



# **OTF RULEBOOK**



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OTF Market Annex A

## 1. General

### **RULE 101. The Rules**

(a) The Rules set out the terms and conditions of each OTF Client's and Authorised Trader's access to, and use of, the OTF and have been established to facilitate fair and orderly trading on the OTF.

(b) The Rules supplement and form part of the OTF Client Documentation in respect of access to, and use of, the OTF. In the event of any conflict between the Rules and any of the OTF Client Documentation, or any other agreement that references, is incorporated into, or that otherwise applies to a Person's access to, or use of, the OTF, the Rules shall prevail.

### **RULE 102. Definitions**

When used in the OTF Rulebook the following terms shall have the respective meanings as follows:

**"Affiliate"** means, with respect to any Person, any Person who, directly or indirectly, Controls, is controlled by, or is under common Control with, such other Person.

**"Agent"** means an OTF Client acting as agent on behalf a Principal to send Orders and execute Trades on the OTF or subject to the Rules of the OTF.

**"Applicable Law"** means, with respect to any Person, any applicable law, statute, regulation or directive, including the laws of any jurisdiction applicable to an Order or Trade and to any use or attempted use of the OTF, any rule, requirement, order, notice or guideline of any Regulatory Authority, market rules and judgments, orders and rulings of any governmental authority or self-regulatory organization, authority, agency, court or body, applicable to such Person, including FSMA and data protection and privacy laws and laws with respect to recording messages of OTF Client employees and officers.

**"Applicant"** means a Person applying to become an OTF Client.

**"Authorised Trader"** means any natural person who (i) has Trading Access to the OTF acting for and on behalf of an OTF Client and (ii) is assigned a valid Trader ID.

**"Business Day"** means a day on which the OTF is open for trading.

**"Cleared Instrument"** means an Instrument that both participants intend to submit to a Clearing House for clearing.

**"Clearing House"** means a central clearing counterparty for derivative trades that provides clearing services with respect to Instruments traded on the OTF.

“**Clearing House Rules**” means the rules issued by a Clearing House from time to time.

“**Clearing Member**” means a member of a Clearing House that is authorised to clear trades in Instruments for an OTF Client or its Principal.

“**Confirmation**” has the meaning set forth in Rule 303.

“**Control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by Instrument, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“**EEA**” means the European Economic Area.

“**Eligibility Criteria**” means the criteria set forth in Rule 202.

“**Execution Policy**” means the LCM’s policy governing the execution of Orders (as updated from time to time).

“**FCA**” means the UK Financial Conduct Authority, and any successor or replacement.

“**FCA Handbook**” means the FCA’s handbook of rules and guidance, as amended or replaced from time to time.

“**FSMA**” means the UK Financial Services and Markets Act 2000.

“**Insolvency**” means, in respect of an OTF Client: (i) that an order is made by a court of competent jurisdiction, or a resolution is passed, for the liquidation, bankruptcy or administration of the OTF Client or a notice of appointment of a bankruptcy trustee or administrator of the OTF Client is filed with a court of competent jurisdiction; (ii) the appointment of a manager, receiver, administrative receiver, administrator, liquidator, trustee or other similar officer of the OTF Client or in respect of it or all or any part of its assets; (iii) the OTF Client convenes a meeting of its creditors for the purpose of considering a proposal for a composition in satisfaction of the OTF Client's debts or a scheme of arrangement or analogous proceeding; (iv) the OTF Client makes or proposes any arrangement, reorganisation or composition with, or any assignment for the benefit of, its creditors generally (otherwise than in the course of a reorganisation or restructuring previously approved in writing by LCM); (v) the OTF Client is unable to pay its debts as they become due or admits in writing its inability to pay its debts as they are due or is insolvent; (vi) a petition is presented for the winding up of the OTF Client, provided that where the petition is presented by a person other than the OTF Client, Insolvency shall not be deemed to have occurred due to the filing of a winding-up petition which is discharged, stayed or dismissed within thirty (30) days of commencement; (vii) an attachment before judgment or execution is levied over all or any part of the OTF Client’s property; (viii) a moratorium is agreed, declared or otherwise obtained in respect of or affecting all or any material part of the OTF Client's indebtedness; (ix) the OTF Client is subject to the exercise of any stabilization powers in Part 1 of the UK Banking Act 2009; or (x) any action occurs in respect of the OTF Client in any jurisdiction which is analogous to any of those set out in sub-paragraphs (i) through (ix).



**“Instrument”** means a financial instrument made available by LCM for trading on the OTF which are set out in the Annex to these Rules and will be listed on the Website.

“**LCM**” means Louis Capital Markets UK LLP, 130 Wood Street, London EC2V 6DL (Company Number OC305139), which is authorised and regulated by the FCA (Firm Reference Number 225544).

“**Market Abuse**” means any behavior which constitutes market abuse (as defined in the FCA Handbook), insider dealing, market manipulation or any similar or analogous behavior prohibited by Applicable Law.

“**MiFID**” means the European Parliament and of the Council Directive on markets in financial instruments (No. 2014/65/EU) and all related legislation, each as amended, substituted or replaced from time to time.

“**OTF**” means the organised trading facility (as defined in Article 4(1)(22) of MiFID) operated by LCM, and in respect of which LCM is authorised and regulated by the FCA.

“**OTF Data**” has meaning set forth in Rule 403(a).

“**OTF Market**” means the functionality upon which Instruments are available for trading on the OTF as set forth in an “**OTF Market Annex**,” in each case forming part of this Rulebook.

“**Order**” means a firm offer to buy or sell or enter into an Instrument.

“**OTF Client**” means any Person that has signed the OTF Client Documentation and has been granted, and continues to have, Trading Privileges in accordance with the Rules.

“**OTF Client Documentation**” means the agreements and other documents (together with any applicable schedules, exhibits or appendices thereto required by LCM) in form and substance acceptable to LCM, that are required to be executed and delivered to LCM before a Person may access the OTF as an OTF Client.

“**Person**” means a natural person or an entity.

“**Position Limit**” means any limitation on the total number or size of unsettled transactions (measured by number or aggregate monetary consideration) which may be imposed on an OTF Client by LCM (which to avoid any misunderstanding may relate to one or more Instruments or all unsettled transactions);

“**Principal**” means any Person (whether or not disclosed to LCM) for whom an OTF Client sends Orders and executes Trades on the OTF or subject to the Rules.

“**Professional Client**” has the meaning given in the FCA Handbook.

“**Prohibited Trading Practice**” means an activity described in Rule 304(a).

“**Regulatory Authority**” means any competent authority designated as such in accordance with MiFID (including the FCA) and any other relevant regulatory or competent authority, government (or political subdivision), agency, court, commission or entity (whether governmental or non-governmental) having jurisdiction over LCM or the trading of, or Persons

engaged in the trading of, Instruments available for trading on the OTF.

“**Rules**” means the rules of the OTF set out in this Rulebook and the related interpretations, resolutions, orders and directives and procedures of the OTF issued by LCM as in effect from time to time.

“**Trade**” means in relation to an OTF Client any purchase or sale of an Instrument or entry into on the OTF or subject to the Rules.

“**Trader ID**” means a unique identifier issued to each Authorised Trader which enables LCM to identify the individual entering RFQs or Orders into the OTF for and on behalf of an OTF Client.

“**Trading Access**” means the right granted to an Authorised Trader to send Orders and/or execute Trades on the OTF or subject to the Rules.

“**Trading Account**” means, with respect to each OTF Client, each account established and maintained by such OTF Client at LCM OTF through which the OTF Client will trade Instruments.

“**Trading Arrangement**” means an agreement between two OTF Clients that sets out and governs settlement and/or clearing, and related aspects of trading in Instruments between such two OTF Clients.

“**Trading Limit**” means any limitation on the, size or frequency or total number of Orders (measured by number, aggregate monetary consideration, aggregate face value or such other method LCM may adopt) which may be requested by an OTF Client or imposed by LCM.

“**Trading Privileges**” means the right granted to an OTF Client to use, directly or indirectly, the OTF.

“**Website**” means the website of LCM (at [www.louiscapital.com](http://www.louiscapital.com) ).

“**Written**” means printing, lithography, photography, and other modes of representing or reproducing words or data in a visible form, including electronic transmissions.

\* \* \* \* \*

The following rules of construction shall apply to the Rules:

- (i) the headings are for convenience only and do not affect the construction of the Rules;
- (ii) all references to time are to local time in London, England except where expressly provided otherwise;
- (iii) words denoting a singular number include the plural number where the context permits and vice versa;
- (iv) where the context permits or requires, any pronoun shall include the corresponding

masculine, feminine and neuter forms;

- (v) forms of the word “include” mean that the inclusion is not limited to the items listed;
- (vi) “or” is disjunctive but not exclusive;
- (vii) references to statutory provisions include those provisions and any rules or regulations promulgated thereunder, each as amended, updated or replaced from time to time..

## CHAPTER 2. OTF CLIENTS

### **RULE 201. Application Procedure**

- (a) Applicants may apply to become OTF Clients by submitting executed OTF Client Documentation, in the form and manner required by LCM.
- (b) The admission of an Applicant to OTF Client status shall be subject to:
  - (i) passing required relevant customer due diligence checks, sanctions and anti-money laundering checks, including providing such additional information as LCM may require; and
  - (ii) satisfaction of the Eligibility Criteria.
- (c) LCM may reject an Applicant in its sole discretion if it does not satisfy the requirements in paragraph (b) or if LCM considers that accepting the Applicant as an OTF Client may prevent LCM complying with Applicable Law.

### **RULE 202. Eligibility**

To be eligible to transact business on our OTF, LCM will have to accept you as a client and you to agree the category of client that we will treat you. We may categorise clients of the OTF differently for different classes of financial instruments. Retail clients, Natural persons, alternative OTF providers, trading venues and any entity of LCM or entities that have close links to the LCM group of companies are not eligible for admission as an OTF Client.

Clients of the OTF will have to meet the following threshold conditions and satisfy us that they will continue to meet them;

1.
  - a) is classified by LCM as a Professional Client or Eligible counterparty;
  - b) is authorised as an EEA credit institution or EEA investment firm or
  - c) is equivalently authorised in any other jurisdiction or
  - d) has satisfied and will continue to satisfy LCM as required that it is fit and proper to become an OTF Client, with adequate organisational arrangements in place and a sufficient level of trading ability and competence
2. complies, and will ensure that its Authorised Traders comply, and, in each case, will continue to comply, with the Rules and Applicable Law;
3. has designated us one or more responsible persons
4. has the legal capacity to trade in the Instruments it selects to trade on the OTF;

5. has appropriate systems and arrangements for the orderly clearance and/or settlement, as applicable, of Trades;
6. has the registrations, authorisations, approvals and consents required by applicable law in connection with trading OTF investments on the OTF
7. You and your responsible persons has the knowledge and competence to transact OTF investments
8. Has adequate internal organisation, systems and controls that will minimize trading errors, prevent breaches of the OTF rules and prevent breaches of Applicable law
9. Has adequate internal organisation, systems and controls that will promote fair and orderly trading on the OTF and preserve the stability of the OTF
10. Has agreed to meet such criteria and any other criteria that we may reasonably ask for

**RULE 203. Continuing Obligations of OTF Clients**

- (a) Each OTF Client must at all times:
  - (i) continue to comply with the Eligibility Criteria;
  - (ii) accept responsibility for all Orders, Trades and other actions taken by it and its Authorised Traders; and
  - (iii) have appropriate internal systems and controls to ensure that it trades in an orderly manner, to prevent erroneous Trades and to ensure ongoing compliance with, and prevent breaches of, Applicable Law and these Rules.
- (b) Each OTF Client must comply with all requirements set forth in OTF Market Annex A as applicable.
- (c) Each OTF Client must provide LCM with the information necessary for LCM to establish Trading Accounts, and keep such information up-to-date at all times.
- (d) The Trading Privileges granted to an OTF Client or the Trading Access granted to an Authorised Trader pursuant to the Rules may not be transferred, assigned, sold or leased.

**RULE 204. Information**

- (a) LCM may require an OTF Client to disclose information or produce documents in its possession, custody or control, in each case relevant to its activity on the OTF for the purposes of determining compliance with these Rules, or in response to a legal obligation or request by a Regulatory Authority (save to the extent that such a disclosure is prohibited by law or any relevant Regulatory Authority).
- (b) OTF Client shall provide all reasonable assistance to LCM regarding a possible breach of these Rules. Such assistance may include providing access to information and individuals reasonably within the control of the OTF Client.

**RULE 205. Authorised Traders**

- (a) Each OTF Client shall designate one or more individuals as Authorised Traders.
- (b) Each OTF Client shall ensure that each of their Authorised Traders:

- (i) is a natural person;
- (ii) satisfies any other requirements as may be prescribed by LCM from time to time and published on the Website; and
- (iii) has a Trader ID.

(c) Each OTF Client will ensure on an ongoing basis that each of its Authorised Traders:

- (i) is sufficiently trained and adequately supervised in accordance with any applicable requirements of the relevant Regulatory Authority and maintains any approvals required by and is duly authorised under Applicable Law to trade on the OTF;
- (ii) is technically proficient; and
- (iii) conducts business in accordance with the Rules.

(d) To designate an Authorised Trader, an OTF Client must follow the procedures established by LCM.

#### **RULE 206. Trader IDs**

(a) LCM shall issue each Authorised Trader a Trader ID, provided that no Trader ID will be assigned to an Authorised Trader without the consent of the relevant OTF Client.

(b) Each Order entered into the OTF by an Authorised Trader must contain such Authorised Trader's Trader ID.

(c) Each OTF Client must ensure that use of any Trader ID is limited to its Authorised Traders and shall adopt, implement and enforce access control procedures that limit access to the OTF to its Authorised Traders.

(d) No Person may use a Trader ID to place an Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorised use of a Trader ID.

(e) Each OTF Client shall ensure the accuracy of the registration information of its Authorised Traders at all times.

(f) Each OTF Client shall notify LCM promptly upon becoming aware of:

(i) any unauthorised disclosure or use of any Trader ID assigned to it or any of its Authorised Traders and of any other reason for deactivating a Trader ID; and

(ii) any unauthorised access to the OTF by any Person using a Trader ID assigned to such OTF Client or its Authorised Traders.

(g) Each OTF Client shall be bound by any actions taken through the use of a Trader ID assigned to its Authorised Traders, including the submission of Orders and execution, clearance and settlement of Trades, whether or not such actions were taken or authorised by such OTF Client or Authorised Trader, as the case may be.

**RULE 207. Required Disclosures of OTF Clients**

Except to the extent prohibited by Applicable Law, each OTF Client shall promptly notify LCM upon becoming aware of any of the following events:

- (a) such OTF Client or any of its Authorised Traders has breached or is otherwise unable to comply with the Rules;
- (b) any material change to the contact information or information in the OTF Client Documentation provided to LCM by the OTF Client;
- (c) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the OTF Client to effect transactions pursuant to the Rules or to timely perform the OTF Client's financial obligations under or in connection with any Trades of such OTF Client;
- (d) any revocation, suspension or conditioning of any registration or license of an OTF Client necessary to trade on the OTF granted by any relevant Regulatory Authority;
- (e) any prosecution or conviction of the OTF Client for any offence involving fraud, dishonesty, misleading statements or misleading impressions or Market Abuse;
- (f) the OTF Client being subject to public regulatory sanction related to Market Abuse or market manipulation by a Regulatory Authority or to any fine by a Regulatory Authority in excess of £ 25 000 (twenty five thousand pounds);
- (g) any investigation or inquiry by a Regulatory Authority relating to use of the OTF;
- (h) the occurrence of an event of Insolvency with respect to the OTF Client or the 10% owner or greater owner of the OTF Client; or
- (i) a failure by OTF Client or any Principal for which it acts as Agent to clear or settle any Trade in accordance with the Rules, Applicable Law or good settlement practice.

**RULE 208. Suspension or Termination**

(a) LCM may, in its sole discretion, issue a Written warning, suspend, impose conditions on or terminate OTF Client's or Authorised Trader's ability to access the OTF in the following circumstances:

- (i) such OTF Client and/or any of its Authorised Traders are in breach of the Rules, Applicable Law or the Participant Agreement;

- (ii) the occurrence of an event of Insolvency with respect to the OTF Client or the 10% owner or greater owner of the OTF Client;
- (iii) such OTF Client does not meet the Eligibility Criteria;
- (iv) in the event of an emergency or force majeure;
- (v) the OTF Client is subject to regulatory intervention or enforcement by the FCA or other Regulatory Authority; or
- (vi) such action is, in LCM's reasonable opinion, necessary to preserve the security or integrity of the OTF, to ensure orderly market conditions and/or to protect OTF Clients or ensure compliance with Applicable Law.

(b) A OTF Client may cease to be an OTF Client by terminating the OTF Client Documentation in accordance with its relevant terms or otherwise by providing notice to LCM in accordance with such procedures as may be established by LCM for such purpose.

(c) To request the termination of an Authorised Trader, the OTF Client must notify LCM following the procedures established by LCM. LCM will terminate access of such Authorised Trader to the OTF immediately upon receipt of such notice from the OTF Client. From the time that an Authorised Trader's suspension or termination on the OTF is effective, LCM will disable access of such Authorised Trader to the OTF.

(d) From the time that an OTF Client's suspension, termination or withdrawal is effective:

- (i) all rights and Trading Privileges of such former OTF Client and all Trading Access granted Authorised Traders shall be terminated;
- (ii) the former OTF Client must immediately withdraw all unmatched, Orders and/or prices submitted by such former OTF Client and its Authorised Traders, failing which LCM shall promptly cancel such unmatched Orders and/or prices;
- (iii) such former OTF Client remains liable for:
  - (A) any contractual obligations relating to any Trades entered into by such OTF Client and its Authorised Traders prior to such suspension, termination or withdrawal;
  - (B) the payment of any fees, costs, or charges incurred prior to such suspension, termination or withdrawal;
  - (C) its and its Authorised Traders' acts done and omissions made during its tenure as an OTF Client; and

(iv) such former OTF Client must comply with any reasonable requests for information from LCM in relation to its tenure as an OTF Client.

(e) LCM will notify an OTF Client of a decision to take any action under this Rule 208 unless it is prohibited from doing so by Applicable Law.

### **CHAPTER 3. TRADING**

#### **RULE 301. OTF Instruments and OTF Markets**

(a) LCM shall determine the Instruments eligible for trading on each OTF Market and may, at any time and in its sole discretion, amend the Instruments eligible for trading on each OTF Market.

(b) In determining whether to admit an Instrument to trading on an OTF Market, LCM shall take into consideration, inter alia:

- the outstanding size or number of any underlying asset or thing in issue;
- the liquidity of any relevant underlying asset or thing; and/or
- the likely interest of OTF Clients in the Instrument.

(c) LCM will notify OTF Clients via electronic mail of:

- any new Instruments admitted to trading on an OTF Market and of
- the terms or arrangements for trading in each Instrument.

(d) Additional details relating to the execution of Trades in a particular OTF Market are set out in the applicable OTF Market Annex to the Rules.

(e) LCM would add an Order to the OTF in accordance with the Execution Policy.

(f) Once an Order has been submitted to the OTF, LCM will use its discretion to determine which other OTF Clients to contact with regard to that Order. In exercising this discretion, LCM would use its knowledge of the OTF Clients' investment strategies.

(g) When contacting an OTF Client with regard to an Order on the OTF, LCM will inform such OTF Client that the Order was on the OTF.

(h) LCM will only contact an OTF Client with regard to an Order if LCM has a reasonable expectation that such OTF Client would be interested in such Order.

#### **RULE 302. Methods of Execution**

Methods of execution for each OTF Market are set forth in the appropriate OTF Market Annexes.

When an OTF Client submits an Order in relation to bonds, LCM shall execute any relevant Trade on a matched principal basis and the OTF Client shall be deemed to have consented to such matched principal trading when submitting the relevant Order.

#### **RULE 303. Confirmations**

(a) LCM shall promptly, following execution of a Trade, provide each OTF Client or

its Agent that is involved in such Trade with a Written record of the Trade (the “**Confirmation**”). Subject to the Rules, and any other agreement between the Counterparties to such Trade, the Confirmation shall be conclusive evidence of those Counterparties having entered into a valid legally binding contract.

(b) A OTF Client or its Agent must notify LCM immediately upon receipt if they are not in agreement with any details of the Confirmation.

**RULE 304. Prohibited Trading Practices**

(a) It shall be a violation of the Rules for an OTF Client or any of its Authorised Traders, to engage, directly or indirectly, in any of the following activities:

- (i) any act or omission that would constitute fraud;
- (ii) making any fraudulent or misleading communications in relation to one or more Instruments or OTF Markets;
- (iii) breaching or causing the OTF or LCM to be in breach of any Applicable Law;
- (iv) any action or omission resulting in disorderly trading conditions, the disruption of fair and orderly trading or system functionality; or

- (v) engaging in any action which is likely to damage the fairness, stability or integrity of the OTF or to bring the OTF or LCM into disrepute.
- (vi) any act or omission that would constitute Market Abuse.

(b) No OTF Client or Authorised Trader shall make any knowing misstatement of material fact to LCM or any of LCM's directors, officers, employees or agents.

#### **RULE 305. Market Surveillance**

(a) LCM shall monitor compliance with the Rules and shall have procedures and arrangements to identify disorderly trading conditions and any conduct that may be in violation of these Rules. In determining whether conduct or a Trade breaches these Rules, LCM may utilize such information and consult with any relevant parties that it deems appropriate.

(b) LCM may take such actions as permitted by these Rules to facilitate fair and orderly trading on the OTF.

#### **RULE 306. OTF Risk Controls**

(a) LCM may at any time suspend, postpone or extend trading on the OTF as a whole, or in respect of one or more Instruments or OTF Markets, where LCM reasonably considers such action necessary:

- (i) to maintain the stability or integrity of the OTF;
- (ii) to ensure fair and orderly trading;
- (iii) to avoid violation of Applicable Law;
- (iv) to prevent erroneous execution of Trades; and/or
- (v) as otherwise required by Applicable Law or pursuant to an order or request of a Regulatory Authority or court of competent jurisdiction.

(b) Trading may be halted or constrained if there is a significant price movement in a financial instrument during a short period of time. We will halt trading in an instrument if that instrument has been subject to a trading halt or significant volatility on a related market that we monitor

(c) We will calibrate the parameters for trading halts in a way that is appropriate to the financial instrument and takes into account of the different liquidity profile of asset and sub asset classes. These parameters are reported to our NCA in the first place and with every subsequent change.

(d) Where there is a regulated market which is material in terms of liquidity in a financial instrument traded on our OTF we may use the same parameters for halting trading and re quoting that financial instrument.

(e) We may cancel, vary or correct a transaction that has been formed on the OTF in exceptional circumstances

(f) If trading in an Instrument or on an OTF Market is halted or constrained in whole or in part pursuant to paragraph (a) of this Rule 306, no new Orders may be submitted into the relevant OTF Market in respect of such Instrument or OTF Market for the duration of the suspension and all unfilled Orders at the time of suspension shall be canceled.



(g) LCM shall, to the extent practicable, promptly notify OTF Clients of any decision to suspend, postpone or extend trading pursuant to paragraph (a) of this Rule 306.

**RULE 307. Trade Cancellation**

(a) LCM may cancel a Trade executed on the OTF or subject to the Rules if:

(i) both affected OTF Clients agree to cancel such Trade and provide to LCM consent to cancel in Writing; and

(ii) the Trade was a result of clerical or operational error by one or both affected OTF Clients.

(b) LCM reserves the right to require the parties to cancel any Trade executed on the OTF or subject to the Rules, if LCM not unreasonably considers that:

- (i) the Trade was a result of an OTF system error;
- (ii) the Trade appears to be Market Abuse or otherwise be manipulative or indicative of system abuse or misuse;
- (iii) the Trade appears to be deceptive or fraudulent;
- (iv) such cancellation is necessary to preserve the integrity of the market and maintain fair and orderly trading; or
- (v) the Trade is contrary to Applicable Law.

(c) Each OTF Client acknowledges and agrees that LCM is not obliged to require the parties to cancel any Trades on the OTF or subject to the Rules, and if LCM determines that a Trade should be canceled in accordance with this Rule 307, the affected OTF Clients shall take such steps as may be necessary to effect such cancellation in accordance with normal market convention.

#### **RULE 308. Clearing and Settlement**

(a) In respect of Cleared Instruments:

- (i) each Cleared Instrument shall be cleared through the Clearing House mutually selected by the OTF Clients;
- (ii) the relevant Clearing House Rules will govern the clearing of such Trades in addition to the remaining provisions of this Rule 308;
- (iii) each OTF Client must comply with the Clearing House Rules; and
- (iv) where the relevant Clearing House Rules conflict with this Rule 308, the relevant Clearing House Rules shall take precedence.

(b) After the Clearing House has confirmed to the OTF that the Trade has been cleared, the OTF will notify the OTF Clients involved in the Trade.

(c) In respect of every Trades made between us and given up to be cleared by another broker or dealer as specified by an OTF Client:

- (a) if such broker or dealer accepts the give-up, we shall (without prejudice to any claim we may have for commission or other payment) upon such acceptance cease to be a party to the transaction and shall have no obligation to the relevant OTF Client for its performance;
- (b) if such other broker or dealer declines to accept the give-up, we shall be entitled at our option either to confirm the transaction with the relevant OTF Client or to liquidate it by such sale, purchase, disposal or other transaction or cancellation as we

may in our reasonable discretion determine, whether on the relevant Market or by private contract or any other feasible method (including taking it over ourselves or transferring it to an Associate); and any balance resulting from such liquidation shall be promptly settled between us but without prejudicing our rights under this Agreement or otherwise.

(d) the settlement of all executed Trades shall take place directly between the OTF Clients in accordance with the terms of the Trade.

(e) If requested by LCM, an OTF Client shall provide promptly (and, in any event, by the end of the Business Day following the day on which a request is made by LCM) any details relating to settlement of a Trade.

### **RULE 309. Transparency, Instrument Reference Data and Transaction Reporting**

(a) Under Applicable Regulations, LCM may be obliged to make transparency and information reference data reports to the FCA. LCM may also be obliged to make transaction reports in respect of OTF Clients who are not subject to MiFID. Each OTF Client agrees and acknowledges that any and all proprietary rights in the information that LCM requires in order to send such reports are owned by LCM. Each OTF Client waives any duty of confidentiality attaching to the information which LCM reasonably reports or discloses. LCM will publish the basis on which it will use any transparency waivers which it may be granted.

(b) Under MIFID all reportable transactions are to be reported to competent authorities through systems which comply with specific requirements. Except as set out above, OTF Clients are responsible for such reporting. LCM is not responsible for OTF Clients' reporting obligations.

### **RULE 310. Information**

LCM will ensure that information regarding the Instruments available for trading on the OTF is publically available. In determining the nature and quantity of this information, LCM will bear in mind that the OTF Clients are sophisticated and informed with regard to investment matters.

### **RULE 311. Trading Limits or Position Limits**

In order to maintain a fair and orderly market on the LCM OTF, LCM may, in its absolute discretion, either unilaterally or at the request of or after consultation with the relevant OTF Client, impose Trading Limits or Position Limits on any OTF Client. LCM will notify an OTF Client of the imposition of, or change to, any Trading Limit or Position Limit. Any newly imposed or changed Trading Limit or Position Limit will not apply to any unsettled Trades or current Orders and will only apply to Trades or Orders entered into or placed after the date on which LCM notifies that OTF Client about the imposition of, or change to, any Trading Limit or Position Limit. Each OTF Client shall comply with any Trading or Position Limit imposed on it by LCM. LCM may make arrangements through the LCM OTF to restrict or prevent the breach of any Trading Limit or Position Limit. The breach of any Trading Limit or Position Limit may result in the Client being in breach of the Rules.

**CHAPTER 4.  
MISCELLANEOUS**

**RULE 401. Notices**

(a) Each OTF Client must provide LCM with its current electronic mail address and telephone number and the electronic mail address and telephone number of any Person who may use a Trader ID assigned to such OTF Client. Each OTF Client must immediately (and in any event within 24 hours) update the contact information described in this paragraph (a) whenever it changes.

(b) Communications from LCM to OTF Clients may be transmitted by electronic mail or posted on the Website.

(c) A notice from or by LCM shall have effect on the date stated in it. An OTF Client shall be bound by a notice even if, for any reason, the OTF Client did not receive it.

**RULE 402. Timely Publication of Information**

LCM shall publish such information relating to the OTF Markets and the Instruments available for trading on the OTF as required by Applicable Law from time to time.

**RULE 403. Market Data**

(a) Subject to each OTF Client's rights in OTF Client's own data (and the data of its Principal) as set forth in the OTF Client Documentation, LCM shall own all rights, title and interest, database rights and trade secret rights in and to all data and other information contained in, displayed on, generated by or derived from the OTF or Trades entered into pursuant to the Rules, including Orders, prices and volumes ("**OTF Data**").

(b) OTF Clients and Authorised Traders shall not, and shall cause their Affiliates, Accounts and Customers not to, distribute, sell or retransmit OTF Data or other information obtained via the OTF, provided that any such restrictions shall not apply to OTF Client's own data (and the data of its Principal).

(c) Subject to Rule 405, LCM may make OTF Data and other information it may deem appropriate available to OTF Clients and other Persons at such times and in such manner (whether through the OTF, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time. Each OTF Client or other Person receiving any such information through the OTF may redistribute such information only to such extent and in such manner as may be permitted by LCM from time to time.

**RULE 404. Cooperation with Regulatory Authorities**

(a) LCM may report to the FCA, and to the extent that such reporting is required pursuant to Applicable Law to any other relevant Regulatory Authority, any breaches

of the Rules, disorderly trading and/or Prohibited Trading Practices.

(b) LCM may provide full assistance to, and will also supply any relevant information without delay to the FCA, and as required by Applicable Law to any other Regulatory Authority, in connection with any investigation and prosecution of or enforcement action regarding any actual or suspected Prohibited Trading Practice occurring on or through the OTF.

(c) LCM will comply with all Applicable Law and any request of the FCA or other relevant Regulatory Authority.

(d) LCM may disclose information and documents received from any OTF Client to any Regulatory Authority for any purpose including (without limit) enabling any Regulatory Authority to commence or pursue any investigation or enquiry, or institute, continue or defend any proceedings.

(e) Each OTF Client shall provide full assistance to the FCA and any other Regulatory Authority in connection with: (i) any actual or suspected breach of Applicable Law; and/or (ii) any investigation or prosecution of or enforcement action regarding any actual or suspected Prohibited Trading Practice.

#### **RULE 405. Confidentiality**

(a) All material non-public information provided by an OTF Client or Authorised Trader to LCM shall be held in confidence and shall not be made known to any other Person except as follows:

- (i) with the consent of the OTF Client or Authorised Trader providing such information;
- (ii) to a Regulatory Authority if LCM is requested or legally required to do so by such Regulatory Authority;
- (iii) pursuant to a lawful discovery request;
- (iv) to a Clearing House of which such OTF Client is a member or in connection with the clearing of an Instrument;
- (v) to provide the OTF or operate the OTF Markets;
- (vi) subject to appropriate confidentiality requirements, to any Person providing services to LCM;
- (vii) subject to appropriate confidentiality requirements, to LCM employees, the board, board committees, attorneys, auditors, and agents, independent contractors or other Persons that have been engaged by LCM, in each case, who require such information in connection with the discharge of their duties to LCM; and

(viii) as otherwise permitted under these Rules.

(b) All information and data obtained or received by LCM from inspections of accounting and other records will be treated as confidential by LCM; however, this Rule does not supplant Rule 208 (Suspension or Termination), or any other requirement of legal process or law or in case of emergency or force majeure.

#### **RULE 406. Force Majeure**

Notwithstanding any other provision of the Rules, LCM shall not be obligated to perform its obligations under the Rules, or any other agreement with an OTF Client (including the OTF Client Documentation), or to compensate any Person for losses occasioned by any delay or failure of performance, to the extent a delay or failure of performance is the result of circumstances that LCM determines, in its sole discretion, may have an adverse effect upon the functions and facilities of the OTF, including but not limited to, acts of God, fire or other natural disasters, bomb threats, acts of terrorism or war or severely inclement weather.

#### **RULE 407. Extension or Waiver of LCM Rules**

LCM may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the Applicable Law or other applicable regulations.

#### **RULE 408. Amendment, Repeal or New Rule**

(a) LCM may in its sole discretion amend or repeal any Rule and/or adopt new Rules. Any such amendment or repeal of a Rule or adoption of a new Rule, shall, upon the effective date of such amendment, repeal or adoption, as applicable, be binding on all OTF Clients and Authorised Traders.

(b) LCM will publish any amendments to this LCM Rulebook on the Website. Material changes will be published in advance of the effective date of such amendment, non-material changes may take effect from the date of publication. Any such publication shall specify the date on which the amendment takes effect. Continued participation on the OTF following the effective date of the amendment constitutes deemed acceptance by the OTF Client of the amendments and acknowledgement of the revised LCM Rulebook.

#### **RULE 409. Governing Law and Jurisdiction**

This LCM Rulebook, any matters arising out of this Rulebook and the relationship between LCM and each OTF Client shall be governed by English Law and the governing law and jurisdiction provisions in the OTF Client agreement (which is part of the OTF Client documentation) shall be deemed to be included in these Rules.

**OTF MARKET ANNEX A**  
**Financial instruments available for trading via OTF**

- (a) Bonds (cleared). ICBC Financial Services LLC and Goldman Sachs International
- (b) Structured Finance product (cleared). ICBC Financial Services LLC and Goldman Sachs International
- (c) Derivatives (Give up). RJO’Brien Limited

Asset classes	Sub asset classes
Interest rate derivatives	IR futures and FRA
	Fixed to Float 'single currency swaps'
	Float to Float 'single currency swaps'
	Fixed to Fixed 'single currency swaps'
	Overnight Index Swap (OIS) 'single currency swaps'
	Inflation 'single currency swaps'
Equity derivatives	Swaps
	Other equity derivatives (exotic option)

Asset classes	Sub asset classes
Bonds	Sovereign bond Other Public Bond Convertible Bond Covered Bond Corporate Bond Other Bonds
Structured Finance Products	All