



# **POSIT MTF Rulebook**

**Effective: 3<sup>rd</sup> January, 2018**



# Contents

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



## 1) Participant application requirement

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

## 2) Fees and charges

The fees, charges and any other costs for the provision of the various services provided by ITGL as operator of POSIT MTF are available at the ITG Website.

## 3) Compliance with all applicable rules and regulations

- a) Participants must comply at all times with the Rules, Manuals and Guidance.



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

ITGL monitors for the above activities and any participant that engages in the above activities may be expelled from its participation in POSIT MTF and ITGL will be entitled to cancel its POSIT MTF orders and transactions.

- d) A participant shall provide ITGL with all reasonable assistance regarding the investigation of a possible breach of the Rules, Manuals or Guidance. Such assistance shall include, without limitation, providing access to information and individuals reasonably within the control of the participant. ITGL may report breaches of the Rules, Manuals or Guidance to the relevant national competent authority (as defined in MiFID II) and any other relevant regulatory authority. ITGL will provide full assistance to the Central Bank of Ireland in investigating and prosecuting reasonably suspected market abuse.
- e) Participants must ensure that their officers, employees or agents accessing POSIT MTF have the necessary training and supervision in relation to their engagement with POSIT MTF and its systems.
- f) Participants are responsible on a continuing basis for all the acts and conducts of persons trading under its user account. Participants shall be held responsible for violations of the Rules, Manuals, Guidance or applicable rules and regulations and ITGL may suspend or terminate the relevant participant's rights of access and use of POSIT MTF.
- g) ITGL has arrangements in place in relation to messaging capacity limits, details of which are available to participants. ITGL may, in its sole discretion, suspend, restrict or terminate trading on POSIT MTF or impose conditions on trading in POSIT MTF or suspend, restrict or terminate a participant's access to POSIT MTF.
- h) Participants must at all times meet the technology requirements as notified by ITGL from time to time.

#### 4) Market segments

POSIT MTF has the following market segments:

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

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

#### 5) Instrument Universe

POSIT MTF only accepts orders into the system's segments for financial instruments that are listed in the '**POSIT MTF Universe**' section of the technology and connectivity Guidance available on the ITG Website

#### 6) Trading hours

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

#### 7) Systems, controls, policies and procedures

- a) ITGL has arrangements in place in relation to messaging capacity limits, details of which are available to participants. ITGL may, in its sole discretion, suspend, restrict or terminate trading on POSIT MTF or impose conditions on trading in POSIT MTF or suspend, restrict or terminate a participant's access to POSIT MTF.
- b) Participants must at all times meet the technology requirements as notified by ITGL from time to time.
- c) Participants must maintain each necessary form of electronic communication with POSIT MTF or required under any Guidance issued by ITGL. Without limitation, in order to maintain electronic communication with POSIT MTF, participants should have the necessary communication line access, servers and software.
- d) Participant's access to POSIT MTF must be subject to participant information security protocols. Participant information security protocols must comply with all applicable rules, regulations and Guidance (as applicable). For the avoidance of doubt, such participant information security protocols must be capable of restricting access to POSIT MTF only to participant authorised users.
- e) Participants must ensure at their own cost that each of their (whether owned, under license or, under service contract with a third party) relevant equipment, hardware or, software is at all times compatible with the POSIT MTF systems.



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

unfettered control over such order flow in order to, without limitation, cancel, delete or amend;

- viii) ensure that its clients comply with all the POSIT MTF Rules, Manuals and Guidance and all applicable rules and regulations and, policy statements, guidance or market watch provided by a national competent authority (as defined in MiFID II) or the European Securities and Markets Authority;
- ix) ensure that the Sub-delegation DEA Client requires its relevant client to comply with all the POSIT MTF Rules, Manuals and Guidance and all applicable rules and regulations and, policy statements, guidance or market watch provided by a national competent authority (as defined in MiFID II) or the European Securities and Markets Authority;
- x) notify ITGL of the participants intention to provide direct electronic access to a client and when it ceases to provide such access; and
- xi) ensure that the Sub-delegation DEA Client notifies it of the intention to provide direct electronic access to a client of the Sub-delegation DEA Client and when it ceases to provide such access.

## 8) Trading rules

- a) All orders submitted by a participant, or on behalf of, a participant's client(s) and all resulting executions are subject to the Rules, Manuals and Guidance. Participants shall be bound by the Rules, Manuals and Guidance.
- b) ITGL is under no obligation to notify participants of pending market events or corporate action which are likely impact the price of financial instruments admitted to trading in one of POSIT MTF's segments.
- c) Participants may amend or cancel an order entered into the relevant POSIT MTF system.
- d) ITGL may, in its sole discretion, reject or cancel an order entered into the system if it considers that the order is invalid, incorrect, fraudulent, or if required to preserve a fair and orderly market on POSIT MTF.
- e) Tick sizes applicable to any of the segments of POSIT MTF are contained in Guidance issued by ITGL and available to view at the ITG Website.
- f) Participants must ensure that their ratio of orders to executed transactions is in accordance with ITGL's Guidance which is available at the ITG Website.
- g) If ITGL suspends or removes a financial instrument (as defined in MiFID II) in POSIT MTF, any outstanding orders or unexecuted orders in that financial instrument will be cancelled with immediate effect.
- h) When an order is matched in POSIT MTF, a binding contract is immediately concluded between the relevant participants for the sale and purchase of the specified number of financial instruments (as defined in MiFID II) and at the price determined under the rules of POSIT MTF.
- i) If an order is submitted by, or on behalf of, a participant and it is subsequently executed, no cancellation or reversal is permitted unless agreed by ITGL and the counterparty to the relevant transaction. A participant wishing to cancel a transaction must submit a cancellation request as soon as possible and, in any event, prior to the settlement date of the transaction. Neither ITGL nor its affiliates shall have any responsibility or liability for the failure of a participant to cancel an order. ITGL may, in its sole discretion, and without any liability on its part or the part of its' affiliates, refuse to act upon, execute or otherwise implement any order and may cancel, halt and/ or constrain any order (including an order it believes to be or could be manipulative, disorderly, fraudulent, invalid or contrary to any rules/ regulations), trade or execution. ITGL shall make commercially reasonable efforts



to notify each client affected as soon as reasonably practicable of such refusal or cancellation. Without prejudice to the generality of the foregoing, ITGL may, if in its sole discretion it determines that circumstances warrant, cancel a clearly erroneous transaction regardless of whether or not a participant has requested such cancellation.

- j) ITGL shall take no responsibility for marking POSIT MTF transactions as 'ex' or 'cum' a benefit on POSIT MTF. The responsibility for accurately pricing a financial instrument transacted in POSIT MTF undergoing a corporate action is solely the responsibility of the participant.

#### **9) Pre-Trade Disclosures**

- a) In respect of transactions concluded on the Equities Dark Segment, ITGL as operator of POSIT MTF has received from the Central Bank of Ireland waivers under articles 4(1)(a) (a reference price waiver facility) and 4(1)(c) (a large in scale waiver facility) MiFIR from the pre-trade transparency requirements set out in article 3 MiFIR. On that basis, ITGL as operator of POSIT MTF, will not make public the information required under and in accordance with article 3 MiFIR in respect of orders entering the systems described in sections 4a)(i) to (iii) (inclusive) of these Rules.
- b) In respect of transactions concluded on the Equities Periodic Auction Segment and in accordance with article 3 MiFIR, ITGL as operator of POSIT MTF, shall make public the indicative price at which each relevant auction would execute if it was to execute at that point in time as well as the volume that would execute if it was to execute at that point in time for the respective indicative price (each such publication, a Pre-trade Report). Section 6.5 of the 'POSIT MTF User Guidance' contains further details of the relevant Pre-trade Report for each auction, the publication mechanism and how a person can obtain access to the publication mechanism.

#### **10) Post-Trade Disclosures**

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

#### **11) Market making**

Any participant shall immediately notify ITGL if at any time, such participant, is or acquires a reasonable belief that it is, engaged in pursuing a market making strategy (as defined in article 17(4) Recast MiFID) in POSIT MTF in a financial instrument (as defined in MiFID II) that is admitted to trade in POSIT MTF. Subject to ITGL's assessment, any participant that ITGL determines that it is pursuing a market making strategy in POSIT MTF shall enter into agreement with ITGL (as operator of POSIT MTF) to post firm and competitive prices on a regular and



predictable basis in the relevant financial instruments admitted to trade in POSIT MTF.

## **12) Settlement and default procedures**

- a) In respect of the Equities Dark Segment and the Equities Periodic Auction Segment, ITGL is the settlement counterparty vis a vis each participant in POSIT MTF transactions. However, ITGL acts as agent in executing POSIT MTF business and does not engage in proprietary trading activities. A participant must ensure it has adequate settlement arrangements in place. A participant shall ensure that every transaction effected by it, or on its behalf, is settled in accordance with the settlement rules and market practice, including settlement due date, of the settlement system for transactions executed on the primary market. Each participant must provide ITGL's operations function with settlement instructions prior to executing a transaction.
- b) Participants acting in an agency capacity for third parties are bound as principal with the counterparty to the relevant transaction.
- c) Participants must settle the relevant transactions on or before the end of the standard settlement cycle for the relevant financial instrument.
- d) Participants shall ensure that financial instruments and/ or cash delivered in settlement of a relevant transaction are delivered free of any lien, charge or encumbrance.
- e) ITGL may postpone or extend a settlement period for all or for a specified number of transactions in specified financial instruments on a given day, for a specified period or indefinitely.

## **13) Admission, removal and suspension of financial instruments**

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

## **14) Information covenants**

- a) Other than in relation to a restriction under applicable law and for the purpose of confirming compliance with the Rules, Manuals and/ or Guidance, participants will disclose at all times to ITGL information or provide documentation in their custody or control that is in relation to or in connection with any aspect of their POSIT MTF business that ITGL would reasonably expect to be informed and which should include, without limitation:
  - i) a change of control where a natural or legal person acquires or sells a direct or indirect interest in the participant within the meaning of an acquisition under article 11 Recast MiFID;
  - ii) a change of name of the participant, the parent or the ultimate parent;
  - iii) a change in the legal status of the participant;



- iv) the participant is:
    - (1) unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
    - (2) the value of the assets of a participant is less than its liabilities; or
    - (3) a moratorium is declared in respect of any indebtedness of a participant;
  - v) a material breach of any of the Rules, Manuals or Guidance;
  - vi) the commencement of any investigation or disciplinary action by a national competent authority (as defined in MiFID II) relating to the participant's activities on POSIT MTF or which may affect the relevant participant's compliance with any of the Rules, Manuals or Guidance;
  - vii) a material adverse change affecting the participant's ability to comply with any of the Rules, Manuals or Guidance; or
  - viii) a change which impacts the participant's ability to meet the relevant requirements set out in section 1 (Participant application requirements) of these Rules.
- b) Participants will assist ITGL with any investigation relating to a possible breach of the Rules.
  - c) Participants agree that ITGL can disclose the name of participants and any information that relates to such participant to national competent authorities (as defined in MiFID II).

#### **15) Participant termination/ resignation requirements**

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

#### **16) Complaints**

- a) All participant complaints relating to the operation of POSIT MTF should be in first instance notified to the relevant participant's sales representative. The sales representative for ITGL will escalate the complaint internally and arrange for a response as soon as possible but, in any event no later than after a reasonable period of time has elapsed since the complaint was first discussed with the relevant sales representative. Should the relevant participant prefer to communicate directly to the compliance function, please refer to section 8 of the participant Manual for contact details of the Chief Compliance Officer.
- b) All participant complaints relating to the conduct of another participant should be submitted to the compliance function of ITGL. The compliance function may request any information it considers necessary (in its sole discretion) to decide on an appropriate course of action to seek to resolve the complaint.

#### **17) Disciplinary processes**

- a) Failure to comply with the Rules, Manuals or Guidance or applicable law, rule or regulations may result in ITGL taking such disciplinary actions against the relevant participant as it may in its discretion consider appropriate for the purpose of

maintaining fair and orderly trading in POSIT MTF and may include suspending, restricting or terminating the relevant participant's access to POSIT MTF.

- b) Certain types of behaviour may be reported to a relevant national competent authority.
- c) Participants can appeal a disciplinary decision made by ITGL. Any appeal must be in writing and delivered to ITGL's senior management within a reasonable period of time after receipt of ITGL's decision. The disciplinary decision and the appeal will be re-considered by ITGL's senior management and will notify the relevant participant in writing no later than 30 calendar days after receipt of the appeal.

#### **18) Amendments**

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

#### **19) Tax**

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

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

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