

# IPsx Rules for Members

April 2021

## Table of Contents

<b>Glossary</b> .....	<b>4</b>
<b>Introduction</b> .....	<b>10</b>
<b>Important information</b> .....	<b>11</b>
Interpretation .....	11
Regulatory functions and responsibilities.....	11
Limitation of liability.....	11
Confidentiality .....	11
Amendments to the IPSX Rules.....	12
<b>Part I: IPSX Principles for Members</b> .....	<b>13</b>
Principle 1 – Due skill, care and diligence.....	13
Principle 2 – Integrity.....	13
Principle 3 – Market conduct.....	13
Principle 4 – Compliance with regulatory obligations .....	14
Principle 5 – Acting in an open and co-operative manner.....	14
Principle 6 – Alternative venues to meet equivalent standards (IPSX Trading Members only) .....	14
<b>Part II: Lead Advisers</b> .....	<b>15</b>
Context for Lead Adviser role.....	15
Permitted Applicants - Lead Adviser .....	15
Continuing obligations of IPSX Lead Adviser .....	17
Supervision of a Lead Adviser by the Exchange .....	20
Request for suspension or resignation of a Lead Adviser .....	21
<b>Part III: Approved Valuers</b> .....	<b>22</b>
Context for <b>Approved Valuer</b> role .....	22
Permitted Applicants - Approved Valuer.....	22
Continuing obligations of Approved Valuers .....	25
Supervision of an Approved Valuer by the Exchange .....	26
Request for suspension or resignation of an Approved Valuer.....	27
<b>PART IV: Trading Members</b> .....	<b>28</b>
Section 1: Context.....	28
Section 2: Permitted Applicants - Trading Members.....	28
Section 3: Continuing obligations of a Trading Member.....	30
Section 4: Trading Rules .....	35
Section 5: Market Making Rules.....	38
Section 6: Trade Reporting.....	43
Section 7: Market Operations.....	47
Section 8: Settlement Rules .....	49

Section 9: Default Rules.....	55
Section 10: Supervision of a Trading Member by the Exchange.....	60
Section 11: Request for suspension or resignation of a Trading Member .....	61
Section 12: Corporate Actions.....	62
<b>Part V: Disciplinary action and termination of IPSX Membership.....</b>	<b>64</b>

## Glossary

**Admission:** the admission of **financial instruments** to trading on the **IPsx Markets** or the acceptance of an **Applicant** by **IPsx** as an **IPsx Member**, as the context requires.

**Admission Document:** a document required for the **Admission** of **financial instruments** produced by **Issuers** that are not required to prepare a **Prospectus**.

**Admission Standards:** as defined in the **IPsx Rules for Issuers**

**Applicant:** an entity applying (or proposing to apply) to **IPsx** to become a **Member** or an **Issuer** as the context applies.

**Approved Valuer:** a **RICS Registered Company** approved by **IPsx** and whose name is included on the list of **Approved Valuers** maintained by **IPsx**.

**Authorised Employee:** an employee of a **Trading Member** who is authorised to represent the **Trading Member** in day-to-day interactions with the **Exchange**.

**Authorised Person:** as defined in the **FCA Handbook**.

**back price:** where the best offer price is lower than the best bid price in the same **financial instrument**.

**benefit:** any benefit to which the owner of a **financial instrument** is entitled through a corporate action by the **Issuer** of that **financial instrument**, including, but not limited to, a dividend or rights issue.

**Broker-Driven Model:** the model operated by **IPsx Wholesale** where **financial instruments** are traded in the **Continuous Trading Period** without **Market Makers**.

**Business Day:** a day (other than a Saturday, Sunday or Public Holiday in the UK) when **IPsx** is open for business.

**Cash Settlement Amount:** the cash amount determined by the **Exchange** to settle an **on-Exchange trade** that has otherwise failed to settle.

**Cash Settlement Notice:** an instruction issued by which sets out the **cash settlement amount** that a **defaulting member** must pay to the counterparty of the relevant **on-Exchange trade** in accordance with the instructions issued by **IPsx**.

**choice price:** where the best bid price and best offer price are the same in the same **financial instrument**.

**competent authority:** an authority exercising functions referred to either in Part IV of **FSMA** or corresponding to those functions under the laws of an **EEA** state other than the UK.

**confidential information:** as defined in the Confidentiality sub-section of the Important Information section of the **IPsx Rules for Members**.

**Continuous Trading Period:** The period during which quotes can be posted in **financial instruments** which are admitted to trading on **IPsx Wholesale** and trade under the **Broker-Driven Model**.

**Contract price:** the price per **financial instrument** at which the relevant **on-Exchange trade** was originally agreed.

**Contract value:** the **contract price** multiplied by the quantity of **financial instruments** that are the subject of the relevant **on-Exchange trade**.

**Cornerstone Investor:** a substantial shareholder in an **Issuer** whose **financial instruments** are admitted to **IPsx Wholesale** and trade under the **Broker-Driven Model** who is a ‘controller’ as defined in the **FCA Handbook**.

**Cornerstone Investor Representative:** a **Trading Member** who has been appointed by an **Issuer** to represent a **Cornerstone Investor’s** trading interests in its **financial instrument**.

**counterparty:** the person(s) who contracts as a principal with the **defaulter** in respect of an **unsettled market contract** whether directly or through the agency of a **Trading Member** and/or a third party.

**CRD credit institution:** a credit institution which has permission under Part 4A of **FSMA** to accept deposits.

**Default Committee:** the committee of persons appointed from time to time by the **Exchange**, that determines whether a **Trading Member** should be declared a **defaulter**.

**default manager:** an individual appointed by the **Exchange** to administer the default in accordance with these **Rules**.

**default price:** the price determined by the **default manager** which, unless the **default manager** reasonably considers that exceptional circumstances apply, is:

- where trading in a **financial instrument** has not been suspended at the date a declaration of default is made, the applicable middle market price on the **Exchange** immediately before the declaration of default;
- where trading in a **financial instrument** is suspended, or has been withdrawn, at the date a declaration of default is made, a price determined by reference to the following factors:
  - the applicable middle market price on the **Exchange** immediately before the date of the suspension or withdrawal of that **financial instrument**;
  - the prices at which any **on-Exchange trades** were last effected in the **financial instrument** in question on the **Exchange**;
  - the opinion of any professional adviser that the **default manager** has instructed for purposes of providing a third-party valuation of the **financial instrument** in question; and
  - information from the registrar or company secretary of the relevant company as to the consideration for any recent transfers in the relevant **financial instrument**.

**Default Rules:** the **Rules** set out in Section 9 of Part IV of the **IPsx Rules for Members**.

**defaulter:** a **Trading Member** declared to be in default pursuant to the **IPsx Rules for Members**.

**defaulting member:** a **Trading Member** that has failed to settle an **on-Exchange trade** on its settlement date.

**designated professional body:** as defined in the **FCA Handbook**.

**Direction Notice:** a notice issued by **IPsx** to an individual **Trading Member** instructing how that **Trading Member** may behave in order to maintain the integrity and orderly functioning of the **Exchange**. A **Direction Notice** will only be issued in exceptional circumstances and apply for a short period of time, for example where a **Trading Member** has system problems.

**EEA:** European Economic Area.

**EEA Competent Authority:** an authority exercising functions corresponding to the functions referred to in Part IV of **FSMA** under the laws of an **EEA** state other than the UK.

**ESMA:** European Securities and Markets Authority.

**Exchange Market Size:** the minimum quote size of a **financial instrument**.

**Exchange:** IPSX UK Limited.

**FCA:** the Financial Conduct Authority of the UK.

**FCA Handbook:** the handbook of rules and guidance published by the **FCA** as in force from time to time.

**financial instrument:** the **financial instrument** of an **Applicant** or an **Issuer**, of a class admitted to trading on **IPsx** or for which an application for **Admission** has been made.

**FSMA:** the Financial Services and Markets Act 2000, as amended from time to time.

**Institutional Investors:** means the type of clients meeting the **FCA Handbook's** definition of an Eligible Counterparty, a Per se Professional Client or, with respect to COBS 3.5.3 (1) and (3), an Elective Professional Client.

**Investment Firm:** an investment firm as defined either in Part 4A of **FSMA** or on article 4.1(1) of **MiFID**.

**IPsx:** IPSX UK Limited.

**IPsx Disciplinary and Appeals Procedures:** the disciplinary and appeals procedures issued by **IPsx**, as amended from time to time.

**IPsx Fee Schedule:** the schedule of **IPsx** fees payable by **Members** and **Issuers**, on application and ongoing, as amended from time to time, and set out on the **IPsx** website.

**IPsx Guide for Trading Members:** the guide issued by **IPsx** providing further information on its trading services, as amended from time to time.

**IPsx Markets:** **IPsx Prime** and **IPsx Wholesale**.

**IPsx Prime:** a **Regulated Market** for the **Admission** and trading of **financial instruments**.

**IPsx Principles for Members:** the principles for **Members** set out in Part I of these **Rules**.

**IPsx Rules:** the **IPsx Rules for Members** and the **IPsx Rules for Issuers**.

**IPsx Rules for Members:** this rulebook, covering **IPsx Members**, being **Lead Advisers**, **Approved Valuers** and **Trading Members** as issued by **IPsx**, as amended from time to time.

**IPsx Rules for Issuers:** a rulebook, distinct from these **Rules**, covering **Issuers**, or prospective **Issuers** of **financial instruments** admitted to trading on **IPsx Prime** or **IPsx Wholesale**.

**IPsx Trading Platform:** the electronic facilities and underlying systems for trading on the **IPsx Markets**.

**IPsx Wholesale:** a **Multilateral Trading Facility** for the trading of **financial instruments** of an **Issuer**, which operates a **Market Maker Model** and a **Broker-Driven Model**. Only **Institutional Investors** may invest in, or trade in, **financial instruments** admitted to **IPsx Wholesale**.

**Issuer:** a company whose financial instruments have been admitted to trading on **IPsx**.

**Lead Adviser:** a firm which is approved by **IPsx** and whose name is included on the list of **Lead Advisers** maintained by **IPsx**.

**Lead Adviser Declaration:** a declaration made by the **Lead Adviser** in accordance with Schedule Four of the **IPsx Rules for Issuers**, as the context requires, which supports an **Issuer's** application to have its **financial instruments** admitted to trading.

**LEI:** a Legal Entity Identifier as defined in ISO 17442.

**Mandatory Quote Period:** the period during each **Business Day** during which a **Market Maker** must provide two-way prices for each **financial instrument** in which it is registered as a **Market Maker**.

**MAR:** Market Abuse Regulation (Regulation 596/2014), as applied in the UK.

**Market Maker:** a **Trading Member** who is registered with **IPsx** to provide 2-way prices on during the **Mandatory Quote Period** in at least one **financial instrument** in accordance with these **Rules**.

**Market Maker Exemption:** as defined in the **FCA Handbook**,

**Market Maker Model:** the model operated by **IPsx Wholesale** where **financial instruments** are traded in the **Mandatory Quote Period** and each **financial instrument** has at least one registered **Market Maker**.

**Market Notice:** any notice issued by **IPsx** from time to time to **Members**.

**Market Price:** the closing price of a **financial instrument** as determined on the **Exchange** on every **Business Day**.

**Market Regulation:** the executive staff at **IPsx** responsible for **IPsx's** market surveillance, membership, listing and other regulatory functions, including monitoring the compliance of **Issuers** with their continuing obligations, and enforcing the **IPsx Rules**.

**Market value:** the **market price** multiplied by the number of **financial instruments** which are the subject of the relevant trade.

**maximum spread:** the maximum difference between the offer price and bid price quoted by a **Market Maker** on **IPsx Prime** allowed by **IPsx** and as in force from time to time as set out in the **IPsx Guide for Trading Members**.

**Member:** a person admitted to membership of **IPsx** as a **Lead Adviser** and/or an **Approved Valuer** and/or a **Trading Member**.

**MiFID:** Markets in Financial Instruments Directive 2014/65/EU, as implemented in the UK.

**MiFID Delegated Regulation:** Commission Delegated Regulation (EU)2017/580 as implemented in the UK.

**Multilateral Trading Facility** or **MTF:** as defined in the **FCA Handbook**.

**on-Exchange trade:** as defined in Rule 4.4.4 in Part IV of the **IPsx Rules for Members**.

**permitted activities:** the permitted activities of an **IPsx Trading Member** when using the services of **IPsx**.

**PRA:** the Prudential Regulation Authority of the UK.

**Prospectus:** a document approved by the **FCA** pursuant to the provisions of Part VI of **FSMA**, or by another relevant **EEA Competent Authority** pursuant to the provisions of **EU Legislation** (including, where the context requires, any supplementary **Prospectus** or summary document).

**Prospectus Rules:** **Prospectus Rules** forming part of the **FCA Handbook**.

**PTM Levy:** the levy set by and payable to the Panel on Takeovers and Mergers.

**Recognised Investment Exchange:** as defined in the **FCA Handbook**.

**Red Book:** the current edition of the **RICS Valuation – Professional Standards (UK Edition)**.

**Red Book Valuation:** a valuer's opinion of the value of a specified interest or interests in a property using the basis of value as defined in the **Red Book**, at the date of valuation, given in writing in accordance with the minimum standards set out in the **Red Book**.

**Regulated Market:** as defined in the **FCA Handbook**.

**Relevant period:** the date from the issue of a **Settlement Direction Instruction** and the expiry of the instruction to make a second attempt to obtain the **financial instruments** under Rule 4.8.20.

**requesting member:** an **IPSEX Trading Member** that submits a **Settlement Direction Request** to the **Exchange**.

**Restricted Period:** a period of three minutes following an **IPSEX Trading Member** disclosing business to a **Market Maker** and the **Market Maker** does not completely fill the order.

**RICS:** Royal Institution of Chartered Surveyors.

**RICS Registered Company:** a property company which is regulated by the **RICS**.

**RICS Registered Valuer:** a **RICS** regulated and qualified registered valuer, who is certified to produce **Red Book Valuations**.

**RICS Valuation – Professional Standards (UK Edition):** the Professional Standards for UK Valuation comprising UK valuation standards, UK appendices and UK guidance notes as amended from time to time.

**Rules:** the **IPSEX Rules for Members**.

**Settlement Direction Instruction:** an instruction issued by the **Exchange** to a **defaulting member** to fulfil its obligation to settle **on-Exchange Trade**.

**Settlement Direction Notice:** a notice issued by the **Exchange** to a **defaulting member** that the **Exchange** intends to issue a **Settlement Direction Instruction** to that **defaulting member**.

**Settlement Direction Request:** a request made by an **IPSEX Trading Member** to the **Exchange** to issue a **Settlement Direction Notice** against a **defaulting member**.

**standard settlement:** the standard settlement timetable of the settlement system on which a trade is settled.



**trade report:** a report submitted to **IPsx** by a **Trading Member** in respect of an **on-Exchange trade**.

**trade reporting period:** the period each day when the **IPsx Trading Platform** will accept **trade reports**. This period is disclosed in the **IPsx Guide for Members**.

**Trading Member:** a firm which is approved by **IPsx** and whose name is included on the list of **Trading Members** maintained by **IPsx**.

**unsettled agency market contract:** any **On-Exchange Trade** to which the **defaulter** is a party as agent and which remains unsettled.

**unsettled market contracts:** may either refer to an **unsettled agency market contract** or an **unsettled principal market contract** or to both together (as the context dictates).

**unsettled principal market contract:** any **On-Exchange Trade** to which the **defaulter** is party as principal and which remains unsettled.

**Valuation Services:** a **Red Book Valuation** report produced by an **IPsx Approved Valuer**.

## Introduction

Terms in bold have the meanings given to them in the Glossary of these **Rules**.

These **Rules** contain both Rules and guidance which apply to all **Members**. The rulebook adopts the following structure:

**Part I – IPSX Principles for Members.** This section applies to all types of **Members** (i.e. **Lead Advisers, Approved Valuers** and **Trading Members**)

**Part II –Lead Advisers.** This section applies to only those **Members** that are **Lead Advisers**

**Part III –Approved Valuers.** This section applies only to those **Members** that are **Approved Valuers**

**Part IV –Trading Members.** This section applies only to those **Members** that are **Trading Members**.

**Part V – Disciplinary Action and termination of IPSX Membership.** This section applies to all types of **Members** (i.e. **Lead Advisers, Approved Valuers** and **Trading Members**).

Guidance is clearly marked as such and appears in *italic* text.

All references to time are to the **Exchange's** local time.

All references to EU regulations as applied in the UK refer to the relevant regulation as it is applied in the UK pursuant to the European Union (Withdrawal) Act 2018 following the UK's departure from the EU.

## Important information

### Interpretation

If any provision of these **IPsx Rules** is held by any **competent authority** to be invalid or unenforceable in whole or in part, the validity of all other **IPsx Rules** (and, if applicable, the remainder of the **IPsx Rule** in question) shall not be affected.

### Regulatory functions and responsibilities

**IPsx** is a **Recognised Investment Exchange** and operates a **Regulated Market**. The **Exchange** has a responsibility to ensure that any **financial instruments** that are admitted to trading on the **Exchange**, and that trading in those **financial instruments** on the **Exchange** is conducted in accordance with the **FCA's** sourcebook for **Recognised Investment Exchanges**.

- **IPsx Prime** is a **Regulated Market** operated by **IPsx**.
- **IPsx Wholesale** is a **Multilateral Trading Facility** operated by **IPsx**. Only **Institutional Investors** may invest in or trade in **financial instruments** admitted to **IPsx Wholesale**.

**IPsx** must ensure that business conducted by means of its facilities is conducted in an orderly manner and so as to afford proper protection to investors. In addition, **IPsx** must ensure that it has transparent and non-discretionary rules and procedures to provide for fair and orderly trading and to establish objective criteria for the efficient execution of orders.

In order to achieve these objectives, **IPsx** has adopted these **IPsx Rules**.

### Limitation of liability

The **Exchange** shall not be liable to you or any other party in damages for any act or failure to act in the performance of its regulatory functions unless it is demonstrated that the act or failure to act was in bad faith.

### Confidentiality

Subject to the following provisions, information and documents relating to a **Member** provided to the **Exchange** by that **Member** or otherwise obtained in accordance with the **IPsx Rules** will be treated as confidential ("**confidential information**"). Information will not be **confidential information** if it is already in the public domain, unless that is the case due to a breach by the **Exchange** of these confidentiality provisions.

**Confidential information** will be used by the **Exchange** in the performance of its regulatory functions.

The **Exchange** may disclose **confidential information** to any party:

- where required for the performance of **IPsx**'s regulatory functions and in accordance with the **IPsx Rules** (including in relation to any matter arising out of, or in connection with, the default of a **Member**);
- with the written consent of the **Member** to whom the **confidential information** relates;
- to the **FCA** or any other **competent authority** in the UK or elsewhere;
- if and to the extent required by applicable law or regulation;
  - as required in connection with the pursuit or defence of any proceedings, including court proceedings; or
  - to co-operate with an alternative reporting or execution venue when a **Member** has effected a trade on that alternative venue or to a clearing house which clears and/or settles **on-Exchange trades**, to the extent required.

### Amendments to the IPSX Rules

The **Exchange** may amend the **IPsx Rules** from time to time. **IPsx** will undertake a consultation prior to implementing significant amendments to the **IPsx Rules**. Amendments will be announced by **Market Notice**.

## Part I: IPSX Principles for Members

The **IPSX Principles for Members** set out the fundamental obligations of **Members** in relation to the **Exchange**.

### Principle 1 – Due skill, care and diligence

A **Member** must act with due skill, care and diligence when performing a task on behalf of an Issuer or when conducting trades on the **Exchange** or otherwise using the facilities of the **Exchange**.

### Principle 2 – Integrity

A **Member** must act with integrity in respect of its activities in relation to the **Exchange**.

### Principle 3 – Market conduct

A **Member** must act in such a way so as to ensure the integrity of the **Exchange** and must act in accordance with acceptable market practices. A **Member** must not engage or attempt to engage in any behaviour contrary to this principle, including behaviour which:

- creates or is likely to create false or misleading signals as to the supply of, demand for, or price of a **financial instrument**, including by:
  - submitting inaccurate, false or fictitious quotes, orders, **trade reports** or **Valuation Services to IPSX**
  - cancelling or amending quotes, orders or **trade reports**; and/or
  - trading at a price that deviates to an unreasonable or unjustifiable extent from the quotes of the **Market Makers on IPSX Prime**.
- secures or is likely to secure a trade in a **financial instrument** at an abnormal or artificial level.
- uses deception or contrivance in order to affect the price of one or more **financial instrument**.
- constitutes or is likely to constitute a deliberate breach of:
  - the **IPSX Rules** or cause another **Member** to breach the **IPSX Rules**; and/or
  - **MAR** or any other applicable regulatory requirement or cause another **Member** to breach **MAR** or any other applicable regulatory requirement.
- would otherwise constitute an illegal or improper use of the **Exchange**; or
- damages or is likely to damage the integrity or reputation of the **Exchange** or affects or is likely to affect orderly trading on the **IPSX Trading Platform**, for example by entering a short position in respect of **financial instruments** without having a viable settlement plan.

#### Principle 4 – Compliance with regulatory obligations

A **Member** must at all times act in a manner that is compliant with any regulatory obligations that apply to it from time to time (including Rules that require the **Member** to act in the best interests of its clients or relate to client order handling), whether imposed by the **FCA** or any other **competent authority**.

#### Principle 5 – Acting in an open and co-operative manner

A **Member** must at all times deal with the **Exchange**, the **FCA** or any other **competent authority** (as applicable) and any other body with oversight of the **Member** in an open and co-operative manner and disclose to such parties anything of which the relevant party could reasonably expect notice.

#### Principle 6 – Alternative venues to meet equivalent standards (IPSO Trading Members only)

A **Member** must satisfy itself when it executes a trade in an **IPSO financial instrument** on an alternative reporting or execution venue that:

- the standards of pre- and post-trade transparency of that alternative venue are at least equivalent to those for a **Regulated Market** (or an **MTF** accepting trades in **Regulated Market financial instruments**); and
- the alternative venue has demonstrated that it is able to maintain an orderly market in accordance with the requirements of the **FCA** or any other **competent authority** (as applicable).

## Part II: Lead Advisers

### Context for Lead Adviser role

A **Lead Adviser** is appointed by an **Issuer** to provide advice and assess suitability for **Admission** of a new class of **financial instruments**. A **Lead Adviser** is also appointed by an **Issuer** to provide advice in other scenarios which may impact on that **Issuer's** admission.

### Permitted Applicants - Lead Adviser

#### *Application*

2.1.1 An **Applicant** seeking authorisation as a **Lead Adviser** must submit a completed application form and any supporting documentation to the **Exchange** by email to at [regulation@ipsx.com](mailto:regulation@ipsx.com) and pay the applicable application fee.

*Guidance:*

*The application form can be found on the **Exchange** website. The **Exchange** may request the submission of additional information to support an application.*

*Details of the current application fee can be found in the **IPsx Fee Schedule** on the **Exchange** website. Any application fee is non-refundable.*

#### *Eligibility criteria*

2.1.2 Before the **Exchange** will consider authorising an **Applicant** as a **Lead Adviser**, it must be satisfied that such **Applicant**:

- a. is a corporate entity;
- b. is an **Authorised Person** or a member of a **designated professional body**;
- c. is competent to provide **Lead Adviser** services; and
- d. has appropriate systems and controls in place to carry out its role as a **Lead Adviser** in accordance with the **IPsx Rules**.

*Guidance:*

*The **Exchange** is able to exercise discretion as to the application and interpretation of the eligibility criteria, as it thinks fit. For example, a partnership may be accepted as a corporate entity where appropriate. An **Applicant** will not necessarily be approved as a **Lead Adviser** even if it satisfies all of the eligibility criteria. An **Applicant** can appeal against a decision by the **Exchange** not to approve them as an **Lead Adviser** under the **IPsx Disciplinary and Appeals Procedures**.*

### *Competence to provide Lead Adviser services*

2.1.3 The **Exchange** will consider the following factors in assessing whether an **Applicant** is competent to provide **Lead Adviser** services:

- a. whether the **Applicant** is approved to provide similar services on any other **Recognised Investment Exchange**; and/or
- b. whether a sufficient number of the **Applicant's** employees have the skills, knowledge and expertise necessary for the **Applicant** to understand:
  - i. the responsibilities and obligations of a **Lead Adviser** under the **IPsx Rules**; and
  - ii. the procedural requirements and processes of the **Exchange**.

*Guidance:*

The **Exchange** expects an **Applicant** to be able to demonstrate a working knowledge of the **IPsx Rules**, particularly those aspects of the **IPsx Rules** that are pertinent to the role of a **Lead Adviser**, for example, the **Admission Standards** and the provisions relating to significant transactions, related party transactions and reverse takeovers.

The **Exchange** also expects an **Applicant** to be proficient in those procedures and processes of the **Exchange** that a **Lead Adviser** would undertake, for example, the **Admission** process.

The **Applicant** must be aware of the **IPsx Principles for Members** and be able to apply them whenever it provides **Lead Adviser** services.

2.1.4 The **Exchange** may also consider additional factors such as:

- a. the nature, scale and complexity of the **Applicant's** business;
- b. the diversity of the **Applicant's** operations;
- c. the volume and size of transactions that the **Applicant** undertakes in the ordinary course of business;
- d. the volume and size of transactions the **Applicant** anticipates undertaking in the ordinary course of business in the forthcoming year; and
- e. whether any of the **Applicant's** employees have had material involvement in the provision of **Lead Adviser** services on the **Exchange**, or the provision of similar services on any other **Recognised Investment Exchange**, within the previous three years.

### *Systems and controls of an IPSX Lead Adviser*

2.1.5 An **Applicant** needs to be able to demonstrate that it has:

- a. clear and effective reporting lines for the provision of **Lead Adviser** services.
- b. effective systems and controls:



- i. to ensure compliance with the **IPsx Rules** at all times;
  - ii. to provide employees engaged, or likely to be engaged, in the provision of **Lead Adviser** services with appropriate training and guidance so that such employees understand, and can apply, the **IPsx Rules**
  - iii. which require appropriate staffing arrangements for the provision of the **Lead Adviser** services;
  - iv. for the appropriate supervision of employees engaged in the provision of **Lead Adviser** services;
  - v. to identify and manage conflicts of interest; and
  - vi. to manage the risks associated with market abuse and other financial crime matters.
- c. adequate financial resources to ensure continued provision of valuation services.

### *Remuneration*

2.1.6 An **Applicant** is required to provide details of how it will be remunerated for providing its services as an **IPsx Lead Adviser**.

### *The Exchange's decision*

2.1.7 An **Applicant** will be informed via email of the **Exchange's** decision as to whether or not to approve it as an **IPsx Lead Adviser**. The **Exchange's** decision is final.

### *Guidance:*

**A Lead Adviser may refer an Exchange decision regarding non-approval for review under the IPsx Disciplinary and Appeals Procedures.**

## Role of a Lead Adviser – Issuer Application for Admission

- 2.1.8 A **Lead Adviser** that has been appointed by an **Issuer** that intends to apply for **Admission** must ensure that:
- a. the **Issuer** meets the **Admission Standards** of an **Issuer**;
  - b. the **Issuer** has established procedures to ensure that it can meet the continuing obligations of an **Issuer** as defined in the **IPsx Rules for Issuers** on an ongoing basis;
  - c. any matters known to it which, in its reasonable opinion, would be detrimental to investors have been disclosed in sufficient prominence in the **Prospectus** or **Admission Document**; and
  - d. in the case of **IPsx Wholesale**, each initial investor in the **Issuer** meets the definition of an **Institutional Investor**.

- 2.1.9 A **Lead Adviser** that has been appointed by an **Issuer** that intends to apply for **Admission** must
- a. take reasonable steps to satisfy itself that the director or directors of an **Applicant Issuer** understand their responsibilities and obligations under the **IPsx Rules for Issuers**;
  - b. disclose to **IPsx** all matters known to it which, in its reasonable opinion, should be taken into account by **IPsx** with regard to the **Issuer's** application for **Admission**; and
  - c. submit a **Lead Adviser Declaration** to **IPsx** in the format defined in the **IPsx Rules for Issuers**.

#### Role of a Lead Adviser – Other Issuer Actions

- 2.1.10 A **Lead Adviser** must ensure that, where an **Issuer** that intends to issue further **financial instruments** of the same class of a **financial instrument** already admitted to the **IPsx Markets**:
- a. the **Issuer** will meet its obligations with respect to the further issue of **financial instruments**, as defined in the **IPsx Rules for Issuers**;
  - b. the **Issuer** has procedures to ensure that it can meet the continuing obligations of an **Issuer** as defined in the **IPsx Rules for Issuers** on an ongoing basis;
  - c. any matters known to it which, in its reasonable opinion, would be detrimental to investors have been disclosed in sufficient prominence in the **Prospectus** or **Admission Document**; and
  - d. in the case of **IPsx Wholesale**, each initial investor in the further **financial instruments** to be issued meets the definition of an **Institutional Investor**.
- 2.1.11 A **Lead Adviser** must ensure that an **Issuer** will meet its obligations under the **IPsx Rules for Issuers** when implementing that action and also on an ongoing basis, where applicable, when:
- a. the **Issuer** intends to enter into a transaction which due to its size or nature could amount to a significant transaction, related party transaction or reverse takeover as defined in the **IPsx Rules for Issuers**, or
  - b. the **Issuer** intends to cancel its **Admission** to one of the **IPsx Markets**, or
  - c. the **Issuer** that experiences severe financial difficulty, including in relation to any capital requirement necessary for the maintenance of a material part of its underlying asset(s)

#### Continuing obligations of a Lead Adviser

- 2.1.12 Once an **Applicant** has been approved as a **Lead Adviser**, it must comply at all times with the:
- a. **Lead Adviser** eligibility criteria
  - b. **IPsx Rules**
  - c. any requirement, decision or direction issued by the **Exchange**; and

d. any **Market Notice** issued by the **Exchange**.

2.1.13 A **Lead Adviser** must pay the requisite annual fee within the specified timeframe and disclose the details of how it will be remunerated for any application for **Admission** of an **Issuer**.

*Guidance:*

*If a **Lead Adviser** believes that it may not satisfy the eligibility criteria at any time, it must immediately inform the **Exchange** in writing.*

*Details of the current annual fee can be found in the **IPsx Fee Schedule** on the **Exchange** website.*

*If, on any application for **Admission** for an **Issuer** a **Lead Adviser's** remuneration differs from the fee plan described, the **Lead Adviser** is required to notify the **Exchange** immediately and provide details of and reasons for the change.*

### *Compliance with the IPSX Rules*

2.1.14 A **Lead Adviser** is bound by, and shall observe its responsibilities and obligations under, the **IPsx Rules**, including any guidance and/or supplementary documentation issued by the **Exchange** in connection therewith, in whatever form.

### *Identifying and managing conflicts*

2.1.15 A **Lead Adviser** must take reasonable steps to identify and manage conflicts of interest that could adversely affect its ability to provide **Lead Adviser** services.

*Guidance:*

*If, in relation to the provision of **Lead Adviser** services, the **Lead Adviser** is not satisfied that it can identify and manage conflicts, it must decline or cease to provide the relevant **Lead Adviser** services and immediately inform the **Exchange** in writing.*

### *Change of control or material change in activities*

2.1.16 The **Exchange** may in its absolute discretion request a **Lead Adviser** to submit a new membership application where there is a material change in its controllers, partners or directors.

### *Relations with the Exchange*

2.1.17 A **Lead Adviser** shall act as the main point of contact between an **Issuer** and the **Exchange**.

2.1.18 A **Lead Adviser** must at all times deal with the **Exchange** in an open and co-operative manner and deal promptly with enquiries received.

2.1.19 A **Lead Adviser** must take reasonable steps to ensure that any communication or information provided to the **Exchange** is accurate and complete in all material respects.

- 2.1.20 Where a **Lead Adviser** provides information to the **Exchange** from a third party it must be satisfied, to the extent reasonably practicable after due and careful enquiry, that such information is accurate and complete in all material respects.
- 2.1.21 Where a **Lead Adviser** provides information to the **Exchange** from an **Approved Valuer**, it must be satisfied, to the extent reasonably practicable after due and careful enquiry, that such information contains the information prescribed in Schedule Three of the **IPsx Rules for Issuers**, as the context requires. For the avoidance of doubt the **Lead Adviser** shall not be responsible to the **Exchange** for the accuracy or completeness of the information provided by the **Approved Valuer**, which shall remain the sole responsibility of the **Approved Valuer**.
- 2.1.22 If it comes to the attention of a **Lead Adviser** that any information provided by it to the **Exchange** is not accurate and complete in all material respects, a **Lead Adviser** must notify the **Exchange** as soon as practicable.

### *Record keeping*

- 2.1.23 A **Lead Adviser** must maintain records of **Lead Adviser** services provided as well as evidence that it has complied with the **IPsx Rules** in providing such services. Records must be kept for at least six years after it ceases to be a **Lead Adviser** and must be provided to the **Exchange** on request as soon as practicable.

### *Supervision of a Lead Adviser by the Exchange*

- 2.1.24 Where necessary for the exercise of its duties as a market operator, the **Exchange** may, at any time, by notice in writing to a **Lead Adviser** require such **Lead Adviser** to provide specified documents and/or specified information.

*Guidance:*

*The **Lead Adviser** must provide such documents and/or information to the **Exchange** as soon as practicable.*

- 2.1.25 The **Exchange** may, at any time, conduct a formal review of a **Lead Adviser** in order to consider and determine whether that **Lead Adviser** continues to satisfy the eligibility criteria and the **IPsx Principles for Members**.

*Guidance:*

*A **Lead Adviser** must allow the **Exchange** access to its records, and/or provide any documents or information that the **Exchange** requires, if so requested for the purposes of a formal review.*

*The **Exchange** in accordance with the procedures set out in the **IPsx Disciplinary and Appeals Procedures** has discretion to decide on the appropriate course of action to be taken in the event that it concludes that a **Lead Adviser** does not satisfy the eligibility criteria and/or the **IPsx Principles for Members**.*

### Request for suspension or resignation of a Lead Adviser

- 2.1.26 A request by a **Lead Adviser** for its approval to be to be suspended temporarily or to cease must be in writing and must include:
- a. the **Lead Adviser's** name;
  - b. a clear explanation of the background and reasons for the request;
  - c. the date on which the **Lead Adviser** requests the suspension to take effect;
  - d. a signed confirmation that the **Lead Adviser** will no longer provide any **Lead Adviser** services in respect of a specific **Issuer(s)** as of the date the suspension takes effect; and
  - e. the name and contact details of the key contact at the **Lead Adviser** with whom the **Exchange** should liaise in relation to the request.
- 2.1.27 The **Exchange** may in its absolute discretion refuse a notice of resignation given by an **IPsx Lead Adviser**, postpone the effective date of such a notice, or reject such a notice after it has been given but before it takes effect, if the **Exchange** considers it necessary to do so in order to safeguard the orderly operation of the **Exchange**.

### *Obligations that survive termination or resignation of IPSX Membership*

- 2.1.28 A **Lead Adviser** who has resigned their **IPsx** membership or whose **IPsx** membership has been terminated or otherwise ceased will continue to be subject to the **IPsx Disciplinary and Appeals Procedures** for 12 months following the effective date of such termination or resignation in respect of activity conducted, and in respect of the activity conducted up to the date of resignation.

## Part III: Approved Valuers

### Context for **Approved Valuer** role

**Approved Valuers** produce a **Red Book Valuation** for **Issuers** prior to **Admission** of their **financial instruments** and on both an annual and six-monthly basis thereafter.

### Permitted Applicants - Approved Valuer

#### *Application*

3.1.1 An **Applicant** seeking authorisation as an **Approved Valuer** must submit a completed application form and any supporting documentation to the **Exchange** by email to [regulation@ipsx.com](mailto:regulation@ipsx.com) and pay the applicable application fee.

#### *Guidance:*

*The application form can be found on the **Exchange** website. The **Exchange** may request the submission of additional information to support an **Applicant's** submission.*

*Details of the current **Applicant** fee can be found on the **IPsx Fee Schedule** on the Exchange website. Any **Applicant** fee is non-refundable.*

#### *Eligibility Criteria*

3.1.2 Before the **Exchange** will consider authorising an **Applicant** as an **Approved Valuer**, it must be satisfied that such **Applicant**:

- a. is a corporate entity or partnership;
- b. has an adequate number of employees who are members of the **RICS Registered Valuer** scheme;
- c. is competent to provide **Valuation Services** to **Issuers**; and
- d. has appropriate systems and controls in place to carry out its role as an **Approved Valuer** in accordance with the **IPsx Rules**.

#### *Guidance:*

*The **Exchange** is able to exercise discretion as to the application and interpretation of the eligibility criteria, as it thinks fit. An **Applicant** will not necessarily be approved as an **Approved Valuer**, even if it satisfies all of the eligibility criteria.*

### *Competence to provide valuation services*

3.1.3 The **Exchange** will consider the following factors in assessing whether an **Applicant** is competent to provide **Approved Valuer Valuation Services**:

- a. the **Applicant** employs **RICS Registered Valuer(s)** who will be signing off any **Red Book Valuation** and can demonstrate the individuals have at least 3 years of relevant experience in **Red Book Valuations**; and
- b. the **Applicant** must have a track record of providing **Red Book Regulated Purpose Valuations**. These should include three or more of the following types of **Red Book Valuations**; in the three years preceding the application date:
  - i. for financial statements;
  - ii. for inclusion in **Prospectuses**, shareholder circulars or Trading Venue admission documents in support of admission to the Official List and/or admission to trading;
  - iii. in connection with takeovers and mergers in the UK;
  - iv. Collective Investment Schemes; or
  - v. Unregulated Property Unit Trusts.
- c. whether a sufficient number of the **Applicant's** employees have the skills, knowledge, and expertise necessary for the **Applicant** to understand:
  - i. the responsibilities and obligations of an **Approved Valuer** under these **Rules** and the nature of the services that the **IPsx Rules for Issuers** require **Issuers** to procure from **Approved Valuers**;
  - ii. the procedural requirements and processes of the **Exchange**. This is set out in the **IPsx Rules for Issuers** (; and
  - iii. the requirements for individual member qualification as set out by **RICS** and be able to meet them; and
- d. the ability for the **Applicant** to provide **Valuation Services** on a repeat basis.

*Guidance:*

*The **Exchange** expects an **Applicant** to be able to demonstrate a working knowledge of Part I and Part III of these **Rules**, the **IPsx Rules Issuers**, particularly those aspects of these **Rules** that are pertinent to it, for example, the requirements around **Valuation Services** and reporting.*

*The **Exchange** would expect to see evidence of at least three examples of **Red Book Valuations** the **Applicant** has undertaken to demonstrate compliance with Rule 3.1.3.b.*

## *Systems and controls of an Approved Valuer*

3.1.4 An **Applicant** needs to be able to demonstrate that it has:

- a. clear and effective reporting lines for the provision of **Valuation Services**; and
- b. effective systems and controls:
  - i. to ensure compliance with these **Rules** at all times;
  - ii. to provide employees engaged, or likely to be engaged, in the provision of **Valuation Services** to **Issuers** with appropriate training and guidance to ensure that those employees understand, and can apply, the **IPsx Rules**;
  - iii. for appropriate staffing arrangements for the provision of the **Valuation Services** to **Issuers**;
  - iv. for the appropriate supervision of employees engaged in the provision of **Valuation Services**;
  - v. to identify and manage conflicts of interest; and
  - vi. to manage the risks associated with market abuse and other financial crime matters.
- c. adequate financial resources to ensure continued provision of valuation services;
- d. the ability to issue **Red Book Valuations** that comply fully with the **RICS Valuation – Professional Standards (UK Edition)**; and
- e. to adhere to the **RICS** Global Professional and Ethical Standards, **RICS** Rules of Conduct for firms and members and **RICS** professional standards and guidance and global Conflicts of Interest.

*Guidance:*

An **Approved Valuer** should follow the most up to date **RICS** professional standards and guidance with respect to conflicts of interest. Conflict management arrangements should include identifying and managing potential conflicts of interest with the **Issuer** and its other proposed service providers, including without limitation, its **Lead Adviser** and any property or asset manager.

If, in relation to the provision of **Valuation Services**, the **Approved Valuer** is not reasonably satisfied that it can identify and manage conflicts, it must decline or cease to provide the relevant **Valuation Services** and immediately inform the **Exchange** in writing.

Adequate financial resources may include, among other things, adequate professional indemnity insurance.

## *Remuneration*

3.1.5 An **Applicant** is required to provide to the **Exchange** details of any remuneration it has or will receive for its services as an **IPsx Approved Valuer**.



### *The Exchange's decision*

3.1.6 An **Applicant** will be informed via email of the **Exchange's** decision as to whether or not to authorise it as an **Approved Valuer**. The **Exchange's** decision is final.

*Guidance:*

An **Applicant** may refer a decision by the **Exchange** not to approve an application to become an **Approved Valuer** for review under the **IPsx Disciplinary and Appeals Procedures**.

### *Continuing obligations of Approved Valuers*

3.1.7 Once an **Applicant** has been approved as an **Approved Valuer**, it must comply at all times with:

- a. the eligibility criteria for an **Approved Valuer**;
- b. **IPsx Rules**;
- c. any requirement, decision or direction issued by the **Exchange**; and
- d. any **Market Notice** issued by the **Exchange**.

3.1.8 An **Approved Valuer** must also:

- a. pay the requisite annual fee within the specified timeframe; and
- b. disclose to the **Exchange** the remuneration that it receives for any **Red Book Valuation** it produces for an **Issuer**

*Guidance:*

*If an **Approved Valuer** believes that it may not satisfy its eligibility requirements at any time, it must immediately inform the **Exchange** in writing.*

*Details of the current annual fee can be found on the **Exchange** website.*

*If, on any **Red Book Valuation** for an **Issuer** an **IPsx Approved Valuer's** remuneration differs from the fee plan described, the **Approved Valuer** is required to notify the **Exchange** immediately and provide details of and reasons for the change.*

### *Compliance with the IPsx Rules*

3.1.9 An **Approved Valuer** is bound by and shall observe its responsibilities and obligations under the **IPsx Rules** including any guidance and/or supplementary documentation issued by the **Exchange** in connection therewith, in whatever form.

### *Valuation services*

- 3.1.10 An **Approved Valuer** must undertake and supervise **Valuation Services** in compliance with the professional, technical and performance standards of the **RICS Valuation – Professional Standards (UK Edition)**.

### *Change of control or material change in activities*

- 3.1.11 The **Exchange** may in its absolute discretion request an **Approved Valuer** to submit a new membership application where there is a material change in its controllers, partners or directors.

### *Relations with the Exchange*

- 3.1.12 An **Approved Valuer** must at all times deal with the **Exchange** in an open and co-operative manner and deal promptly with enquiries received.
- 3.1.13 An **Approved Valuer** must disclose any ongoing or pending litigation or if they are being investigated for any other misconduct.

### *Record keeping*

- 3.1.14 An **Approved Valuer** must maintain records of **Valuation Services** provided as well as evidence that it has complied with the **IPsx Rules** in providing such services. Records must be kept for at least six years after it ceases to be an **Approved Valuer** and must be provided to the **Exchange** on request as soon as practicable.

### *Supervision of an Approved Valuer by the Exchange*

- 3.1.15 The **Exchange** may, at any time, by notice in writing to an **Approved Valuer** require such **Approved Valuer** to provide specified documents and/or specified information.

*Guidance:*

*The **Approved Valuer** must provide such documents and/or information to the **Exchange** as soon as practicable.*

*The **Approved Valuer** is required to comply with all **RICS** regulations and also provide specified documents and/or specified information to the **RICS** when necessary. The **Exchange** reserves the right to pass on information to the **FCA** where relevant.*

- 3.1.16 The **Exchange** and/or **RICS** may, at any time, conduct a formal review of an **Approved Valuer** to consider and determine whether an **Approved Valuer** continues to satisfy the eligibility criteria and the **IPsx Principles for Members**.

*Guidance:*

An **Approved Valuer** must allow the **Exchange** access to its records, and/or provide any documents or information that the **Exchange** requires, if so requested for the purposes of a formal review.

The **Exchange** in accordance with the procedures set out in the **IPsx Disciplinary and Appeals Procedures** has discretion to decide on the appropriate course of action to be taken in the event that it concludes that an **Approved Valuer** does not satisfy the eligibility criteria and/or the **IPsx Principles for Members**.

### Request for suspension or resignation of an Approved Valuer

3.1.17 A request by an **Approved Valuer** to be suspended temporarily or to cease to be an **Approved Valuer** must be in writing and must include:

- a. the **Approved Valuer's** name;
- b. a clear explanation of the background and reasons for the request;
- c. the date on which the **Approved Valuer** requests the withdrawal to take effect;
- d. a signed confirmation that the **Approved Valuer** will no longer provide any **Valuation Services** as of the date the withdrawal takes effect; and
- e. the name and contact details of the key contact at the **Approved Valuer** with whom the **Exchange** should liaise in relation to the request.

3.1.18 The **Exchange** may in its absolute discretion refuse a notice of resignation given by an **Approved Valuer**, postpone the effective date of such a notice, or reject such a notice after it has been given but before it takes effect, if the **Exchange** considers it necessary to do so in order to safeguard the orderly operation of the **Exchange**.

### *Obligations that survive termination or resignation of IPSX Membership*

3.1.19 An **Approved Valuer** who has resigned their **IPsx** membership or whose **IPsx** membership has been terminated or otherwise ceased will continue to be subject to the **IPsx Disciplinary and Appeals Procedures** for 12 months following the effective date of such termination or resignation in respect of activity conducted up to the date of resignation.

## PART IV: Trading Members

### Section 1: Context

This Part IV sets out the eligibility criteria for, and on-going responsibilities of, **Trading Members**.

### Section 2: Permitted Applicants - Trading Members

- 4.2.1 **Applicants** seeking to become a **Trading Member** must meet the eligibility criteria set out in these **Rules**. Even if an **Applicant** meets the eligibility criteria, the **Exchange** may in its absolute discretion decide to reject an application to become a **Trading Member**.
- 4.2.2 In addition to acting as a **Trading Member**, **Trading Members** may choose to act in the following additional capacities:
- 4.2.2.1 **Market Maker**; and/or
  - 4.2.2.2 a **Cornerstone Investor Representative** (**IPsx Wholesale** only).

#### *Making an application*

- 4.2.3 **Applicants** seeking to become a **Trading Member** must submit a completed application form, and any supporting documentation to the **Exchange** by email to [regulation@ipsx.com](mailto:regulation@ipsx.com). **Applicants** must provide a description of the **permitted activities** that they intend to perform in relation to their membership and any other information that the **Exchange** may reasonably require.

#### *Guidance:*

*The application form can be found on the **Exchange** website. The **Exchange** may request the submission of additional information to support an application.*

- 4.2.4 The **permitted activities** of a **Trading Member** are:
- 4.2.4.1 the conclusion, on its own behalf or on behalf of a client, of **on-Exchange trades** in any **financial instrument**;
  - 4.2.4.2 the submission of **trade reports** where the **Trading Member** has trade reporting responsibility;
  - 4.2.4.3 order entry into auctions; and
  - 4.2.4.4 entry of a quote into **IPsx Wholesale**.
- 4.2.5 The **permitted activities** of a **Market Maker** are:
- 4.2.5.1 all permitted activities of a **Trading Member**;

- 4.2.5.2 providing firm two-way prices on a continuous basis during the **Mandatory Quote Period**; and
  - 4.2.5.3 the submission of **trade reports**.
- 4.2.6 If the **Exchange** accepts the application to become a **Trading Member** it will notify the **Applicant** and add the **Applicant's** name to the list of **Trading Members** published on **IPsx's** website, [www.ipsx.com](http://www.ipsx.com).

### *Charges and fees*

- 4.2.7 A **Trading Member** is required to pay such charges, fees and all other sums notified to it by the **Exchange**.

*Guidance:*

*Details of IPSX fees can be found in the **IPsx Fee Schedule** on the **Exchange** website. Any application fee is non-refundable.*

### *Eligibility criteria*

- 4.2.8 As a condition for **Admission** as a **Trading Member**, an **Applicant** must:
- 4.2.8.1 be an **investment firm** or a **CRD credit institution** appropriately authorised by the **PRA** and/or **FCA** or an **EEA competent authority** and provide written confirmation of its regulated status in a form satisfactory to the **Exchange**;
  - 4.2.8.2 have adequate systems and controls and sufficient staff with adequate knowledge, training, experience and competence in place at all times to ensure continuing compliance with the **IPsx Rules** and in particular prevent the submission of inaccurate or untimely quotes, orders or **trade reports** to **IPsx**;
  - 4.2.8.3 where a **Trading Member** applies to become a **Market Maker**, have appropriate surveillance, compliance and audit arrangements to enable it to monitor its market making activity;
  - 4.2.8.4 where the **Applicant** is incorporated outside the UK or is an individual who is resident outside the UK, appoint an agent for service of process in the UK; and
  - 4.2.8.5 if requested by the **Exchange**, provide a written legal opinion from external legal advisers in a form satisfactory to the **Exchange** addressing, among other things, the validity and enforceability of the **IPsx Rules** (including in particular the **Default Rules**) against the **Trading Member**.
- 4.2.9 Prior to being granted access the **IPsx Trading Platform**, a **Trading Member Applicant** must:
- 4.2.9.1 demonstrate that it has successfully completed connectivity testing to the **IPsx Trading Platform** in a form satisfactory to the **Exchange**;

- 4.2.9.2 provide to the **Exchange** a list of employees (“**Authorised Employees**”), who are authorised to represent the **Trading Member** in day-to-day interactions with the **Exchange**.

Guidance:

An assessment of the adequacy of an **Applicant’s** systems and controls may include the availability of systems alerts or controls, which may include systems alerts or controls based on:

- in relation to a **financial instrument**, the last traded price or current spread; or
- the likely price movement in the **financial instrument** if quotes, orders or **trade reports** are submitted.

Relevant factors in making such an assessment may also include:

- the capacity to ensure systems alerts are acted upon promptly and appropriately; or
- the available controls over the submission of quotes, orders and **trade reports** (e.g. a mechanism to warn a user and obtain their confirmation before a quote, order or **trade report** is submitted), electronic communications in relation to trading activity, and the ability (or lack of ability) of a user to override certain controls.
- the controls over the categorisation of clients and submission of quotes and orders relevant to that categorisation

Examples of day-to-day interactions that **Authorised Employees** may have with the **Exchange** include:

- submitting a request for the **Exchange** to delete that **Trading Member’s** quotes from the **IPsx Trading Platform** where the **Trading Member** has a system problem;
- notifying **IPsx** of error reports and
- the sending of **Settlement Direction Requests** to the **Exchange**.

**IPsx** will accept an instruction received by email from an **Authorised Employee** as being valid when that instruction has been emailed from the **Authorised Employee’s** corporate email address. The **Exchange** may accept instructions received by other means, such as by telephone or from a personal email address, where it is reasonably satisfied that the **Authorised Employee** is unable to send an email from their corporate email address, at the discretion of the **Exchange**.

It is the responsibility of the **Trading Member** to ensure that the list of **Authorised Employees** is kept up to date.

### Section 3: Continuing obligations of a Trading Member

- 4.3.1 Once an **Applicant** has been approved, a **Trading Member** must at all times comply with the:
- 4.3.1.1 eligibility criteria for an **Trading Member**;
  - 4.3.1.2 **IPsx Rules**;
  - 4.3.1.3 any requirement, decision or direction issued by the **Exchange**; and

4.3.1.4 any **Market Notice** issued by the **Exchange**.

4.3.2 A **Trading Member**, both prior to **Admission** to become a **Trading Member** and at all times thereafter, authorises the **Exchange** to make, and the **Trading Member** agrees to comply with, such enquiries as the **Exchange** considers appropriate in connection with the **Applicant**, its employees and controllers, partners or directors.

4.3.3 A **Trading Member** must not knowingly or recklessly provide the **Exchange** with any false, **inaccurate** or misleading information or documents and, if reasonably required by the **Exchange**, provide further explanations or evidence as is necessary for the **Exchange** to verify the information or documents to its satisfaction.

Guidance:

*Trading Members that are **Market Makers** (regarding all **financial instruments** admitted to **IPsx Prime**, and the **financial instruments** admitted to **IPsx Wholesale** which trade under the **Market Maker Model**) or **Cornerstone Investors Representatives** (applying to **financial instruments** admitted to **IPsx Wholesale** which trade under the **Broker-Driven Model** only) are also subject to the additional continuing obligations in accordance with those capacities.*

*Trading Members should ensure the collection of the appropriate **PTM levy** from their clients, regardless of whether the trades in question are executed under **IPsx Rules**, on another exchange, **MTF** or over-the-counter. Information on the current **PTM levy** is available on the Panel on Takeovers and Mergers' website.*

#### *Registration as a Market Maker*

4.3.4 A **Trading Member** may register as a **Market Maker** for a **financial instrument** by completing **IPsx's Market Maker** form which is available on **IPsx's** website, [www.ipsx.com](http://www.ipsx.com).

4.3.5 A **Market Maker** must have adequate voice-recording capabilities and ensure that it records all conversations in respect of its market making activities and retains such recordings for a minimum of six months from the date of the relevant conversation.

Guidance:

*A **Trading Member** must register as **Market Maker** for each **financial instrument** for which it wishes to act as a **Market Maker**.*

*Trading Members may be required to disclose recordings of conversations to the **Exchange** or the **FCA** or an **EEA Competent Authority** or other third party, in accordance with applicable law or regulation or in accordance with these **Rules**.*

*A **Trading Member's** registration as a **Market Maker** will normally become effective within two **Business Days** of **IPsx's** receipt of the applicable registration form.*

#### *De-Registration as a Market Maker and temporary suspension of market making obligations*

4.3.6 Unless otherwise agreed with the **Exchange** in writing:

- 4.3.6.1 a **Market Maker** may not de-register itself in respect of a **financial instrument** within 90 calendar days of initial registration;
- 4.3.6.2 where a **Market Maker** has de-registered in respect of a **financial instrument**, re-register in respect of that **financial instrument** within 90 calendar days of de-registering.
- 4.3.7 The **Exchange** may in its absolute discretion de-register a **Market Maker** in respect of a **financial instrument**, where it considers it appropriate to do so.
- 4.3.8 A **Market Maker** may apply to the **Exchange** for the temporary suspension of its market making obligations under these **IPsx Rules** and the relevant market making agreement or agreements in exceptional circumstances. The **Exchange** may in its absolute discretion accept or reject such a request. If the **Exchange** accepts a request, the duration of the resulting suspension shall be as specified by the **Exchange**.

*Guidance:*

*Circumstances where the **Exchange** may decide to accept an application for temporary suspension includes situations where the **Exchange** has issued a **Market Notice** to that effect, or when a **Market Maker** is conflicted during a bid situation or is experiencing system difficulties.*

- 4.3.9 A **Market Maker** may submit a written appeal where the **Exchange** refuses a request by an **Trading Member** to register or de-register in respect of a **financial instrument** or an application for the temporary suspension of its market making obligations. Any such appeal will be treated in accordance with the **IPsx Disciplinary and Appeals Procedures**.

### *Cornerstone Investor Representatives*

- 4.3.10 **Cornerstone Investor Representatives** provide one-way firm quotes in respect of any buying or selling interest of a **cornerstone investor**. **Cornerstone Investor Representatives** are not obliged to provide continuous quotes.
- 4.3.11 A **Trading Member** that has been appointed by an **Issuer's Cornerstone Investors** to represent their trading interest must register as a **Cornerstone Investor Representative** with the **Exchange** by completing the **Cornerstone Investor Representative** Registration Form, which is available on IPSX's website, [www.ipsx.com](http://www.ipsx.com).

*Guidance:*

**IPsx** does not place a formal limit on the number of **Cornerstone Investors** that a **Trading Member** may represent, however **IPsx** reserves the right to decline a **Trading Member's** registration as a **Cornerstone Investor Representative** in the event that it reasonably believes that the **Trading Member** does not have the capacity to represent further **Cornerstone Investors**.



### *De-Registration of Cornerstone Investor Representatives*

- 4.3.12 A **Cornerstone Investor Representative** must give the **Exchange** at least 30 calendar days' notice of its intention to cease acting as a **Cornerstone Investor Representative** on behalf of one or more **Cornerstone Investor(s)**.
- 4.3.13 Unless otherwise agreed with the **Exchange** in writing, a **Cornerstone Investor Representative** may not de-register itself in respect of a **Cornerstone Investor** within 90 calendar days of its registration to represent that **Cornerstone Investor**.
- 4.3.14 The **Exchange** may in its absolute discretion de-register a **Cornerstone Investor Representative**, either in respect of a single **Cornerstone Investor** or multiple **Cornerstone Investors** where it considers it appropriate to do so.
- 4.3.15 A **Cornerstone Investor Representative** may apply to the **Exchange** for the temporary suspension of its obligation to represent the interests of one or more **Cornerstone Investors** under these **Rules** in exceptional circumstances. The **Exchange** may in its absolute discretion accept or reject such a request. If the **Exchange** accepts a request, the duration of the resulting suspension shall be as specified by the **Exchange**.

#### *Guidance:*

*Circumstances where the **Exchange** may decide to accept an application for temporary suspension includes situations where a **Cornerstone Investor Representative** is conflicted during a bid situation or is experiencing system difficulties.*

- 4.3.16 A **Trading Member** may submit a written appeal where the **Exchange** refuses a request by a **Trading Member** to register or de-register as a **Cornerstone Investor Representative** or an application for the temporary suspension of its obligations. Any such appeal will be treated in accordance with the **IPsx Disciplinary and Appeals Procedures**.

### *Notification obligations of Trading Members*

- 4.3.17 A **Trading Member** must notify the **Exchange** immediately, providing as much detail as is available to it at that time, of:
- 4.3.17.1 any change, including as the result of any decision, ruling, judgment, action or event, which means that the **Trading Member** is no longer or is likely to no longer be appropriately authorised in accordance with the continuing obligation in Rule 4.3.1;
  - 4.3.17.2 any breach or circumstances which have or may lead to a breach of any of the **IPsx Rules**, including where the **Trading Member** experiences systems problems;
  - 4.3.17.3 any action (including any decision, ruling, judgment or enforcement action) taken by the **FCA** or an **EEA Competent Authority** that may affect the **Trading Member's** ability to perform its **permitted activities**;
  - 4.3.17.4 material financial difficulties which call into question the continued viability of the **Trading Member** or any company in its group; and

#### 4.3.17.5 Changes to the **Trading Member's Authorised Employees**.

*Guidance:*

*Failure to notify the **Exchange** of any breach or circumstances which may lead to a breach of any of the **IPsx Rules** may in itself constitute a breach of the **IPsx Rules**.*

4.3.18 A **Trading Member** must notify the **Exchange** in writing and at least twenty-one **business days** in advance of any proposed change in:

4.3.18.1 its name, address or legal status, including its legal and/or trading name and details of its head or registered office;

4.3.18.2 the details or identity of the individuals nominated by the **Trading Member** to receive and respond to communications from the **Exchange**, including regulatory enquiries, **Market Notices** and any other communications;

4.3.18.3 the **LEI** that the **Exchange** uses to identify that **Trading Member**;

4.3.18.4 its use of settlement or clearing arrangements, including changes to the settlement codes that will be used by or on the behalf of the **Trading Member** in relation to trades on the **Exchange**;

4.3.18.5 **permitted activities** or business profile in relation to its activities on the **Exchange**.

#### *Relations with the Exchange*

4.3.19 A **Trading Member** must, at all times, deal with the **Exchange** in an open and co-operative manner and deal promptly with enquiries received.

4.3.20 A **Trading Member** must disclose any ongoing or pending litigation or if they are being investigated for any other misconduct.

#### *Record keeping*

4.3.21 A **Trading Member** must maintain records of services it has provided as well as evidence that it has complied with the **IPsx Rules** in providing such services. Such records must be provided to the **Exchange** on request as soon as practicable. Records must be kept for at least six years from the date they were created. This obligation continues to apply in the event that the **Trading Member** ceases to be a **Trading Member**.

#### *Change of control or material change in activities*

4.3.22 The **Exchange** may, in its absolute discretion, request a **Trading Member** to submit a new membership application where there is a material change in the controllers, partners or directors of the **Trading Member** or in its activities.

## Section 4: Trading Rules

### List of IPSX financial instruments

- 4.4.1 The **Exchange** will publish a list of **financial instruments** admitted to trading on the **IPsx Markets** on the **IPsx** website, [www.ipsx.com](http://www.ipsx.com), and changes will be announced by **Market Notice**.

### Trading hours

- 4.4.2 The **Exchange** will be open for business on each **Business Day** and during such hours as the **Exchange** may from time to time specify by **Market Notice**.
- 4.4.3 A trading day consists of the following periods:
- 4.4.3.1 the **trade reporting period**;
  - 4.4.3.2 on **IPsx Prime**, the **Mandatory Quote Period**, a period during which **Market Makers** are required to provide firm two-way prices on a continuous basis in not less than the **Exchange Market Size**;
  - 4.4.3.3 on **IPsx Wholesale**, the **Continuous Trading Period**, a period during which **Trading Members** may submit quotes in not less than the **Exchange Market Size**; and
  - 4.4.3.4 auction periods.

Guidance:

Full details of the **Exchange** structure can be found in the **IPsx Guide for Trading Members**.

### On-Exchange trades

- 4.4.4 A trade in a **financial instrument** where at least one of the parties to the trade is a **Trading Member**, whether that **Trading Member** is dealing as principal or agent, is an **on-Exchange trade** subject to these **Rules**, unless there is an agreement between the parties to execute that trade specifically and/or trades between the parties generally on an alternative execution or reporting venue.

Guidance:

A decision to effect a trade on an alternative execution or reporting venue is subject to the **IPsx Principles for Members**, in particular Principle 6 which requires **Trading Members** to only execute trades on alternative venues that have standards of trade transparency that are equivalent to or greater than those for a **Regulated Market** or **MTF** and that have demonstrated the ability to maintain an orderly market.

- 4.4.5 An **on-Exchange trade** is an immediate binding contract between the parties to the **on-Exchange trade** for the sale and purchase of such number or amount of the **financial instrument** in question at the agreed price and for settlement on the agreed terms.
- 4.4.6 An **on-Exchange trade** can only be effected where the reporting party is a **Trading Member**.

- 4.4.7 Where the size is less than or equal to the size available at the best bid/offer price, **on-Exchange trades** must be executed at or within the best bid-offer spread on the **IPsx Trading Platform** at that time, subject to the **on-Exchange trade** being priced in accordance with the tick size parameters of that **Financial Instrument**. Where a **Market Maker** on enquiry from a prospective counterparty, quotes a price in a larger in size than the size available at the best bid/offer, the **Market Maker** is obliged to deal at that quoted size and price, and trade report accordingly.
- 4.4.8 On **IPsx Wholesale**, to ensure pre-trade transparency, in the case of a **financial instrument** which trades under the **Broker-Driven Model**, **Trading Members** are required to post a quote prior to executing an **on-Exchange trade** for at least the prescribed minimum period as set out in the **IPsx Guide for Trading Members**.
- 4.4.9 On **IPsx Wholesale**, where a **Trading Member** has posted a one-way price in a **financial instrument** which trades under the **Broker-Driven Model**, that **Trading Member** is obliged to deal at the price of that quote up to the quoted size.
- 4.4.10 As **IPsx Wholesale** may only be accessed by **Institutional Investors**, **Trading Members** must ensure that, when they execute an **on-Exchange trade** on **IPsx Wholesale** on behalf of a client, that client is an **Institutional Investor**.

*Guidance:*

**IPsx Trading Members** executing an agency or principal cross **on-Exchange trade** must undertake that **on-Exchange trade** at or within the best bid-offer spread on the **IPsx Trading Platform** at the time.

### *Trading Capacity*

- 4.4.11 **Trading Members** may enter into **on-Exchange trades** in the following capacities:
- 4.4.11.1 dealing on own account with another **Trading Member** or against a client order; and
  - 4.4.11.2 dealing for the account of a client with another **Trading Member** or another client.

*Guidance:*

For avoidance of doubt, Rules 4.4.4 to 4.4.11 inclusive refer to **on-Exchange trades** dealt on a principal, agency, or principal-cross basis.

### *Quotes*

- 4.4.12 Quotes must, in accordance with the values specified in the **IPsx Guide for Trading Members**:
- 4.4.12.1 meet the **Exchange Market Size** for that **financial instrument**; and
  - 4.4.12.2 comply with the tick size parameters for that **financial instrument**.

- 4.4.13 Quotes are firm. The **Trading Member** that posted the quote must deal at the quoted price, or offer a price improvement, up to the quoted size.
- 4.4.14 On **IPsx Wholesale**, quotes in **financial instruments** which trade under the **Broker-Driven Model** must be capable of resting on the order book for the remainder of the trading day.
- 4.4.15 Quotes in **financial instruments** which trade under the **Broker-Driven Model** must be displayed for the prescribed minimum period as set out in the **IPsx Guide for Trading Members (IPsx Wholesale only)**.
- 4.4.16 As **IPsx Wholesale** may only be accessed by **Institutional Investors**, **Trading Members** may only post quotes into **IPsx Wholesale** on behalf of a client where that client is an **Institutional Investor**.
- 4.4.17 Quotes should contain all information as set out in the **MiFID Delegated Regulation**.
- 4.4.18 If a **Trading Member** discovers that it has submitted an incorrect quote in a **financial instrument** to the **Exchange**, it must submit a corrected quote as soon as it becomes aware of the submission of the incorrect quote

*Guidance:*

This information will include details about the **financial instrument** and the quote and an identifier for the person or computer algorithm that is responsible for the investment decision in relation to the quote. *Where a **Trading Member** becomes aware that it has submitted an incorrect identifier it must inform the **Exchange** immediately.*

### *Orders*

- 4.4.19 The order types that may be entered into auctions are detailed in the **IPsx Guide for Trading Members**.
- 4.4.20 All orders submitted to the auctions are firm and available for execution in accordance with the terms of the order during the uncross.
- 4.4.21 Orders must be of the minimum size for the respective market as described in the **IPsx Guide for Trading Members**.
- 4.4.22 As **IPsx Wholesale** may only be accessed by **Institutional Investors**, **Trading Members** may only enter orders into **IPsx Wholesale** on behalf of a client where that client is an **Institutional Investor**.

*Guidance:*

*Prior to the uncross, orders can be cancelled or amended.*

- 4.4.23 Orders should contain all information as set out in the **MiFID Delegated Regulation**.

*Guidance:*

*This information will include details about the financial instrument and the order, details about the client of the transmitting firm and, whenever relevant, an identifier for the person or computer algorithm, that is responsible for*

the investment decision in relation to the order. Where a **Trading Member** becomes aware that it has submitted an incorrect identifier it must inform the **Exchange** immediately.

### *Exchange Enforced Cancellations*

4.4.25 The **Exchange** views all **on-Exchange trades** as final. However, the **Exchange** may, in exceptional circumstances, cancel an **on-Exchange trade** where it believes it necessary to do so to protect the integrity and orderly functioning of the **Exchange**. The **Exchange's** decision to cancel an **on-Exchange Trade** is final.

### *Cancellations requested by Trading Members*

4.4.26 A **Trading Member** may request the cancellation of an **on-Exchange trade** executed during an auction period. Any such request must be made within 15 minutes of the close of the applicable auction. The **Trading Member** must provide any information requested by the **Exchange** to support the request promptly, and in any event, within 60 minutes of the close of the applicable auction.

*Guidance:*

The **Exchange** will only consider a request to cancel an **on-Exchange trade** where that **on-Exchange Trade** is clearly erroneous in the sole judgement of the **Exchange**.

## Section 5: Market Making Rules

### *Obligation to provide quotes*

4.5.1 During the **Mandatory Quote Period**, a **Market Maker** must provide firm two-way prices on a continuous basis in not less than the **Exchange Market Size** for each **financial instrument** in which it is registered for at least the minimum amount of time specified in the **IPsx Guide for Trading Members**.

*Guidance:*

The **Exchange** shall from time to time notify **Market Makers** of any changes to the **Exchange Market Size** and **Mandatory Quote Period** by way of **Market Notice**.

### *Maximum spread*

4.5.2 A **Market Maker** must only provide quotes within the applicable **maximum spread** in force for that **financial instrument** as described in the **IPsx Guide for Trading Members**.

*Guidance:*

Information regarding the tick size regime can be found in the **IPsx Guide for Trading Members**.

### *Incorrect quotes*

- 4.5.3 If a **Market Maker** discovers that it has submitted an incorrect quote in a **financial instrument** to the **Exchange**, it must submit a corrected quote as soon as it becomes aware of the submission of the incorrect quote.

### *Obligations of Market Makers in respect of their quotes*

- 4.5.4 During the **Mandatory Quote Period**, a **Market Maker** must actively offer to buy or sell a **financial instrument** up to the **Market Maker's** displayed size and price when requested by a **Trading Member** that is not a **Market Maker** in the relevant **financial instrument**. The **Market Maker** must deal at that size and price if the **Trading Member** accepts the offer unless the **Trading Member** responds with a counter bid or offer.
- 4.5.5 If a **Market Maker** and a **Trading Member** agree between themselves to extend the validity of a quote, it will remain valid until the earlier of the quote being cancelled by either the **Market Maker** or **Trading Member** or the lapse of the agreed period.
- 4.5.6 Provided a **Market Maker** complies with its obligations under these **Rules**, **Market Makers** may use complementary dealing services to interact with brokers and conclude **on-Exchange trades**.

#### *Guidance:*

*IPsx considers request-for-quote and other electronic dealing services to be examples of types of complementary dealing services.*

### *“One call one stock”*

- 4.5.7 Unless otherwise agreed between the parties and subject to Rule 4.5.11, a **Market Maker** is only required to provide a quote for and/or execute one **on-Exchange Trade** per telephone call from a **Trading Member** (“one call one stock”).

### *“Dealer in front” or “trade in progress”*

- 4.5.8 If, whilst responding to a quote request from a **Trading Member** in a **financial instrument**, a **Market Maker** is at that time in the process of dealing with another quote request or trade in that **financial instrument**, the **Market Maker** may declare “dealer in front” or “trade in progress” and as a result:
- 4.5.8.1 the **Market Maker** is entitled to decline to provide the requested quote or else delay providing the quote;
  - 4.5.8.2 the **Market Maker** is not required to trade at any quoted prices until it has dealt with the other quote request or completed the trade and has had a reasonable opportunity to update its quotes; and

4.5.8.3 the **Trading Member** may request a quote for a different **financial instrument** during that same call.

Guidance:

A **Market Maker's** right to declare "dealer in front" or "trade in progress" does not extend to **restricted periods**, in accordance with Rule 4.5.14.

#### *"Back prices" and "choice prices"*

4.5.9 A **Market Maker** is required to keep its quotes under continuous review and update them in a timely manner as and when necessary in order to keep them up to date and avoid creating **back prices** or **choice prices**.

4.5.10 A **Market Maker** which, in the **Exchange's** reasonable opinion, actively causes a **back price** or **choice price** shall be obliged to deal at its displayed size and displayed price (as applicable to the size) upon enquiry from any **Trading Member** (including a **Market Maker** in that **financial instrument**) for the duration of the **back price** or **choice price**.

4.5.11 If a **back price** or **choice price** continues during the **Mandatory Quote Period** for longer than is reasonable in light of the liquidity of the **financial instrument** (or for at least five minutes), the **Exchange** may in its absolute discretion require a **Market Maker** to update or withdraw its quote.

Guidance:

The **Exchange** will deem a **Market Maker** to have actively caused a **back price** or **choice price** where they:

- deliberately change their quotes to create a **back price** or **choice price**;
- fail to change their quotes in response to a moving market within a reasonable period of time; or
- passively open at their overnight prices at the start of the **Mandatory Quote Period** where that price does not represent a fair valuation for the **financial instrument** in question.

However, the **Exchange** will not deem a **Market Maker** to have actively caused **back prices** or **choice prices** as the result of other **Market Makers'** quote movements unless those changes represent a moving market and the **Market Maker** has failed to change their quotes in response within a reasonable period of time.



### *Dealing with another registered Market Maker*

4.5.12 Where a **Market Maker** registered in a **financial instrument**, who has not caused a **back price** or **choice price**, is approached by another **Market Maker** also registered in that **financial instrument**, the approached **Market Maker** must execute an **on-Exchange trade** with the enquiring **Market Maker** up to the size of the **Exchange Market Size** at the approached **Market Maker's** displayed price where the enquiring **Market Maker**:

4.5.12.1 wishes to **sell** the **financial instrument** and is displaying a lower bid price and lower offer price than the approached **Market Maker's** bid price and offer price; or

4.5.12.2 wishes to buy the **financial instrument**, and it is displaying a higher bid price and higher offer **price** than the approached **Market Maker's** bid price and offer price.

### *“Front running”*

4.5.13 If a **Trading Member** discloses business to a **Market Maker** and the **Market Maker** does not completely fill the order, the **Market Maker** must not, unless otherwise agreed with the **Trading Member**, attempt to deal with another **Market Maker** in that **financial instrument** or otherwise prejudice the completion of that business for a period of three minutes (the “**restricted period**”) in relation to the relevant **financial instrument**.

#### *Guidance:*

*In circumstances where the **Trading Member** intends to complete its business in less than 3 (three) minutes, it may be appropriate for the parties to agree to a shorter **restricted period**.*

4.5.14 If in the circumstances set out in Rule 4.5.13, the **Market Maker** has the best bid or best offer price in a **financial instrument** at any time during the **restricted period** (and no other **Market Maker** has the same offer price and/or bid price), the **Market Maker** must change its displayed price immediately and is not entitled to declare “dealer in front” or “trade in progress”.

#### *Guidance:*

*In complying with Rule 4.5.14 a **Market Maker** may, when changing their displayed price, create a new best price in the opposite direction if they maintain the same spread between their bid and offer price.*

4.5.15 During a **restricted period**, a **Market Maker** may:

4.5.15.1 change its quote, provided in so doing it does not alter the best bid or best offer price being displayed in that **financial instrument** (whether by the **Market Maker** or another **Market Maker**); or

4.5.15.2 maintain its quote.

4.5.16 If a **Market Maker** elects to maintain its quote during a **restricted period** and another **Trading Member** requests a quote from the **Market Maker** during that period, the **Market Maker** may:

4.5.16.1 deal at its displayed price; or

- 4.5.16.2 declare "dealer in front" or "trade in progress" and provide the **Trading Member** with a new quote in accordance with Rule 4.5.8.
- 4.5.17 A **Market Maker** is not subject to the restriction in Rule 4.5.13 where during a **restricted period**:
  - 4.5.17.1 the **Market Maker** has declared "dealer in front" or "trade in progress" in accordance with Rule 4.5.7 and dealt on the basis of a revised quote;
  - 4.5.17.2 another **Market Maker** creates a new best bid or best offer price in that **financial instrument** (including a **back price** or **choice price**); or
  - 4.5.17.3 the **Market Maker** is informed by the **Trading Member** in respect of whom the **restricted period** arose that it has now completed the relevant trade.

### *Systems problems*

- 4.5.18 Where a **Market Maker** is unable to comply with its obligations to provide quotes under these **Rules**, it must notify the **Exchange** without delay, identifying the action that the **Market Maker** intends to take to resolve such systems problems.
- 4.5.19 Where a **Market Maker** experiences systems problems of the nature described by Rule 4.5.18, the **Market Maker** may withdraw its quotes in the affected **financial instruments**, provided that it reinstates its quotes in such **financial instruments** as soon as it is able to do so.
- 4.5.20 In all circumstances, **Market Makers** must ensure that the **Exchange** is regularly informed of progress towards resolving systems problems and must notify the **Exchange** if it intends to withdraw or reinstate quotes in affected **financial instruments**.
- 4.5.21 Where a **Market Maker** is unable to withdraw its quotes, it may request the **Exchange** to withdraw specified quotes or alternatively to withdraw all of its quotes. The **Exchange** may require the person making such a request to provide evidence that they are suitably authorised by the relevant **Market Maker** to request the withdrawal of quotes. Notwithstanding the foregoing, the **Exchange** may act upon such a request where it is made by, or reasonably appears to the **Exchange** to be made by, a person authorised by the **Market Maker** to make that request.
- 4.5.22 A request for the withdrawal of quotes in accordance with Rule 4.5.21 must include the following information:

Table 1: Information necessary for quotes to be withdrawn

a.	Name of the relevant <b>Market Maker</b>
b.	Name and contact details of person making that request
c.	Reason for request
d.	Name of the relevant <b>financial instrument</b> or <b>financial instruments</b>

## Section 6: Trade Reporting

### *Obligation to trade report*

- 4.6.1 A **Trading Member** must submit a **trade report** in accordance with these **Rules** in respect of every **on-Exchange trade** it enters into other than those entered into during an auction period.
- 4.6.2 Each **on-Exchange trade** must be reported to **IPsx** once, and only once. **Trading Members** must ensure that they understand which party to each **on-Exchange Trade** has the responsibility to **trade report** to avoid duplication of trade reporting.

#### *Guidance:*

*A Trading Member should not submit a **trade report** where it relates to an **on-Exchange Trade** for which a **trade report** has already been submitted to the **Exchange**. Examples of this include: where one leg of a riskless principal **on-Exchange trade** has been submitted to the **Exchange** and the related subsequent leg is for the same price; or where the leg represents an average price for a customer and the related **on-Exchange Trades** have all been published.*

- 4.6.3 For the purposes of these **Rules**, an **on-Exchange trade** is deemed executed at the point in time that the buyer and seller agree the volume and price of the **on-Exchange trade**.

#### *Guidance:*

*An agreement to trade in multiple legs or tranches is not deemed concluded until the point in time that the buyer and seller agree the volume and price of all legs or tranches constituting the trade.*

### *Responsibility for Trade Reporting*

- 4.6.4 Where a **Market Maker** participates in an **on-Exchange Trade**, the **Market Maker** is responsible for submitting the **trade report** to the **Exchange**. Where two **Market Makers** participate in an **on-Exchange Trade**, the selling **Market Maker** is responsible for submitting the **trade report** to the **Exchange**.
- 4.6.5 Where an **on-Exchange Trade** has no **Market Maker** participation, the **Trading Member** is responsible for submitting the **trade report** to the **Exchange**. Where an **on-Exchange Trade** is between two **Trading Members**, the selling **Trading Member** is responsible for submitting the **trade report** to the **Exchange**.

### *Technical capability*

**Trading Members** must have and maintain the technical capability to submit **trade reports** to the **Exchange**. For the purpose of these trade reporting **Rules**, a **trade report** is not valid unless it is accepted by the **IPsx Trading Platform**.

### *Information to be included in trade reports*

- 4.6.6 **Trade reports** must include the following information;
- 4.6.6.1 the identity of the reporting **Trading Member**;
  - 4.6.6.2 the trading date and trading time at which the **on-Exchange trade** was executed (to be reported in Co-Ordinated Universal Time (UTC));
  - 4.6.6.3 whether the **on-Exchange trade** was a buy or sell, from the perspective of the reporting **Trading Member**;
  - 4.6.6.4 the capacity in which the **Trading Member** executed the **on-Exchange trade** using the code 'DEAL' when dealing for the **Trading Member's** own account or 'MTCH' when dealing as a matched principal or 'AOTC' when dealing in any other capacity);
  - 4.6.6.5 the ISIN code identifying the **financial instrument** which is the subject of the **on-Exchange trade**;
  - 4.6.6.6 the unit price (i.e. the price of the **financial instrument** excluding any commissions and, where relevant, accrued interest) in the default currency of the **financial instrument**;
  - 4.6.6.7 the currency in which the price is expressed;
  - 4.6.6.8 the quantity (i.e. the number of units of the **financial instrument** subject to the **on-Exchange trade**);
  - 4.6.6.9 the identity of the counterparty (identified using the **LEI** for a **Trading Member** or non-member that is an **investment firm** or **CRD credit institution**, or a unique internal "client" code for a non-member which has been allocated and is used consistently by the reporting **Trading Member** for that counterparty);
  - 4.6.6.10 the trade type indicator, as specified in Rule 4.6.7; and
  - 4.6.6.11 the settlement due date.

#### *Guidance:*

**Trading Members** may open one or more trading accounts which they can use to access the **IPsx Trading Platform**. Each trading account has a unique user ID. *When a **Trading Member** submits a **trade report** through the **IPsx Trading Platform**, the **trade report** will automatically be populated with the **LEI** associated with the trading account used by the **Trading Member** to make the submission.*

*If a **Trading Member's** market making and broking arms are split between separate entities and those entities each have their own **LEI**, those arms will be treated separately for the purpose of these trade reporting **Rules** and will each individually be responsible for trade reporting. It is the responsibility of such **Trading Member** to ensure they use the correct trading account to submit the **trade report** to the **Exchange**.*

*Where a **Trading Member** uses the facilities of a settlement agent, the **Trading Member** is required to submit the **trade report** in its own name and using its **LEI**, rather than that of the settlement agent.*

The unit price reported under Rule 4.6.6.6 must be in the default currency for the **financial instrument** in question (see Rule 4.6.6.7). Where a **Trading Member** executes an **on-Exchange trade** in a currency other than the default currency it must convert the unit price into that default currency using the prevailing currency exchange rate at the time of the **on-Exchange trade**.

### Trade type indicators for trade reports

4.6.7 **Trading Members** must ensure that each **trade report** incorporates the correct trade type indicator from the indicators specified below.

FLAG	DESCRIPTION
"0"	Ordinary <b>on-Exchange Trade</b>
"SDIV"	<p><b>on-Exchange Trades</b> that are either:</p> <p>executed during the ex- dividend period where the dividend or other form of distribution accrues to the buyer instead of the seller; or</p> <p>executed during the cum- dividend period where the dividend or other form of distribution accrues to the seller instead of the buyer.</p>

Guidance:

**Trading Members** cannot cancel or amend a trade report after it has been submitted to **IPsx**. The process that a **Trading Member** must follow in these circumstances is described in the **IPsx Guide for Trading Members**.

### Trade reporting deadlines

4.6.8 **Trade reports** must be submitted within the following deadlines:

4.6.8.1 in respect of **on-Exchange trades** executed during the **trade reporting period**, as close to real time as possible and in any case within 60 seconds of execution of the **on-Exchange trade**; or

4.6.8.2 in respect of **on-Exchange trades** executed outside the **trade reporting period**, within three minutes of the start of the next **trade reporting period**.

4.6.9 Subject to any direction that the **Exchange** may issue under Rule 4.7.10, if the **Trading Member** responsible for submitting a **trade report** experiences systems problems that prevent it from submitting the **trade report** within the applicable trade reporting deadline:

4.6.9.1 that **Trading Member** must submit the **report** as soon as possible after the systems problems have been resolved; and

4.6.9.2 the **trade report** must state the trading date and trading time of the **on-Exchange trade**, not the date and time that the **trade report** is submitted.

*Guidance:*

*Information should only be published close to the 60 second period specified for making a **trade report** in exceptional cases. If a **Trading Member** consistently publishes close to this maximum period, the **Exchange** will require the **Trading Member** to provide an explanation. **Trading Members** are reminded that they are required to maintain the technical capability to submit **trade reports**, in accordance with Rule 4.6.6, and the **Trading Member** is required to maintain a reasonable level of efficiency and expenditure on their trade reporting systems.*

*Correcting trade reports*

4.6.10 A **Trading Member** must notify the **Exchange** as soon as possible if it becomes aware that it has submitted a **trade report** in error or that a **trade report** it has submitted is inaccurate. This notification must be made by an **Authorised Employee** in the form of an email to [regulation@ipsx.com](mailto:regulation@ipsx.com).

## Section 7: Market Operations

### *Suspensions and removal from trading and trading halts*

- 4.7.1 Subject to Rule 4.7.2, the **Exchange** may suspend or remove a **financial instrument** from trading or declare a trading halt in respect of a **financial instrument** in certain circumstances, including if:
- 4.7.1.1 it is necessary to do so in the performance of the **Exchange's** regulatory functions; or
  - 4.7.1.2 the **Issuer** of the **financial instrument** fails to meet its continuing obligations under the **IPsx Rules**.
- 4.7.2 The **Exchange** will not exercise its powers under Rule 4.7.1 if to do so could reasonably be expected to cause significant damage to the interests of investors or the orderly functioning of the **Exchange**.

#### *Guidance:*

The **Exchange** may exercise its powers under Rule 4.7.1 in performance of its regulatory functions, for example if there is a disorderly market in the **financial instruments** or such a course of action is otherwise required in order to protect the interests of investors or preserve the orderly functioning of the **Exchange**.

- 4.7.3 Decisions to suspend or remove a **financial instrument** from trading or declare a trading halt will be publicised by the **Exchange** by way of **Market Notice**.
- 4.7.4 A **Trading Member** must not execute an **on-Exchange trade** in respect of a **financial instrument** that has been suspended or removed from trading or is at that time the subject of a trading halt unless, prior to executing the **on-Exchange trade**, the **Trading Member** has obtained permission from the **Exchange** to do so. The **Exchange** has absolute discretion in deciding whether to accept or reject an application for such permission.

### *Exchange deletion of quotes and cancellation of orders and on-Exchange trades*

- 4.7.5 Subject to Rule 4.7.6, the **Exchange** may, where it considers it necessary to do so in the performance of its regulatory functions:
- 4.7.5.1 delete any quote submitted to the **Exchange**;
  - 4.7.5.2 cancel orders;
  - 4.7.5.3 cancel **on-Exchange trades** or instruct **Trading Members** to cancel **on-Exchange trades**.
- 4.7.6 The **Exchange** will not exercise its powers under Rule 4.7.5 if to do so could reasonably be expected to cause significant damage to the interests of investors or the orderly functioning of the **Exchange**.

- 4.7.7 Where the **Exchange** instructs a **Trading Member** to cancel an **on-Exchange trade** under Rule 4.7.5.3, the **Trading Member** must immediately take all reasonable steps to cancel that **on-Exchange trade**.

#### *Use of Market Notices to waive, suspend or amend obligations*

- 4.7.8 The **Exchange** may declare conditions by way of **Market Notice** that apply to the **Exchange** as a whole or in part, including in relation to specific **financial instruments**, which may waive, suspend or amend obligations under these **Rules**.

#### *Systems problems*

- 4.7.9 In circumstances where an **Trading Member** experiences systems problems the **Trading Member** must:
- 4.7.9.1 immediately inform the **Exchange** in accordance with Rule 4.3.15, outlining the remedial action that the **Trading Member** is taking and/or proposes to take;
  - 4.7.9.2 keep the **Exchange** updated as to progress on resolving the systems problems; and
  - 4.7.9.3 comply with the terms of any **Direction Notice** issued to it by the **Exchange** in association with Rule 4.7.10.
- 4.7.10 Where the **Exchange** considers it necessary to do so in the performance of its regulatory functions, including to protect the integrity and orderly functioning of the **Exchange**, the **Exchange** will issue a **Direction Notice** to the **Trading Member**, which may include instructions as to how the **Trading Member** should conduct its business during the period affected by systems problems.

#### *Guidance:*

*Systems problems include, but are not limited to problems preventing the **Trading Member** from:*

- *submitting a **trade report**;*
- *submitting or cancelling quotes; or*
- *accessing its order on the **IPsx Trading Platform**.*

*A **Trading Member** that has system problems which prevent it from removing any open quotes or orders may ask the **Exchange** to remove those quotes or orders on the **Trading Member's** behalf. Such a request should be emailed to [regulation@ipsx.com](mailto:regulation@ipsx.com) by an **Authorised Employee**.*

***Direction Notices** issued by the **Exchange** may include instructions as to the steps or actions that the **Exchange** requires the **Trading Member** to take, for example instructions to:*



- retain **trade reports** pending their submission to the **Exchange** once the systems problems are resolved;
- submit **trade reports** to the **Exchange** by alternative means, such as email or telephone; or
- suspend the operation of certain dealing services.

## Section 8: Settlement Rules

### *Obligation to settle on-Exchange Trades*

4.8.1 A **Trading Member** must ensure that:

- 4.8.1.1 all **on-Exchange trades** are duly settled on the settlement date, regardless as to whether the **on-Exchange trade** was entered into on the **Trading Member's** own account or for the account of a client or through a settlement agent. In the event that a **Trading Member** does not have sufficient stock to settle an **on-Exchange Trade**, it should make all reasonable efforts to borrow stock to achieve settlement on the settlement date;
- 4.8.1.2 it has adequate facilities and procedures to enable it to settle **on-Exchange trades** in accordance with the systems and rules of the relevant settlement system; and
- 4.8.1.3 **financial instruments** transferred for settlement purposes are transferred free of any lien, claim, charge or encumbrance.

*Guidance:*

*Failure to settle an **on-Exchange Trade** is a breach of these **Rules**. This is the case for all **Trading Members**, including those that have obtained a **Market Maker Exemption** from the **FCA**. **IPsx** monitors settlements and may require a **Trading Member** who fails to settle an **on-Exchange Trade** to provide an explanation for that failure that is satisfactory to **IPsx**.*

Time of settlement and settlement failure

- 4.8.2 Unless otherwise agreed by the parties at or prior to the time an **on-Exchange trade** is executed, all **on-Exchange Trades** on the **Exchange** are for **standard settlement**. Unless otherwise agreed with the **Exchange**, a **Trading Member** may not agree a settlement date which is greater than 20 days after the date on which the **on-Exchange Trade** was agreed.
- 4.8.3 The **Exchange** may impose a condition by way of **Market Notice** in accordance with Rule 4.7.8 (and without prejudice to the generality of that Rule 4.7.8), to postpone or extend the settlement period for all **on-Exchange trades** or for **on-Exchange trades** in specified **financial instruments** executed on a given **Business Day**.
- 4.8.4 Where a **Trading Member** fails to settle an **on-Exchange trade** on the intended settlement date the **Trading Member** may be deemed to have committed an act of misconduct, determined in for the purposes of the **IPsx Disciplinary and Appeals Procedures**. This may lead to

sanctions being imposed on it or disciplinary action as a consequence. Where a **Trading Member** fails to comply with a settlement obligation within **45 business days** of the intended settlement date for an **on-Exchange trade**, such sanctions may include the issue of a **settlement direction**.

- 4.8.5 Failure to settle an **on-Exchange trade**, without prejudice to the **Trading Member's** obligation under Rule 4.8.1, shall not itself be grounds for either party to treat the contract as repudiated.

#### *Settlement directions*

- 4.8.6 Where a **Trading Member** fails to settle an **on-Exchange trade** on its intended settlement date (the “**defaulting member**”):

4.8.6.1 the **Trading Member** that is the counterparty to the **on-Exchange trade**, (the “**requesting member**”) may submit a written request to the **Exchange** to issue a **Settlement Direction Notice** against the **defaulting member** provided the **requesting member**, prior to submitting the **Settlement Direction Request**, has taken all reasonable steps to achieve settlement of the relevant **financial instruments**; and/or

4.8.6.2 the **Exchange**, acting in its absolute discretion, may issue a **Settlement Direction Notice**, at its own initiative and regardless of whether it has received a **Settlement Direction Request**.

#### *Guidance:*

The **Exchange** has procedures in place for purposes of detecting and dealing with the failure of **Trading Members** to settle **on-Exchange trades** in accordance with the **IPsx Trading Rules**, and the **Exchange** will monitor **IPsx Trading Members'** settlement performance. In particular, **Market Regulation** will, on a daily basis, receive and review a report provided by Euroclear UK & Ireland Limited to enable the **Exchange** to determine if there are potential and/or actual issues regarding the settlement performance of **Trading Members** holding and transferring **financial instruments** in the Euroclear UK and Ireland system. Where, on the basis of but not limited to information obtained through this report, there is a concern about poor settlement performance by an **Trading Member** (e.g. in the case of persistent settlement fails) the **Exchange** may issue a **settlement direction request** as appropriate.

#### *Submitting a settlement direction request*

- 4.8.7 A **requesting member** must ensure that a **Settlement Direction Request** includes:

4.8.7.1 sufficient information to enable the **Exchange** to understand the reason for the **Settlement Direction Request**;

4.8.7.2 full details of the relevant **on-Exchange trade**; and

4.8.7.3 an explanation of the steps that the **requesting member** has taken to achieve settlement of the relevant **on-Exchange trade**.

- 4.8.8 A **requesting member** must submit a **Settlement Direction Request** in respect of each **on-Exchange trade** that has failed to settle on its intended settlement date. One **Settlement Direction Request** cannot cover more than one **on-Exchange trade**.

- 4.8.9 A **requesting member** is responsible for the content of any **Settlement Direction Request** that it produces. The **Exchange** is not liable to any party in respect of the content of a **Settlement Direction Request**, including any errors or omissions that may be in it.
- 4.8.10 A **requesting member** may not revoke or withdraw a **Settlement Direction Request** once submitted, unless settlement is achieved. If settlement is achieved, the **requesting member** must notify the **Exchange** in writing immediately of that fact, thereby withdrawing the **Settlement Direction Request** and providing such evidence as the **Exchange** may reasonably require that settlement has been achieved.

#### *Processing settlement direction requests*

- 4.8.11 The **Exchange** will consider the receipt of a **Settlement Direction Request** as a notification by the **requesting member** that the **defaulting member** has breached these **Rules**, which may result in the **Exchange** initiating disciplinary procedures against the **defaulting member** in accordance with the **IPsx Disciplinary and Appeals Procedures**.

#### *Issuing settlement direction notices*

- 4.8.12 Subject to **Rules 4.8.13** and **4.8.14**, the **Exchange** will issue a **Settlement Direction Notice** to the **defaulting member** as soon as is reasonably practical.:
- 4.8.13 Without prejudice to Rule 4.8.11, the **Exchange** may:
- 4.8.13.1 in its absolute discretion decide to suspend the issue of a **Settlement Direction Notice** in order to instruct the **requesting member** to attempt an alternative resolution; and
  - 4.8.13.2 exercising its discretion in accordance with Rule 4.8.6.2, at any time issue a **Settlement Direction Notice** to a **defaulting member**.
- 4.8.14 The **Exchange** will not issue more than one **Settlement Direction Notice** to the same **defaulting member** in relation to one **on-Exchange trade**.
- 4.8.15 A **Settlement Direction Notice** will set out:
- 4.8.15.1 the details of the relevant **on-Exchange trade** to which it refers;
  - 4.8.15.2 the date on which the **Exchange** intends to issue a **Settlement Direction Instruction**; and
- 4.8.16 Except in relation to **on-Exchange trades** for guaranteed delivery and in respect of an **on-Exchange trade** the **defaulting member** entered as principal, a **defaulting member** may nominate a replacement trade for the purchase of **financial instruments** of the same type for which settlement is outstanding for the longest period. The **defaulting member** may exercise its right to nominate a replacement trade up to 14:00 hours two **business days** prior to the date on which the **Exchange** intends to issue a **Settlement Direction Instruction** (as specified in the **Settlement Direction Notice**).

### *Issuing Settlement Direction Instructions*

- 4.8.17 The **Exchange** will issue a **Settlement Direction Instruction** to a **defaulting member** instructing the **defaulting member** to obtain the **financial instruments** needed to fulfil its obligation to settle the **on-Exchange Trade** that is the subject of the **Settlement Direction Notice** on a particular date) if:
- 4.8.17.1 the **defaulting member** has not nominated a replacement trade in accordance with Rule 4.8.16; or
  - 4.8.17.2 the **Exchange** has not received a written notification that the outstanding **on-Exchange trade** has been fully settled from (i) the **requesting member**; or (ii) in cases where the **Exchange** issues the **Settlement Direction Notice** on its own initiative, from the **Trading Member** who is the counterparty to the relevant **on-Exchange trade**.
- 4.8.18 Upon receipt of a **Settlement Direction Instruction** pursuant to Rule 4.8.17, the **defaulting member** shall ensure that **financial instruments** are obtained to settle the **on-Exchange trade** in accordance with the **Settlement Direction Instruction**.
- 4.8.19 In the event that the **defaulting member** is unable to comply with Rule 4.8.18, the **defaulting member** shall notify the **Exchange** as soon as it becomes aware of that fact.
- 4.8.20 On receiving a notice in accordance with Rule 4.8.19, the **Exchange** may, acting in its absolute discretion:
- 4.8.20.1 grant the **defaulting member** one more opportunity to comply with the **Settlement Direction Instruction**; and
  - 4.8.20.2 instruct the **defaulting member** to undertake a second attempt to purchase the relevant **financial instruments** by trading for guaranteed delivery within five **business days** after the first attempt.
- 4.8.21 A **Trading Member** that has suffered losses or incurred costs as a result of a **defaulting member's** failure to deliver **financial instruments** shall not be entitled to recover those losses or costs from the **defaulting member**, unless the parties agreed otherwise at the time the **on-Exchange trade** was originally agreed or subsequently reached such an agreement.
- 4.8.22 A **Trading Member** that has suffered losses or incurred costs as a result of complying with a **Settlement Direction Instruction** shall not be entitled to recover those losses or costs from the **Exchange** or from the **Trading Member** who is the counterparty to the relevant **on-Exchange trade**, whether they are a **requesting member** or otherwise.
- 4.8.23 The **Exchange** is entitled to impose a charge and/or recover costs from a **defaulting member** in relation to costs incurred in issuing a **Settlement Direction Notice** and/or **Settlement Direction Instruction** and the **defaulting party** shall be liable to pay such charge and/or costs.

## Cash settlement

4.8.24 In the event that a **defaulting member** is unable to comply with Rule 4.8.20 (when applicable), then Rules 4.8.25 to 4.8.29 shall apply.

If, for any part of the **relevant period**, a closing-mid price for the **financial instrument** is not available, that part of the **relevant period** shall be disregarded in calculating the mean average. If closing mid-prices in the **financial instrument** are not available for more than 75% of the total **business days** during the **relevant period**, then the market price shall be determined through appropriate alternative means, such as an independent market valuation of the price of the **financial instrument**.

4.8.25 A **defaulting member** must, on the instructions of the **Exchange** acting in its absolute discretion, pay the **Cash Settlement Amount** to the **Trading Member** who is the counterparty to the relevant **on-Exchange trade**) in accordance with the instructions contained in the relevant **Cash Settlement Notice**.

4.8.26 The **Exchange** will determine the **Cash Settlement Amount** as follows:

4.8.26.1 if the **market value** exceeds the **contract value**, the **Cash Settlement Amount** shall be the difference between these values; or

4.8.26.2 if the **contract value** exceeds the **market value**, the **cash settlement amount** shall be zero.

4.8.27 In the event that the **Exchange** instructs a **defaulting member** to pay a **Cash Settlement Amount** in accordance with Rule 4.8.25, the **Exchange** will issue a ("**Cash Settlement Notice**") to each party to the relevant **on-Exchange trade** in respect of which the **settlement direction** was issued and set out:

4.8.27.1 the details of the **on-Exchange trade** to which it relates;

4.8.27.2 the **Cash Settlement Amount** determined in accordance with Rule 4.8.26, which shall be expressed in pounds Sterling or, if the relevant **on-Exchange trade** was effected in a different currency, a conversion will be carried out according to the Bank of England's relevant spot rate of exchange on the date the **Cash Settlement Notice** is issued; and

4.8.27.3 the date by which any **cash settlement amount** must be paid.

4.8.28 In the event that the **Exchange** in its absolute discretion decides not to instruct the payment of a **Cash Settlement Amount** under Rule 4.8.25, it may instead instruct the **defaulting member** to take such other action as the **Exchange** considers appropriate in the circumstances.

4.8.29 In the event that a **defaulting member** pays a **cash settlement amount**, the **Trading Member** that was responsible under these **IPsx Trading Rules** for submitting the **trade report** shall ensure that the original **trade report** is cancelled on the day the **Cash Settlement Amount** is paid. If that day is not a **Business Day**, the relevant **Trading Member** must cancel the original **trade report** on the following **Business Day**.

*Guidance:*

*A failure to pay a **cash settlement amount** by the date specified in a **cash settlement notice** is a breach of Rule 4.8.25 and will be treated as a new and separate breach in addition to any other breaches of these **Rules** that the **defaulting member** has committed and may be subject to disciplinary proceedings in accordance with the **IPSX Disciplinary and Appeals Procedures**.*

## Section 9: Default Rules

- 4.9.1 These **Default Rules** are without prejudice to any other provision of these **Rules** or other **IPsx** documentation; however, in the case of any conflict these **Default Rules** shall take precedence over other documentation

### *Default manager*

- 4.9.2 The **Exchange** will appoint a **default manager** to represent the **Exchange** in relation to a **defaulter**. It will be the responsibility of the **default manager** to assist in the administration of the affairs of a **defaulter** and to perform such functions in relation thereto as the **Exchange** may from time to time determine (subject to the provisions of any applicable laws of any territory). The **Exchange** will retain the ability to remove and replace the **default manager**.
- 4.9.3 The **default manager** will be entitled to:
- 4.9.3.1 request and receive from a **defaulter** information relating to its books of account, records and any other necessary documents (and to receive copies of the same if the **default manager** requires it);
  - 4.9.3.2 undertake a strict examination of every account;
  - 4.9.3.3 investigate and identify any contracts executed at unfair prices and report on these to the **Exchange** where the **default manager** considers this to be appropriate (taking into account any applicable insolvency law provisions);
  - 4.9.3.4 attend meetings of creditors and to summon the **defaulter** or any officer of the **defaulter** to any such meetings;
  - 4.9.3.5 require an **Trading Member** or any officer of an **Trading Member** to assist the **default manager** with any inquiries raised; and
  - 4.9.3.6 issue such certificates as are required under these **Default Rules**.
- 4.9.4 The **Exchange** may appoint one or more **default managers**.

### *Obligation to co-operate*

- 4.9.5 The **defaulter** and any other **Trading Members** are required to co-operate fully at all times with the **default manager** and the **Exchange**. As and when required by the **default manager** and/or the **Exchange**, the **defaulter** and any other **Trading Member** must respond promptly in providing such information as the **Exchange** or the **default manager** may request, including for the purpose of the **Exchange** performing its regulatory functions.

### *Making a declaration of default*

- 4.9.6 Pursuant to section 166 or 167 of the Companies Act 1989 the **Default Committee** will direct the **Exchange** to declare a **Trading Member** a **defaulter** where that **Trading Member** is

unable to fulfil, or appears to be or to be likely to become unable to fulfil, its settlement obligations in respect of one or more **on-Exchange trades**.

- 4.9.7 The **Exchange** will make a declaration of default in such manner as it considers appropriate.
- 4.9.8 Following the declaration of a **Trading Member** as a **defaulter** (pursuant to Rule 4.9.6),
  - 4.9.8.1 the **defaulter** shall cease to be a **Trading Member**, but shall nevertheless continue to be bound by the requirements of the **Default Rules**, including in relation to all matters, **on-Exchange trades** and circumstances arising while the **defaulter** was a **Trading Member**; and
  - 4.9.8.2 any unsettled **on-Exchange trades** to which the **defaulter** is at the time of default a party will become subject to the rules and procedures set out in these **Default Rules**.

### *Notifications*

- 4.9.9 As soon as it is **reasonably** practicable following the declaration of default, the **default manager** will:
  - 4.9.9.1 notify the **defaulter** of the declaration of default;
  - 4.9.9.2 in relation to any **unsettled principal market contracts**, inform the **counterparty** of the default and of any decision taken pursuant to these **Default Rules** in relation to those;
  - 4.9.9.3 in relation to any **unsettled agency market contracts**, inform the parties to such contracts of the default and the identity of the other party to the contract.

### *Unsettled principal market contracts*

- 4.9.10 Where a **Trading Member** which is party as a principal to an **unsettled principal market contract** is declared a **defaulter**, it shall from the point of that declaration and thereafter be a term of that **unsettled principal market contract** that the obligations of the **defaulter** and the **counterparty** under the contract to deliver and pay against delivery shall be discharged and be replaced by an obligation on one of them to pay to the other the amount calculated in accordance with **Rules** 4.9.14 to 4.9.18. The liability of any other person who is party to the contract as agent shall thereupon cease.

### *Fixing the default prices on declaration of default*

- 4.9.11 In respect of an **unsettled principal market contract**, the **default manager** will be responsible for:
  - 4.9.11.1 fixing the **default price** for any financial instrument which is the subject of the **unsettled principal market contract**;



- 4.9.11.2 notifying the defaulter and its **counterparty** of the **default price**;
  - 4.9.11.3 calculating, with reference to the terms of the **unsettled principal market contract**, the amount of consideration overpaid or underpaid whereby the amount calculated will be included in establishing the net amount for certification.
- 4.9.12 The **determination** of the **default price** of any **financial instrument** by the **default manager** shall be final and binding on all parties (unless manifest error can be established).

#### *Calculation of the net amount due*

- 4.9.13 In accordance with **Rules 4.9.14 to 4.9.18**, the **Exchange** will be responsible for calculating the net amount to be paid to the **defaulter** by each **counterparty** or claimed from the **defaulter** by each **counterparty** as the result of the application of these **Default Rules** to any **unsettled principal market contract** after:
- 4.9.13.1 aggregating all sums (including costs and expenses) due by each principal to the other in relation to such contracts; and/or
  - 4.9.13.2 offsetting the aggregate sums due by each principal to the other in relation to such contracts.
- 4.9.14 In circumstances where the **default price** exceeds the **contract price**, the **defaulter** shall:
- 4.9.14.1 if the **unsettled principal market contract** was for purchase by the **defaulter**, be entitled to receive from the **counterparty** the amount of such excess;
  - 4.9.14.2 if the **unsettled principal market contract** was for sale by the **defaulter**, be obliged to pay to the **counterparty** the amount of such excess.
- 4.9.15 In circumstances where the **default price** falls short of the **contract price**, the **defaulter** shall:
- 4.9.15.1 if the **unsettled principal market contract** was for purchase by the **defaulter**, be obliged to pay to the **counterparty** the amount of such shortfall;
  - 4.9.15.2 if the **unsettled principal market contract** was for sale by the **defaulter**, be entitled to receive from the **counterparty** the amount of such shortfall.
- 4.9.16 In circumstances where the **default price** is the same as the **contract price**, neither the **defaulter** nor the **counterparty** shall be obliged to make any payment to the other.
- 4.9.17 When discharging the amounts calculated in relation to **unsettled principal market contracts** as between the **defaulter** and the **counterparty**:
- 4.9.17.1 all relevant **amounts** which are in the same currency will be aggregated, with amounts due by the **defaulter** treated as positive and the amounts due by the **counterparty** treated as negative ("**currency aggregate**");
  - 4.9.17.2 the spot rate of exchange (as set by the Bank of England for the purchase of Sterling with the **relevant** currency on the day of declaration of default ("**currency aggregate**"))

**Sterling equivalent**")) will be used to convert any currency aggregate not denominated in Sterling;

- 4.9.17.3 any currency aggregate denominated in Sterling will be aggregated with all the currency **aggregate Sterling equivalents ("final Sterling amount")**;
  - 4.9.17.4 in circumstances where the **final Sterling amount** is a negative figure, the **counterparty** will be obliged to pay to the **defaulter** in Sterling the **final Sterling amount**; and
  - 4.9.17.5 in circumstances where the final **Sterling amount** is a positive figure, the **defaulter** shall be obliged to pay to the **counterparty** an amount equal to the **final Sterling amount**.
- 4.9.18 A **Trading Member** acting as an agent in relation to an **unsettled principal market contract** in respect of which **Rules 4.9.14 to 4.9.18** apply, will not be liable for any amount due to or from a **counterparty** in relation to such **unsettled principal market contract**.

#### *Certification*

- 4.9.19 The **Exchange** will certify the net amount to be paid to or claimed from the **defaulter** as pursuant to these **Default Rules** to any **unsettled principal market contract** (including if it is the case that there is none to be paid) and shall notify the parties to such contracts accordingly.

#### *Delivery of financial instruments*

- 4.9.20 Where a **Trading Member** is declared a **defaulter**:
- 4.9.20.1 and **financial instruments** have been delivered and paid for prior to the declaration of default, **Rules 4.9.14 to 4.9.18** will have no application, nor will there be any requirement for such **financial instruments** to be returned;
  - 4.9.20.2 and if, at **that** point, **financial instruments** are in the process of delivery to the **defaulter**, then they shall be returned to the deliverer; and if they are in the process of being delivered by the **defaulter**, then they shall be passed to the **default manager** and not delivered to the taker.

#### *Unsettled agency market contracts*

- 4.9.21 Persons who are parties as principal to an **unsettled agency market contract** will continue to be obliged to complete that contract on the terms on which it was originally dealt notwithstanding the declaration of default.
- 4.9.22 Where an **on-Exchange trade** is identified as falling under Rule 4.9.21, the **default manager** will provide details of the defaulter's client under any such contract to the non-defaulting

**Trading Member.** It will then be the responsibility of the non-defaulting **Trading Member** to write to that client in a form prescribed by the **Exchange** requiring him to settle the contract.

- 4.9.23 In circumstances where the non-defaulting **Trading Member**, despite having made all reasonable efforts to do so, is not able to settle the contract with the **defaulter's** client within 30 calendar days of writing to that client pursuant to Rule 4.9.22, then that non-defaulting **Trading Member** will be permitted to close the **unsettled agency market contract** by purchasing or selling **financial instruments** in the market and either accounting for any profit arising to that client or claiming any loss arising against the client.
- 4.9.24 In circumstances where the **default manager**, despite having made all reasonable efforts to do so is unable to settle within 30 calendar days of writing to the **defaulter's** client (pursuant to Rule 4.9.23) in an **unsettled agency market contract** in the form of an agency cross to which the **defaulter** is a party, then the **default manager** shall be permitted to close the **unsettled agency market contract** by purchasing or selling **financial instruments** in the market and either accounting for any profit arising to that client or claiming any loss arising against that client.

### *Exceptions from these Default Rules*

- 4.9.25 Any **unsettled principal market contract** or **unsettled agency market contract** that is dealt for settlement by means of any settlement process will be subject to these **Default Rules** unless:
- 4.9.25.1 the settlement process will proceed despite the declaration of default because:
- 4.9.25.1.1 the contract entered into by the **defaulter** is to be settled through that settlement process through the service of an agent; or
- 4.9.25.1.2 the process replaces or alters the rights and obligations of the contracting parties such that the declaration cannot disrupt or interrupt the process;
- 4.9.25.2 the settlement process has rules of its own which the **Exchange** considers adequately provide for the binding resolution of the relevant contract.

### *Co-operation with other authorities*

- 4.9.26 Prior to taking any action against a **Trading Member** pursuant to these **Default Rules** or having taken any such action, the **Exchange** is free to consult any other exchange or clearing house which clears or settles **on-Exchange trades**, the **FCA** or any other relevant **competent authority**, any other regulatory or other appropriate body, or any other relevant person.
- 4.9.27 In consulting any of the bodies or individuals referred to in Rule 4.9.26 the **Exchange** is free to pass on any details of, or other information in its possession relating to, a **defaulter** or its **market contracts** or relating to a **Trading Member** in respect of whom the **Exchange** may take or has taken action under these **Default Rules** and the **Exchange** may otherwise co-operate with any such bodies or individuals in connection with such default.

### *Alteration to these Default Rules*

- 4.9.28 Any amendment, revocation or addition to these **Default Rules** may take effect so as to affect default proceedings in progress at such time as the **Exchange** may consider appropriate.

### Section 10: Supervision of a Trading Member by the Exchange

- 4.10.1 Where necessary for the exercise of its duties as a market operator, the **Exchange** may, at any time, by notice in writing to a **Trading Member** require such **Trading Member** to provide specified documents and/or specified information or interview any employee, or any other person operating in similar capacity to an employee, of a **Trading Member**.
- 4.10.2 The **Trading Member** must provide such documents and/or information to the **Exchange** as soon as practicable, in the form specified by the **Exchange**.

*Guidance:*

*Examples of the information which **IPsx** may request include, but are not limited to, voice recordings and underlying client data.*

*Any interview of an employee or any other person acting in a similar manner to an employee will be recorded in writing.*

- 4.10.3 The **Exchange** may, at any time, conduct a formal review of a **Trading Member** in order to consider and determine whether that **Trading Member** continues to satisfy the eligibility criteria and the **IPsx Principles for Members**.

*Guidance:*

*A **Trading Member** must allow the **Exchange** access to its records, and/or provide any documents or information that the **Exchange** requires, or access to an employee, or any person acting in a capacity similar to an employee, if so requested for the purposes of a formal review.*

*The **Exchange** in accordance with the procedures set out in the **IPsx Disciplinary and Appeals Procedures** has discretion to decide on the appropriate course of action to be taken in the event that it concludes that a **Trading Member** does not satisfy the eligibility criteria and/or the **IPsx Principles for Members**.*

## Section 11: Request for suspension or resignation of a Trading Member

- 4.11.1 Subject to the agreement of the **Exchange**, a **Trading Member** may resign its membership by giving a minimum of 90 calendar days' notice to the **Exchange** and providing such information as is required by the **Exchange**. The **Exchange** may in its absolute discretion waive all or part of the notice period or apply any other such measures as it considers necessary in the circumstances.
- 4.11.2 The **Exchange** may in its absolute discretion refuse a notice of resignation given by a **Trading Member**, postpone the effective date of such a notice, or reject such a notice after it has been given but before it takes effect, if the **Exchange** considers it necessary to do so in order to safeguard the orderly operation of the **Exchange**.
- 4.11.3 A request by a **Trading Member** to be suspended temporarily or to cease to be an **Trading Member** must be in writing and must include:
- the **Trading Member's** name;
  - a clear explanation of the background and reasons for the request;
  - the date on which the **Trading Member** requests the withdrawal to take effect (subject to rules 4.11.1 and 4.11.2 above);
  - a signed confirmation that the **Trading Member** will no longer provide any trading services with respect to **financial instruments** IPSX as of the date the withdrawal takes effect; and
  - the name and contact details of the key contact at the **Trading Member** with whom the **Exchange** should liaise in relation to the request.

### *Guidance:*

*The **Exchange** may exercise this discretion if, for example, the **Trading Member** in question has unsettled positions in **financial instruments**. In such circumstances, the **Exchange** may exercise its discretion so that the notice is rejected pending the settlement of such positions and will take effect after settlement.*

### *Obligations that survive termination or resignation of IPSX Membership*

- 4.11.4 A **Trading Member** who has resigned their **IPsx** membership or whose **IPsx** membership has been terminated or otherwise ceased will continue to be subject to the **IPsx Disciplinary and Appeals Procedures** for 12 months following the effective date of such termination or resignation in respect of activity conducted, and in respect of the activity conducted up to the date of resignation.
- 4.11.5 A **Trading Member** is required to keep records of its activity on **IPsx** for at least six years from the date the record was produced, even if this time is after the termination or resignation of the **IPsx** membership.

## Section 12: Corporate Actions

### *Entitlement to benefits*

- 4.12.1 An **on-Exchange trade** in a **financial instrument** agreed on or after the day that the **Exchange** makes that **financial instrument** ex an entitlement to a **benefit** shall be settled ex that entitlement, unless otherwise agreed at the time of the **on-Exchange trade**.
- 4.12.2 An **on-Exchange trade** in a **financial instrument** agreed on a day following the distribution of a **benefit** may not include that **benefit**.

### *Payment of benefits*

- 4.12.3 The seller is responsible for the delivery of any **benefit** due to the buyer. Delivery must occur within 10 **Business Days** of the seller's receipt of that **benefit**. The seller is liable for any additional duties or fees payable with respect to the **benefit**.
- 4.12.4 Where a **benefit** is time-dependent (for example, a rights issue) and the seller does not deliver the rights before the expiry of the **benefit**, the seller shall pay to the buyer the cash equivalent of the expired **benefit**.

### *Cancellation of benefits*

- 4.12.5 If a **benefit** is cancelled after its ex-entitlement date, an **on-Exchange trade** effected ex that **benefit**, other than an **on-Exchange trade** effected special ex that **benefit**, shall not be adjusted. An **on-Exchange trade** effected special cum or special ex that **benefit** shall be adjusted by refunding the cash equivalent in respect of the cancelled **benefit**.

### *Claims for payment of benefits*

- 4.12.6 In the event that a seller fails to deliver a **benefit** to a buyer within 10 **Business Days** of the distribution of that **benefit**, the buyer must make a claim for that **benefit** within 10 **Business Days** of the last date on which the seller should have delivered that **benefit** (i.e. within 20 **Business Days** of the distribution of that **benefit**). Any claim made by the buyer after this time will be considered invalid.
- 4.12.7 When a seller receives from a buyer a claim that is not invalid, the seller must deliver the **benefit** within 10 **Business Days** of receipt of the claim. In the event that the **benefit** is not cash, the cash equivalent of the **benefit** may be delivered by the seller.

### *Non-optional events*

4.12.8 Where the seller fails to deliver a **financial instrument** within the registration deadline of a non-optional event, the seller shall be obliged to deliver the results of the event as stock or a cash equivalent of the **financial instrument**.

*Guidance:*

*Non-optional events are any event where the holder of the securities has no option as to whether or not to participate.*

### *Elective Benefits*

4.12.9 Where the **benefit** includes an elective element, the buyer may give an instruction notice to the seller specifying the **benefit** which the buyer selects. The seller is required to procure the option requested by the buyer. The buyer is responsible for any additional costs incurred by the seller when procuring that option. The buyer must give the seller reasonable notice to act on any instruction notice. Any instruction notice that is not provided with reasonable notice to the seller will be considered invalid.

## Part V: Disciplinary action and termination of IPSX Membership

- 5.1 If the **Exchange** considers in its absolute discretion that a **Member** has failed to comply with the **IPsx Rules** in any respect, or where the **Exchange** otherwise has concerns as to the **Member's** fitness and propriety, the **Exchange** may without notice impose such requirements or restrictions on the **Member** as it considers appropriate in the circumstances.
- 5.2 The **Exchange** will notify the **Member** in writing of any action taken or proposed to be taken by the **Exchange** regarding Rule 5.1.
- 5.3 The **Member** will have the option of initiating an appeal in accordance with the **IPsx Disciplinary and Appeals Procedures**. Any such appeal must be initiated within ten **business days** of being notified in writing of any such action taken or proposed to be taken by the **Exchange**.
- 5.4 The **Exchange** may impose requirements or restrictions notwithstanding the fact an appeal has been initiated, including by suspending or withdrawing the **IPsx** membership of the **Member** concerned or particular user accounts pending the outcome of any appeal.
- 5.5 The **Exchange** may make the details of any action taken in respect of a **Member** by way of **Market Notice**, without first notifying or consulting the **Member** concerned and such **Member** consents to such disclosure and the **Member** and its employees, controllers and partners or directors may not bring any claim in connection with it.
- 5.6 In circumstances where a **Member** has failed to comply with the **IPsx Rules** or **IPsx** considers that it may have breached a relevant Financial Services Regulation, the **Exchange** will notify the **FCA** of the behaviour in question.





**International Property  
Securities Exchange**

15 Stratton Street  
London W1J 8LQ  
1 Farnham Road  
Guildford GU2 4RG

**T** +44 (0)20 3931 8800



**ipsx.com**

IPSX UK Limited (No. 10519448) is a limited company registered in England and Wales.