



**QUOTE MTF Ltd.
GENERAL BUSINESS TERMS AND CONDITIONS
(SUBSCRIBER MANUAL)**

9 March 2010



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1 QUOTE MTF Ltd.

QUOTE MTF is licensed (ID: E-III/983/2008 issued on 28 October 2008) by the Hungarian Financial Supervisory Authority (www.hfsa.hu, address: Hungary 1013 Budapest, Krisztina krt. 39.) as an investment firm operating an authorised Multilateral Trading Facility (“MTF”) as defined in the Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and Council) and in the Hungarian Act on Investment Firms and Commodity Exchange Service Providers and their Activity.

Operating the MTF is the sole activity of QUOTE MTF.

The language of communication (including the Subscriber Agreement and all documents and notices related to it) between QUOTE MTF and its Subscribers is English. Approved methods of communication are: (i) telephone, (ii) e-mail, (iii) fax.

The official place of publishing any information relating to QUOTE MTF’s activity (including any regulatory issues affecting QUOTE MTF’s license) is the website of QUOTE MTF (www.quotemtf.com). All publication is done in electronic format.

2 System and Connectivity

The QUOTE MTF system is a proprietary developed system designed to meet the demands of today’s securities trading community with special focus on algorithmic and high frequency trading. The system is built of several matching engines where each of the matching units is responsible for a certain number of ISINs. The set up of the system ensures constant load balancing between the servers to maintain its cutting edge performance at all times. As well, it is designed to offer full scalability to allow for a further increase in transaction load.

The matching engine is hosted in the data centres of Interxion, at 11 Hanbury Street, London. The Interxion data centre provides a 24/7 availability of qualified personnel, reliable, and redundant high density power supplies and highest level of security. For further information please refer to the QUOTE MTF CONNECTIVITY GUIDE.

All orders will be sent in FIX 4.2 and are executed according to strict price/time priority in QUOTE MTF’s matching engine; therefore, orders showing the highest buy respectively the lowest sell limit will be the first ones executed. In the case of more than one order with the same limit, the time priority will determine the execution priority (first in/first out).

Modification of orders which may affect the execution of other orders in the order book materially will lead to a new time stamp and thus to a new time priority. These events are:

- (i) Change of the limit price
- (ii) Increase of the order volume



If the volume of an order is decreased, the original time priority remains.

QUOTE MTF will distribute the complete order book information in ITCH 3.0 format to Subscribers and Vendors via QTP multicast. Optionally, unicast using Soup TCP is supported.

2.1 Choice of Connectivity

QUOTE MTF Subscribers are responsible for the connection to the QUOTE MTF data centre with Interxion, at 11 Hanbury Street, London. Subscribers will find a list of eligible telecommunication providers as well as connectivity options in the QUOTE MTF CONNECTIVITY GUIDE.

2.2 Bandwidth Requirements

You will find the bandwidth requirements for trading on QUOTE MTF in the QUOTE MTF CONNECTIVITY GUIDE.

2.3 Order handling on disconnecting or system malfunction event

Subscribers have two options to choose how their individual connections are set to handle disconnecting or system malfunction event:

- (i) Cancel all orders
- (ii) Keep orders.

The default setting is (ii). By requesting setting (i) Subscribers can protect themselves against unintended fills when disconnected. For further information please refer to the QUOTE MTF FIX 4.2 SPECIFICATION.

3 Subscription to QUOTE MTF

3.1 Becoming a QUOTE MTF Subscriber

The Subscription to QUOTE MTF is open to all eligible parties. To subscribe, the QUOTE MTF SUBSCRIBER AGREEMENT and the QUOTE MTF SUBSCRIBER INFORMATION FORM have to be signed by the applicant Subscriber. The Subscription is subject to the following prerequisites:

- (i) The Subscriber must be
 - a trading firm registered with or regulated by at least one Regulatory Authority in the European Economic Area (“EEA”) or
 - an admitted trading member of an EEA regulated market or stock exchange.

QUOTE MTF will ask for relevant proof of above mentioned status. If the applicant is not supervised a brief explanation as to why authorisation is not required should be included.



- (ii) QUOTE MTF may require further information or additional documentation prior to approving access.
- (iii) The applicant Subscriber must have adequate arrangements in place for the clearing and settlement of all trades entered into on the QUOTE MTF trading platform, via a clearing member of an Appointed Clearing Facility (ACF) or via a direct relation to an ACF.
- (iv) The Subscriber has to ensure at any point in time that his employees having access to the QUOTE MTF system have adequate professional experience to perform their tasks on QUOTE MTF.

The Subscriber is considered to be an eligible counterparty possessing the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs.

Each Subscriber must ensure that his personnel's actions on the QUOTE MTF trading system and towards QUOTE MTF are in compliance with the EU Market Abuse Directive (2003/6/EC) and all other laws and regulations applicable (See Art 24.2 of MiFID).

Subscribers are encouraged to review the full text of this QUOTE MTF SUBSCRIBER MANUAL as well as the following:

- a. QUOTE MTF INTERFACE SPECIFICATIONS for FIX 4.2 and ITCH 3.0
- b. QUOTE MTF CLEARLY ERRONEOUS TRADE POLICY
- c. QUOTE MTF CONNECTIVITY GUIDE

3.2 Sponsored Access

Subscribers may grant sponsored access to their clients (sponsored customers). No separate agreements between the Subscriber, the sponsored customer and QUOTE MTF are necessary. The sponsored customers are granted direct access to the QUOTE MTF trading system; however, trades concluded and orders entered into the system are still in the name of the Subscriber, who remains completely responsible for the activity of his sponsored clients towards QUOTE MTF. All execution for sponsored customers will also be reported to the Subscriber in real time.

3.3 Becoming a QUOTE MTF Vendor

Independent Software Vendors and Market Data Vendors need to complete the QUOTE MTF VENDOR AGREEMENT to connect to QUOTE MTF.

3.4 Restriction of Termination of Subscriber's Trading Access

QUOTE MTF may limit (including without limitation by imposing credit or unsettled transactions limits or by establishing a maximum transaction size), suspend, or terminate the Subscriber's access to the QUOTE MTF trading platform if the Subscriber breaches any provision of this General Business Terms and Conditions or the QUOTE MTF SUBSCRIBER AGREEMENT or for credit-related or other bona fide reasons upon notice to the Subscriber as QUOTE MTF determine reasonable under the



circumstances. If terminated or suspended, the Subscriber will not be permitted to enter orders into the QUOTE MTF trading platform and QUOTE MTF shall have no further obligation or liability to the Subscriber.

The Subscriber's rights to and responsibilities for any executed but unsettled trades remain unaffected.

4 Trading Lots and Currencies

4.1 Access Rights to QUOTE MTF

QUOTE MTF provides access right to its order book on a fair and equal basis to any authorised Subscriber.

4.2 Tradable Securities

QUOTE MTF will allow for trading in the most relevant European shares, as well as in selected ETFs. The list of eligible securities is published on the website; however, all equity securities listed on any regulated market of the EEA are considered theoretically eligible to be traded on QUOTE MTF. Limitations may apply due to the lack of appropriate clearing and settlement arrangements.

QUOTE MTF trades only one ISIN per primary market. In case of multi-listed instruments only the most liquid one is traded on the QUOTE MTF platform.

Subscribers may request that a stock be admitted to trading on QUOTE MTF by sending an email to operations@quotemtf.com with full details of the security. QUOTE MTF will determine whether or not the security will be admitted to trading and the results of that determination will be communicated to the Subscriber.

QUOTE MTF reserves the right to add/delete securities from its trading platform for any reason. Any additions/deletions to the securities that can be traded on QUOTE MTF will be communicated towards Subscribers.

4.3 Suspension of Trading

In case of a regulatory suspension, the Hungarian Financial Supervisory Authority informs QUOTE MTF about any halted symbols on EEA regulated markets. Orders that exist on the QUOTE MTF order book at the time a symbol is halted will be cancelled automatically by the QUOTE MTF system. New orders will not be accepted on an equity that has been halted. Order entry and matching will not occur until trading of the stock is resumed.

If a stock becomes de-listed on all relevant EEA regulated markets, QUOTE MTF deletes the stock from its list of eligible securities accordingly.



4.4 Trading Lots

The minimum trading lot for trading on QUOTE MTF is 1 share for each stock.

4.5 Trading Currencies

The currencies quoted on QUOTE MTF are GBP, EUR, CHF, SEK, DKK, NOK and USD. In general, QUOTE MTF will trade all stocks in their respective local currency. Please note that QUOTE MTF will only trade one currency per ISIN.

4.6 Increments (Tick Size)

QUOTE MTF accepts orders with a price increment to 4 decimals.

4.7 Trading Calendar

QUOTE MTF is open for trading on all business days as set forth in its trading calendar every year. As a general rule: QUOTE MTF follows the trading days of the respective primary markets. For further information please refer to the QUOTE MTF TRADING CALENDAR posted on the website.

4.8 Business Hours

Start of technical connectivity:	07:30	London time
Standard trading:	08:00 - 16:30	London time
End of technical connectivity:	17:00	London Time

Trading hours on QUOTE MTF may not be the same as in the relevant primary market for the respective security. The trading times for each security/market can be found on QUOTE MTF's website.

5 Order Types

5.1 General

The QUOTE MTF System only processes limit orders. All orders are sent as day orders (except for Immediate or Cancel orders and Fill or Kill orders). Orders remaining in the system after close of business day will be deleted.

Three types of order requests are processed by the book:

- (i) New Order Single
- (ii) Order Cancel
- (iii) Order Cancel/Replace (Modification)



Fundamental data-type integrity checking of the request is performed prior to being written to the QUOTE MTF database. Requests that do not pass this fundamental integrity check will not be written to the database and will be rejected.

All orders input by Subscribers on QUOTE MTF are firm orders. Once a Subscriber's order matches another Subscriber's order on QUOTE MTF in accordance with QUOTE MTF's matching methods, then the Subscribers have a legally binding obligation to buy and sell the shares at the price and quantity agreed.

5.2 Visibility of Orders

Subscribers may choose to display, partially display, or hide their liquidity from the market. This flexibility gives Subscribers the ability to minimize the market impact of their passive orders without undue effort.

- (i) **Display** – shows the full size of the order in the order book.
- (ii) **Do not display (hidden)** – displays nothing in the order book.
- (iii) **Iceberg** – displays only a fraction of the order; any executions reduce the displayed size; once depleted, the display size refreshes with the original display size repeating until all shares are executed.

Hidden orders must be "Large In Scale" (LIS) as defined in Article 20 of the Commission Regulation No. 1287/2006 (Table 2 in Annex II). A LIS order can be executed against displayed and non-displayed orders in the order book. The order entered into the system as do not display remains undisplayed after any partial fill regardless of the size of its remaining unexecuted quantity.

5.3 Peg Types

Traders may choose to enter pegged orders as a method of tracking their orders against the market. Pegged orders adjust their displayed price based on the displayed price of the QUOTE MTF reference price. The Market and Primary peg types offer an offset option to allow a trader to maintain his order a set amount away from a reference price.

- (i) **Mid-point** – a mid-point pegged order rests in the order book as a non-displayed order at the average price of the best bid and best offer.
- (ii) **Market** – the market peg allows users to set their order price based on the best bid/offer being the opposite side of the market.
- (iii) **Primary** – the primary peg allows users to set their order price based on the best bid/offer being on the same side of the market as the order.

A pegged order will continue to adjust its price up to (down to) the order's limit price.



5.3.1 “Post only” Orders

Subscribers can submit execution instructions that specify orders to be “posted” on the QUOTE MTF book. Orders flagged as “Post Only” are not eligible to remove liquidity from the order book. If an order marked “Post Only” is immediately executable (i.e. it can remove liquidity from the order book), it is instead rejected. If an order marked “Post Only” was to result in a crossed market order book it is instead rejected with the message “wrong post only flag”.

5.3.2 Internal Cross Orders

If a Subscriber executes a trade between two of its clients, this will allow the Subscriber to “print the trade” with QUOTE MTF. As this is a trade that does not require execution, the trade is just reported through the market data dissemination system and passed to the CCP; however in order to comply with the CCP requirements, QUOTE MTF will report the two sides of the trade separately with two IDs.

5.4 Time in Force

Day Order: An order sent to the QUOTE MTF platform with a specified price and size. It can be visible or hidden.

IOC: An order sent to the QUOTE MTF platform with a specified size and a specified limit price which executes either in full or in part; the remainder of which will be automatically cancelled (Immediate or Cancel).

FOK: An order sent to the QUOTE MTF platform with a specified size and a specified limit price that executes in full against eligible orders or is automatically cancelled in its entirety (Fill or Kill).

For more information on order types, please refer to the QUOTE MTF ORDER TYPES document on the website.

5.5 Avoidance of self trades

Subscribers can protect themselves against unexpected execution between their own buy and sell orders. Therefore, Subscribers can choose between the following levels of protection:

- (i) No avoidance of self trades
- (ii) Avoidance of self trades for all orders on a Subscriber level
- (iii) Avoidance of self trades per Subscriber location
- (iv) Avoidance of self trades per Subscriber connection

Requests should be addressed to the operations team. The default setting is (i).



6 Execution Reports

Every order message received by QUOTE MTF generates one or more execution reports. At minimum a reject message will be generated for any order message. For a complete list of execution reports please refer to the QUOTE MTF FIX 4.2 SPECIFICATION.

Every execution will be immediately reported to the Subscribers involved in the transaction. Upon request from the Subscriber, third parties can obtain a copy of order confirmations and execution reports for the respective Subscriber. Subscribers granting sponsored access to their customers will also receive a copy of all executions for the respective sponsored customers. For further information please refer to the QUOTE MTF FIX DROP SPECIFICATION.

7 Advertising/Published Data

QUOTE MTF is an anonymous marketplace and consequently pre-trade and post-trade advertising are not supported; however, QUOTE MTF makes public current bid and offer prices and the depth of trading interests at these prices (pre-trade data), as well as the price, volume and time of the transactions executed on QUOTE MTF's trading platform (post-trade data) via Market Data Vendors in real-time.

Post-trade data are also published on the QUOTE MTF website.

8 Clearing and Settlement

QUOTE MTF enters into the necessary arrangements with one or more licensed Central Counterparties, Clearing Houses or Settlement Venues (Appointed Clearing Facility, ACF) in order to facilitate the clearing and settlement of trades concluded on QUOTE MTF. The full list of such arrangements will be published by QUOTE MTF from time to time.

Subscribers must clear all of their QUOTE MTF trades either by

- (i) self-clearing as a participant of a clearing facility or
- (ii) maintaining a clearing arrangement with a carrying broker, custodian or other institution that is a clearing facility participant.

The Subscriber provides QUOTE MTF - through QUOTE MTF's approved form - with information about his clearing arrangements and notifies QUOTE MTF immediately about any changes thereof.

The securities positions resulting from the trading activity on QUOTE MTF are settled in the respective home market and in compliance with its standards. The settlement cycle in general will be T+3, except for Germany, where settlement is effected on T+2.

Rules and Regulations for clearing and settlement can be found on the website of the Appointed Clearing Facility, the Central Counterparty.



9 Rules and Regulations

9.1 Order and Trade Cancellations (Clearly Erroneous Trade Policy)

QUOTE MTF adopted a CLEARLY ERRONEOUS TRADE POLICY for the purpose of protecting QUOTE MTF's marketplace integrity. This policy is intended to apply to the rare occurrence when a Subscriber mistakenly buys or sells securities on QUOTE MTF significantly outside the prevailing market price. QUOTE MTF also retain the discretion to cancel executed QUOTE MTF trades that have not yet been submitted by QUOTE MTF for clearing and settlement process on the terms described in the QUOTE MTF CLEARLY ERRONEOUS TRADE POLICY, which you will find on QUOTE MTF's website. Trades cancelled on trade date will be removed from the trading record and will not be included in the end of day data forwarded to the Appointed Clearing Facility.

QUOTE MTF refuses to conclude a contract and to process orders based on an existing framework agreement if:

- (i) this would qualify as insider trading or market manipulation,
- (ii) this would be contrary to any statutory regulation or the regulation of a regulated market, a stock exchange in a third country fulfilling the requirements of a regulated market, a clearing house, a central counterparty or a central depository,
- (iii) the contracting party or client did not provide proof of identity or the identification was unsuccessful for any other reason.

QUOTE MTF immediately notifies the Hungarian Financial Supervisory Authority if it has denied the conclusion of a contract or the process of an order based on point (i) above.

9.2 Suspension of Trading

QUOTE MTF may suspend the automatic execution of orders on the order book in one or more securities if:

- (i) QUOTE MTF determines a system problem has occurred or is likely to occur,
- (ii) the security is the subject of a suspension, or
- (iii) QUOTE MTF considers it appropriate to do so.

9.3 Default

In the case of a default of one of the QUOTE MTF Subscribers, all transactions will be dealt with according to the rules and regulations of the Appointed Clearing Facility(s). The ACF(s) guarantees trades on QUOTE MTF in eligible securities by entering into the transactions and thus becoming the counterparty for both the buyer and the seller in the respective transaction.



9.4 Successors and Assigns

QUOTE MTF may assign and transfer all of its rights and responsibilities as operator of the QUOTE MTF marketplace to any other person duly registered, qualified and approved by a Competent Authority to operate a regulated marketplace or an MTF in the EEA upon providing 30 days' prior written notice to the Subscribers. Such transfer is subject to the approval of the Hungarian Financial Supervisory Authority and other competent authorities. In such event QUOTE MTF shall be released from all subsequent obligations arising under this General Business Terms and Conditions, which shall be the responsibility of the successor marketplace operator.

9.5 Restriction, Suspension or Termination of QUOTE MTF's Activity

Should the business activity or the regulatory license of QUOTE MTF be restricted, suspended, terminated or affected by any regulatory authority, stock exchange, clearing house or central counterparty, QUOTE MTF immediately informs all of its Subscribers - via e-mail and posting a publication on its website - about such restriction. Depending on the nature of the restriction against QUOTE MTF, QUOTE MTF may cancel or reject all orders in the QUOTE MTF order book.

The Subscriber's rights to and responsibilities for any executed but unsettled trades remain unaffected.

10 Fees and Billing

10.1 Fees

QUOTE MTF applies a highly competitive pricing to trading on QUOTE MTF. QUOTE MTF charges different fees for (i) removing liquidity (if an order entered into the system is immediately executable against one or several orders already residing in the order book) and (ii) posting liquidity (if an order is not immediately executable, but will reside in the order book).

For more details, please refer to the QUOTE MTF FEE SCHEDULE. QUOTE MTF may alter its schedule of fees from time to time.

10.2 Billing

Fees apply per calendar month and are invoiced at the end of each month. Invoices will be calculated after the close of business on the last business day of the month and will be issued to the Subscriber via e-mail within five (5) business days and are due at the 10th business after the dispatch of the invoice.

Subscribers may be required to participate in QUOTE MTF's pre-authorized debit scheme. Fees incurred might be subject to taxes, which shall be paid by the Subscribers.

Subscribers are provided daily reports on T+1. Reports can be viewed and downloaded from the QUOTE MTF website.



11 Taxes

11.1 UK Stamp Duty Reserve Tax (SDRT)

All buy transactions of UK stocks on QUOTE MTF are subject to the UK SDRT. Should Subscribers have been granted the respective Intermediary Status for securities by the HRMC as set out in the respective Finance Act, they are asked to provide the respective details to QUOTE MTF. For further details please refer to the QUOTE MTF UK SDRT documentation posted on QUOTE MTF's website.



12 Contact Details

General information and press

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13 Miscellaneous

- (i) QUOTE MTF does not handle the clients' financial instruments or money.
- (ii) QUOTE MTF operates a system for matching clients' orders, thus bringing together multiple third-party buying and selling interests in financial instruments.
- (iii) QUOTE MTF does not execute orders on behalf of clients.
- (iv) QUOTE MTF does not deal on own accounts.
- (v) All QUOTE MTF trades are executed directly between clients. QUOTE MTF does not act as counterparty (whether as agent or as principal) to any QUOTE MTF trades and does not guarantee settlement.
- (vi) Since QUOTE MTF is not an investment firm executing orders and handling client orders it has no rules on best execution and handling of client orders.
- (vii) QUOTE MTF does not categorize its clients and does not conclude suitability tests.
- (viii) QUOTE MTF has no natural person as client and thus does not provide information to clients on data protection regulations.
- (ix) QUOTE MTF does not keep accounts and thus applies the regulations for the prevention of money laundering rules to the extent necessary.
- (x) QUOTE MTF does not use intermediaries.
- (xi) Since operating the trading platform is the sole activity of QUOTE MTF, QUOTE MTF determines that there is no conflict of interest within QUOTE MTF's organisation whose existence may damage the interests of the clients or potential clients.
- (xii) QUOTE MTF does not manage portfolios and does not keep client assets, thus QUOTE MTF does not have specific rules for portfolio transfers.
- (xiii) QUOTE MTF reserves the right to alter the QMTF SUBSCRIBER AGREEMENT to better suit individual Subscriber profiles



14 Annexes

1. QUOTE MTF SUBSCRIBER AGREEMENT
2. QUOTE MTF SUBSCRIBER INFORMATION FORM
3. QUOTE MTF FEE SCHEDULE
4. QUOTE MTF CONNECTIVITY GUIDE
5. QUOTE MTF INTERFACE SPECIFICATION (FIX 4.2, FIX DROP COPY AND ITCH 3.0)
6. CLEARLY ERRONEOUS TRADE POLICY