



BondVision

PROVISIONS FOR IMPLEMENTATION of MARKET REGULATIONS

PROVISIONS FOR IMPLEMENTATION OF PART I OF THE REGULATIONS

Art.1. Definitions (Art. 1 Reg.)

1. The definitions contained in art. 1 of the Regulations shall be deemed to be incorporated in full in these Provisions, with the same meanings.
2. Moreover, in these Provisions, the expression:
 - “Regulations” shall mean the BondVision Regulations resolved on by the General Meeting of the Management Company and approved by the Treasury
3. In case the purchase price of the securities forming the subject of the contracts referred to in art. 21 para. 1b of the Regulations has been agreed on the basis of a rate, the said price shall be determined by applying the following conversion formula to the said rate:
$$P=100/(1+R)^T$$
where:
P= percentage price
R= gross yield at maturity/100 (e.g. 5%=0.05)
T= number of calendar days between the date of settlement of the transaction and the maturity date traded/365
4. The same formula is applicable to the countervalue expressed in terms of rates in the contracts referred to in art. 21 para. 1a.

PROVISIONS FOR IMPLEMENTATION OF PART III OF THE REGULATIONS

Art. 2. Settlement service (Arts. 9.3 and 9.4 Reg.)

1. In relation to the settlement of Italian government bonds, direct participation in the Settlement service is obtained pursuant to the rules issued to implement section 69 sub-section 1 of the CLFI, in accordance with the procedures established by the party that operates the said Service, including the obligation to maintain deposits of cash and securities at the Bank of Italy.
2. Indirect participation in the Settlement service is obtained by means of an agreement entered into with another party (Direct Participant) which directly participates in that Service, and has signed an agreement with MTS S.p.A. whereby the latter arranges the payments and receipts in securities and cash required to perform contracts entered into on the market by the indirect participant through the Settlement service.

3. Contracts relating to securities other than euro-denominated securities issued by the Italian republic are not settled through the Settlement Service.

4. Direct or indirect participation in settlement systems other than the Italian system may be obtained.

Art. 3. Criteria for calculation of net asset value (Art. 9.3 d Reg.)

1. If no legislative (public law) regulations exist for the purpose of determining the net asset value of the Participant concerned, for supervisory purposes, the net asset value will be calculated on the basis of the criteria laid down in the international accounting principles issued by the International Accounting Standards Committee (I.A.S.C.).

Art. 4. Assessment of admission requirements (Arts. 9.3 and 10 Reg.)

1. The admission criteria referred to in art. 9 para. 3 of the Regulations will be investigated when the application for admission is being assessed.

2. Possession of the net asset value requirement will be assessed by the Management Company by reference to the applicant's last approved accounts or, if more recent, the last supervisory report.

3. The Management Company may establish that the applicant possesses the net asset value requirement by obtaining a certificate issued by auditors enrolled in the roll referred to in s. 161 of the CLFI. In the case of intracommunity Participants, the said certificate may be replaced by a similar certificate issued by a company authorised to conduct compulsory audits in the country of origin.

4. Direct participation in the Settlement service is verified by obtaining a certificate issued by the company managing said Service. However, the Management Company may exempt the Participant from producing the said certificate if the management of the Service provides the Company with a list of the direct participants in the Service. Indirect participation in the Settlement service is ascertained by obtaining the original of the agreement between the indirect participant and the Direct Participant referred to in art. 2 para. 2 hereof.

5. Possession of the requirement of organisational suitability is established on the basis of the data and information supplied to the Management Company by filling in the questionnaire provided by the Company. The Company is also entitled to make a direct check on the statements made by the applicant.

Art. 5. Procedure for admission to trading (Art. 10 Reg.)

1. Any party wishing to be admitted to trade on the BondVision market must deliver a duly signed application to the Management Company on the form contained in Annex X hereto, together with the documentation specified therein. The said applicant may begin trading on the date specified by the Management Company on the deed of acceptance of the application.

2. If the annexed documentation is incomplete, the Management Company will notify the applicant in writing and invite it to provide the missing documents. Until such missing documents have been delivered to the Management Company, the period referred to in art. 10 para. 3 of the Regulations will be suspended. If the applicant fails to deliver the requested documents within two months of the date of the said notice, the application shall be deemed to be rejected.

3. Applications for admission will be examined by the Management Company in order of receipt.

Art. 6. Acts prejudicial to the smooth operation of the market (Art. 11.1 c Reg.) and suspected insolvency (Art. 13.1 and 13.2 Reg.)

1. Acts performed with a view to altering the correct formation of prices shall be deemed to be prejudicial to the smooth operation of the market. This category includes, by way of example but not of limited to, trading performed for the sole purpose of increasing market shares, without significant financial movements.

2. If the conduct referred to in para. 1 of this Article should take place, the Management Company will request information from the party concerned through the structures set up for this purpose, including the information referred to in art. 32 of the Regulations if it thinks fit.

3. Pursuant to art. 13 para. 1 of the Regulations, a notice sent by a Direct Participant in the Settlement service stating that a Participant which is an indirect participant in the said Service has not fulfilled its commitments to the said Direct Participant by the due dates constitutes good grounds to consider the said Participant as insolvent.

Art. 7. Tariffs (Art. 11.1 k Reg.)

1. The fee payable by each Participant for the services supplied by the Management Company shall be determined by applying the tariffs specified in Annex F of the User Agreement.

In fixing the Fee, the Management Company may take into account the Participants' membership to MTS; in particular, special conditions may apply to the Participants that are members of this market.

Art. 8. Assessment of continued existence of admission conditions (Art. 12 Reg.)

1. The annual period used for the purpose of checking that the admission conditions continue to be met shall run from the first working day of the month after the date on which the Participant is admitted to trade on the market. After the first year, all annual periods shall run from the first working day after the last day of the preceding period.

2. The annual check made by the Management Company to ensure that the net asset value requirement continues to be met will be based on the last approved accounts or, if more recent, the last supervisory report.

3. A Participant which, on the basis of the last approved accounts or, if more recent, the last supervisory report, proves to possess a net asset value less than 1.5 times the minimum asset value required for admission, may also be checked at intervals of less than a year. In such case, the check may be performed by reference to a specific balance sheet drawn up with the same criteria as those used to draft the annual accounts.

4. The terms of Art. 4 para. 3 of these Provisions shall apply to the checks referred to in the preceding paragraphs of this Article.

5. The period of 3 months referred to in art. 13 para. 2 of the Regulations shall run from the date of the report confirming the failure to meet the asset value requirement or, if earlier, from the date on which the Management Company ascertains that the said requirement has not been met. The party which no longer fulfils the said requirement shall promptly comply with the requests for information made to it by the Management Company during the said period, and shall demonstrate on its own initiative that the minimum net asset value referred to in art. 9 para. 3d of the Regulations has been re-attained by producing a certificate issued as described in art. 4 para. 3 of these Provisions, by the due date. The said party may also apply to be suspended from trading, in which case the Management Company shall immediately suspend it. Such suspension shall not affect the obligations referred to in art. 7 of these Provisions.

6. The continued verification that the admission requirements referred to in art. 9 para. 3a of the Regulations are being met may be verified by obtaining a certificate issued by the manager of the said Clearing and Settlement Service. However, the Management Company may exempt the Participant from producing the said certificate if the management of the Service provides the Company with a list of the direct participants in the Service. Indirect participation in the Clearing and Settlement Service is ascertained by obtaining the original of the Agreement between the indirect participant and the direct participant-settler referred to in art. 2 para. 2 hereof.

7. The check performed to ensure that the requirement of organisational suitability continues to be met will be made in accordance with the procedure referred to in art. 4 para. 5 or other simplified formalities established by the Management Company.

PROVISIONS FOR IMPLEMENTATION OF PART IV OF THE REGULATIONS

Art. 9. Procedure for registration in Primary Dealers' Register (Art. 16.1 Reg.)

1. A Participant wishing to be registered in the Primary Dealers' Register shall deliver a duly signed application to the Management Company on the form contained in Annex Y hereto, together with the documentation specified therein. Registration in the Register will take effect on the date specified by the Management Company in the deed of acceptance of the application, and will normally coincide with the first day of the calendar half-year (1st January or 1st July) following the date of acceptance of the application.

Art. 10. Assessment of requirements for registration in Primary Dealers' Register (Arts. 16.1 and 16.2 Reg.)

1. The possession of the requirements for registration in the Primary Dealers' Register will be investigated at the time when the application for registration is considered.

2. The investigation referred to in the preceding paragraph of this Article will be performed in accordance with the procedures referred to in art. 4 paras. 2, 3, 5.

Art. 10 bis (Art. 17.1 Reg.)

1. Primary Dealers grant the Management Company the authority to reply to all the requests for price received from the Client with a null response in the event that the Primary Dealer does not respond within the Auction time.

2. Primary Dealers commit to contribute to forming anonymous indicative prices as per follows:

- a. each Primary Dealer is assigned on a monthly basis a subset of securities chosen from securities already assigned to the Primary Dealer's institution on the EuroMTS Platform (indicatively no more than 80% of these securities);
- b. each Primary Dealer commits to contribute on these securities two way prices for a minimum of five hours daily;
- c. each Primary Dealer has the faculty, but not the obligation, to contribute indicative prices on a limited number of additional securities not assigned to the Primary Dealer by the Management Company.

Art. 11. Assessment of continued existence of requirements for registration in Primary Dealers' Register (Art. 18 Reg.)

1. The assessment performed to ensure that the requirements for registration in the Primary Dealers' Register continue to be met will be performed in accordance with the procedures referred to in art. 8.

PROVISIONS FOR IMPLEMENTATION OF PART V OF THE REGULATIONS

Art. 12. System pages (Art. 22.2 Reg.)

1. The System is described in the pages of the Operating Manual specified in Annex C of the User Agreement.

Art. 13. Trading Hours (Art. 22.5 Reg.)

1. BondVision observes the market hours shown below (Continental European time):

Pre-Opening:	7:30-8:00. The Primary Dealer may insert price proposals. Negotiation is forbidden. The price proposals of other Primary Dealers are not visible.
Market Open/Settlement Close:	8:00-18:00. The Primary Dealers and the Participants may negotiate on the market.
Market Close/Split Definition:	18:00-18:15. All negotiations are suspended. Participants have a further 15 minutes to allocate the split trades carried out and not yet defined during the previous market phase.
Market Close:	18:15. All negotiations are suspended.

The Management Company may extend trading hours up until 19:00 (After Hour Trading). Participants may decide on a voluntary basis whether to participate to such market phase. Introduction of such After Hour Trading phase shall be notified by means of a circular.

Art. 14. Proposals (Arts. 23.2, 23.3 and 23.4 Reg.)

1. Proposals may be modified at any time.
2. For each type of financial instrument, Proposals will be sorted by the System by price. Proposals will be dealt with in the chronological order in which each one is entered in the System.
3. Proposals are anonymous and indicative. The quantities must be specified.

Art. 15. Requests for quotes (Art. 24.2 Reg.)

1. Requests for quotes may be sent to up to 10 Primary Dealers. The said Primary Dealers may be chosen from among those with which each Participant is authorised to trade.
2. The Participant must be authorised to trade on the system by at least two Primary Dealers for each market segment.
3. The total duration of a Request for quotes shall be 90 seconds.

4. Primary Dealers to which a Request for a quote is addressed shall issue an ask price, which may not be modified:

- for at least 3 seconds in the case of a competitive Request for Quote
- for at least 3 seconds in the case of a competitive Request for Quote of a switch type
- for at least 30 seconds in the case of a non-competitive Request for Quote.

Art. 16. Conclusion and registration of contracts (Arts. 25.1, 25.2 and 25.3 Reg.)

1. Applications shall indicate the quantity and the “closing price” of the contract, which shall be chosen from among the Proposals placed by Primary Dealers.

2. Matching of a Proposal with an Application which leads to closing of the contract shall take place in accordance with the following criteria:

- a) the Participant is free to accept the Proposal it prefers
- b) if more than one Proposal is issued at the same price, no automatic matching will be performed on the basis of the time of issue of the Proposal
- c) Primary Dealers to whom a Request for a quote is addressed will not be informed of the identity, only the number of the other Primary Dealers involved.

3. The Management Company will maintain a specific electronic archive in which the data relating to contracts concluded on the Market are recorded in real time, each contract being given a number which identifies:

- a) the contracting parties
- b) the type, subject and time of conclusion of the contract
- c) the quantity and price.

4. Authorised parties will be entitled to consult the archive at all times.

5. Acceptance of Applications below 2.5 million Euro or of an equivalent amount is at the discretion of the Primary Dealer.

Art. 17. Execution of contracts (Art. 26 Reg.)

1. Trades will be automatically checked by means of a specific function of the System.

2. The terms of execution of contracts relating to foreign securities will be established in accordance with market custom.

3. The System may automatically transmit regulation instructions on accounts that are explicitly indicated by the Participant.

PROVISIONS FOR IMPLEMENTATION OF PART VI OF THE REGULATIONS

Art. 18. Information notices for investors (Art. 28 Reg.)

1. The Management Company will make available to Participants the information referred to in art. 28 paras. 2 and 3 of the Regulations, by publishing it on the Statistics Page of the System.

PROVISIONS FOR IMPLEMENTATION OF PART VII OF THE REGULATIONS

Art. 19. Cancellation of contracts (Arts. 27 and 30.5 Reg.)

1. Erroneous contracts will be cancelled by the Management Company pursuant to joint written requests by the parties concerned, sent by fax to the Company before the close of the market.

2. If a cancellation request is received from one party only, the Management Company, acting in accordance with the mandate granted to it by the parties on admission to the market, will establish whether the contract should be considered irregular in the light of art. 22 para. 3 of the Regulations. The investigation will be conducted by establishing the extent to which the terms on which the contract was concluded are consistent with the market trend. If the Management Company rules that the contract was concluded on terms inconsistent with the market trend, or in any event at a difference of not less than 3% from the price of the last contract, it shall notify the parties and void the trade.

3. In case of malfunctioning the following unilateral trade cancellation procedure shall apply.

a) "MMI" means such circumstances relating to the technical functioning of the System as the General Manager of the Management Company, or his nominated substitute, shall determine to be a major market incident. Regard may be given to such factors as whether:

- (i) the System is inaccessible (or "down") during scheduled trading hours;
- (ii) market-making is restricted because, for example, a network trunk is "down" resulting in a material number of Primary Dealers being unable to access the System;
- (iii) the technical service level on the System is such that a material number of market participants cannot safely trade without their being exposed to significant market risks (for example, being unsure of their position, being unable to quote, being unable to see the best Price or seeing erroneous Prices in the best); or
- (iv) the security or integrity of the System is compromised, or at imminent risk, or the Management Company is unable to see or control the System using standard tools.

b) The period of duration of an MMI shall be from such time as the General Manager of the Management Company, or his nominated substitute, shall determine as the time of the first impact on the System of the MMI in question until such time as the General Manager of the Management Company, or his nominated substitute, shall determine as the time when the System has been restored to its normal state. Without prejudice to such discretion, it will normally be the policy to take the start time of an MMI as the time of receipt of the initial fault report notification.

c) If it is determined that an MMI has occurred, the Management Company shall perform cancellation of such trades as the General Manager of the Management Company, or his nominated substitute, shall determine are affected by the MMI. Without prejudice to such discretion, it may be determined that (a) affected trades include trades executed outside the period of the MMI, and (b) trades executed during the period of the MMI are not affected by

the MMI. The Management Company may, but is not obliged to, consult with market participants, whose trades are or may be affected by the MMI.

d) The Management Company shall notify the market participants timely and the Supervising Authorities of the occurrence of a MMI specifying the start time and the end of the same. Except in the event of force majeure impediments, so far as is practicable, the Company will inform the relevant counterparties, by the end of the Trading Day in question, of the trades that are subject to cancellation.“

PROVISIONS FOR IMPLEMENTATION OF OTHER TITLES OF THE REGULATIONS

Art. 20. Remote connection (Arts. 9, 16 and 22 Reg.)

1. For the purpose of arts. 9, 16 and 22 of the Regulation, Participants may install their own terminals outside the Republic of Italy, with remote connections to the System compatible with its operation, in compliance with the rules and principles applicable to each trade.

2. In order to ensure correct trading, the Management Company may issue instructions case by case, which may relate to the technical procedures for local and wide area network connections.

Art. 21 (Art. 30.3 Reg.)

1. In conducting an audit inspection at the Participant premises the Management Company is requested to grant the Participant reasonable notice.

2. The Management Company may conduct an audit inspection only in accordance with the operating procedure to be agreed by the BondVision Executive Committee and adopted by the Board of the Management Company."

LIST OF ANNEXES

Annex X: Participant Users' Agreement

Annex Y: Primary Dealer Users' Agreement