform the <b>Exchange</b> in accordance with notification Rule 1050 and follow any subsequent instructions from the <b>Exchange</b> . A <b>member firm</b> may request the deletion of orders.
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*Guidance to Rule:*

*For the purposes of this rule, a system problem would include, but not be restricted to, one preventing:*

- a **member firm** accessing its orders on **TradElect**<sup>®</sup>;
- a **member firm** submitting a **trade report**;

*Dealing during a systems failure:*

*While a **member firm** is experiencing a system failure it is not precluded from dealing in the relevant securities.*

*Orders:*

**Member firms** are reminded that, while orders remain on **TradElect**<sup>®</sup> they are firm and available for execution. Accordingly, it is essential that a **member firm** contact the **Exchange** as soon as possible when it experiences a system failure, especially if it wishes to have its orders deleted from the **order book**.

Once the systems problem is rectified, the **member firm** should contact the Market Surveillance Department to notify them of this fact. The **member firm** can recommence order input to **TradElect**<sup>®</sup> as soon as the systems problem is rectified.

*Order deletion:*

**Member firms** have primary responsibility for deleting their own orders. Where this is not possible, the **Exchange** will aim to provide a back-up service to delete orders at **member ID** or at **Trader Group** level.

When contacting the **Exchange** to request the deletion of an order, the member firm must provide the following information:

- the name of the **member firm**;
- the **member firm's** mnemonic;
- the **member firm's** trader group;
- the identity of the caller and a contact number; and the reason for the request

For single order deletions the **member firm** must also provide the order code. If this is not available, the **member firm** should provide:

- the name of the security;
- whether it is a buy or a sell;
- the price and size; and
- the time the order was entered.

The Market Surveillance Department may delete all orders within a particular segment. However, upon application, the Market Surveillance Department will consider the deletion of individual orders.

For mass order deletions, the **member firm** must provide the following information:

- whether it wants all orders deleted;
- whether it wants all orders in a **trader group** deleted; and
- the specific segments to which the deletions should apply.

**Member firms** should be aware that all parked orders will be deleted during a mass order

deletion performed by the **Exchange**.

The Market Surveillance Department will attempt to delete orders as soon as possible after receipt of a valid request to do so. However, if an order is executed during the period between a **member firm** requesting deletion of its orders and the Market Surveillance Department effecting the deletions the **member firm** will be obliged to honour the trade.

Trade reporting:

Where a **member firm** has a system problem that prevents it from submitting a **trade report** (where it has the responsibility to do so), the **member firm** must immediately upon execution of the trade inform the **Exchange**.

The **Exchange** will determine what trade details it requires until such time as the problem is resolved. Such trades must be re-reported by the **member firm** once the system problem has been resolved.

If the **Exchange** is not informed of a **member firm's** trade reporting difficulties, it will treat resultant late trade reports as breaches of Rule 3020.

## 1.6 Extraordinary measures

### 1.6.1 Regulatory suspensions (trading halt) [1500-1501]

G 1500	Where an <b>instrument</b> does not comply with the Exchange's rules or special cause otherwise exists, the <b>Exchange</b> may effect a regulatory suspension (trading halt). The power will not be exercised in an <b>Instrument</b> where such a step would be likely to cause significant damage to the interests of investors or the orderly functioning of the financial markets.
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*Guidance to Rule:*

*Regulatory suspension is regulated by Section 25 of the Exchange Act.*

*Examples of special causes are:*

- where a suspension is imposed by the competent authority or market operator for another venue (or one of the venues) of listing; or
- where a suspension is required for orderly market reasons.

The **Exchange** will announce that the **instrument** has been subject to regulatory suspension, including the reason for this decision, and the discontinuation of the regulatory suspension. The **Exchange** may decide that trading shall be resumed with an open call auction.

When an **instrument** is suspended by the **Exchange**, the **Exchange** will delete any orders present in **TradElect**<sup>®</sup> in the suspended **instrument**.

Placement of new orders in the **order book** is not permitted for such time as the **instrument** is subject to a regulatory suspension.

**On Exchange** trades shall be reported.

When entering into a **manual trade**, the **member firm** shall ensure that a counterparty which is not a **member firm** is aware that the **instrument** is subject to a regulatory suspension, as well as the cause of such regulatory suspension.

G 1501	Where a <b>member firm</b> learns of a regulatory suspension declared by a venue of listing other than Oslo Børs or Oslo Axess on which an <b>instrument admitted to trading</b> or an <b>instrument</b> underlying an <b>instrument admitted to trading</b> , is listed, the <b>member firm</b> is requested to notify the <b>Exchange</b> and any other <b>member firms</b> which approach it to deal in the affected security on <b>TradElect</b> <sup>®</sup> .
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Guidance to Rule:

Where **instruments** traded on the **Exchange** are primary listed on a foreign regulated market or exchange, the treatment of suspensions must be co-ordinated with the actions of primary market or exchange and the needs of the market.

### 1.6.2 Matching halt [1510]

G	1510	The <b>Exchange</b> may in special cases decide to halt matching in one or more <b>instruments</b> .  Matching may be halted when an announcement regarding an <b>instrument</b> is to be made, in the event of irregular price movements, suspicion of unequal information in the market, or other events.
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Guidance to Rule:

Matching halt will be announced in **TradElect**<sup>®</sup>. Information regarding the reason for the matching halt may be provided at the same time. An announcement will also be issued when the matching halt ceases.

Placement of new orders is not permitted for such time as the **instrument** is subject to a matching halt. Orders in the **order book** may be deleted by the **member firm**. The **Exchange** will as a general rule not delete orders during a matching halt unless requested by the **member firm**.

**On Exchange** trades shall be reported.

When entering into a **manual trade**, the **member firm** shall ensure that a counterparty which is not a **member firm** is aware that the **instrument** is subject to a matching halt, as well as the cause of the matching halt.

The duration of the matching halt will be as short as possible. The **Exchange** may decide that trading shall be resumed with an open call auction.

### 1.6.3 Restricted trading [1520]

	1520	A <b>member firm</b> should exercise caution in effecting trades in securities which trading are restricted under these rules or which is the subject of a matching halt or regulatory suspension.
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### 1.6.4 Market situations [1530]

G	1530	The <b>Exchange</b> may suspend automatic execution on <b>TradElect</b> <sup>®</sup> or impose a temporary regulatory suspension or matching halt for a particular market, market segment, market sector or tradable <b>instrument</b> as <b>market situations</b> dictate.
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Guidance to Rule:

A **market situation** is most commonly used where an issue impacts a segment or market rather than a single tradable **instrument**.

A general failure in the transmission of transaction feed from the **Exchange** to a **central counterparty** will be considered as a market situation.

If **member firms** representing 75 % or more of trading in a market have system problems as mentioned in Rule 1430 this will be considered a **market situation**.

If **member firms** representing 25 % or less of trading in a market have system problems as mentioned in Rule 1430 this will not be considered a **market situation**.

If **member firms** representing between 25 % and 75 % of trading in a market have system problems as mentioned in Rule 1430 the Exchange will on a case-by-case basis determine whether this is to be considered as a **market situation**.

In connection with market situations, the **Exchange** may inter alia

- suspend trading operations;
- limit trading operations;
- delay the opening/closing of trading operations;
- limit the number of electronic connections per **member firm**;
- generally limit the number for volume of trades or orders per electronic connection;
- limit the number or volume of trades or orders in one or more electronic connections;
- close one or several electronic connections.

## 1.7 Specific trading regulations

### 1.7.1 When issued dealing [1600-1602]

1600	The <b>Exchange</b> will permit <b>when issued dealing</b> in a security provided that the <b>Exchange</b> is satisfied that there can be a fair and orderly market for the trading of that security.
1601	In accordance with timescales and detailed guidance provided by the <b>Exchange</b> , a <b>member firm</b> may undertake <b>when issued dealing</b> subject to a <b>when issued dealing</b> application having been made in accordance with the <b>Listing Rules</b> and the offer price and full allocation details having been publicly announced and listing prospectus or other documentation as applicable is approved.
1602	All <b>when issued dealing</b> trades will be for deferred settlement and if the resulting securities are not admitted to unconditional trading, every <b>when issued dealing</b> trade effected is void.

### 1.7.2 Conditional trades [1610]

G 1610	Other than in the case of <b>when issued dealing</b> , a <b>member firm</b> shall not effect a trade <b>on Exchange</b> subject to a condition precedent or condition subsequent without the prior consent of the <b>Exchange</b> .
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*Guidance to Rule:*

*Applications for permission to deal should be addressed to the Market Surveillance department as far in advance of the planned trade date as possible.*

### 1.7.3 Stabilisation [1620]

G 1620	A <b>member firm</b> intending to act as or on behalf of a stabilising manager in accordance with the <b>Securities Trading Act</b> in an <b>instrument</b> to be traded <b>on Exchange</b> shall prior to the commencement of the stabilising period:
1620.1	provide to the Market Surveillance Department information about the stabilisation required as specified in the guidance to this Rule; and
1620.2	disclose information about the stabilisation required as specified in the guidance to this rule via an announcement published in accordance with the principles set out in Section 5-12 of the <b>Securities Trading Act</b> .

*Guidance to Rule:*

*The information which shall be provided to the Market Surveillance Department includes:*

- the security to be stabilised, and any associated securities being stabilised;
- the stabilization manager and contact person(s)
- a daily report on the stabilisation activity (including if there has not been any activity)

The information disclosed through an announcement must include details of:

- the security to be stabilised, and any associated securities being stabilised;
- the stabilising manager;
- the stabilisation period;
- the issue price of the security.
- any related over-allotment (or Green Shoe) options.

Furthermore, no later than one week after the end of the stabilisation period information must be publicly disclosed on whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred and the price range within which the stabilisation was carried out.

The **Exchange** acknowledges that there will be occasions when the issue price will not be known on the day before the commencement of the stabilising period. Therefore, a **member firm** shall notify the **Exchange** of the issue price as soon as it is finally determined.

A **member firm** shall also notify the **Exchange** if the stabilising period is to change.

Further guidance is provided in the **Exchange's** circular 2/2008.

#### 1.7.4 **Reg S** traded securities [1630]

G	1630	A <b>member firm</b> shall not effect a trade in a <b>Reg S</b> traded security unless it has reasonable basis to believe after inquiry and confirmation that the trade complies with the requirements of U.S. securities laws.
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*Guidance to Rule:*

Rule 1630 imposes upon a **member firm** an obligation not to engage in any trade in a **Reg S** traded security unless it has a reasonable basis to believe, after inquiry and confirmation, that the trade complies with the requirements of the securities laws of the United States of America ("United States" or "US"). The following guidance is provided by way of assistance only and a **member firm** should seek independent legal advice as to the applicability of these laws.

For the purposes of the rules, the term **Reg S** traded security refers to any security identified to the **Exchange** as such by or on behalf of the issuer of the security. When a security has been so identified, the **Exchange** will require that the letters 'REG S' be added to the end of its name as shown in **TradElect**<sup>®</sup>. The **Exchange** may place the security in a separate sector of **TradElect**<sup>®</sup> only for the duration of the period of restriction. Upon notification by the issuer to the **Exchange** that restrictions no longer apply, the 'REG S' marker will be removed from the security's name and it will (if applicable) be placed in an appropriate sector. A list of any **Reg S** traded securities will be made available on the **Exchange's** website, which will specify the standard place of settlement for the security.

Generally, **Reg S** traded securities have been issued by companies incorporated in the United States and initially offered and sold without being registered with the U.S. Securities and Exchange Commission ("SEC") under the US Securities Act of 1933 ("the 1933 Act"). (Note, there are also companies incorporated outside the United States of America that may fall within the definition of "domestic issuer" for Regulation S purposes.) As such, **Reg S** traded securities are considered "restricted" securities, and they must be traded only in accordance with Regulation S, pursuant to registration under the 1933 Act or pursuant to an available exemption from the registration requirements of the 1933 Act.

Among other requirements, Regulation S provides that securities issued pursuant thereto may not be purchased by, or on behalf of, "US persons" (as defined in Rule 902(k) of Regulation S) during a one-year period commencing upon the closing of the initial public offering. Generally, therefore, a security will be identified as a **Reg S** traded security until the first anniversary of its admission to trading. However, it is the responsibility of the issuer

to determine when the restrictions applicable to trading of its **Reg S traded security** may be removed, and, accordingly, at the issuer's discretion and by agreement with the **Exchange**, a security may be treated as a **Reg S traded security** for a period longer than one year.

Prior to purchasing a **Reg S traded security**, a **member firm** must take reasonable steps to ascertain whether its **customer** is resident in the United States or may otherwise be considered to be a US person or is acting for the account or benefit of a US person. A **member firm** must design, implement and maintain measures to assure compliance with the rule, such as, by way of example, obtaining or reconfirming within the last 12 months a certification from its **customer** that he, she or it is not a US person within the meaning of the above-mentioned Rule 902(k) and that such **customer** understands and accepts the restrictions and limitations imposed by Regulation S on purchasers of such securities. **Reg S traded securities** may not be purchased on behalf of a US person, unless the trade is pursuant to registration under the 1933 Act or pursuant to an available exemption from the registration requirements of the 1933 Act.

Regulation S also requires that offers to sell **Reg S traded securities** not be made to persons in the United States; that, at the time a buy order is originated, the seller and any person acting on its behalf reasonably believe that the buyer is outside the United States; and that neither the seller nor any person acting on its behalf knows that the trade has been pre-arranged with a buyer in the United States. In addition, Regulation S requires that no "directed selling efforts" (as defined in Rule 902(c) of Regulation S) are made in the United States by the seller, an affiliate or any person acting on their behalf, and that if the seller is a dealer or a person receiving a selling concession, fee or other remuneration in respect of the securities offered or sold, neither the seller nor any person acting on its behalf knows that the offeree or buyer is a US person.

Where an agency broker deals with a market **principal** on behalf of a **customer**, the market **principal** and the **Exchange** rely on the agency broker to ensure the performance of its **customer**. If the **customer** fails to deliver securities or cash, then the agency broker is responsible for any shortfall. This includes trades in **Reg S traded securities** which are rejected for settlement because the purchaser of the securities is identified as a US person.

## 1.8 Information and Intellectual Property Rights

### 1.8.1 Information from TradElect® [1700–1705]

1700	<p>The <b>Exchange</b> shall have exclusive rights to compiled information derived from <b>TradElect®</b>, including exclusive rights to all forms of release, publication, dissemination and copying.</p> <p>The <b>Exchange</b> shall be entitled to publish and disseminate such information to the general public.</p>
G 1701	<p>A <b>member firm</b> is entitled to use trading terminals connected to <b>TradElect®</b> and information received via the <b>member firm's</b> electronic connection to <b>TradElect®</b> solely for the conduct of trading on the <b>Exchange</b>. Furthermore, only the <b>member firm's</b> internal users may use and receive such information.</p> <p>The <b>member firm</b> shall continuously maintain a log of internal users and shall upon request submit such log to the <b>Exchange</b>.</p>

*Guidance to Rule:*

*Based on the first paragraph of the Rule, a **member firm** cannot use information received from **TradElect®** for any other purposes except as expressly set out nor arrange, process or compile such information in any manner, i.e. including but not limited to use or apply other applications that display or arrange or process the information received from **TradElect®**, e.g. information terminals or analytical tools, without having entered into a separate agreement with Oslo Børs as regulated by Rule 1702 below.*

*A trading terminal is the desktop application used by **member firms** for registering and submitting orders to **TradElect®**.*

*"Internal users" are those **employees** who are involved in internal settlement and reporting functions or in the supervision of technical equipment directly connected to TradElect® or that are directly associated with trading in **instruments**, including risk monitoring or analysis of the **member firm's** trading.*

G	1702	Other than stated in section 1601 and 1605, the <b>member firm</b> may systematically disseminate information from <b>TradElect®</b> , in processed or unprocessed form, in whole or in part, only following execution of a separate agreement with the <b>Exchange</b> .
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*Guidance to Rule*

*A "systematic dissemination of information" means continuous or frequent production of copies of information and continuous or frequent release and/or dissemination of information from **TradElect®**, including extracts of real-time information and continuous or frequent updating of such information.*

	1703	The <b>member firm</b> may only disseminate public market information as further defined by the <b>Exchange</b> .
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	1704	The <b>Exchange</b> may determine the point of connection to <b>TradElect®</b> from which the <b>member firm</b> may disseminate information and the guidelines governing such dissemination.
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	1705	The <b>member firm</b> is solely responsible for ensuring that third parties who are granted access to the <b>member firm's</b> hardware or software, including information from <b>TradElect®</b> and other third parties providing service to the <b>member firm</b> and thereby receiving information from <b>TradElect®</b> , are aware of the provisions set in Rules to 1700-1705 and undertake to comply therewith.
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### 1.8.2 **Intellectual Property Rights [1710–1716]**

	1710	The <b>Exchange</b> undertakes to maintain at all times copyrights, licenses and other rights to use the software used in <b>TradElect®</b> . By virtue of its membership with the <b>Exchange</b> , the <b>member firm</b> is entitled to a non-transferable non-exclusive right to use <b>TradElect®</b> subject to any restrictions on the <b>member firm</b> issued by the <b>Exchange</b> in connection with its operations on the <b>Exchange</b> . The <b>member firm</b> does not have and will not obtain any rights in or to <b>TradElect®</b> through its use.
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	1711	Copyright and all other intellectual property rights to the rules, documentation relating to <b>TradElect®</b> , agreements related thereto, indices, classifications, publications, market information, statistics, and all other documents produced and published by the <b>Exchange</b> , as well as any alterations or modifications thereof are vested in the <b>Exchange</b> and/or other rights holders. Furthermore copyrights and intellectual property rights to <b>Exchange</b> -related information from <b>TradElect®</b> and/or other sources compiled or otherwise prepared by the <b>Exchange</b> , as well as indices and classifications produced from time to time by the <b>Exchange</b> , shall vest in the <b>Exchange</b> and/or other rights holders.
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	1712	<b>Member firms</b> may only use trademarks, which are the property of the <b>Exchange</b> , as signs for products and services derived from the <b>Exchange</b> .
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	1713	In order to use the above-mentioned trademarks and intellectual property rights in a particular manner, <b>member firms</b> must enter into separate agreements with the <b>Exchange</b> or other rights holders which shall regulate the rights and obligations associated with the use of the specific trademarks and/or intellectual property rights.
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	1714	The rights granted under these rules convey no right, title, interest in or to <b>TradElect®</b> , documents related thereto, indices, classifications, publications, market information, statistics or other documents produced by the <b>Exchange</b> .
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	1715	In the event a claim is brought against a <b>member firm</b> by any third-party on the grounds that the <b>member firm</b> has infringed the third party's intellectual property rights as a consequence of its use of <b>TradElect®</b> , or where the <b>member firm</b> otherwise becomes aware that rights vested in the <b>Exchange</b> , or a rights holder which the <b>Exchange</b> represents, are being challenged, the <b>member firm</b> shall be required, without undue delay, to inform the <b>Exchange</b> thereof in writing. The aforesaid provisions apply where the <b>member firm</b>
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becomes aware of any infringement of any rights pertaining to the **Exchange** or a rights holder which the **Exchange** represent. Any claim by a third party against the **member firm** for infringement of intellectual property rights shall be handled by the **Exchange** or the relevant rights holder at the expense of such party and the **member firm** shall not take part in the action in its own right. The **Exchange** and the relevant rights holder shall be entitled, without the **member firm's** approval but on the understanding that the **member firm** is held harmless, to enter into legal proceedings with any such third party.

1716 The **member firm** shall ensure that it possesses all the licenses required and right of use with respect to the hardware and software that the **member firm** requires for connection to, and communication with TradElect@.

## 1.9 Limitation of Liability

### 1.9.1 Limitation of liability [1800–1800.7]

1800

1800.1 **Member firms** and the **Exchange** shall not be liable for damages incurred in connection with performance of their respective functions as regulated in the rules, provided normal care is exercised.

**Member firms** and the **Exchange** shall under no circumstances be liable in the circumstances set out in rules 1800.2 to 1800.6 below.

1800.2 **Member firms** and the **Exchange** shall not be liable for damages incurred due to force majeure or other extraordinary events.

Force majeure or any other extraordinary event shall be deemed to exist where the **member firm** or the **Exchange** or any subcontractor thereof or other entity exercising functions as regulated in the Rulebook is prevented, in whole or in part, from performing its obligations under these rules or where such performance may be deemed to be unreasonably burdensome due to national or foreign legislation, the actions of national or foreign governmental authorities, provisions or other measures from bodies within the EEA, electricity outages, fire, water damages, telecommunications outages, strikes, blockades, lockouts, boycotts, natural disasters, acts of war or terror, or other similar circumstances beyond the control of such party. The reservation in respect of strikes, blockades, lockouts and boycotts shall apply notwithstanding that the **member firm** or the **Exchange** is the object of, or executes, such measures.

In the event the **member firm** or the **Exchange** is prevented, in whole or in part, from executing measures pursuant to these rules as a consequence of circumstances set forth in the paragraph above, such performance may be postponed until such time as the impediment has terminated. In the event the **member firm** or the **Exchange** is prevented from making or receiving payment as a consequence of such circumstances, the parties shall not be liable for penalty interest (forsinkelsesrente), cf. law on penalty interest (forsinkelsesrenteloven) dated 17 December 1976 no 100.

1800.3 The **member firm** and the **Exchange** shall under no circumstances be liable for indirect or consequential damages, such as for example loss of data, lost profits or gains.

1800.4 The **Exchange** shall under no circumstances be liable for damages incurred as a consequence of, or in conjunction with, the dissemination of public or non-public market information. The **Exchange** shall not be obligated to notify or correct errors in public or non-public market information unless, in the opinion of the **Exchange**, such notification or correction is reasonable and may be deemed to be of significance to the **member firm**.

1800.5 The **Exchange** shall under no circumstances be liable for damages incurred as a consequence of, or in conjunction with, rejection of trades in **central counterparty securities** by the **central counterparty** or trades for any reason not being received by the **central counterparty**, or errors in trades sent to and cleared by a **central counterparty**.

1800.6 The **Exchange** shall under no circumstances be liable for damages incurred as a consequence of, or in conjunction with, any measures implemented by the **Exchange** in

connection with **market situations** pursuant to Rule 1530.

1800.7 A claim for damages may be reduced or eliminated where the injured party has, through its own actions, caused or contributed to its loss or failed to mitigate its loss, whether directly or indirectly.

## **1.10 Amendments to the rules**

### **1.10.1 Amendments to the rules [1900]**

1900 Amendments to the rules will enter into force one month after the amendments have been notified to the **member firms** and published on the **Exchange's** website. The **Exchange** may in special circumstances shorten or prolong the one month period.

The **Exchange** shall consult **member firms** and other interested parties with a reasonable consultation period before amendments are announced save where such consultation is clearly unnecessary or impractical.

The procedure for making amendments to these rules may be waived where the amendments are the result of legislation, regulation, legal ruling, administrative decision or in other special cases.

## 2 ORDER BOOK TRADING RULES

### 2.1 Trades

#### 2.1.1 On Exchange trades [2000]

2000	A trade is <b>on Exchange</b> if it is effected automatically on an <b>Exchange order book</b> .
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#### 2.1.2 Trader groups [2010]

G	2010	<b>Member firms</b> are required to identify the following types of trading activity by designated <b>trader groups: trader initiated trading, order routing, member authorised connection, algorithmic trading.</b>
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*Guidance to Rule:*

*The use of **Trader Groups** shall ensure efficient and reliable monitoring of trading activity by the **Exchange**. The designated **trader groups order routing** and **member authorised connection** are further elaborated in Guidance to Rule 2103. When distinguishing between **member authorised connection** and **algorithmic trading** the determining factor is whether the actual arrangement is governed and controlled by the **member firm**. This means, that if a **member firm** has a **customer** with **member authorised connection** and the **member firm** learns that the trading activity from that **customer** fulfils the definition of **algorithmic trading**, but where the **member firm** does not govern the arrangement, the trading activity should be defined as **member authorised connection**.*

### 2.2 Order entry

#### 2.2.1 Access to TradElect® and the responsibility of member firms [2100-2109]

2100	Each order submitted to TradElect® shall be firm.
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G	2101	Any obligations and liabilities arising from the submission of electronic messages and orders to <b>TradElect®</b> under a <b>member firm's</b> trading codes are the responsibility of that <b>member firm</b> . The <b>member firm</b> shall, at all times, have sufficient order management systems, procedures and controls designed to prevent the entry of erroneous orders to <b>TradElect®</b> .
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*Guidance to Rule:*

*A **member firm** is at all times bound by suitability Rule 1020.*

*In determining whether a **member firm** has met the requirements of Rule 2101, the **Exchange** may require information regarding the level of training and qualifications of individual traders, including the taking of any relevant examinations.*

*A **member firm** submitting an order to **TradElect®** is responsible for that order. If orders will be submitted by or automatically routed from a third party by way of **member authorised connection** or **order routing** (whether another **member firm** or not), then the **member firm** should consider how it is going to control the order flow.*

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### Erroneous orders

An erroneous order is an order entered mistakenly where there was no intention to trade in the security or an order where the terms entered, mistakenly, did not represent the intended transaction. For the avoidance of doubt the terms of an order include both price and size.

In determining whether an order is erroneous, the **Exchange** may ask the **member firm** for details of the background to the order. Below is a non-exhaustive list of scenarios where the **Exchange** may query an order with a **member firm**:

- orders that exceed the **Exchange's** price monitoring thresholds;
- an aggressively priced limit order that executes against a significant number of orders on one side of the order book, which could take place, for example, if price and size have been entered in the wrong fields;
- an order that creates multiple executions e.g. a tranching facility that divides orders into an order size either not intended by the **member firm** or which is of a size so small as to be inappropriate; or
- a very high priced buy order or a very low priced sell order entered into the auction period when it might be more appropriate to use a market order to guarantee execution.

**Member firms** should ensure that their systems are designed to identify and prevent the entry of erroneous orders to TradElect®. In determining whether their systems are adequate in this regard, **member firms** should consider the use of controls and system alerts, which may be based on some or all of the following:

- the last **order book** traded price (from the previous day if appropriate);
- the current spread in the market;
- trader, security-specific or firm-wide size and price limits;
- the likely movement in the price of the security if the order is submitted;
- a minimum order size of a certain financial consideration per order; and
- controls on limit orders and market orders submitted during an auction. When entering limit and market orders in auctions **member firms** must have sufficient systems and controls in place so that the type of order they submit does not have an inappropriate affect on the uncrossing price of the security in question. For instance, a **member firm** may wish to submit a market order to an auction to maximise its probability of execution but should have regard to the possible impact of a large market order on the auction uncrossing price.

The above list is not exhaustive and **member firms** are likely to wish to develop their own bespoke controls and system alerts to prevent the entry of orders which, because of their price, size and nature, could impact on the smooth running of the market.

**Member firms** should aim to prevent the entry of all erroneous orders, and system alerts should be able to prevent the entry of orders containing errors which, because of their size and nature, may impact on the smooth running of the market.

The parameters for any such alerts should be determined by each **member firm**, with reference to the nature of its business. Parameters should be set at levels such that, if no alert is generated in relation to any particular order, then the **member firm** should be satisfied with the execution price(s) achieved.

**Member firms'** procedures and controls should be designed to ensure that orders are entered correctly and that any alerts generated are responded to appropriately.

**Member firms** should be aware that in deciding what action to take against a **member firm** for the submission of any apparently erroneous order, the **Exchange** will consider both the potential and the actual market impact. It will also have regard to the relative frequency with

which the **member firm** submits such orders.

G	2102	A <b>member firm</b> should use the correct dealing capacity indicator, as described in the <b>Market models</b> , when submitting orders to <b>TradElect®</b> .
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*Guidance to Rule:*

*The dealing capacity must be either “A” for **agent**, or “P” for **principal**.*

G	2103	A <b>member firm</b> may allow a <b>customer</b> to submit orders to <b>TradElect®</b> under the <b>member firm’s</b> trading codes, either by way of <b>order routing</b> or by providing a <b>member authorised connection</b> , subject to the <b>member firm</b> having in place adequate systems and controls.
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*Guidance to Rule:*

**Order routing and member authorised connection**

Submission of **customer** orders may be facilitated by either an **order routing** facility provided by the **member firm** or via a **member authorised connection** to **TradElect®**.

**Order routing** is a facility through which a **member firm** allows a **customer** to submit orders to **TradElect®** under the **member firm’s** trading codes and via the **member firm’s** usual order management systems, but without manual intervention by the **member firm**. These order management systems may be housed within the **member firm’s** facilities or hosted in other facilities but, importantly, are the same systems through which the **member firm** submits at least some of its own order flow to **TradElect®**.

A **member authorised connection** is a direct technical connection provided so that a **customer** is able to access **TradElect®** under a **member firm’s** trading codes. As the connection is direct, orders submitted by the **customer** to **TradElect®** do not pass through the usual order management systems of the **member firm**. To ensure that appropriate controls are in place, the **member firm** and its **customer** may decide to implement a version of the **member firm’s** controls within the **customer’s** systems. Alternatively, the **member firm** may implement specific controls for order flow submitted through **member authorised connections**, or employ another control structure (such as using controls provided by an independent software vendor).

**Responsibility for customers’ order flow (whether submitted to the Exchange via an order routing facility or a member authorised connection)**

The **Exchange** is aware that **member firms** may have contractual arrangements with their **customers** that mean the **customer** bears the financial risks of entering erroneous orders. However, under the **Exchange’s** rules the responsibility for such orders rests wholly with the **member firm** under whose trading codes the order is entered.

The **Exchange** requires a **member firm** to be able to delete a **customer’s** orders from **TradElect®** or, if necessary, restrict the **customer’s** ability to enter orders, without having the express consent of the **customer**. Such action by the **member firm** may be instigated unilaterally by the **member firm** because of its own concerns regarding the **customer’s** behaviour or at the specific instruction of the **Exchange**.

The **member firm** is expected to adopt a regime where similar checks are made to those that would be made by reasonable human intervention. Consideration should be given to:

- the training that has been given to the individuals entering orders;
- the access controls over order entry that the originating third party applies;
- security controls over any network link between the originating third party and the **member firm**. These should be sufficient such that the **member firm** can be sure that an order purporting to come from a particular third party actually has done so (e.g. by use of authentication codes in a similar manner to the secure interactive interface linking the **member firm** to the **Exchange**);
- the need for order acknowledgements from the originating third party;
- controls over maximum order sizes that can be submitted by different originating

third parties;

- controls over prices of orders and having system parameters that would generate an alert if the order would execute at a price with which the **member firm** would not be satisfied;
- monitoring and controls over the total exposure of the **member firm** to orders routed for a particular third party; and
- clear allocation of responsibility for dealing with actions and errors (e.g. it should be clear how, when and by whom orders on the book would be deleted).

All of these matters should be dealt with in formal agreements between the **member firm** providing the **order routing** service or **member authorised connection** and any relevant third party (whether **member firm** or non-member).

### **Order routing**

Whilst ongoing education, training and guidance for a **member firm's customers** that route orders through the **member firm** to **TradElect®** are to be encouraged, these cannot entirely replace the safeguards that internal system controls and alerting functionality can provide.

In order to prevent the submission of erroneous orders by a **customer**, a **member firm** may wish to consider the following controls and system alerts:

- prevention of submission of an order if the **customer** has overridden alerts and/or notification to the **member firm** that the **customer** has attempted to over-ride the alert;
- the segregation of this order flow by the use of the Trader Group facility within **TradElect®**; and
- appropriate training, education and guidance provided to those **customers** entering orders.

### **Member authorised connection**

**Member firms** providing **customers** with a **member authorised connection** to **TradElect®** are entirely responsible for all obligations and liabilities arising from the entry, deletion and execution of all orders submitted by that **customer**.

A **member firm** that provides this facility for a **customer** must:

- ensure that relevant staff at the **customer** are conversant with the rules and, in particular, those relating to **order book** trading. Relevant staff include the Head of Trading, the Head of Compliance and person(s) who signs off trading algorithms at the **customer**;
- segregate each **customer's** order flow from the **member firm's** order flow using the Trader Group facility within **TradElect®**. This is necessary to assist the **Exchange** in maintaining fair and orderly markets;
- use the Copy To functionality within **TradElect®**;
- ensure it maintains appropriate management of **customers'** order flow, including having in place order entry controls;
- inform the **Exchange** and take appropriate action if it loses either its connectivity with the **Exchange** or its connection to its **customer(s)** where that connection allows the **member firm** to maintain order management controls over the **customer(s)** order flow.

**Member firms** should ensure that their controls over **customers'** order flow submitted via **member authorised connections** are designed to identify and prevent the entry of erroneous orders or orders that may distort or otherwise adversely affect the quality of the

**Exchange's markets.** In determining whether a **member firm's** systems are adequate in this regard, **member firms** should consider the use of controls and system alerts, which may be based on some or all of the following:

- the last order book traded price (from the previous day if appropriate);
- the current spread in the market;
- trader, security-specific or firm-wide size and price limits;
- the likely movement in the price of the security if the order is submitted;
- a minimum order size of a certain financial consideration per order; and
- controls on limit orders and market orders submitted during an auction. When entering limit and market orders in auctions **member firms** must have sufficient systems and controls in place so that the type of order they submit does not have an inappropriate affect on the uncrossing price of the security in question. For instance, a **member firm** may wish to submit a market order to an auction to maximise its probability of execution but should have regard to the possible impact of a large market order on the auction uncrossing price.

G	2104	A <b>member firm</b> must undertake due diligence on any <b>customer</b> to which it provides or intends to provide a <b>member authorised connection</b> , in order to assess the suitability of any such <b>customer</b> to have a <b>member authorised connection</b> .
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*Guidance to Rule:*

A **member firm** must have undertaken due diligence to confirm that any **customer** to which it provides a **member authorised connection**:

- is considered fit and proper to have a direct technical connection to **TradElect®**
- has sufficient staff with adequate knowledge, experience, training and competence for the activities the **customer** undertakes on the **Exchange's order books**. **Member firms** may wish to consider whether training should be provided to the Head of Trading, the Head of Compliance and person(s) who signs off trading algorithms at the **customer**; and
- has adequate internal procedures and controls for these activities (which may include a version of the **member firm's** own order management controls being implemented within the **customer's** systems that the member firm is able to control remotely, or the **customer's** order flow being subject to order management controls via an independent software vendor.)

This assessment may fit within the **member firm's** existing due diligence framework or, if considered necessary, involve new due diligence processes that are specific to the provision of a **member authorised connection**. It is for **member firms** to judge what due diligence is necessary given the business, trading strategies and order flow of the **customer** or prospective **customer** to which the **member firm** wishes to provide a **member authorised connection**.

**Member firms** are required to submit a statement to the **Exchange** confirming that they have undertaken appropriate due diligence to be satisfied on each of the above points.

G	2105	The <b>Exchange</b> reserves the right to refuse a <b>member firm's</b> request that a <b>customer</b> be provided with a <b>member authorised connection</b> to <b>TradElect®</b> .
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*Guidance to Rule:*

The **Exchange** may refuse a request to provide a **member firm's customer** with a **member authorised connection** where the **Exchange** is not satisfied in any respect with the due diligence undertaken by the **member firm** or where, in the **Exchange's** view, provision of the connection would present a risk to the orderly functioning of the **Exchange's** markets. Whilst the **Exchange** does not conduct due diligence on **member firms'** prospective **customers**, it may refuse a request to provide a **member firm's customer** with a **member authorised**

**connection** where it is aware of adverse information about the prospective **customer** which may not have been detected by a **member firm's** due diligence;

The **Exchange** may also, at its own discretion, take other factors into account in applying this rule. The **Exchange's** view of the risks that may be posed by the provision of a **member authorised connection** to a **member firm's customer** overrides any contrary view taken by the **member firm**.

The **Exchange** will upon request, to the extent the **Exchange** regards it as feasible, provide the **member firm** with a written statement providing the reasons for its refusal.

2106	<p>The <b>Exchange</b> reserves the right to terminate or suspend a <b>customer's member authorised connection</b> without notice or consultation with the <b>member firm</b> or its <b>customer</b> where the <b>Exchange</b> believes this is necessary to preserve the orderly functioning of the <b>Exchange's</b> markets.</p> <p>The relevant <b>trader group</b> will be terminated or suspended. If other <b>customers</b> are trading through the same <b>trader group</b>, such <b>customers'</b> trading connection will also be terminated or suspended without notice or consultation.</p>
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G 2107	The <b>Exchange</b> reserves the right to restrict or segregate a <b>member firm's</b> access to and use of <b>TradElect®</b> as it sees fit.
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*Guidance to Rule:*

The **Exchange** may decide to segregate a **member firm's** access to and use of **TradElect®** in order to protect market orderliness or for other regulatory reasons.

As set out in the Market Models, the **Exchange** requires that some specific types of trading activity are identified by special **trader groups**, see also Rule 2010. Otherwise, the **Exchange** does not mandate how a **member firm** should segregate its **order book** business at **trader group** level. The **Exchange** reserves the right to do this as it sees fit. Typically, this would be where it suspects a **member firm's** controls to be inadequate or inappropriate, or, more generally, where it considers this to be in the interest of maintaining a fair and orderly market.

For instance, where a **member firm** chooses to use only one or a limited number of **trader groups** for its order flow, and the **member firm** has repeated problems in relation to erroneous orders being entered by an **order routing customer**, the **Exchange** may require that all orders from that **customer** are assigned to a specific **trader group**.

2108	The <b>Exchange</b> reserves the right to delete any order submitted to <b>TradElect®</b> where the <b>Exchange</b> believes it necessary in order to preserve market orderliness.
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2109	When using <b>TradElect®</b> a <b>member firm</b> shall comply with the procedural, operational and technical requirements of the <b>Exchange's</b> systems and networks as specified by the <b>Exchange</b> from time to time.
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## 2.2.2 Exchange enforced cancellation of trades [2120-2121]

G 2120	<p>The <b>Exchange</b> views all trades undertaken under its rules as firm. However, to ensure the integrity of the market or in extraordinary situations it may undertake an <b>Exchange enforced cancellation</b> of a trade executed on <b>TradElect®</b>, either at the request of a <b>member firm</b> or of its own volition.</p>
2120.1	<p>A request for an <b>Exchange enforced cancellation</b> must be submitted to the Market Surveillance Department as soon as possible and in any event for <b>equities</b> within 30 minutes of the end of the <b>trading day</b> and for <b>fixed interest securities</b> within the end of the <b>trading day</b>. Requests from <b>member firms</b> to cancel the uncrossing of closing auctions for <b>equities</b> which conclude after 17.30 hours must be made to the Market Surveillance Department no later than 18.00 hours.</p>
2120.2	<p>The <b>member firm</b> requesting the <b>Exchange enforced cancellation</b> must provide appropriate information to the Market Surveillance Department as set out in the guidance</p>

below.

*Guidance to Rule:*

The **Exchange** may, in its absolute discretion, cancel trades across all its markets, either in response to a request from a **member firm** or of its own volition. The **Exchange's** decision regarding an **Exchange enforced cancellation** is final. Examples of situations in which the **Exchange** will consider cancelling trades of its own volition include, but will not be limited to, where there has been a clear miscommunication of a corporate event or where a stock's closing price has been significantly distorted by the entry of erroneous orders during the closing auction.

Generally, the Exchange will only consider a **member firm's** request for an **Exchange enforced cancellation** when it considers, in its sole discretion, that to cancel the trade is in the best interests of the overall market.

Criteria for the consideration of an **Exchange enforced cancellation**

When considering a cancellation, the **Exchange** will generally have regard to the following non-exhaustive list of considerations:

- time elapsed since the trade(s).
- erroneous nature of the trade - any trades to be cancelled must be manifestly erroneous in the judgement of the **Exchange**.
- market impact - the **Exchange** may take into account other factors including, but not limited to, the potential market disorder that would be caused if the trade(s) were upheld or the potential adverse market impact if the trade(s) were cancelled.

2121

The **Exchange** may at its own discretion choose not to delete the trade, but rather to render the transaction unofficial in **TradElect**<sup>®</sup>

## 2.3 Order and trade publication

### 2.3.1 Publication [2200]

2200

Details of orders and trades in the **order book** will be published as specified in the **Market models**.

### 3 OFF ORDER BOOK TRADING RULES

#### 3.1 Trades

##### 3.1.1 On Exchange trades [3000]

3000	A trade is <b>on Exchange</b> if one or both of the parties to the trade is a <b>member firm</b> (whether as <b>agent</b> or as <b>principal</b> ) and the trade is effected:
3000.1	in an <b>equity</b> which is <b>admitted to trading</b> and the <b>member firm</b> and its <b>customer</b> or <b>counterparty</b> agree at or prior to the time of effecting the trade that it shall be subject to the rules of the <b>Exchange</b> ; or
3000.2	in any <b>instrument</b> which is not an <b>equity</b> .

##### 3.1.2 Requirement to trade report [3010-3013]

###### Obligation to trade report

G 3010	A trade report shall be submitted to the <b>Exchange</b> in respect of every <b>on Exchange</b> trade to which a <b>member firm</b> is a party in accordance with the trade reporting responsibility Rule 3012.
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*Guidance to Rule:*

*Every **on Exchange** trade must have a **trade report**, whether it is to be published or not, with each trade representing a distinct market contract that will have the protection of the **Exchange's** rules, including settlement.*

*For trading in **equities**, the absence of a **trade report** therefore means either:*

- 1. the trade is an "off Exchange" or "OTC" trade; or*
- 2. where there is other supporting evidence that a trade was intended to be **on Exchange**, a breach of the **Exchange's** trade reporting responsibility rules.*

*For trading in **fixed interest securities**, the absence of a **trade report** implies a breach of the **Exchange's** trade reporting responsibility rules.*

***On Exchange** principal crosses, where there are two distinct contracts, require two distinct **trade reports** if both legs are to be brought **on Exchange**.*

***On Exchange** agency crosses, where there is only one contract, require a single **trade report**.*

*For the purposes of this rule, a trade is considered concluded or executed as soon as:*

- a) the terms of the trade with regard to the price and volume are agreed between the buyer and the seller; or*
- b) where a trade includes multiple legs and where an agreement on the terms of each of the legs is a pre-condition to the completion of the trade, the trade is completed when all the legs have been put in place and agreed*

G 3011	An <b>on Exchange</b> trade report for <b>equities</b> must not duplicate another <b>trade report</b> in respect of the same execution unless it is being brought <b>on Exchange</b> as part of average price trade and uses a non publishing trade type indicator.
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*Guidance to Rule:*

A **member firm** should not submit a publishing **trade report** where one has already been submitted to the **Exchange**. Examples of this would include, but not be limited to:

1. where a **trade report** was automatically generated by the **Exchange's** trading system;
2. where the trade represents an average price for a **customer** and the market facing trades have all been published.

In relation to point 2 above, a **member firm** should enter a non-publishing **trade report** (with trade type indicator of "NM") where the trade is **on Exchange**.

In relation to multi-legged trades, the **Exchange** would expect the publication arrangements to be clear and agreed by all parties involved who have a potential publication obligation. Typically the **member firm** in the middle has visibility of both trades and is therefore principally responsible for ensuring that there is no duplicate publication (either within a single venue or across multiple venues).

This may require the middle **member firm** (and all others) to engage in dialogue with its **counterparties** about publication intentions – **member firms** should already be fully engaged on reporting intentions.

As a general principle the **Exchange** suggests that the 'market' facing leg(s) should be published and the 'client' facing leg(s) should not be published irrespective of which legs are **on Exchange** or off **Exchange**. In the absence of an over 'market' facing leg(s) and 'client' facing leg(s), the **member firm** in the middle is best placed to determine which leg should be published, though this conclusion should be agreed with all parties involved who have a potential publication obligation under the **Exchange's** rules or otherwise.

To illustrate this, the following principal cross scenarios could arise:

- if both legs are **on Exchange**, then publishing 'market' **trade report** and non-publishing 'client' **trade report**
- if one leg is **on Exchange**, then either publishing 'market' **trade report** where the off **Exchange** leg is not published; or non-publishing 'client' **trade report** where the off **Exchange** leg is published
- if neither leg is **on Exchange**, then no **trade reports**.

G	3012	The following <b>trade reporting</b> responsibility rules apply, unless otherwise agreed in accordance with Rule 3013:
	3012.1	a trade between a <b>member firm</b> and a non-member, the <b>member firm</b> reports;
	3012.2	a trade between two <b>member firms</b> , the selling <b>member firm</b> reports.

Guidance to Rule:

Rule 3012.1

This would include an **agency cross** where the orders are matched by the **member firm**.

In connection with **equity** trades, **member firms** should note that if they wish the second leg to be regarded as an **on Exchange** trade then they will have to submit a separate, non publishing **trade report** using the "NM" trade type.

G	3013	In relation to Rule 3012, where two <b>member firms</b> agree at or prior to the time of the trade, the responsibility for trade reporting may be delegated to the other <b>member firm</b> .
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Guidance to Rule:

The rule recognises that **member firms** may wish to delegate the trade reporting responsibility to the other **member firm**. This may arise where a **member firm** trades infrequently and hence wishes to always delegate the reporting process or where the non reporting **member firm** wishes to gain protection under the **deferred publication** facility but the reporting **member firm** does not.

See guidance for trade types under Rule 3040.

### 3.1.3 Standard trade report deadlines [3020-3022]

G	3020	Where a trade is executed during the <b>trading day</b> , a <b>trade report</b> shall be submitted to <b>TradElect</b> <sup>®</sup> as close to real time as possible to, and in any case for <b>equities</b> within 3 minutes of, execution and for <b>fixed interest securities</b> within 5 minutes of execution.
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*Guidance to Rule:*

**Member firms** should ensure that **trade reports** are submitted to the **Exchange** as close to instantaneously as technically possible.

**TradElect**<sup>®</sup> will instantaneously publish a **trade report** unless **deferred publication** is requested via the trade type indicator (and the trade is large enough to qualify for delay), see also Rule 3034.

	3021	If one leg in a <b>fixed interest securities</b> trade is not reported within the end of the <b>trade reporting period</b> , the <b>member firm</b> having reported the other leg should cancel the <b>trade report</b> within the end of the <b>trade reporting period</b> . The trade should be re-reported on the following trading day.
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	3022	Where a trade is effected outside the <b>trade reporting period</b> , a <b>trade report</b> shall be submitted at the start of the next <b>trade reporting period</b> and in any case within 09:00 CET.
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### 3.1.4 Trade Publication [3030-3035]

#### Deferred publication

G	3030	A <b>member firm</b> may for <b>MiFID transparent securities</b> elect to use the <b>deferred publication</b> facility where the trade is between the <b>member firm</b> dealing on own account and its <b>customer</b> .
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*Guidance to Rule:*

A **member firm** may elect to delay the publication of an equity trade by submitting a **trade report** with the relevant trade type. This facility does not apply to a trade:

- where the **member firm** is acting in an agency capacity;
- offsetting an existing **deferred publication**; or
- in a security that is suspended.

	3031	A <b>member firm</b> shall for <b>MiFID transparent securities</b> not:  3031.1 aggregate trades in order to qualify for treatment under the <b>deferred publication</b> facility;  3031.2 add subsequent trades to a <b>deferred publication</b> in order to increase its size; or  3031.3 submit or agree to submit a correction for the sole purpose of re-reporting a trade in order to gain or extend a delay in publication.
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G	3032	For <b>fixed interest securities</b> , a <b>member firm</b> may elect to use the <b>deferred publication</b> facility for all <b>manual trades</b> .
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A **member firm** may elect to delay the publication of a **fixed interest securities** trade by submitting a **trade report** with the relevant trade type.

	3033	A <b>member firm</b> may release a <b>deferred publication</b> trade for publication at any time prior to automatic publication.
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#### Publication

	3034	The <b>Exchange</b> shall publish details of trades derived from <b>trade reports</b> as specified in the <b>Market models</b> .
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3035

A **member firm** may provide information in relation to **on Exchange** trades elsewhere so long as such **member firm** ensures that **on Exchange** trades are identified as such.

### 3.1.5 Required content of trade reports [3040]

G 3040

A **member firm** must ensure that the content of a **trade report** is accurate and entered in accordance with the guidance to this Rule and the **Market models**.

*Guidance to Rule:*

#### Counterparty ID

Where the **customer** or **counterparty** is a **member firm** that employs a **settlement agent**, the **member ID** for the **member firm** must be used and not the **member ID** of the **settlement agent**.

#### Date and time of the trade

The time of execution of a 'give up', which should be shown as the trade time on the **trade report** for the 'give up', is the time at which the 'give up' is agreed between the two **member firms** involved.

**Member firms** shall submit the exact date and time of when a trade is agreed to the nearest second. Therefore, the trade time submitted on a **trade report** should not automatically default to 00 seconds or any other automatic default of time traded.

#### Buy or Sell

The reporting party must state whether they are the buyer or the seller.

#### Trade type

Each **trade report** can only have one trade type indicator. A **member firm** must therefore decide the most appropriate indicator in relation to the trade.

- Trades with standard settlement conditions may be entered as ordinary trades.
- The **negotiated trade** type indicator should only be used where the trade qualifies as a **negotiated trade**. Where a **negotiated trade** is subject to conditions other than the current market price of the share, a **member firm** should include the "SP" trade reporting condition on the **trade report**.
- Where a **trade report** for **equities** is not to be published, in accordance with Rule 3011, it should be reported as a non-publishing **trade report**.
- In the event that the reporting of a trade is delegated subject to Rule 3013, the same trade type indicator should be used (i.e.: ordinary trade or **negotiated trade**).

#### Price and Size of the trade

All **trade reports** must be the gross price (excluding any commission).

#### Dealing capacity of the **member firm**

The dealing capacity must be either "A" for **agent**, or "P" for **principal**.

#### Converted currency

The converted currency indicator should be used if the execution is done in another currency and converted into the currency as stipulated by **TradElect**<sup>®</sup>.

#### Reporting condition

Where the terms of a trade conflict with the market conditions prevailing at the time of the

trade, the reporting condition should be included. Examples where the reporting condition should be used include, but are not limited to:

- where the trade is done on a special cum or ex dividend / coupon / rights / bonus / capital repayment basis;
- where the trade is for guaranteed delivery;
- where the trade is part of a **portfolio**;
- where the trade is a VWAP;
- where the trade is a “give up”;
- special price;
- where the trade is for non standard settlement; or
- where a **negotiated trade** is subject to conditions other than the current market price of the share.

#### **Unique trade identifier**

Where a firm wishes to include a **unique trade identifier** this should be entered in the buy client reference field where the trade is a purchase or in the sell client reference field where the trade is a sale.

#### **3.1.6 Trade report corrections [3050-3051]**

3050	If a <b>member firm</b> becomes aware of a <b>trade report</b> it has submitted in error, or of an error in a <b>trade report</b> submitted by it under these rules, it shall immediately submit a correction to <b>TradElect<sup>®</sup></b> .
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3051	A correction to a <b>trade report</b> is to be made as soon as possible and in any case within the end of the <b>trade reporting period</b> . The correction shall be effected by cancelling the <b>trade report</b> , and if correcting an error to the <b>trade report</b> , submitting a new <b>trade report</b> .
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#### **3.1.7 Exchange enforced cancellation of trades [3080]**

3080	Rule 2120 and 2121 applies correspondingly to off <b>order book</b> trades.
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## 4 MARKET MAKING RULES (reserved)

## 5 SETTLEMENT AND CLEARING RULES

### 5.1 Settlement

#### 5.1.1 Obligation to settle [5000]

G	5000	A <b>member firm</b> shall ensure that every <b>on Exchange</b> trade effected by it is duly settled.
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*Guidance to Rule:*

A **member firm** is responsible for ensuring the delivery of **instruments** and payment on the agreed settlement due date for all its **on Exchange** business in accordance with the rules of the relevant central securities depository, cf. Rule 1020.

#### 5.1.2 Time of settlement [5010-5013]

5010	A three day settlement schedule (T+3) shall apply to trades unless otherwise stated in Rule 5011, 5012 or 5013.
5011	For trades in <b>fixed interest securities</b> with an initial period of time to maturity of 12 months or less a two day settlement schedule (T+2) shall apply.
5012	The parties to <b>manual trades</b> may agree upon a deviating settlement schedule.
5013	The <b>Exchange</b> may decide upon a modification of the settlement schedule where special cause exists and in consultation with the party maintaining the register in respect of the <b>Instrument</b> in question.

#### 5.1.3 Mandatory Clearing [5020-5023]

5020	It is mandatory to clear all trades dealt in <b>central counterparty securities</b> matched in <b>TradElect®</b> in a <b>central counterparty</b> .
5021	Mandatory clearing can only take place in a <b>central counterparty</b> , which has entered into a <b>clearing agreement</b> with the <b>Exchange</b> .
5022	The <b>Exchange</b> may from time to time define which <b>instruments</b> shall be regarded as <b>central counterparty securities</b>
5023	Mandatory clearing does not apply in connection with <b>when issued dealing</b> .

### 5.2 Clearing through a Central Counterparty

### 5.2.1 Clearing arrangements [5201-5202]

G	5201	A <b>member firm</b> shall not enter an order in a <b>central counterparty security</b> in TradElect® unless:
	5201.1	it is a <b>clearing member</b> with a current and valid <b>clearing membership agreement</b> with a <b>central counterparty</b> ; or
	5201.2	it is a <b>Non Clearing Member</b> for which a <b>General Clearing Member</b> has submitted a current and valid <b>clearing declaration</b> to a <b>central counterparty</b> and the <b>General Clearing Member</b> will clear any resulting trade on behalf of the <b>Non Clearing Member</b> .

*Guidance to rule:*

**Non Clearing Members** can only clear trades through one **General Clearing Member** at the time. An exemption from this requirement may apply if **the central counterparty** have accepted that two **General Clearing Members** act for the same **Non Clearing Member** as a **General Clearing Member** for the period of time required to effectuate a transfer of responsibility for the **Non Clearing Member** between the two **General Clearing Members**.

Should for any reason, for example due to technical errors, orders be placed or trades executed in a **central counterparty security** in TradElect® in breach of this Rule 5201, such orders and/or trades shall be null and void, and consequently cancelled.

	5202	A <b>General Clearing Member</b> shall be bound by the terms of a trade entered into in accordance with Rule 5201.2, irrespective of anything contained in any agreement or arrangement between the <b>General Clearing Member</b> and the <b>Non Clearing Member</b> .
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### 5.2.2 Central counterparty's rejection of trades for clearing [5203 – 5204]

G	5203	If the <b>Exchange</b> is notified by a <b>central counterparty</b> that clearable trades are rejected or not sufficiently, or not at all, received by the <b>central counterparty</b> the <b>Exchange</b> shall use its best effort to correct the defect and forward the trades for clearing within the time limit set by the <b>central counterparty</b> for accepting corrected trades for clearing.
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*Guidance to Rule:*

*This Rule 5203 only applies to situations where all prerequisites for clearing of a trade is in place, such as a valid clearing arrangement as set out in Rule 5201, but the required information to register the trade in the **central counterparty's** clearing system for any reason is not present or incorrect or if the lack of sufficient information required to clear the trade is due to a technical error in the **Exchange's** trading system.*

*If the trade is not corrected within the relevant time limits, a bilateral contract will exist between the original seller and buyer on the **order book**, cf. Rule 5210. In such situations, the **Exchange** shall inform the affected **member firms** as soon as possible.*

	5204	A <b>clearing member</b> must comply with the rules of its <b>central counterparty</b> and any reasonable conditions imposed by the <b>central counterparty</b> with regard to clearing <b>central counterparty contracts</b> at all times.
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### 5.2.3 Central counterparty Contracts [5210]

	5210	The point at which a <b>central counterparty contract</b> comes into being will be defined in the rules of the relevant <b>central counterparty</b> .  If a valid and firm trade on the <b>Exchange's</b> order book is not eligible for <b>central counterparty</b> processing for any reason other than that a valid clearing arrangement is not in place as regulated in Rules 5220 and 5222 then a bilateral contract will exist
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between the original buyer and seller on the order book.

#### 5.2.4 Suspension and termination of clearing arrangements [5220 – 5224]

G	5220	<p>A <b>clearing member</b> must notify the <b>Exchange</b> prior to terminating its <b>clearing membership agreement</b> with a <b>central counterparty</b> and/or entering into a <b>clearing membership agreement</b> with a new <b>central counterparty</b>.</p> <p>A <b>Non Clearing Member</b> must notify the <b>Exchange</b> prior to terminating its clearing arrangement with a <b>General Clearing Member</b>, cf. Rule 5201.2</p> <p>A <b>General Clearing Member</b> must notify the <b>Exchange</b> prior to suspending its services as a <b>General Clearing Member</b> to any <b>Non Clearing Member</b>.</p>
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*Guidance to Rule:*

*The notifications shall be made by telephone to the Market Surveillance Department on + 47 22 34 19 45 and followed by a written confirmation of the planned suspension on e-mail ([mo@oslobors.no](mailto:mo@oslobors.no)).*

*Please note the advance notification duty set out in Rule 1051 stipulates that a **member firm** shall notify the **Exchange** in writing, at least 21 calendar days in advance of the proposed effective date, of any proposed changes to its membership profile, including but not limited to the member's scope of clearing arrangements in relation to on **Exchange** business. Accordingly, for planned changes in a **member firms'** clearing arrangements a 21 calendar days notification rule applies.*

*In any other situations which are covered by the wording of this Rule 5220 the **member firm** and/or the **clearing member** shall inform the **Exchange** immediately after the decision is taken that the clearing arrangement will be terminated/suspended and in any case prior to doing so.*

*Further, **member firms** should be aware that it is a condition precedent for being a full **member firm** or equity **member firm** that the member has a current and valid clearing arrangement in place, cf. Rule 1020, and that the immediate notification duty set out in Rule 1050 applies in addition to Rule 5220. The same applies to limited **member firms** authorised to trade in **central counterparty securities**.*

G	5222	<p>If the <b>Exchange</b> is notified by a <b>clearing member</b> or a <b>Non Clearing Member</b> about terminations/suspensions in accordance with Rule 5220 above or the <b>Exchange</b> is notified by the relevant <b>central counterparty</b> that a <b>member firm</b> for any reason, does not have a valid clearing arrangement in place, the <b>Exchange</b> shall immediately:</p> <ul style="list-style-type: none"><li>(i) suspend the <b>member firm</b> from <b>on Exchange</b> order book trading; and</li><li>(ii) inform the other <b>member firms</b> about the <b>Exchange's</b> decision to suspend the <b>member firm</b> from <b>on Exchange</b> order book trading</li></ul>
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*Guidance to Rule:*

*The **Exchange** will not undertake an independent review of the **central counterparty's** decision to terminate a **clearing membership agreement** or suspend a **member firm** from clearing or a **General Clearing Member's** decision to withdraw a **Non Clearing Member's clearing declaration**, but will entirely rely on the **central counterparty's** assessment.*

*The **Exchange's** suspension of the **member firm's** on **Exchange** order book trading may be revoked as soon as the **member firm** has re-established a valid clearing arrangement and it is advisable to do so taking into account the effective functioning of the market.*

*In the event a **General Clearing Member** is suspended, the **member firms** for which the **General Clearing Member** clear, should as soon as possible arrange for another **General Clearing Member** to provide a clearing declaration on their behalf to a **central counterparty**, in order to continue trading in central counterparty securities on*

G	5223	From the moment a <b>member firm</b> , for any reason, does not have a valid clearing arrangement in place and/or is suspended from on <b>Exchange</b> order book trading, the <b>member firm</b> shall be under a duty not to submit new orders in <b>central counterparty securities</b> on the <b>Exchange</b> trading system.
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*Guidance to Rule:*

*Should for any reason, for example due to technical errors, orders be placed or trades executed automatically in the **Exchange's** trading system by a member firm without a valid clearing arrangement in place, for example by a **member firm** suspended from clearing, the **Exchange** will ensure that such orders will be removed and/or such trades will be cancelled, cf. Rule 5201.*

G	5224	If the <b>Exchange</b> is notified that a <b>member firm</b> or <b>General Clearing Member</b> as defined in Rule 1005 does not have a valid clearing arrangement in place, the <b>Exchange</b> may switch to automatic execution with bilateral trading or suspend automatic execution in accordance with Rule 5230.
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*Guidance to Rule:*

*The **Exchange's** powers set out above will be exercised if required in order to safeguard and ensure the effective and orderly functioning of the market.*

*The guidance to Rule 5230 regarding a move to bilateral trading applies equally to this Rule 5224.*

### **5.2.5 Central counterparty ceasing registration of central counterparty trades [5230-5231]**

G	5230	If a <b>central counterparty</b> , in accordance with its rules, gives notice to the <b>Exchange</b> of its intention to cease registering <b>central counterparty trades</b> , no <b>central counterparty contract</b> shall arise from the point that registration is suspended. From the point that the registering of <b>central counterparty trades</b> are suspended the <b>Exchange</b> may either:
	5230.1	switch <b>central counterparty securities</b> to automatic execution with bilateral trading and without a <b>central counterparty</b> ; or
	5230.2	suspend automatic execution.

*Guidance to Rule:*

*In the event that the **Exchange** is informed by a **central counterparty** of its intention to cease registering **central counterparty trades**, it will first stop automatic execution in accordance with the **market situation** Rule 1530 and will then either re-instate automatic execution with bilateral settlement or continue to stop automatic execution until such time that bilateral settlement can take place or until the **central counterparty** can again register **central counterparty trades**.*

*The **Exchange** would consider moving to bilateral trading and settlement in circumstances where the relevant **central counterparty** has withdrawn its **central counterparty** services in general or for one or more general clearing members, cf. Rule 5222. The withdrawal of **central counterparty** service by a **central counterparty** is expected to be an extremely rare occurrence and in particular, it is considered unlikely that a **central counterparty** would withdraw its services following a technical problem - such as temporary system unavailability - that was expected to be recoverable without damage to its financial integrity.*

*In the unlikely event that the **central counterparty** withdraws **central counterparty** services, **member firms** that wish to continue to trade on the **order book** will be expected to trade and settle on a bilateral basis in accordance with the **Exchange's** rules and the rules of the relevant central securities depository. As such, **member firms** that wish to participate in bilateral trading should have procedures and processes in place to ensure*

that their internal systems can manage the receipt of **counterparty** data and settle on a bilateral basis. These should cover front, middle and back office systems. The key factors that **member firms** will need to be aware of during the period of bilateral trading are set out below.

Timing of move to bilateral trading

The **Exchange** will provide **member firms** with reasonable notice of its intention to move to bilateral trading. The length of the notice period will depend on the circumstances at the time. However, **member firms** are advised that the **Exchange** may commence bilateral trading within a **trading day**. As such, **member firms** should consider in advance how they will implement a move to bilateral trading.

In order to facilitate the move to bilateral trading, automatic execution in **central counterparty securities** will be stopped for a period of time. During this time, **member firms** that do not wish to participate in bilateral trading can delete their existing orders. Trading will normally recommence with an auction call period.

Trading Messages - counterparty details

The trading message received by **member firms** following the execution of an automatic trade will contain the **member ID** for its **counterparty** rather than the code for the **central counterparty**.

**Member ID** codes are disseminated each morning as part of the daily Reference Data download. Alternatively, **member IDs** can be located in the Membership section of the Exchange's website.

G 5231	If a <b>central counterparty</b> fails, in accordance with its rules, to give notice to the <b>Exchange</b> of its intention to (a) cease registering and/ or (b) suspend the processing of, <b>central counterparty trades</b> , in the absence of any contrary indication from the <b>Exchange</b> (whereby the <b>Exchange</b> may act in accordance with Rule 5230 above), the <b>matched buyer</b> and the <b>matched seller</b> shall be deemed to be subject to a bilateral trade on the same terms and at the same time as the orders were matched so that the <b>matched buyer</b> and <b>matched seller</b> settle the trade with each other directly. If the <b>Exchange</b> and the relevant <b>central counterparty</b> agree for the <b>central counterparty</b> to register a <b>central counterparty trade</b> which it has previously declined to register, upon such registration the bilateral trade between the <b>matched buyer</b> and <b>matched seller</b> shall be cancelled and a <b>central counterparty contract(s)</b> shall arise.
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Guidance to Rule:

Treatment of pre-suspension trades

The **Exchange** will always wish to ensure that any trade executed before the suspension of **central counterparty** services will be treated as a centrally cleared trade. However, the treatment of such trades will depend on the cause of the suspension.

The **Exchange** will communicate the status of pre-suspension trades as soon as possible after the conclusion of discussions with the relevant **central counterparty**.

## 6 COMPLIANCE PROCEDURES

### 6.1 Disciplinary process

Where the **Exchange** believes there has been a breach of these rules by a **member firm**, or by **employees** of officers of the **member firm**, the **Exchange** may commence disciplinary action against such **member firm**, **employees** or officers in accordance with the provisions set out below. There are a number of factors which the **Exchange** takes into account when considering what disciplinary action to take in relation to a rule breach.

- The seriousness, size and nature of the rule breach
- How the rule breach came to light
- The actual or potential market impact of the rule breach, and any other repercussions
- The extent to which the rule breach was deliberate or reckless
- The general compliance history of the **member firm**, and specific history regarding the rule breach in question
- Consistent and fair application of the rules (any precedents of previous similar rule breaches)
- The responsiveness and conduct of the **member firm** in relation to the matter under investigation.

The **Exchange's** approach to regulation is aimed at maintaining the integrity, orderliness, transparency and good reputation of its markets and changing **member firms'** behaviour in those markets where necessary. The **Exchange** will investigate the facts of each case, seeking to understand why the rule breach occurred and will assess whether any remedial action the **member firm** has taken is adequate to prevent similar future occurrence.

The Exchange Appeals Committee (Børsklagenemnden) is a panel comprised of appropriately experienced (non-**Exchange**) persons and considers appeals against the decisions of the **Exchange**. The procedures followed by the Exchange Appeals Committee are set out in rules Chapter 8 of the **Exchange Regulations**. The Exchange Appeals Committee may uphold, quash or vary any decision it is asked to consider.

C	100	Where a <b>member firm</b> breaches the provisions of the <b>Exchange Act</b> or the <b>Exchange Regulations</b> , these rules, business terms and conditions or good business practices, or otherwise demonstrates unsuitability to be a <b>member firm</b> , the <b>Exchange</b> may:  (i) Issue a warning to the <b>member firm</b> ; (ii) Suspend the <b>member firm</b> from participation in trading; (iii) Terminate the membership or withdraw the right to participate in trading, provided that the breach is material.
C	101	Where a <b>member firm</b> breaches the provisions of the <b>Exchange Act</b> or the <b>Exchange Regulations</b> , or materially breaches these rules or business terms and conditions, the <b>Exchange</b> may resolve to impose a violation charge, payable to the <b>Exchange</b> .
C	102	Where a <b>member firm</b> , its <b>employees</b> or officers fail to comply with the information requirements pursuant to the <b>Exchange Act</b> or the <b>Exchange Regulations</b> , the

**Exchange** may impose a daily fine on the **member firm, employee** or officer until such time as the information requirement is complied with. The daily fine may not exceed NOK 500,000 per day for the **member firm** and NOK 50,000 per day for **employees**.

C 103  
G A **member firm** upon whom a daily fine or violation charge is imposed, or in respect of whom a decision is taken regarding termination of membership or withdrawal of authorisation, shall be notified in writing of the decision and the grounds for the decision. Information shall also be provided regarding the right to appeal to the Exchange Appeals Committee, the time limit for such appeal, and the appeal procedure. The decision and the grounds for the decision shall be published.

*Guidance to Rule:*

*The **Exchange's** power to impose a daily fine is regulated by Section 30 of the **Exchange Act** and Section 32 of the **Exchange Regulations**. The **Exchange's** power to impose a violation charge is regulated by Section 31 of the **Exchange Act** and Section 33 of the **Exchange Regulations**.*

C 104 A **member firm** may appeal against decisions of the **Exchange** as set out in Rule C100, C101 and C102. A decision involving a warning of the **member firm** may however not be appealed. Appeals must be made and will be handled in accordance with Chapter 8 of the **Exchange Regulations**.