

VORVEL MARKET RULES



Vorvel Certificates (Book 2)

Into force starting from 14th December 2022

The Italian text shall prevail over the English version

Sommario

Chapter 1 General Rules	4
Article 1 Vorvel certificates Market Segment Description – Specific Part (Book 2).....	4
Article 2 Vorvel certificates Market Participants	4
Article 3 Market Model Overview	4
<i>Monitoring of market making activity on the basis of the thresholds provided for by MiFID 2 and its Implementing Regulation</i>	5
Article 4 Market segment participation requirements	5
a) <i>Specialist participation requirements</i>	5
b) <i>Order Flow Provider participation requirements</i>	5
Chapter 2 Admission to trading of Financial Instruments	6
Article 5 Admission to Trading of Certificates and Covered Warrants	6
Article 6 Information about Liquidity Obligations and RFE configuration Specialists have to include in their Admission to Trading Request	8
Article 7 Procedure for the admission of Financial Instruments to trading	8
Chapter 3 Specialist Obligations	9
Article 8 Specialist Liquidity Obligations	9
a) <i>Bid-offer liquidity obligations</i>	9
b) <i>Bid-only obligations</i>	10
Article 9 Exceptional circumstances and stressed market conditions	10
Article 10 Specialist information obligations	10
Article 11 Other Information Obligations.....	11
Chapter 4 Trading rules	11
Article 12 Trading phases and Trading Methods	11
Article 13 Settlement Segments	11
Article 14 Pre-Trading	12
Article 15 Continuous Trading	12
a) <i>Bid-Offer Quote Method</i>	12
b) <i>Bid-Only Quote Method</i>	14
Article 16 Orders and Tick Size.....	14
Article 17 Reference Price	15
Article 18 Static and dynamic price	15
Article 19 Price variation limits	16
a) <i>Limit 1</i>	16
b) <i>Limit 2</i>	16
Article 20 Cancellation of Financial Instruments at Maturity	16

Article 21 Measures concerning trading of Financial Instruments subject to resolatory conditions	16
Chapter 5 Market Surveillance – Specific Rule for Vorvel certificates	16
Article 22 Handling of mistrades.....	16
Article 23 Monitoring of the fair use of the quote validation mechanism made by Specialists .	18
Chapter 6 Ancillary Services to trading	18
Article 24 Facility Services for Financial Instrument distribution and collection of buy, sell or switch offer acceptances.....	18
Article 25 Post Trading Services	18
Definitions used in the Book 2 dedicated to Vorvel certificates Market Segment	19

Chapter 1 General Rules

Article 1 Vorvel certificates Market Segment Description – Specific Part (Book 2)

The Vorvel Rule Book is composed of a harmonised part (“**Book 1**”), common to all the Market Segments and a part which is Market Segment-specific (“**Book 2**”).

This document describes the content of the Vorvel certificates Market Segment (“Vorvel certificates”, or the “Segment”), the Vorvel Market Segment dedicated to trading Certificates and Covered Warrants (the “Financial Instruments” or “Securities”). Leverage and Investment products may be admitted to trading on Vorvel certificates.

Otherwise specified, references and articles, chapters or sessions are to refer to the same Book.

References to laws, regulations, directives or any other rule are to refer to the same rules in force during a given period, as eventually amended.

Article 2 Vorvel certificates Market Participants

Market Participants can operate in Vorvel certificates Market Segment, covering one or more of the following roles:

- Specialists;
- Order Flow Providers.

Only Specialists may request the admission of Financial Instruments to trading in the Segment.

Only one Specialist may be admitted for each Financial Instrument and supports its liquidity.

The Specialist shall be subject to the liquidity obligations specified in the rules of Book 2.

Order Flow Providers may carry out trading activities on behalf of clients and on principal basis in instruments traded in the Segment.

Article 3 Market Model Overview

Vorvel certificates Market Model is based on a lit Central Limit Order Book (CLOB), where orders from Order Flow Providers (the “Orders”), and Specialist’s quotes (the “Quotes”) and orders, compete seamlessly alongside each other.

Orders are anonymous. Quotes are not anonymous.

In order to foster the fairness of the price as much as possible, Orders can match with any other order in the CLOB only within Specialist’s bid-offer quotes. In case these quotes are temporarily absent in the CLOB, the order matching is suspended and no further orders can be inserted nor modified in the book.

Because of the large number of Financial Instruments to quote, to foster tighter bid-offer spread and reduce mistrades, Specialists may use a quote validation mechanism (the “Request for Execution” or “RFE”). When they apply for admitting a Financial Instrument to trading, they communicate to Vorvel Sim if they intend to use or not this functionality (“RFE Instrument Flag”). Vorvel Sim will make this information available on its website.

During the Trading Phase, whether they applied for RFE use, according to that specified above, Specialists may freely activate or deactivate the RFE facility on each Financial Instrument, according to their needs, using the “RFE Quote Flag”. When an RFE is activated for a Financial Instrument, the correspondent information (the “RFE Quote Flag”) is made available by Vorvel through its website. In this case, an RFE phase triggers whenever an order could match a bid or offer side of a Quote. The RFE phase cannot last for more than the maximum period indicated in article 15.

During an RFE phase, orders may enter the same queue, may be cancelled, or modified. Their matching is only possible at the end of the RFE phase (e.g., when the Specialist has validated its Quote, even updating its price).

Details about the quote validation mechanism are provided below in the paragraph dedicated to Continuous Trading.

[Monitoring of market making activity on the basis of the thresholds provided for by MiFID 2 and its Implementing Regulation](#)

Vorvel Sim monitors whether the thresholds set by MiFID 2 and its Implementing Regulation have been exceeded by each Market Participant. As required by the applicable law, any exceeding of these thresholds entails the obligation to sign MiFID 2 market making agreements from the following month.

Details regarding the exceeding of these thresholds by Specialists are given in Article 8 of Book 2.

Article 4 Market segment participation requirements

a) Specialist participation requirements

In addition to the requirements specified in Book 1, Specialists willing to use quote validation mechanism (RFE facility) have to:

- 1) Configure their market making systems and operational procedures in order to properly manage this functionality and the messages sent to them by the Market;
- 2) Fulfil the following obligations specified in the request for becoming an Vorvel certificates Market Participant:
 - i) To use the RFE facility solely for validating their Quote price accuracy;
 - ii) To limit the number of Quote non-validation cases during RFE Phases in a reasonable manner.

Specialists not willing to use the RFE facility do not have additional technical requirements apart from informing Vorvel of such decision.

b) Order Flow Provider participation requirements

No additional requirement to those specified in Book 1 applies.

Chapter 2 Admission to trading of Financial Instruments

Article 5 Admission to Trading of Certificates and Covered Warrants

Only Specialists may apply for admitting to trading Certificates and Covered Warrants in Vorvel certificates Market Segment.

Certificates and Covered Warrants be admitted to trading if:

- a) they are freely transferable and suitable for settlement;
- b) subject of an offering or listing document (prospectus, offering circular or other similar documents) available to the public in Italian or English language;
- c) may be tradable in a fair and orderly manner;
- d) a price or other measure of value, reliable and updated, is available to the public for the underlying asset.

Vorvel may request from the Specialist the methodology for calculating the value of the underlying.

A parity/multiple must be established for certificates and covered warrants.

The terms and conditions of the issue of certificates and/or covered warrants shall provide for:

- 1) an automatic exercise of the holder's right upon maturity of financial instruments "in the money";
- 2) relevant adjustments in case of extraordinary events or corporate transactions which concern the issuer of the underlying assets. Such adjustments shall tend to minimize an adverse effect of the event upon the price of the financial instrument as well as conform to the generally accepted practices of the market.

Vorvel Sim may make admission to trading subject to any particular condition, relating to the issuer and financial instrument, which it deems appropriate and which is explicitly communicated to the requesting entity. Vorvel Sim may refuse the application for admission to trading taking into account, among other things, the characteristics of the financial instrument, the characteristics of the transaction and the related liquidity conditions of the market where the financial instrument is traded.

Detailed Rules

Requirements for the Documents relating to issuance, similar to the Prospectus

In order to meet the admission requirements pursuant to the above Article 5, letter b), the Documents relating to issuance, similar to the Prospectus, shall contain the necessary information which is material to an investor for making an informed assessment of:

- 1) the assets and liabilities, profits and losses, financial position and prospects of the issuer and of any guarantor;
- 2) of the rights attaching to the securities;
- and
- 3) the reasons for the issuance and its impact on the issuer.

This information may vary depending on the following elements:

- a) the nature of the issuer;
- b) the type of securities;
- c) the circumstances of the issuer.

The information shall be written and presented in an easily analyzable, concise and comprehensible form.

The issuer or the person requesting admission to the Vorvel certificates Segment can draw up the document in the form of a single document or separate documents.

The Document relating to issuance may consist of separate documents and, in the event that the Issuer has prepared and made available to the public a registration document approved by a Supervisory Authority of the European Union, which is still valid at the time of admission on Vorvel certificates, it is possible to refer to it, together with any supplements, in relation to the information of the issuer, specifying in the Document where the same documents can be found.

The Document relating to issuance may contain an "issuance program", which describes the general characteristics that the securities issued under the same program may have. The issuance program must contain:

- a form / model of the final terms, which must be filled out for each individual issue and indicating the available options with regards to the information to be determined in the final terms of the offer;
- the address of the website where the final terms will be published.

In the case of:

- the Issuer has prepared and made available to the public an issuance program as part of a Base Prospectus approved by a Supervisory Authority of the European Union and valid at the time of admission to Vorvel certificates of the individual issues,
 - this issue program contains options compatible with the admission of the securities to an MTF,

it is possible to refer to it, specifying where it can be found.

A clear and prominent statement shall be included in the final terms indicating:

- the final terms and the Document relating to issuance as a whole have been drawn up in accordance with the present provisions detailing the issuance program;
- the final terms must be read in conjunction with the Document relating to issuance and the parts of the Prospectus that may be referred to therein;
- where all the documents making up the Document relating to issuance or referred to therein are published.

Both in the Document relating to issuance and in the final terms relating to each security, it has then to be clarified that:

- the fulfillment of the publication of the Document relating to issuance and the final terms and no judgment by Vorvel Sim on the advisability of purchasing the securities admitted to the Vorvel certificates Segment and on the merit of the relating data and news;
- the Document relating to issuance is not a Prospectus and has not been approved by any Supervisory Authority of the European Union.

Article 6 Information about Liquidity Obligations and RFE configuration Specialists have to include in their Admission to Trading Request

Whenever they apply for admitting a Financial Instrument to trading in Vorvel certificates Market Segment, Specialists:

- a) Have to indicate if they intend to support its liquidity assuming bid-offer or bid-only obligations;
moreover,
- b) In case they configured their systems for managing the RFE facility, have to choose its RFE Instrument Flag, specifying – in the required form – if for the same Financial Instrument they intend to use or not to use this facility in a prevalent manner.

Article 7 Procedure for the admission of Financial Instruments to trading

The requesting party shall submit an application for the admission of a Financial Instrument to Trading in the manner set out in the Listing Guide. The application is considered complete when all the required documentation is received by Vorvel Sim.

In case of financial instruments issued under an issuing program, the Specialist may preliminarily apply for a declaration of admissibility of the financial instruments to be issued under the program. For the financial instruments issued under the program to be admitted to trading, the documentation shall be considered complete submitting an integrative Program's Notice.

In case the program is integrated or amended, the Specialist has to apply for a confirmation of the declaration of admissibility of the financial instruments already achieved.

In case the documentation is not complete or contains irregularities, the applicant is promptly informed.

The application shall be deemed withdrawn if the requesting party fails to correct or complete it as requested within 2 months.

The applications are examined on a time priority basis.

The declaration of admissibility, the financial instrument admission or the application rejection are issued within 7 business days from the day the documentation accompanying the request is completed (the Admission Period). Stricter terms may be defined in the listing Guide for applications sent to Vorvel Sim through the automated listing functionality.

In case of exceptional circumstances, the term specified above may be differed. In such a case Vorvel Sim informs the applicant and establishes a new term.

The Admission Period is interrupted in case of irregularities, omissions, if requested or when Vorvel Sim needs for further information or documentation.

When all the requirements are fulfilled, Vorvel Sim admits the Financial Instruments to trading and makes the information available to the public through its website. When the requirements are not fulfilled, Vorvel Sim rejects the application and informs the requesting party.

The Specialist can specify for each Financial Instrument the trading hours consisting in the Continuous Trading Phase of the Instrument. The specification of the trading hours must be made through the association of a dedicated Trading Group resulting from the choice of a start and end time of the Continuous Trading Phase among those specified in the Trading Guide.

In the event that the Specialist does not specify any Trading Group for a Financial Instrument, the Trading Phase associated with the same Instrument will be the so-called Standard Trading Hours (9:05 - 17:30). The other trading hours will be referred to as "Extended Hours".

Chapter 3 Specialist Obligations

Article 8 Specialist Liquidity Obligations

Whenever they support the Financial Instrument liquidity, according to the choices made under the articles 6 and 7 of this Book 2, Specialists have to submit themselves to the obligations described here below at a) and b) points.

For each listed Financial Instrument, the liquidity obligations are parameterized to the effective duration of the Continuous Trading Phase chosen by the Specialist for that Financial Instrument.

a) Bid-offer liquidity obligations

In case they are going to display bids and offers proposals in the order book, for each Financial Instrument Specialists have to opt between one of the following market making agreements:

1) Voluntary market making agreement with bid-offer obligations:

According to this agreement, Specialists have to display continuously simultaneous, either firm or indicative, bids and offers for comparable quantities, exclusively under the form of Quotes. These Quotes have to be entered at competitive prices, i.e. the bid and ask prices may diverge by the maximum spread.

Specialists are required to comply with these obligations for at least 50% of the duration of the continuous trading session for each trading day. According to this agreement, all the displayed Quotes are considered, independently from the fact the RFE Quote Flag is active or not.

2) MiFID 2 market making agreement:

According to this agreement, Specialists have to display continuously simultaneous firm bids and offers for comparable quantities, exclusively under the form of Quotes. These Quotes have to be entered at competitive prices, i.e. the bid and ask prices may diverge by the maximum spread.

Specialists are required to comply with these obligations for at least 50% of the duration of the continuous trading session for each trading day. According to this agreement, only the displayed Quotes without the RFE Quote Flag active are considered.

In case one Specialist opted for a Voluntary market making agreement and, notwithstanding this choice, during an Observation Period (1 month) triggered MiFID II Thresholds (as defined in its delegated Regulation), the MiFID 2 market making agreement replaces the previous one from the months following the observation Period.

Minimum quantities are made available on Vorvel Sim website, the maximum spread is specified in the Trading Guide.

b) Bid-only obligations

Specialists have to display continuously “Single Side Quote” type of proposals, for quantities at least equal to the minimum quantities set out by Vorvel Sim and pointed out on the Vorvel website.

Specialists are required to comply with these obligations for at least 70% of the duration of the continuous trading session for each trading day (“Voluntary market making agreement with bid-offer obligations”).

Specialists may modify their choices on market making agreements during the life of each Financial Instrument. If so, Vorvel Sim updates the corresponding information into its website (www.vorvel.eu).

Vorvel Sim verifies that Specialists fulfil their liquidity obligations. In assessing possible violations of the liquidity obligations, Vorvel Sim also takes into account their monthly performance.

Article 9 Exceptional circumstances and stressed market conditions

Specialists are not required to comply with the quoting obligations set out above, in the event of the exceptional circumstances specified in the Detailed rules, verified and communicated by Vorvel through its website.

During stress market conditions, set out in the Trading Guide, Specialists have to quote quantities that are half of those indicated hereinabove and with doubled spreads.

Detailed Rules

The exceptional circumstances are those defined in Article 3, of Regulation 2017/578/EU.

Article 10 Specialist information obligations

The information obligations set out in the relevant article may be fulfilled via e-mail to governance@vorvel.eu or alternatively, when indicated in the Listing Guide, via a specific electronic transmission channel. The fulfilment of these obligations may have to comply with some pre-defined communication formats, according to what specified in the Listing Guide.

Specialists have to promptly communicate to Vorvel Sim for each Financial Instrument, if applicable:

- a) The value of the new coupon in payment;
- b) The face value or the minimum size of the still outstanding financial instruments;
- c) The modification of its characteristics as a consequence of a specific market event or an option exercise (e.g. re-strike);
- d) Each modification adjustment in the underlying assets following an extraordinary event and the date on which said adjustments it takes effect;

- e) Early redemption events (e.g. knock out), callabilities and/or any other early redemption option exercise;
- f) Buyback obligation events.

Article 11 Other Information Obligations

Specialists, if issuers, have to publish on their website:

- Their statutorily audited annual accounts;
- For each financial instrument, before the start of the trading, the KID required by the Regulation 1286/2017.

When they are not the Issuer of a Financial Instrument traded, Specialists have to require to the Issuer for complying with the same duties.

Chapter 4 Trading rules

Article 12 Trading phases and Trading Methods

For each listed Financial Instrument the trading session is divided into two different phases:

- a) Pre-Trading
- b) Continuous Trading

The Pre-Trading Phase has a standard duration of 10 minutes, which precedes the activation of the Continuous Trading Phase of that Financial Instrument.

The start and end times of the Continuous Trading Phase, as well as its overall duration, are defined for each Financial Instrument, based on the choices communicated by the Specialist to Vorvel Sim. Vorvel Sim makes this information available in the start-of-trading Notice and on its website.

The Continuous Trading Phase of each Financial instrument can have a maximum duration corresponding to 8:00 - 23:00.

Continuous trading and the execution of trades shall start at the conclusion of the Pre-Trading phase.

Continuous trading shall be conducted according to:

- a) **Bid-Ask Quote Method** or **Bid-Only Quote Method** set out in Article 15 (Continuous Trading);
and
- b) the **Order Driven Matching Method** and/or **RFE Matching Method** whenever the RFE facility is active, and an order is going to match a Specialist quote.

Article 13 Settlement Segments

Vorvel assigns each Financial Instrument admitted to trading into one of the following Settlement Segment:

- Domestic Settlement Segment
- ICSD Settlement Segment

Vorvel Sim makes this information available in the start-of-trading Notice.

Article 14 Pre-Trading

During Pre-Trading phase, only Specialists may enter quotes in the order book.

Market data transparency is available through the relevant dissemination channel.

Article 15 Continuous Trading

Continuous Trading phase is the main and only phase when orders and quotes are automatically matched against any orders in the order book.

Market data transparency is available through the relevant dissemination channel.

Continuous trading shall be conducted according to the methods described below at points a) and b).

a) Bid-Offer Quote Method

This method applies whenever the Financial Instrument Specialist supports its liquidity through Bid- Offer Quotes. Orders may enter the Order Book or modified only if bid and offer Quotes are in the Order Book itself. In case the Quotes are absent, Orders already entered may be cancelled.

Orders and Quotes are ordered in the Order Book according to a price-time priority. If the price or the quantity of the Orders are modified, they will lose their time priority.

Trades between orders may only be executed at a price that falls within the range of prices of the bid and offer Quotes. No matching is possible if bid and offer quotes are absent.

In case an order may match a bid or offer side of a quote, the following rules apply.

Against a bid or offer side of a quote, conventionally an order is always considered aggressive. In these cases the trade is executed at the most favourable price for the Order, on the basis of what specified below.

1) **Order-Driven Matching Method:**

Whenever for any quote the RFE facility is not active, trades between an order and a bid or offer side of a quote are immediately executed.

Orders and Quotes are ordered in the order book and matched according to the following priority: price, time.

2) **RFE-Driven Matching Method:**

Whenever for any quote the RFE facility is active, in order to allow Specialist for validating its Bid-Offer Quotes, an RFE phase opens in case of an imminent matching between an Order and a bid or offer side of a quote.

RFE Phase Description

In an RFE phase, the aggressive order which could match a bid or offer side of a Quote is put in a staging area. Further orders may enter the same queue, once the RFE is initiated and not yet concluded.

Orders that are placed in the queue are accepted but not executed. Orders in the staging area are ordered following a price, time priority. Orders that are deleted are removed from the staging area immediately. An order in the staging area that is modified will lose the time priority in case other orders have been accepted in the staging area.

When an order is inserted into an empty staging area, an RFE message is sent to the Specialist, indicating that a trade is imminent. No additional information about the order(s) in the queue is given to the Specialist nor to other Market Participants.

The Specialist has to reply to the RFE as fast as possible, within a maximum time period specified in the Detailed Rules.

The RFE phase can early-terminate once the order(s) in imminent matching is cancelled, or once the Quote is cancelled or validated. Updates of Quotes received during an RFE, without the correct use of the specific flag of validation, are rejected by the Market as considered unintended, and the RFE phase continues to be active for the Financial Instrument.

i) Missed Quote Validation following an RFE

If no answer arrives within this period or the Quote is cancelled or not validated, the Bid-Offer Quote is removed from the order book. Whether there still are bid and offer orders in the staging area or in the order book which could match each other, one or more trades are executed only if the trade(s) price is within the price of the last Bid-Offer Quote, previously available in the order book (in this case, the price of each trade is equal to that of the order having higher time priority, considered passive). Whether the price of these possible trades is not included in the last price of the Bid-Offer Quote, the order(s) with lower time priority is rejected, and a specific Market message is sent to the involved Participant.

The orders which don't match any other order/Quote, and which are not rejected by the market according to the above definitions, enter the order book and they are executable within the price of the Specialist's Quotes as soon as a new Quote will be inserted by the Specialist.

ii) Quote Validation during an RFE

When a Quote validation is received from the Specialist during an RFE, trades are executed between the updated Quotes and orders in the staging area whether the Quote price still matches the price limit of each order. The quotes always keep the priority against the orders inserted during an RFE, even in case of an update of the Quote price, while orders already in the order book before the RFE phase was initiated, compete with the Quote within the price-time priority.

Whether at the end of such RFE phase, after any possible match against the orders in the staging area and quotes and orders in the order book according to the above definitions, there still are bid and offer orders in the staging area which could match each other's, one or more trades are executed only if the trade(s) price is within the last price of the Bid-Offer validated Quote (in this case, the price of each trade is equal to that of the order having higher time priority, considered passive). Whether the price of these possible trades is not included in the last price of the Bid-Offer Quote, the order(s) with lower time priority is rejected, and a specific Market message is sent to the involved Participant.

The orders which do not match any other order/Quote, and which are not rejected by the market according to the above definitions, enter the order book and they are executable within the price of the Specialist's Quotes.

b) Bid-Only Quote Method

This method applies whenever the Financial Instrument Specialist supports its liquidity through Bid-Only Quotes.

The Bid-Only Quote Method differs from the Bid-Ask Quote Method just only for the characteristics specified as follows:

- Trades shall be concluded within a range of prices that considers the maximum variation limit specified in Article 19 and, anyway, with a price not lower than the Specialist's Bid Quote;
- No matching is possible if the Bid Quote is absent. In this case, Order Flow Providers are only permitted to cancel their orders.

The RFE-Driven Matching Method is followed, whenever for a Financial Instrument the RFE facility is active, in order to allow Specialist for validating its Bid-Only Quotes. Otherwise, the Order-Driven Matching Method is followed.

Both Matching Methods work according to the rules described above.

Other Continuous Trading Rules

- The partial execution of a limit and market to limit order shall give rise to the creation of an order for the unfilled quantity that shall remain on the book with the price and time priority of the original order;
- Orders that are unfilled at the close of trading shall be automatically cancelled.

Detailed Rules

If an RFE phase opens, the Specialist has to validate its Quote within a maximum time period of 600 milliseconds.

Article 16 Orders and Tick Size

Characteristics and types of orders to use

Orders shall contain at least the information relative to the Financial Instrument to be traded, the quantity, the type of transaction, the type of account, the price and the method of execution and include a specific indication when originated from an algorithm or entered by a direct electronic access.

As defined in the article 17 of Book 1, the Orders may enter with limit price (or limit order) or as “Market to Limit Order”; “Market Order” cannot enter the order book. Orders cannot last more than a daily trading session.

The orders may also specify different validity parameters based on time and outcome of the order and contain the additional information necessary for Vorvel Sim to comply with the Regulation 2017/580/EU. The parameters admitted for each type of order usable on Vorvel certificates shall be defined in the Trading Guide.

In order to ensure the regularity of trading on a financial instrument, Vorvel Sim may establish the maximum quantity and countervalue that each order has to comply with, for each Financial Instrument. The criteria for determining these values shall be defined in the Trading Guide.

Tick Size

The prices of orders may be multiples of the ticks established for each Financial Instrument in the Trading Guide.

Considering the unit value of each Financial Instruments, Vorvel Sim may establish a different tick from those generally defined in the Trading Guide.

The value given to the trades could be based on the currency of each Financial Instrument, unless specified otherwise in the Notice of admission to trading.

Article 17 Reference Price

The reference price shall be calculated on the basis of a significant number of bids and offers entered by the Specialist in the order book, giving greater weight to the most recent. Where it is still not possible to determine the reference price, the reference price shall be that of the previous session.

In order to guarantee the regularity of trading and the significance of prices, Vorvel may establish, on a general basis and with reference to specific financials instruments, a different interval from that referred to in articles or that the reference price shall be determined in a different manner to that laid down in the preceding articles, and announce the decision in a Notice.

Article 18 Static and dynamic price

The static price shall be given by the reference price of the previous day.

The dynamic price shall be:

- a) the reference price of the previous day;
- b) at the execution of each trade, the dynamic price shall be the price of the last trade executed in the continuous trading phase;
- c) the dynamic price shall be the average price of a number of bids and offers entered by the Specialist in the order book, if any, at all times provided in the Trading Guide.

Article 19 Price variation limits

Two price variation limits have been set up.

a) Limit 1

The Limit 1 is the maximum price variation limit for orders with respect to the static price. Any order or quote whose price exceeds this price variation limit shall be automatically cancelled.

b) Limit 2

The Limit 2 is the maximum price variation limit for contracts with respect to the dynamic price. Where, during the trading of a Vorvel certificates financial instrument, the price of a trade that is being executed exceeds this price variation limit, the trading of the financial instrument shall be automatically suspended for a period whose duration shall be 90 seconds and the order or quote that caused the suspension shall be automatically cancelled.

The criteria for determining Limit 1 and 2 of each financial are defined in the Trading Guide.

According to the market and/or financial instrument conditions, Vorvel may modify the maximum price variation limits, the static price, the dynamic price and the other trading conditions (“parameters”).

Article 20 Cancellation of Financial Instruments at Maturity

Upon maturity automatic cancellation of a financial instrument from the Book shall be carried out in the following manner:

- the second settlement day preceding the date of maturity of the financial instrument;
- if the settlement amount is to be determined prior to maturity date, the day of the determination of the price of the underlying assets. In the latter case, based on the characteristics of the financial instrument and the time to maturity, Vorvel may decide to postpone the cancellation day;

Whenever the day of automatic cancellation does not correspond to an open market day, the date of cancellation takes effect from the first subsequent open market day.

Article 21 Measures concerning trading of Financial Instruments subject to resolutive conditions

Upon receiving the issuer’s notification specifying the time (hour, minute and second) at which the price level causing the resolutive condition to be fulfilled was reached, Vorvel Sim shall suspend trading in the financial instruments subject to such condition and arrange for them to be delisted.

Once the notification referred to in the preceding guidance is received, Vorvel Sim shall cancel any trades involving such financial instruments concluded after the time specified therein, including any concluded in the second in which the resolutive condition was fulfilled.

Chapter 5 Market Surveillance – Specific Rule for Vorvel certificates

Article 22 Handling of mistrades

Cancellation of trades upon common requested by the counterparties:

Upon motivated joint request from Market Participants sent to Vorvel Sim e-mail address: governance@vorvel.eu, Vorvel Sim cancels the trades specified in the same request, provided that the request is received within two hours from trade's execution and, in any case, within 11:00 pm.

Cancellation of trades upon unilateral request:

In the lack of agreement with the counterparty, the Market Participant who intend to cancel one or more trades executed by mistake, shall promptly request Vorvel Sim to initiate the error management procedure via e-mail to governance@vorvel.eu. The request has to be received within two hours from the trade(s) execution and, in any case, within 11:00 pm. A single request may not refer to more than five (5) trades, executed within a maximum period of two (2) minutes and in any case the trades subject to the request must have been generated by the same error.

Each request to cancel shall be liable to a fee, as determined by Vorvel Sim in the Price List.

Preliminarily, Vorvel Sim verifies:

- that the request is timely received and the requirements above specified are fulfilled.
- that the order(s) entered the system is manifestly erroneous.

An order for quantity inadequate to the risk and investment profile of the ultimate investor that had placed the order shall not be considered manifestly erroneous.

Secondly, Vorvel Sim shall cancel the trades executed at prices that differ from the relevant theoretical price ("of reference") by more than the threshold levels set out in the Trading Guide.

Such theoretical price shall be determined by Vorvel Sim according to one of the following methods:

- a) the average price of trades preceding and/or following the error, provided that they are executed within 60 minutes from the error itself in case of investment certificates, and within 10 minutes in case of leverage certificates and covered warrants, giving priority to the most recent trades;
- b) average of the same day Specialist quotes, picking among the quotes sent before and/or after the mistrade, if not affected by the error;
- c) valuation made by other Specialists active in the segment, or by the Specialist of the same Financial Instrument, if not involved in the error;
- d) further reference values available to the Market, based for example on the intrinsic value, theoretical price of the instrument or the price of a comparable financial instrument.

Cancellation of trades made by the Market itself

Vorvel Sim may cancel the trades executed between the time a decision is taken and its technical effectiveness, to avoid a prejudice to investors.

Common part to the three proceedings:

Vorvel Sim gives the Market Intermediaries involved in the error management procedure prompt notice about the measures adopted. In case of cancellation of trades, Vorvel Sim adds their details to the Market participants involved and makes this information available to the public through its website (www.vorvel.eu).

Article 23 Monitoring of the fair use of the quote validation mechanism made by Specialists

Vorvel Sim verifies if each Specialist makes a fit and proper use of the quote validation mechanism, mainly taking into consideration the requirements specified in the article 4, Book 2.

When it verifies if a Specialist properly limits the number of Quote non-validation cases during RFE Phases in a reasonable manner, Vorvel Sim takes into consideration if exceptional circumstances or stress market conditions occur.

Chapter 6 Ancillary Services to trading

Article 24 Facility Services for Financial Instrument distribution and collection of buy, sell or switch offer acceptances

In case of Financial Instrument distribution made through Vorvel Market, either under the rules specified in the Chapter 4 of Book 1 (fixed price), or directly in the continuous trading phase through the Quotes entered the order book by a Specialist, whether the Issuer, also through the Appointed Market Operator or the Specialist (the “Trade Organizer” or the “Trade Organizers”, intends to foster such distribution recurring to fee recognition in favour of Order Flow Providers acting as distributors (the Distributors) and/or lower fees for final investors than those standard specified in the Vorvel Sim Price List, may ask Vorvel Sim for its service.

The Trade Organizers and Distributors (jointly, the “Trade Operators) who wish to benefit from this service, may preliminarily sign-off a multilateral framework agreement arranged and held by Vorvel Sim.

In this case, for each trade, the Trade Organizer(s) provides Vorvel Sim with the trade commercial and economic conditions. Vorvel Sim provides Distributors with these conditions. At the end of the Trade, Vorvel Sim calculates the considerations to be paid to Distributors, and, when specified in the Trade conditions, it receives and pays the same considerations.

The same rules apply for services of collection of buy, sell or switch offer acceptances, as defined in the Chapter 4, Book 1.

Detailed Rules

Vorvel Sim will inform Market participants about the activation of these services by a specific notice.

Article 25 Post Trading Services

In order to minimize the number of settlement instructions to CSDs:

- Vorvel Sim makes a filtering facility of trades, having the same Market Participant as their counterparts, available to each Vorvel certificates Market Participant. If activated, these trades shall not be sent to X-TRM service;
- with regard to financial instruments centralized at Euronext Securities Milan, the trades executed on the same trading day are aggregated in bilateral net balances. The criteria for calculating the balances indicated above are defined in the X-TRM Service Instructions.

Detailed Rules

Vorvel Sim will inform Market participants about the activation of these services by specific notices. In the same notice, Vorvel Sim shall disclose the relevant information about each activated service.

Definitions used in the Book 2 dedicated to Vorvel certificates Market Segment

Admission to trading

It means the admission of a financial instrument to trading on Vorvel certificates Market Segment.

Book 1

It means the harmonized part of Vorvel Rule book, common to all its Market Segments.

Book 2

It means the market-segment specific part of Vorvel Rule book, dedicated to Vorvel certificates.

Book or Order Book

It means the electronic list of orders and quotes concerning a specific Financial Instrument.

Business day

It means a day on which Vorvel certificates Market Segment is open for trading.

Continuous Trading Phase

It means the trading phase where orders and quotes can match concluding trades. The start and end times of the Continuous Trading Phase, as well as its overall duration, are defined for each listed Financial Instrument, on the basis of the commercial choices communicated by the Specialist to Vorvel Sim .

Exceptional Circumstances

It means the exceptional circumstances identified in Article 3, of Regulation 2017/578/EU.

Extended Trading Hours

It means the trading hours other than 9:05-17:30.

Financial Instrument

A Financial Instrument admissible to trading in Vorvel certificates Market Segment (Certificates and Covered Warrants).

Vorvel certificates Market Segment Rule Book

The Vorvel certificates Rule Book is composed of a harmonised part ("Book 1"), common to all the Market Segments and a part which is Vorvel certificates Market Segment-specific ("Book 2").

Vorvel Sim

The company which runs the Vorvel Market.

Listing Guide

It means the operational Guide dedicated to Issuers and Market Participants who intend to apply for admitting Financial Instruments in the Vorvel Market.

Matching Order-driven method

It means how Vorvel certificates matching system works, except the case an RFE phase opens.

Matching RFE-driven Method

It means how Vorvel certificates matching system works whenever an RFE phase opens.

Market Making Agreement

It means one of the market making agreement specified in this Book 2, which a Specialist has to comply with for each Financial Instrument traded into Vorvel certificates.

Market Participants

It means jointly all the Vorvel Market Members, comprehending Specialists, Order Flow Providers and Appointed Operators.

Order Flow Provider

It means the Market Participant that carries out trading activities on behalf of clients and on principal basis in instruments traded in the Segment.

Pre-Trading Phase

It means the phase where only Specialists may enter quotes in the order book. For each listed Financial Instrument, the Pre-Trading Phase has a standard duration of 10 minutes, which precedes the activation of the Continuous Trading Phase of that Financial Instrument.

Quote

It means the buy and sell proposals inserted into the order book by a Specialist, subject to the liquidity obligations specified by Vorvel Sim .

RFE Phase

It means the sub-phase of the Continuous Trading Phase that opens whenever an aggressive order could match a bid or offer side of a Specialist's Quote.

Trading Phase and trading hours

It means those defined by Vorvel Sim for each Financial Instrument traded on the Vorvel certificates Market Segment.

Request for Execution or RFE or RFE facility

It means the quote validation mechanism the Vorvel offers to Specialists for trading in Vorvel certificates Market Segment.

RFE Instrument Flag

It means the information that Specialists may communicate to Vorvel when they request the admission of a Financial Instrument and they intend to use the RFE facility.

RFE Quote Flag

It means the information that Specialists may communicate to Vorvel when they use the RFE facility for inserting or modifying a Quote.

Specialist

The Liquidity Provider which supports the liquidity of a financial instrument issued by the itself or by an Issuer having a relevant relationship with itself, and that it submits itself to the liquidity obligations specified in this Book 2, dedicated ti Vorvel certificates Market Segment.

The relationship with the Issuer is considered relevant in the following cases:

- 1) The Financial Instrument is issued by its controlled, controlling or affiliated company, as per article 2359 of the Italian Civil Code, or by a company being part of the same group, as per article 60 of the Legislative Decree 385/93, or similar foreigner rules;
- 2) The Financial Instrument is issued by other Issuers and is placed by the Specialist and/or companies having with itself the relationship specified at point 1;
- 3) The Liquidity Provider has in place an agreement with the Issuer for supporting the liquidity of the Financial Instrument;
- 4) The Financial Instrument is distributed through Vorvel.

Standard Trading Hours

It means the trading hours 9:05-17:30.

Stress Market Conditions

It means the market conditions specified in the Trading Guide that cause a variation in the Specialist liquidity obligations.

Trading Guide

It means the Guide dedicated to the Market Participants, mainly including trading parameters, other useful details for trading, and other specifications of element concerning trading and indicated in the Vorvel Rule Book.

Trading Group

It means a group of financial instruments with specific start and end times of the Continuous Trading Phase.