

**Décision du 12 décembre 2017 relative aux règles de fonctionnement du système organisé de négociation « *KEPLER CHEUVREUX - OTF* »**

L'Autorité des marchés financiers,

Vu le règlement général de l'Autorité des marchés financiers en vigueur à compter du 3 janvier 2018, notamment les articles 531-7 et suivants ;

Vu la demande de KEPLER CHEUVREUX - OTF ;

Décide :

Article 1<sup>er</sup>

Sont approuvées les règles de fonctionnement du système organisé de négociation « *KEPLER CHEUVREUX - OTF* » telles qu'annexées à la présente décision.

Elles entreront en vigueur à la date du 3 janvier 2018.

Article 2

La présente décision sera notifiée à KEPLER CHEUVREUX et publiée sur le site Internet de l'Autorité des marchés financiers.

Fait à Paris, le 12 décembre 2017

Le Président de l'AMF

Robert Ophèle

Kepler Cheuvreux

# OTFLink rulebook

1.0

2017



Kepler  
Cheuvreux

112 Avenue Kleber - 75116 Paris

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Version	Date	Changes
1.0	04/12/2017	Initial version

# 1. INTERPRETATION AND DEFINITIONS

## 1.1 Interpretation

- (a) Chapter headings, section headings and the titles and number of rules are for guidance and for ease of reference only.
- (b) Any words or terms importing the singular shall, where the context permits, include the plural and vice versa.
- (c) References in the Rules to statutory or regulatory provisions shall be construed as references to those provisions as modified from time to time and to any subordinated legislation or regulation made under such provisions.
- (d) References in the Rules to obligations of Relevant Persons shall be deemed to constitute obligations of a Client to procure the obligation in relation to its Relevant Persons.
- (e) References to times shall mean those times in Paris unless stated otherwise.
- (f) References to days are Business Days unless stated otherwise.
- (g) To the extent that there is any conflict between this Rule Book and the User Guide, the Rule Book prevails.

## 1.2 Definitions

- (a) Unless otherwise expressly stated to the contrary in these rules or defined under the General Terms (as defined below), or where the context otherwise requires, capitalised terms and expressions shall have the following meaning:

**"Affiliate"** means a parent undertaking, a subsidiary undertaking or any other undertaking in the same group as that legal entity.

**"APA"** means "Approved Publication Arrangements" as described in the (EU) Directive No 2014/65/UE

**"ARM"** means "Approved Reporting Mechanisms" as described in the (EU) Directive No 2014/65/UE

**"Authorised Person"** means a senior manager of a Client identified to Kepler Cheuvreux as competent to advise the Member on the application of the Rules.

**"Business Day"** means a day on which OTFLINK is open for dealing as specified in the User Guide.

**"Kepler Cheuvreux"** means Kepler Cheuvreux or any assignee thereof.

**"Clearly Erroneous Transaction"** means a Transaction which Kepler Cheuvreux its sole discretion determines was executed at a price substantially away from, or on terms inconsistent with, the prevailing market price for that Financial Instrument at the time of execution within the meaning given in Rule 6.8 (b).

**"Confidential Information"** has the meaning set out in Rule 9.1(a).

**"Corresponding Transaction"** has the meaning set out in Rule 6.2(d).

**"Deutsche Bank"** means Deutsche Bank Group or any assignee thereof.

**"Eligibility Criteria"** has the meaning set out in Rule 3.1(b).

**"Error Trade"** has the meaning given in Rule 6.7.

**"General Terms"** means the General Terms and Conditions of the Kepler Cheuvreux group.

**"Event of Default"** means:

(a) in relation to a Client:

(i) failure by the Client to comply with or carry out any obligation (other than that left to Kepler Cheuvreux discretion under Clause 11.2 Settlement Failure), to be complied with or carried out by the Client in accordance with the Rules, if such failure is not remedied on or before the [tenth] Business Day after notice of such failure is given to the Client;

(ii) a representation made or repeated, or deemed to have been made or repeated by the Client with respect to the Rules, that proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(iii) The Client disaffirms, disclaims, repudiates or rejects, in whole or in part, a Transaction (or such action is taken by any person or entity appointed or empowered to thus act or act on its behalf); or

(iv) An act of Insolvency occurs with respect to the Client; and

(b) In relation to Kepler Cheuvreux, an act of Insolvency occurs with respect to Kepler Cheuvreux.

OTFLINK **"Regulatory Authority"** means the "Autorité de Contrôle Prudentiel et de Resolution" and/or the "Autorité des Marchés Financiers".

**"Insolvency"** means, in relation to a legal entity, the occurrence of any of the following:

(a) Its dissolution (other than pursuant to a consolidation, amalgamation or merger);

(b) Its becoming insolvent or unable to pay its debts, or its failing or admitting in writing to, its inability generally to pay its debts as they become due;

(c) Its making a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) its instituting or having instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or presentation of a petition for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(e) its having a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) its seeking or becoming subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(g) its having a secured party take possession of all or substantially all its assets or having a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets, and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(h) its causing or being subject to any event with respect to it, which under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in subparagraph clauses (i) to (vii) (inclusive); or

(i) Its taking any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts. Losses include any and all claims, losses, liabilities, damages, judgements, costs, fees and expenses (including reasonable legal fees and expenses) suffered or incurred by a legal entity.

"Market Abuse Regulation" means Regulation (EU) n°596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the "MAR") and EU Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing MAR (the "Delegated Regulation").. "Market Misconduct" means conduct falling within Rule 4.2(b).

"**Client**" means a corporation, legal entity, partnership or sole practitioner admitted to relationship of OTFLINK as a trading Client whose relationship has not been terminated, and Participation shall be interpreted accordingly.

"**Order**" means an order to buy or sell Financial Instruments. "Order Book" means the system for the acceptance of Orders and execution of trades on OTFLINK as operated by Kepler Cheuvreux.

"**OTFLINK**" means an Organised Trading Facility operated by Kepler Cheuvreux.

"**Regulatory Authority**" means "Autorité de Contrôle Prudentiel et de Resolution" and/or the "Autorité des Marchés Financiers", or any department, agency, office or tribunal of a nation or state or any other person, body or authority in France or overseas which regulates or supervises the conduct of securities, banking, financial, insurance or investment business including any self-regulating organisation.

"**Regulatory Requirements**" means) all applicable laws, statutes, rules, regulations, regulatory policy, orders, decisions, interpretations, opinions, guidelines or industry practice.

"**Recipient of Relevant Information**" means any third party that Kepler Cheuvreux sells or licenses any Relevant Information to.

"**Relevant Information**" has the meaning given to it in Rule 9.2(d).



**"Relevant Personnel" or "Relevant Persons"** means officers, employees or agents of a Client (or, in the case of a Client offering direct market access, of its Clients) engaged in the provision by the Client of trading or related activities in Financial Instruments on OTFLINK.

**"Rules"** means these OTFLINK rules including the User Guide, any Notices, procedures, agreements and other documentation issued by Kepler Cheuvreux to Clients, as amended, supplemented or superseded from time to time.

**"Financial Instrument"** means any Financial Instrument approved by Kepler Cheuvreux for trading on OTFLINK and traded on OTFLINK.

**"Transaction"** means any transaction in Financial Instruments executed on OTFLINK.

**"User Guide"** means the guide issued to Clients and published by Kepler Cheuvreux, as amended from time to time, setting out the information governing the operation of OTFLINK.

## **2. PARTICIPATION**

### **2.1 Applications**

(a) An applicant for Participation must meet the Eligibility Criteria.

(b) The Eligibility Criteria are as follows:

(i) An applicant for Participation or Client must satisfy any capital adequacy and financial resources requirements which may be determined by Kepler Cheuvreux as being the minimum required to support the activities it proposes to undertake on OTFLINK. The levels of financial resources which any or all Clients are required to have may be different for each Client and may be reviewed from time to time;

(ii) An applicant for Participation or Client must either:

(A) Be an investment firm or credit institution incorporated and regulated in the EEA;  
or

(B) Be an investment firm or credit institution regulated outside of EEA but within an equivalent regulation in the view of Kepler Cheuvreux;

And in both cases

(C) be fit and proper, have adequate organisational arrangements, and enjoy a financial, business or personal standing suitable to enter into transactions on OTFLINK, and any person to be registered as its Authorised Person and/or Relevant Person must, in the view of Kepler Cheuvreux, have a sufficient level of trading ability and competence;

(iii) an applicant for Participation or Client must have adequate execution, order management, risk management and settlement systems or arrangements in place, as determined by Kepler Cheuvreux;

- (iv) an applicant for Participation or Client must satisfy such technical requirements as Kepler Cheuvreux may specify to enable such Client to access OTFLINK; and
  - (v) An applicant must satisfy Kepler that all the relevant personnel authorized to trade on OTFLink have the knowledge and experience required to understand the risks of the products they are authorized to trade.
  - (vi) An Applicant shall not cause Kepler Cheuvreux to be in breach of regulation, such as being an entity of the Kepler Cheuvreux group intending to trade on the OTF against its own capital or making orders to interact with another OTF or a SI within the system.
  - (vii) The client is in good standing with Kepler with regards to any fee that might be due.
- (c) An application for Participation shall be made in writing using the Application Pack, including completion of the Relationship Application Form and any other form as Kepler Cheuvreux shall from time to time prescribe.
- (d) By making an application for Participation, an applicant authorizes Kepler Cheuvreux to obtain information from, and pass that information to, any Regulatory Authority. An applicant may be required to provide written evidence to support its application.
- (e) Kepler Cheuvreux will judge, at its sole discretion, whether a Client does fulfil the Eligibility Criteria. However, clients fulfilling same eligibility criteria will be treated in a non-discriminatory manner including with regards to the applicable fees.
- (f) Kepler Cheuvreux may refuse to enter into a relationship with an applicant or terminate its relationship with a Client as regards to the solvency of the Client, the counterparty risk and the settlement of the transaction.

## **2.2 Participation Rules**

- (a) A Client shall at all times fulfil the Eligibility Criteria.
- (b) A Client shall observe the Rules and User Guide for the time being in force.
- (c) A Client shall require its employees, officers and agents engaged in the provision of services and activities relating to the trading of Financial Instruments to abide by and comply with the Rules and any decision or direction of Kepler Cheuvreux, insofar as they affect its employees, officers and agents when trading on OTFLINK.
- (d) Kepler Cheuvreux may suspend a Client from trading on OTFLINK if, at its sole discretion, it considers that a Client does not fulfil the Eligibility Criteria, is in breach of the Rules or is the subject of an intervention order or regulatory investigation by any Regulatory Authority. Action may be taken under this Rule without prior notice given to the Client concerned.
- (e) OTFLink has no agreement with external entities to provide market making services. Entities of the Kepler Cheuvreux group won't provide market making on OTFLink or trade using their capital.

(f) Kepler Cheuvreux won't allow any interaction between OTFLink and any external OTF or IS.

## **2.3 Notification requirements**

(a) A Client shall inform Kepler Cheuvreux promptly on the occurrence of any of the following:

- (i) If it has reason to believe that it does not, or is unlikely to, fulfil the Eligibility Criteria;
- (ii) Any contravention by the Client or of its personnel of the Rules or of applicable law or regulation relating to its activities relating to the trading of Financial Instruments;
- (iii) The commencement of any investigation or disciplinary action by a Regulatory Authority relating to its activities relating to the trading of Financial Instruments, or which may be material to the ability of the Client to comply with the Rules;
- (iv) The revocation of the right of a Relevant Person or Authorised Person to represent the Client;
- (v) Any material change to the settlement arrangements of such Client; and
- (vi) Any other matter that is material to the Client's suitability for Participation on OTFLINK.

(b) A Client shall notify Kepler Cheuvreux immediately of the occurrence of any of the following:

- (i) The presentation of a petition for the winding up of the Client or of a company which is a subsidiary or holding company of the Client;
- (ii) The appointment of a receiver, administrator or trustee of the Client;
- (iii) The making of a composition or arrangement with creditors of the Client;
- (iv) Where the Client is a partnership, an application or the giving of notice to dissolve the partnership;
- (v) Where the Client is a sole trader, the presentation of a petition for a bankruptcy order or an award of sequestration;
- (vi) The imposition of disciplinary measures or sanctions on the Client or any employee by any statutory, professional or other body exercising a regulatory or disciplinary jurisdiction whether within France or elsewhere; or
- (vii) An event equivalent to those identified in (i)-(vi) above under foreign national or state law.

(c) A Client shall notify Kepler Cheuvreux in writing, not less than 21 calendar days in advance of the proposed effective date of a proposed change in its name, or of the address for service on the Client of Notices or documents.

(d) Where a notification under this Rule is made by telephone it must be confirmed in writing.

## **2.4 Resignation of Participation**

(a) A Client may resign by giving to Kepler Cheuvreux not less than three months' written notice. Kepler Cheuvreux may postpone the effective date of resignation and may impose other measures that it considers necessary for the protection of the market place, including the Clients, when the resignation takes effect. Resignation shall be without prejudice to the Client's outstanding obligations under any unsettled Transactions and will not affect accrued rights, indemnities, existing commitments or any Rules intended to survive termination (including but without limitation Rule 8).

(b) Kepler Cheuvreux may, at its absolute discretion, refuse a notice of resignation given by a Client, or reject such a notice after it has been given but before it takes effect, if Kepler Cheuvreux considers that any matter affecting the Client should be investigated under the disciplinary procedures or for any other reason (such as pending settlements, ongoing disciplinary procedure etc.).

(c) Kepler Cheuvreux may terminate the relationship with a Client at any time by giving three months' notice. Kepler can terminate the relationship for any failure to adhere to the eligibility criteria, inactivity of the client or any valid commercial reason such as a lack of payment of the fees.

## **2.5 Inactive Client**

If a Client has not entered any Orders into OTFLINK for a period of six months or more, its Participation may be terminated by Kepler Cheuvreux at any time upon notice.

# **3. AUTHORISED AND RELEVANT PERSONNEL**

## **3.1 Authorised Persons**

(a) Each Client shall for the duration of its Participation ensure that it has designated a senior manager as an Authorised Person with regard to Kepler Cheuvreux.

(b) The Client shall ensure that the Authorised Person remains cognizant of the Rules and that the Person stays a point of contact and is responsible for training staff employed by the Client and dealing with disputes between Clients. The Authorised Person shall be responsible for all matters relating to compliance with the Rules with respect to relations between Kepler Cheuvreux and the Client.

## **3.2 Relevant Personnel**

(a) Each person engaged in the use of OTFLINK on behalf of a Client shall be registered as a Relevant Person with the Client.

(b) A Client shall not allow any person to carry out on its behalf any of the activities set out in paragraph (a) of this Rule unless he or she is a Relevant Person.

(c) A Relevant Person must have experience, technical ability, and competence appropriate to the activities to be undertaken as a Relevant Person and must be familiar with the User Guide, and, if requested, demonstrate to Kepler Cheuvreux the said appropriate experience, competence and knowledge. Where Kepler Cheuvreux is not satisfied that an applicant has the appropriate experience, technical ability, competence or, if applicable, appropriate approval by a Regulatory

Authority, it may require the applicant to attend such training, and/or successfully complete such examinations or registration, as Kepler Cheuvreux deems fit at the expense of the applicant or the existing Client.

## **4. PARTICIPATION RULES**

### **4.1 General**

(a) A Client shall not commit any act or engage in any conduct likely to bring Kepler Cheuvreux or OTFLINK into disrepute. A client shall respect the rules of the OTF at any time. Any breach of the rules of the OTF, including market misconduct rules described below will lead Kepler Cheuvreux to suspend or cancel all access to OTF for the client and its authorised persons.

(b) A Client or user of OTFLINK shall be solely responsible for all messages, including orders entered under its trading codes. Any breach of the rules or procedures in respect of those orders may be subject to interventions (including cutting the access) and sanctions.

(c) A Client shall be responsible for the acts and conduct of all Relevant Personnel as if the acts and conduct of each of those persons were the acts and conduct of the Client itself.

(d) Client and Relevant Personnel shall at all times comply with all applicable laws and regulations, procedures, rules and instructions of Kepler Cheuvreux, or any Regulatory Authority or other authority, that apply to the conduct of the Client's business on OTFLINK, or the operation and use of OTFLINK or any parts of OTFLINK, and agree to comply and act in accordance with any notification requirements of Kepler Cheuvreux.

### **4.2 Market Misconduct**

(a) A Client shall not in respect of its business on OTFLINK engage in Market Misconduct.

(b) For the purposes of the Rules a Client shall be deemed to have engaged in Market Misconduct if it:

(i) Engages in market abuse within the meaning of the Market Abuse Regulation, or money laundering activities within the meaning of Applicable Law;

(ii) Effects a transaction in breach of the Rules;

(iii) Commits any act or engages in any course of conduct that creates or is likely to create a false or misleading impression as to the market in, or the price or value of, any Financial Instrument;

(iv) Causes or enters into any artificial transactions;

(v) Carries out a transaction on OTFLINK subject to a condition precedent or condition subsequent without the prior consent of Kepler Cheuvreux;

(vi) Commits any act or engages in any course of conduct which is likely to damage the fairness or integrity of OTFLINK;

(vii) Commits any act or engages in any course of conduct which causes, or contributes to, a breach of the Rules by another Client;

(viii) Effects a pre-arranged Transaction that is designed to give the market a false view of supply, demand or pricing of a Financial Instrument;

(ix) Places any Orders on the Order Book for the purpose of testing any systems or controls;  
or

(x) Procures, requires or encourages another to engage in conduct falling within any of the foregoing sub-paragraphs.

(c) A Client shall be liable to pay Kepler Cheuvreux for the costs incurred by Kepler Cheuvreux in carrying out any regulatory enquiry into business transacted, or in prospect of being transacted, by the Client. This shall apply only when the alleged offence is found to be proven.

### **4.3 Prohibited or Suspended Securities**

(a) Kepler Cheuvreux may suspend trading in a Financial Instrument at any time by Notice to Clients in the event that:

(i) It considers at its sole discretion that to do so is required by applicable law, regulation or authorities or is in the interest of the market;

(ii) It is requested to do so by a Regulatory Authority;

(iii) It considers at its sole discretion that there is, has been, or may be Market Misconduct in relation to such Financial Instrument; or

(b) Kepler might also suspend trading on a Financial Instrument if the Primary Market of the Financial Instrument or its underlying has suspended or cancelled trading of such Financial Instrument; In case of abnormal volatility conditions on a specific Financial Instrument, Kepler might also suspend trading on this Financial Instrument. In both cases, all current orders or transactions would be cancelled.

(c) In case of extreme volatility situation on markets affecting several Financial Instruments traded on OTFLINK, Kepler Cheuvreux might suspend the venue until situation is considered as back to normal.

(d) A Client may apply to Kepler Cheuvreux for permission to lift a suspension. Permission must be obtained in respect of each proposed Transaction.

### **4.4 Responsibilities of Clients**

(a) A Client shall cooperate with Kepler Cheuvreux on compliance matters and shall ensure that Kepler Cheuvreux has timely access to its Authorised Person and Relevant Personnel and records in carrying out:

(i) Any regulatory enquiry into business transacted, or in prospect of being transacted, by the Client; or

(ii) Any routine compliance monitoring.

(b) Kepler Cheuvreux may require the immediate provision by a Client of accurate information about its Relevant Transactions in a format, electronic or otherwise, as specified by Kepler Cheuvreux.

## **4.5 Security**

(a) A Client shall implement reasonable security procedures to prevent unauthorised use or misuse of OTFLINK that are consistent with a Client's standard security procedures.

(b) Such procedures shall include, at a minimum, taking all reasonable steps, and establishing and maintaining all reasonable procedures to ensure that OTFLINK is accessible only by Relevant Personnel, and that data entries made by the Client in OTFLINK are not altered, lost or destroyed.

(c) A Client shall immediately cease use of OTFLINK if it is notified by Kepler Cheuvreux, or otherwise becomes aware of, or suspects, a technical failure or security breach of OTFLINK. A Client shall immediately notify Kepler Cheuvreux of such a failure or breach of security.

(d) A Client shall be bound by, and procure compliance with, any controls on a Relevant Person as required by the User Guide.

## **4.6 Rules, Notices and Procedures**

(a) These Rules may be amended or extended by Kepler Cheuvreux's Management at any time. Amendments to the Rules shall not be retro-active unless required by the Regulator or by law. All amendments to these Rules will have to be approved by the French regulator before being applied. Once validated, they will be notified to Clients and shall have effect at such time as may be specified in the relevant Clients' Notice. Unless in the case of an emergency, Kepler Cheuvreux's Management will endeavor to consult with a representative group of Participants prior to making any Material Amendment to these Rules.

(b) Clients shall be notified by e-mail of changes.

(c) Amendments to Rules shall be effective on the date specified in the related Notice.

(d) No change to a Rule that impacts the existing rights or obligations of a Client in relation to an unsettled Transaction shall be made without the consent of the Client in question.

(e) Kepler Cheuvreux may use other means of communication with Clients as it sees fit.

(f) These rules, including any future change, will have to be approved by the AMF.

## **4.7 Emergency Provisions**

(a) If, in its opinion, any circumstances calling for emergency action in the interest of resuming or continuing the orderly conduct of business on OTFLINK and the due performance of Transactions have developed or are developing, Kepler Cheuvreux may take any steps whatsoever without prior notice to provide for, correct or arrest the further development of those circumstances and to preserve or restore conditions enabling the orderly conduct of business and the due performance of Transactions to be resumed or to continue on OTFLINK

(b) Kepler Cheuvreux may at any time decide that any step determined upon under Rule 4.7 (a) shall be modified or revoked once they're no more needed to maintain the orderly conduct of business.

(c) Circumstances within the scope of Rule 4.7 (a) shall (without limitation) include:

- (i) an excessive trading position or quantity of orders on OTFLINK, trading abuses or unwarranted speculation, including (without limitation) any attempt to manipulate prices in, or to corner or attempt to corner the market in, any Financial Instruments;
- (ii) situations of abnormal volatility on financial markets and on financial instruments that are traded on OTFLINK where trading those instruments could aggravate situation and orderly conduct of markets behaviour ;
- (iii) fire or fire alert, explosion, bomb scare, any other alarm threatening the safety of people or equipment at the premises of Kepler Cheuvreux or those of a third party, labor disputes, flood, accident, riot, war, civil commotion, government action, and any request from, or requirement of, any governmental or quasi-governmental agency whether or not having the force of law;
- (iv) the introduction of any statutory or official controls affecting Kepler Cheuvreux or the performance of Transactions carried out on OTFLINK or any change in such controls, and any other change in legal provisions or administrative or financial practice affecting Kepler Cheuvreux or the performance of Transactions or any other undesirable situation or practice, whether in the France or elsewhere;
- (v) the failure of the settlement system through which Transactions on OTFLINK are to be settled; or
- (vi) the failure of any other third-party provider upon which the OTFLINK services rely provided always that such circumstances, in the opinion of Kepler Cheuvreux, call for emergency action.

(d) Steps taken by Kepler Cheuvreux pursuant to Rule 4.7 (a) may (without prejudice to the generality of that Rule) include:

- (i) Suspension or curtailment of trading in respect of one or more Financial Instruments for such time as may be specified;
- (ii) Limitation of trading in Financial Instruments subject to any specified condition or exception;
- (iii) Modification of the terms in which Transactions in Financial Instruments are made with respect to future or existing Transactions;
- (iv) Determination of any compensation or price adjustment to be paid or allowed in respect of such modification;
- (v) Cancellation or reversal of Transactions;
- (vi) Any ancillary steps or steps considered necessary in the circumstances. Any such step made shall, if Kepler Cheuvreux deems fit, extend to Transactions made before or on the date that such steps are instigated.



(e) Any failure or alleged failure of a Client to comply with a direction given by a Notice or other means addressed to it, or to Clients generally by Kepler Cheuvreux in the exercise of its authority under Rule 4.7 (a), will be referred to Kepler Cheuvreux by Clients.

(f) OTFLink is covered under Kepler's Business Continuity Plan. The system is tested under higher volume than achievable through the manual order entry.

#### **4.8 Exclusion of warranties**

(a) Kepler Cheuvreux makes no warranty, express or implied, as to the accuracy or completeness of any information or as to results to be attained by a Client or anyone else from the use of OTFLINK.

(b) Kepler Cheuvreux will have no responsibility to maintain OTFLINK or to supply any corrections, updates or releases in connection therewith. A Client is solely responsible for confirming the accuracy and adequacy of information used by it and the resultant output thereof.

(c) Kepler Cheuvreux will not be responsible of any connectivity issue encountered by clients trying to access the Internet platform while this platform is reputed running and being accessible.

#### **4.9 Exclusion of liability**

(a) Kepler Cheuvreux will at all times endeavor to maintain a fair and orderly market consistent with the legal obligations and objectives of Kepler Cheuvreux, including ensuring proper protection to investors.

(b) Kepler Cheuvreux may however from time to time suspend or restrict business on OTFLINK or close OTFLINK in accordance with the Rules. Any such action may result in the inability of one or more Clients to enter into Transactions. Furthermore, a Client and, as appropriate, its Clients, may from time to time be prevented from or hindered in entering into Transactions on OTFLINK as a result of failure of communications, equipment or market facilities beyond the control of Kepler Cheuvreux.

(c) Kepler Cheuvreux shall have no liability for Losses suffered or incurred by a Client or any other person as a result of the receipt or acceptance of fraudulent, forged or invalid financial instruments (or financial instruments which are otherwise not freely transferable or deliverable without encumbrance).

(d) Unless otherwise expressly provided in the Rules or in any other agreements to which Kepler Cheuvreux is a party, neither Kepler Cheuvreux, nor its officers or employees or agents (Kepler Cheuvreux Personnel) shall be liable to any Client, Client or any third party for any loss or damage or injury, direct or indirect, howsoever arising, (including without limitation that which is caused by the negligence of Kepler Cheuvreux or Kepler Cheuvreux Personnel) save that Kepler Cheuvreux shall accept liability for death, personal injury and direct physical damage to the tangible property of a Client or any third party.

## **5. TRADING**

### **5.1 Generalities**

OTFLink is a hybrid venue using a technological platform and a voice process to conclude the trade, as detailed in the User Guide. The venue is accessible from 9 AM to 5 PM on TARGET business days. No algorithmic trading is authorized on the venue.

### **5.2 Access**

- (a) A Client shall only access OTFLINK in such manner as agreed in writing with Kepler Cheuvreux.
- (b) A Client is responsible for the genuineness and accuracy of, and is bound legally by, Orders directed to OTFLINK in the name of, or by, the Client.
- (c) Kepler Cheuvreux reserves the right to delete any Order submitted by a Client where Kepler Cheuvreux believes it is necessary to preserve market order or where the execution of the Order on the Order Book would breach any credit limit imposed by Kepler Cheuvreux at its sole discretion.
- (d) Each time a Client accesses, or enters an Order into, OTFLINK, it shall be deemed to represent and warrant that:
  - (i) It has and will have full power and capacity and has taken and will have taken all necessary corporate and other actions to authorise it to enter into and perform its obligations under the Rules;
  - (ii) The Rules and each Transaction entered pursuant to it are its valid and binding obligations enforceable against it in accordance with their terms, subject to bankruptcy or other applicable law;
  - (iii) It has obtained and will continue to maintain all necessary authorisations and approvals of any governmental or regulatory body required for it to use OTFLINK and enter into, and to perform its obligations under the Rules and each Transaction entered pursuant to them;
  - (iv) By entering into and carrying out the transactions contemplated by the Rules it will not violate any law or regulation applicable to it; and
  - (v) At the time of transfer by it of any securities under any Transaction entered pursuant to the Rules, it will have full and unqualified right to make such transfer, and upon such transfer the transferee will receive all right, title and interest in and to those investments, free from any adverse interest.

### **5.3 Orders**

- (a) Orders shall be entered in accordance with such technical requirements as Kepler Cheuvreux may specify from time to time in the User Guide or by Notice.
- (b) All Orders entered on the Order Book are firm and available for execution and when executed will be binding on the Client placing the Order (unless otherwise provided in the Rules).

(c) For products such as bonds, Execution of an Order shall result in the creation of two Transactions (Matched principal):

(i) A Transaction between the buyer of Financial Instruments under a Transaction and Kepler Cheuvreux; and

(ii) A Transaction between the seller of Financial Instruments under a Transaction and Kepler Cheuvreux. In relation to a Transaction falling within a sub-paragraph of this Rule, a Transaction falling within the other sub-paragraphs shall be a Corresponding Transaction.

(d) For products such as derivative, Execution of an Order shall result in only one transaction between both counterparties. Once the trade is confirmed to both, the parties shall bear the responsibility of settling the transaction between themselves (Name Give Up transactions).

(e) A Client may cancel a pending Order at any time. If a Client submits an Order incorrectly and it is subsequently executed, then unless otherwise provided in these Rules, no cancellation or reversal is possible.

(f) Each Client agrees that the disclosures and requirements relating to the receipt of orders in respect of online contracting under European Union Directive 2000/31/EC shall not apply.

(g) Each Client agrees that it remains his responsibility to timestamp the orders, including any possible client order linked to the order as per the applicable regulation

(h) Kepler Cheuvreux reserves the right to cancel any order whose size might prove detrimental to the goal of maintaining an orderly market or that would be placed during a period of abnormal volatility on markets. This is part of the voice and manual process handled by Kepler Cheuvreux.

## **5.4 Execution**

(a) A Client shall ensure that every Transaction carried out on OTFLINK is effected in accordance with:

(i) The Rules in force at the time of the Transaction to the extent applicable; and

(ii) Any instruction given by Kepler Cheuvreux, either generally or to the Client specifically.

(b) Acceptance of an order and execution are subject to discretion by the operator who can:

(i) Retain the right to accept or not an order, to match it or not with a compatible order or to cancel it if market conditions require to do so;

(ii) Suggest an alternative execution, with regard to the volume, price or counterparty in order to improve the outcome to the client and to maintain an orderly market;

(ii) Decide not to validate manually the automatic prematching of two orders due to specific risk or credit conditions between the two or more concerned clients ;

(iv) Refuse to make the transaction on the venue if conditions are not in favour of clients, in respect of Kepler Cheuvreux internal execution policy. In that case, the whole transaction will be done outside of the venue.

## **5.5 Transaction terms**

(a) A matched principal Transaction carried out on OTFLINK shall be a contract between a Client and Kepler Cheuvreux to purchase or sell (as the case may be) the Financial Instruments subject to the relevant Transaction at the price determined by OTFLINK.

(b) A Name Give Up transaction shall be a contract between the two counterparties to purchase or sell (as the case may be) the Financial Instruments subject to the relevant Transaction at the price determined by OTFLINK.

(c) Kepler Cheuvreux shall have no liability to any person on a Transaction other than to the relevant Client for any given Transaction irrespective of whether it has actual notice of any interest from such a person.

## **5.6 Pre-Trade Transparency**

(a) OTFLINK is a wholesale Inter Dealer Broker platform, dealing in mostly illiquid products and in large size orders and trades. As such OTFLINK will make use, as per EU regulation No 600/2014, Article 9, of the waivers (subject to regulatory approval) relating to:

(i) Orders that are large in scale compared with normal market size, and

(ii) Derivatives which are not subject to the trading obligation specified in Article 28 and other financial instruments for which there is not a liquid market.

(b) Kepler Cheuvreux will monitor the conditions for both waivers (subject to regulatory approval) and ensure that no order subject to the pre-trade transparency is possible on OTFLink. No pre-trade transparency will be provided by OTFLINK for all transactions on this venue.

## **5.7 Post-Trade Transparency and reporting**

(a) With regard to Financial Instruments and EU regulation No 600/2014, Article 10, OTFLINK will be in charge of all post-trade transparency through a dedicated APA, including trades done by clients outside of the MIFID zone. Trades shall be published pursuant to the timeframe set out: all Transactions are to be made public as close to real time as possible.

(b) Kepler Cheuvreux may defer publication of large transactions for transactions matched on OTFLINK under the circumstances described under Applicable Laws.

(c) Clients need not report any additional information following execution in order to have their trades published in accordance with regulatory post-trade transparency obligations.

(d) However, for the avoidance of doubt, execution of trades on OTFLINK shall not discharge Clients of their reporting obligations to the Regulatory Authority.

(e) For any OTFLINK client based outside of the MIFID zone, OTFLINK will be in charge of reporting any transaction and its details to the regulator according to the EU regulation No 600/2014, Article 26 through a dedicated ARM.

(f) In the case of trading on OTFLINK products that are listed on trading venues, Kepler would keep any evidence of reporting at disposal of those venues for potential investigations.

## **5.8 Errors**

(a) This Rule applies to Transactions entered into by a Client in error (an Error Trade).

(b) Where a Client considers that it has entered into an Error Trade, it may send Kepler Cheuvreux a request to cancel the relevant Transaction and the Corresponding Transaction. Such a request must be submitted as soon as possible, but in any event before the end of the Business Day on which the relevant Transaction was executed.

(c) In order to cancel an Error Trade, the procedure set out in the User Guide shall be followed.

(d) If an agreement is reached to cancel the Transaction and the Corresponding Transaction, Kepler Cheuvreux will inform the initiator Client and will then facilitate cancellation of the Transaction and the Corresponding Transaction.

(e) Kepler Cheuvreux in its absolute discretion may reject the request or approach the other Client that is a party to a Corresponding Transaction executed on OTFLINK to determine whether it is prepared to cancel the Corresponding Transaction.

(f) A Client is under no obligation to cancel a Corresponding Transaction to an Error Trade and Kepler Cheuvreux is under no obligation or duty to procure cancellation for the notifying Client.

(g) If the Relevant Parties do not agree on the cancellation, the initiator Client will be informed and the Transaction will stand.

## **5.9 Clearly Erroneous Transactions**

(a) Kepler Cheuvreux may initiate a review of a Transaction, regardless of whether or not a Client request has been submitted, if it determines at its sole discretion that such a Transaction may be a Clearly Erroneous Transaction. For the purposes of this Rule a Transaction is a Clearly Erroneous Transaction if Kepler Cheuvreux at its sole discretion determines that a Transaction was executed at a price substantially away from, or on terms inconsistent with, the prevailing market price for that Financial Instrument at the time of execution.

(b) Kepler Cheuvreux shall, in exercising its discretion to determine whether a Transaction was a Clearly Erroneous Transaction, follow the procedure set out in the User Guide.

(c) In the event that Kepler Cheuvreux determines at its sole discretion that a Transaction was a Clearly Erroneous Transaction, it shall cancel such a Transaction and the Corresponding Transaction in accordance with the provisions of the User Guide.

(d) Kepler Cheuvreux will promptly notify the Relevant Parties of any such determination under this Rule.

(e) Kepler Cheuvreux will ensure that Clearly Erroneous Transactions that are subsequently cancelled are published.

## **5.10 Suspension of execution**

(a) Kepler Cheuvreux may suspend the execution of Orders on the Order Book in one or more Financial Instruments if:

- (i) Kepler Cheuvreux determines that a system problem has occurred or is likely to occur;
- (ii) The Financial Instrument is the subject of a regulatory suspension; or
- (iii) The price displayed on the platform no longer reflects the market price of the Financial Instrument
- (iv) Kepler Cheuvreux determines that the volatility of the market hampers orderly trading.

(b) Suspension in accordance with this Rule shall be without prejudice to the obligations of Clients with respect to Orders entered into OTFLINK prior to suspension.

## **6. ADDITION OF NEW PRODUCTS ON OTFLINK**

(a) Kepler Cheuvreux does not 'list' financial products on OTFLINK, and only adds products on OTFLINK at its own discretion. Products will be added depending on:

- Client interest
- Market conditions
- Regulatory changes relative to the trading obligation or other regulatory evolution
- New issuances on the traded curves

Products will be removed depending on:

- Lack of client interest
- Instrument suspension by the regulator that would force Kepler Cheuvreux to remove the product
- Instruments reaching their maturity date

(b) Products traded on OTFLINK will be:

- (i) Bonds (including, but not limited to, inflation linkers)
- (ii) Rate derivatives exempt from the clearing and “ToTV” obligations
- (iii) Equity derivatives

## **7. CONFIRMATION, CLEARING AND SETTLEMENT**

### **7.1 General**

(a) Matched principal transactions matched on OTFLINK are settled by Kepler Cheuvreux through Deutsche Bank using a model “A” agreement. That means that there is no novation of existing

arrangements by Deutsche Bank. For those trades, both clients are settling their trades and cash with our settlement agent and are not facing Kepler Cheuvreux.

(b) For Name give-up transactions, Kepler Cheuvreux not being part of the transaction, clients are settling directly through their settlement agents or entities.

(c) By accepting the rulebook and user guide, you are accepting that Kepler Cheuvreux will engage in matched principal trading for bonds.

## **7.2 Confirmation**

(a) Kepler Cheuvreux shall send a confirmation of execution to the relevant counterparties upon full or partial execution of any order.

(b) Transactions shall be confirmed in accordance with the rules and procedures set out in the User Guide.

## **7.3 Cancellation or amendment of Transactions**

(a) The cancellation or amendment of a Transaction by Kepler Cheuvreux as provided in section 5 or section 7 of the present Rule Book shall result in the cancellation or amendment of the relevant Corresponding Transaction.

(b) Gross open positions shall be adjusted to reflect the cancellation or amendment of Transactions following such cancellation or amendment.

# **8. CONFIDENTIALITY, INTELLECTUAL PROPERTY AND DATA RETENTION**

## **8.1 Confidentiality**

(a) For the purposes of this Rule, Confidential Information means all information of a confidential nature disclosed by whatever means by Kepler Cheuvreux or a Client (the Disclosing Party) to another party (the Receiving Party).

(b) Each party shall keep Confidential Information confidential and not disclose it to any person, other than as permitted under this Rule.

(c) Paragraph (b) shall not apply to the disclosure of Confidential Information if and to the extent that:

(i) it is required by any law or the rules of any Regulatory Authority or any authority, body or regulator; or

(ii) it is required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body; or

(iii) such information is in the public domain other than through breach of this clause, provided that the Receiving Party shall, to the extent it is reasonably practicable and permitted by such law, regulation, rules or body, promptly notify in writing the Disclosing

Party and cooperate with the Disclosing Party regarding the timing and content of such disclosure and any action which the Disclosing Party may reasonably wish to take to challenge the validity of such requirement.

(d) The Receiving Party may only use the Confidential Information for the purposes of the Rules and may only provide its employees, directors and agents and professional advisers with access to Confidential Information on a strict "need-to-know" basis. The Receiving Party shall ensure that each separate recipient is bound to hold all Confidential Information in confidence to the standard required under the Rules. Where such a recipient is not an employee or director of the relevant party (and is not under a professional duty to protect confidentiality) the Receiving Party shall ensure that the recipient shall enter into a written confidentiality agreement with the Receiving Party on substantially equivalent terms to the Rules, a copy of which shall be provided to the Disclosing Party upon written request.

(e) Notwithstanding the foregoing, Kepler Cheuvreux may disclose information and documents:

- (i) To companies, subsidiaries, branches and affiliates in its group, for any reason;
- (ii) For the purpose of enabling it to institute, carry on, or defend any proceedings including any judicial or court proceedings;
- (iii) For the protection of investors and the maintenance of high standards of integrity and fair dealing; or
- (iv) For any other purpose with consent of the person from whom the information was obtained and, if different, the person to whom it relates (including as a result of the occurrence of a Close-Out Event).

## **8.2 Intellectual property**

(a) Kepler Cheuvreux grants to each Client, a personal, non-exclusive, non-assignable, non-transferable, revocable license to use, during the term of this Agreement, OTFLINK for the purposes of this Agreement, in compliance with Regulatory Requirements and this Agreement. No Client may sublicense, sell, lease, furnish or otherwise permit or provide direct or indirect access to OTFLINK to any other entity or to any individual that is not its Client and for any place that is not its primary place of business, , without prior express written authorisation from Kepler Cheuvreux, at Kepler Cheuvreux sole discretion.. Each Client shall comply with all reasonable security specifications or requirements of Kepler Cheuvreux in order to prevent OTFLINK from being improperly used or accessed or the information and data from being improperly taken from any of the Client's places of business. No Client shall use OTFLINK with computerised voice technology for any automated information inquiry system or similar technology without prior express written authorisation from Kepler Cheuvreux, to be granted at Kepler Cheuvreux sole discretion.

(b) Each Client acknowledges and agrees that as between Kepler Cheuvreux and that Client, Kepler Cheuvreux owns all rights (including Intellectual Property Rights), title, and interest in and to OTFLINK, all software, protocols, documentation, improvements, information and data provided by Kepler Cheuvreux, ideas, methods of operation, processes, know-how, as well as any and all other things related thereto. Except as expressly set forth in this Agreement, each Client further



acknowledges and agrees that it has no ownership interest whatsoever therein and that OTFLINK and any related rights thereto remain the exclusive property of Kepler Cheuvreux.

(c) No party shall be permitted to use the logo, name or other intellectual property of Kepler Cheuvreux or OTFLINK without the express prior written consent of Kepler Cheuvreux.

(d) Each Client shall indemnify, defend, and hold harmless (on an after-tax basis), upon request, Kepler Cheuvreux and its Affiliates from and against all losses, damages, costs, expenses and other liabilities, including without limitation legal fees and other professional fees and including any amounts that are agreed to be paid by way of settlement, incurred by or awarded against Kepler Cheuvreux or any of its Affiliates in connection with that Client's use of OTFLINK in breach of this Agreement, that Client's infringement of any Intellectual Property Right owned by Kepler Cheuvreux or any claim or action against Kepler Cheuvreux or any of its Affiliates by any person (including without limitation any Recipient of Relevant Information) that the use or possession or exploitation by Kepler Cheuvreux, any of its Affiliates, or any Recipient of Relevant Information relating to any Order or Transaction entered into, infringes any Intellectual Property Right of any third party.

(e) Subject to paragraph (e) below, each Client shall grant Kepler Cheuvreux a nonexclusive, irrevocable, perpetual, worldwide, royalty-free licence to use any information entered into OTFLINK relating to any Order or Transaction to which the Client is a party (Relevant Information) in any manner that Kepler Cheuvreux may wish, including without limitation, or to sell or license that information.

(f) Kepler Cheuvreux shall make any Relevant Information anonymous before using it in accordance with Rule (a) above so that there is no reference to the Client party to the relevant Transaction or the counterparty of the relevant Transaction.

### **8.3 Transaction records**

A Client shall retain for at least six years, or (if longer) as required by applicable law, a record of each Order or Transaction entered into on OTFLINK. Any such record shall be produced for inspection to Kepler upon request in a format approved by Kepler Cheuvreux and, where it is not retained in legible form, must be capable of being reproduced in that form.

### **8.4 Record of Relevant Persons**

A Client shall retain for the duration of its Participation a record of all Relevant Persons and persons who were Relevant Persons within the current or previous calendar year.

## **9. INFORMATION AND MONITORING**

### **9.1 Information**

(a) Notwithstanding the existence or absence of any formal arrangements between Kepler Cheuvreux and any Regulatory Authority, Kepler Cheuvreux may disclose to any such person, authority or body any information relating to an Order or a Transaction made on OTFLINK or such other information concerning Client's (or former Client's) affairs, including, without limitation, any information

concerning aspects of Orders or Transactions made on OTFLINK or their offices, registered personnel, other employees or agents, as Kepler Cheuvreux deems fit.

(b) Kepler Cheuvreux may, for the purpose of obtaining information about any matter which it considers may relate to the Rules or the integrity or orderly conduct of OTFLINK:

(i) Require the provision forthwith by a Client of accurate information about its business and transactions (including off-market transactions);

(ii) require the production forthwith by a Client of documents and other material in the Client's possession, custody, power or control and, if any such documents or material cannot be produced, require the Client to state to the best of its knowledge and belief where and in whose possession, custody, power or control the documents or material is and require the Client to use its best endeavors to secure and produce the documents and materials;

(iii) Interview any employee or agent of a Client and require him to answer questions and provide explanations and/or require answers and explanations from the Client, and record such answers and explanations electronically or otherwise;

(iv) Require the attendance upon reasonable notice, of any officer, Relevant Personnel, employee or agent of a Client at a specified date, time and place, to answer questions, provide explanations and/or give evidence and require the Client to procure such attendance.

(c) A Client and any Relevant Persons shall comply with any request by Kepler Cheuvreux for explanation or verification, whether by means of confirmation by its professional advisers or otherwise, of information provided to Kepler Cheuvreux.

(d) A Client shall, as and when required, provide Kepler Cheuvreux with information relating to any person who is to be, or is or has been an employee or agent of the Client or engaged in its business.

(e) Kepler Cheuvreux may disclose any information in its possession including any information concerning a Client, its offices, Authorised Persons, Relevant Personnel or other officers, agents and employees in order to cooperate with any Regulatory Authority or other authority, body or person in the United Kingdom or elsewhere, for the purpose of enabling it to institute, carry on or defend any proceedings, for any purpose required or permitted under Applicable Law, under compulsion of law, for the purpose of enabling Kepler Cheuvreux generally to maintain high standards of integrity and fair dealing and the protection of investors, and for any other purpose with the consent of any persons from whom the information was obtained or to whom it relates.

(f) A Client or Relevant Person shall cooperate fully with any Regulatory Authority or any other such authority or person in France or elsewhere in connection with any investigation, enquiry or other matter connected with the Client's or Registered Person's activities on OTFLINK.

## **9.2 Monitoring**

(a) Any authorised representative of Kepler Cheuvreux may from time to time inspect the records maintained by each Client relating to Transactions to determine whether the Rules are being observed by the Client. Such authorised representative shall have the right of access during the

Client's normal business hours without requirement for prior notice, to a Client's office or premises and shall be entitled to arrange, at the expense of Kepler Cheuvreux, for a person eligible for appointment as a company auditor, or a person or firm having similar qualifications, to assist with such inspections.

(b) Inspection under (a) may be undertaken with the assistance of an auditor appointed by the Client at the Client's expense and in accordance with the instructions of the authorised representative of Kepler Cheuvreux if Kepler Cheuvreux so consents.

## **10. DEFAULT RULES**

### **10.1 Conditions precedent to payments and deliveries**

Each obligation of a party to a Transaction to make payments or deliveries thereunder is subject to:

- (i) The condition precedent that no Event of Default with respect to it has occurred and is continuing; and
- (ii) The condition precedent that no Close-Out Date has occurred or been effectively designated.

### **10.2 Settlement failure**

(a) Kepler Cheuvreux ensures a daily monitoring of the trades settlement. If, at any time, a Client is in default of its obligation to make payment of monies or to deliver securities under the Rules, Kepler Cheuvreux may at its discretion take action under this Rule.

(b) Where this Rule applies Kepler Cheuvreux shall be entitled, without prior notice to the relevant Client, to take any actions it considers appropriate at its sole discretion (and without being liable for any Losses suffered by the Client), including, but not limited to, the following:

- (i) To cancel some or all pending Orders of the Client;
- (ii) To suspend the Client's Participation in OTFLINK;
- (iii) To treat any or all Transactions then outstanding as having been repudiated by the Client, in which event Kepler Cheuvreux obligations under such Transaction(s) shall thereupon be cancelled and terminated;

(c) At the cost of the relevant Client, to vary or reverse any Transaction, to buy, sell, borrow or lend securities, or to enter into any other transaction or take, or refrain from taking, other such action at such time or times and in such a manner as, at its sole discretion, Kepler Cheuvreux considers necessary or appropriate to fulfil, cover, reduce or eliminate its loss or liability under or in respect of the Corresponding Transaction.

(d) In the event of any dispute regarding any Transaction, Kepler Cheuvreux may in its absolute discretion cancel, terminate, reverse or close out the whole or part of the position resulting from such Transaction.

### **10.3 Occurrence of a Close-Out Event**

(a) Subject to Rule 10.3 (c), following the occurrence of an Event of Default, the party to a Transaction not in default (the Non-Defaulting Party) may by written notice to the other party (the Defaulting Party) close out all outstanding Transactions and positions entered into between the parties, whereupon the following shall immediately occur:

(i) All obligations and liabilities of the Defaulting Party to the Non-Defaulting Party shall become immediately due and payable by the Defaulting Party to the Non-Defaulting Party, and all obligations of the Non-Defaulting Party to the Defaulting Party shall be brought forward to the date of the close-out (the Close-Out Date) and converted into obligations to pay the market value (as reasonably determined by the Non-Defaulting Party) thereof;

(ii) The Non-Defaulting Party will calculate the sums due from the Defaulting Party to the Non-Defaulting Party which will be set off against the sums due from the Non-Defaulting Party to the Defaulting Party and any balance owed by the Defaulting Party shall be due and payable on the next Business Day;

(iii) For all purposes, including any legal proceedings, a certificate by any officer of the Non-Defaulting Party as to the liabilities for the time being due to or incurred by the Defaulting Party shall be conclusive in absence of manifest error.

(b) For the purposes of the calculation referred to Rule 10.3 (a) above:

(i) All cash sums not denominated in the currency in which the Non-Defaulting Party determines to make its calculations shall be translated by the Non-Defaulting Party into such currency of the calculation at the then prevailing market exchange rate;

(ii) All securities shall be valued by the Non-Defaulting Party at their market value at close of trading in the relevant market on the next business day for such market after the Close-Out Date (the Default Valuation Time);

(iii) If the Defaulting Party has bought or sold securities on the Close-Out Date prior to the Default Valuation Time in amounts reasonably comparable to the amounts to be delivered or received by the Non-Defaulting Party to meet the liabilities of the Defaulting Party pursuant to the provisions of Rule 10.2 then the actual unit price paid to, or received by, the Non-Defaulting Party shall be used to calculate the market value.

(c) Where the Defaulting Party institutes, or has instituted against it, a proceeding seeking a judgment of insolvency or bankruptcy or any other analogous relief under any bankruptcy or insolvency law or other analogous law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, all outstanding Transactions and positions entered into between the Non-Defaulting Party and the Defaulting Party shall automatically be closed out, and the provisions of Rules 10.2 (a) and (b) shall immediately occur, as of the time immediately preceding the institution of the relevant, or analogous, proceeding or the presentation of the relevant, or analogous, petition

In the event of any other Act of Insolvency, or where the automatic early termination described in the preceding paragraph is not recognised, all outstanding Transactions and positions entered into between the Non-Defaulting Party and the Defaulting Party shall automatically be closed out, and the provisions of Rules 10.2 (a) and (b) shall immediately occur, upon the occurrence of such Act of Insolvency.

(d) Kepler Cheuvreux shall notify all Clients immediately upon becoming aware of any Act of Insolvency in relation to it.

#### **10.4 Consequences of settlement failure or Close-Out**

(a) This Rule applies where Kepler Cheuvreux has taken action under Rule 10.2 or 10.3.

(b) Kepler Cheuvreux may take such steps under Rule 10.2 or 10.3 against a Client as it considers reasonable at its sole discretion. In particular, Kepler Cheuvreux shall have no duty or obligation to a Client with respect to any action taken under Rule 10.2 or 10.3.

(c) Where, having taken action against a Client under Rule 10.2 or 10.3, Kepler Cheuvreux has suffered Losses with respect to an Transaction, Kepler Cheuvreux may at its sole discretion vary the terms of a Corresponding Transaction such that:

(i) In the event that Kepler Cheuvreux has repudiated or cancelled a Transaction, Kepler Cheuvreux may repudiate or cancel the Corresponding Transaction;

(ii) In the event that Kepler Cheuvreux has varied or reversed any Transaction, Kepler Cheuvreux may vary or reverse the Corresponding Transaction;

(iii) In the event that Kepler Cheuvreux has bought, sold, borrowed or lent securities in order to discharge its obligations under a Corresponding Transaction, to vary the terms of the Transaction such that the payment or delivery due to the party to the Transaction shall be reduced by an amount (or amount of securities whose market value is) equal to the Losses incurred by Kepler Cheuvreux in taking such action; or

(iv) In the event that Kepler Cheuvreux has exercised its rights under Rule 10.3, the Corresponding Transaction shall be cancelled without further liability to the Client party to the Corresponding Transaction in each case.

### **11. GENERAL**

#### **11.1 Miscellaneous**

(a) To the extent that any Rule, sentence or any part of these Rules is void, voidable or unenforceable, that fact shall not affect the operation of any other clause, sub-clause, sentence or part thereof.

(b) The rights and remedies, powers and privileges contained in the Rules are cumulative and not exclusive of any rights or remedies provided by law. No failure to exercise or delay in exercising the same shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof.

## **11.2 Governing Law and Jurisdiction**

(a) These Rules and its execution shall be governed by, and construed in accordance with, the laws of France.

(b) Any proceeding, suit or action arising out of or in connection with these Rules shall be brought in the courts of France, which are to have exclusive jurisdiction to settle any dispute which may arise in connection with the validity, effect, interpretation or performance of, or the legal relationships established by, these Rules or otherwise arising in connection with these Rules.

## **11.3 Complaints**

In the event that a participant is unsatisfied with the service provided by Kepler Cheuvreux - OTFLINK, then the participant should inform Kepler Cheuvreux Compliance, who will assess whether the complaint has merit and will raise the matter with Kepler Cheuvreux's Management as appropriate.

## **11.4 General Terms of the Kepler Cheuvreux Group**

For any matter not dealt with herein, the relationship between the parties will be governed by the General Terms. In the event of any conflict between the General Terms and these Rules, these Rules shall prevail.

## **11.5 Publication**

This rulebook is published on Kepler Cheuvreux website and all relevant change will be reviewed by the French regulator).

## **11.1 General Regulations of the Autorité des marchés financiers**

Each Client acknowledges and has full knowledge of the provisions of the General Regulations of the Autorité des marchés financiers and agrees to be bound by its provisions, in particular those relating to organized trading facilities, as may be amended from time to time.