



PROVISIONS FOR THE IMPLEMENTATION OF THE MARKET REGULATIONS

PROVISIONS FOR THE IMPLEMENTATION OF TITLE I OF THE REGULATIONS (GENERAL PROVISIONS)

Article 1. Definitions (Article 1 of the Regulations)

1. The definitions contained in Article 1 of the Regulations shall be deemed to be incorporated in full in these Provisions, with the same meanings.
2. In addition, in these Provisions:
 - “Regulations” shall mean the BondVision Regulations adopted by the management company’s shareholders’ meeting and approved by the Ministry of the Treasury.

PROVISIONS FOR THE IMPLEMENTATION OF TITLE II OF THE REGULATIONS (FINANCIAL INSTRUMENTS)

Article 2. Determination of the minimum lot (Article 8 of the Regulations)

1. Financial instruments shall be traded in minimum quantities of at least €500,000.
2. Amounts smaller than the minimum lot may be traded to complete orders that are equal to or larger than such amount.

PROVISIONS FOR THE IMPLEMENTATION OF TITLE III OF THE REGULATIONS (PARTICIPANTS)

Article 3. Participants admitted to trading (Article 9 of the Regulations)

1. The following may participate in trading on the market:
 - a) persons authorised to engage in investment services or activities and dealing for own account under the Consolidated Law on Finance, the Consolidated Law on Banking or other special provisions of Italian law;
 - b) banks and investment firms authorised to provide services and engage in the activity of dealing for own account under laws of other EU countries, of non-EU countries belonging to the Group of Ten, or of non-EU countries not belonging to the Group of Ten, in the latter case subject to the consent of the Bank of Italy;
 - c) firms set up in the legal form of a *società per azioni* or a *società a responsabilità limitata* or equivalent:
 - i. in which the persons performing administrative, management and supervisory functions and those responsible for trading activity and the internal control function satisfy integrity and experience requirements equivalent to those applying to intermediaries that deal in financial





- instruments; this requirement shall not apply to firms authorised by the competent authority of an EU country to engage in one or more investment services or activities or collective portfolio management;
- ii. which have established an internal audit function that does not depend hierarchically on any person with operational responsibilities and that makes periodic checks on the activity of trading in financial instruments; the management company may exempt participants from this requirement after evaluating their size (the proportionality principle);
2. The following may be admitted to trading:
 - a) the Ministry for the Economy and Finance and the Bank of Italy;
 - b) monetary authorities, central banks, public bodies charged with managing the public debt and other entities performing analogous functions in EU and non-EU countries, subject to the conditions laid down in the Ministry for the Economy and Finance decree dated 25 September 2002.
 3. Participants that belong to one of the categories referred to in clause 1 must have a shareholders' equity, as shown by their latest audited annual financial statements, equal to at least €1 million.

Article 4. Admission conditions (Article 10.1 of the Regulations)

1. For the purpose of satisfying the requirements referred to in Article 10(1) of the Regulations, participants must attest that:
 - a) their trading staff know the rules and operating procedures of the market and the technical instruments for trading and have adequate professional qualifications and the compliance officer has a good knowledge of these Regulations and of the rules governing the functioning of the market and provides adequate support to the participant's trading structure in their application;
 - b) they have, on an ongoing basis, adequate systems, procedures and controls for trading activity
 - c) they have, on an ongoing basis, adequate procedures for the settlement of contracts.

Article 5. Admission procedure (Article 11 of the Regulations)

1. Fulfilment of the requirements referred to in Article 10 of the Regulations shall be assessed when the application for admission is examined. Applications referred to in Article 11(1) of the Regulations must be made by signing and sending the management company the "Application for Services", together with a copy of the authorisation issued by the competent Authority, if any.
2. The participant is required to complete the participation documentation with the following data:
 - a) information concerning the participation requirements;
 - b) information concerning the systems for accessing the market;





- c) in the case referred to in Article 3(1)(c), a copy of the minutes of the meeting of the board of directors containing the assessment of the experience and integrity of the persons specified therein or a declaration signed by the legal representative of the company that confirms compliance with the above mentioned requirements;
 - d) in the case referred to in Article 3(1)(c), a copy of the minutes of the meeting of the board of directors or the supervisory board during which the internal audit function was charged with making periodic checks on the trading activity involving financial instruments or a declaration signed by the legal representative of the company confirming that the appointment has been made.
3. The management company may consider the membership requirements referred to in Article 4 as fulfilled and not require the documentation already provided by the participant in connection with its participation in other regulated markets or multilateral trading facilities that it manages.

Article 6. Continued fulfilment of the participation requirements and admission conditions (Article 14 of the Regulations)

1. Participants admitted to trading shall notify the management company via e-mail of any change in the requirements referred to in Article 9 of the Regulations or in the conditions referred to in Article 10 of the Regulations, as well as any change resulting from corporate actions, including changes to the company's name.
2. Participants must notify changes referred to in the previous paragraph to the management company promptly or, in the case of corporate actions, with due notice with respect to the effective date so that the management company may make the necessary verifications, carry out any technical measures required and inform the market.
3. Within 15 days of the approval of the annual financial statements, participants referred to in Article 3(1)(c) must update the notification showing the shareholders' equity.
4. The management company may request participants, by sending an ad hoc communication, to update the requirements referred to in Articles 9 and 10 of the Regulations and all the data, information and documents serving to verify the admission conditions.

**PROVISIONS FOR THE IMPLEMENTATION OF TITLE IV
OF THE REGULATIONS (MARKET MAKERS)**

Article 7. Authorisation to act as market makers (Article 18 of the Regulations)

1. Participants that belong to one of the categories referred to in Articles 3(1)(a) and 3(1)(b) may apply to act as market makers.





2. To be authorised to act as a market maker, participants must sign and send the management company the relevant contract with the documentation specified therein and attest that they are recognized as market makers or the equivalent in at least one EU member state and/or as a market maker in one of the markets managed by the management company and/or its subsidiaries or affiliates within the meaning of Article 2359 of the Civil Code.
3. Authorisations shall become effective on the day on which the management company accepts the contract.

PROVISIONS FOR THE IMPLEMENTATION OF TITLE V OF THE REGULATIONS (TRADING)

Article 8. Trading hours (Article 24 of the Regulations)

1. BondVision operates in accordance with the following trading market hours (central European time):

Pre-opening:	7:30 – 8:00. Market makers may enter quotes Trading disabled Participants' own quotes not visible by other participants
Opening:	8:00 – 18:00. Participants may trade on the System
Market close / Split definition:	18:00. – 18:15 Trading suspended End users have 15 minutes to confirm the allocation of pending contracts to the necessary sub-accounts
Market close:	18:15 – Market close

The management company may extend trading hours up until 19.00 (After-Hours Trading). Participants may decide on a voluntary basis whether to participate in this market phase. The introduction of such an After-Hours Trading phase shall be notified by means of a circular.

Trading days:
Every business day in accordance with the trading calendar.

Article 9. Quotes (Article 25 of the Regulations)





1. Market makers' willingness to trade shall be expressed through quotes, which shall contain at least the following information:
 - a. the financial instrument to be traded;
 - b. the quantity;
 - c. the price.
2. Quotes shall be nominative and issued by market makers following quote requests from end users.
3. The management company shall not fix a maximum time during which quotes may be executed (Live Quote Time), leaving it up to each market maker to manage this parameter. When the Live Quote Time lapses, quotes shall no longer be active.
4. Market makers shall also display price indications; these may be nominative or anonymous and contribute to the formation of price levels to which end users may refer before sending quote requests. Such price indications must be representative of the levels of the bid and offer prices at which market makers are prepared to trade when there is a quote request.

Article 10. Quote requests (Article 26 Of the Regulations)

1. Quote requests may be sent to a maximum of 5 market makers.
2. The total duration of a quote request shall be:
 - a) 90 seconds for out right quote requests;
 - b) 120 seconds for switch or butterfly quote requests.

Every quote request that has not given rise to the conclusion of a contract when the time limits referred to above expire shall be automatically cancelled by the System.

3. Only one quote request may be made at any one time for a given financial instrument. On the contrary more than one quote request may be made simultaneously for different financial instruments.

Article 11. Conclusion of contracts (Articles 25(3) and 27 of the Regulations)

1. A contract on a financial instrument shall be concluded when a participant, following a quote request, accepts the quantity and price of a binding quote entered by a market maker.
2. Contracts shall be concluded in accordance with the following criteria:
 - a) participants shall be free to accept the quotes they prefer;
 - b) if there is more than one quote with the same price, the System shall not make an automatic match;
 - c) each market maker knows the number of other market makers the same quote request has been sent to, but not their identities.
3. Contracts may also be concluded if, within 5 seconds, a market maker accepts an end user's acceptance of a quote that is no longer active. If the market maker takes





no action (acceptance, rejection or reformulation), the quote is timed out after 5 seconds.

4. Concluded contracts may be allocated to sub-accounts by end users (split definition).

Article 12. Cancellation of contracts (Article 29 of the Regulations)

1. The management company shall cancel contracts on the basis of a bilaterally agreed request sent to the e-mail addresses the management company has provided by the interested parties before the market closes or immediately after the close.
2. If the cancellation of a transaction is requested by only one of the parties (unilateral cancellation) and agreement is not reached on bilateral cancellation, the procedure described below shall be followed to verify whether the conditions exist for unilateral cancellation.
3. In order to make unilateral cancellation possible, the management company shall verify that the value at which the contract was executed is clearly inconsistent with the correct market value of the subject financial instrument. To this end the management company shall:
 - ask five banks to e-mail it the market value of the financial instrument at the time the contract was executed;
 - calculate the average of the prices sent, excluding the two extremes, to establish the correct market value;
 - exclude the parties to the disputed transaction from the consultation.
4. Once the correct market value has been established, the management company shall verify whether the contract that is the subject of the cancellation request diverges from that value by at least the amounts contained in the following table.

Bucket maturity	Ticks discrepancy requested for unilateral cancellation (rounded to the nearest unit)
≤ 6.5 years.	10 basis points, i.e. the BPV of the instrument*10
> 6.5 years	7 basis points, i.e. the BPV of the instrument*7

Example: DBR 4.25 04/07/18 - DE0001135358
BPV = 8.71191 (on 19/01/2009)
Ticks discrepancy: $7 \times 8.71191 = 60.98 = 61$ ticks

5. If the disputed contract was concluded at a value that differs from the correct market value in accordance with the criteria established, the management company shall give effect to the request for unilateral cancellation.
6. The management company shall inform the parties of its decision by telephone (with e-mail confirmation).





PROVISIONS FOR THE IMPLEMENTATION OF TITLE VI OF THE REGULATIONS (PROVISION OF INFORMATION)

Article 13. Provision of information (Articles 30 and 31 of the Regulations)

1. To permit the correct performance of the trading activity, the management company shall make the following available on special pages of the System:
 - a) a table with the ID codes of the financial instruments;
 - b) a table with the ID codes and descriptions of the participants;
 - c) the information referred to in Articles 31(1) and 31(2) of the Regulations.

PROVISIONS FOR THE IMPLEMENTATION OF TITLE VII OF THE REGULATIONS (MARKET SURVEILLANCE)

Article 14. Audits on participants' premises (Article 33(3)(d) of the Regulations)

1. Exclusively for the purpose of verifying compliance with the Regulations, the management company may carry out audits on the premises of participants on giving due notice and proceeding in accordance with the procedures agreed with the BondVision Dealers Executive Committee and approved by the competent body of the management company.

Article 15 – Handling of technical breakdowns (Article 34 of the Regulations)

1. Major market incident (MMI) shall mean a malfunctioning of the System of such seriousness that the management company considers it as blocking the market's functioning.
2. The factors to be considered in establishing the seriousness of a malfunctioning shall be:
 - (i) whether the System is down during the trading hours of the market;
 - (ii) whether market making is restricted owing, for example, to a malfunctioning of the network that results in a material number of market makers being unable to access the System;
 - (iii) whether the technical service level on the System is such that a material number of participants cannot trade securely without being exposed to significant market risks (for example, if participants are unsure of their positions, unable to display quotes, unable to see the best bid and offer price indications, or see erroneous prices);
 - (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.





3. The start and the end of an MMI shall be established by the management company, with account also taken of the time of receipt of the notification of the malfunctioning.
4. If it is established that an MMI has occurred, the management company shall cancel the contracts affected by the MMI. In performing this cancellation the management company may also cancel contracts concluded outside the MMI period but still affected by the malfunctioning and/or contracts executed during the MMI but not deemed to have been affected thereby.

Board of Directors 28 May 2010

