



Tradition (UK) Limited
MiFID 2 Market Making Agreement

Terms and Conditions

TRADITION (UK) LIMITED ("TRADITION") owns and operates an electronic broking/trading platform for the trading of interest rate swaps and other interest rate derivatives named 'Trad-X' which incorporates various software, firmware and hardware configurations (the "System"). These terms and conditions (the "MMA") are between TRADITION of Beaufort House, 15 St Botolph St, London EC3A 7QX and you ("you" or "Market Maker"), a client of TRADITION. This Agreement enrolls you as a Market Maker (as defined below) in order to provide liquidity in the form of simultaneous two-way quotes of comparable size and competitive price ("Quotes") in respect of certain financial securities, investments, products or derivatives or classes of the same (the "Products") traded through the System (the "Trad-X Market Making Scheme"). **Read this Agreement carefully before using the System in your capacity as a Market Maker. YOU AGREE THAT YOUR USE OF THE SYSTEM IN YOUR CAPACITY AS A MARKET MAKER FURTHER ACKNOWLEDGES THAT YOU HAVE READ THIS AGREEMENT, UNDERSTOOD IT AND AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS.**

1. *Directive 2014/65/EU of the European Parliament and Council* (commonly known as "MiFID 2") makes requirements for the entering into of written agreements relating to the provision of liquidity to regulated markets, where certain conditions are met. This MMA is designed to constitute such a 'written agreement' for the purposes of MiFID 2, between TRADITION and the Market Maker, in respect of the Trad-X Market Making Scheme. This MMA is to be read in conjunction with the Trad-X Rulebook and each applicable Market Making Scheme Description which relates to the particular Product(s) in relation to which you elect to provide liquidity, which, as at the date of this MMA, are "Market Making Scheme Description – GBP IRS (Issue 1.0) (01 November 2017)" and "Market Making Scheme Description – EUR IRS (LCH Order Book) (Issue 1.0) (01 November 2017)" and "Market Making Scheme Description – EUR IRS (EUREX Order Book) (Issue 1.0) (01 November 2017)".

2. The Trad-X Market Making Scheme is open to all Participants on Trad-X that are willing and able to meet the eligibility criteria set out in the applicable Trad-X Market Making Scheme Description(s). A Market Maker shall assume the role of market maker on Trad-X from the date of TRADITION's signature below, in respect of each Product (to which a Market Making Scheme Description applies) that it so indicates in writing to TRADITION, until such time as this MMA is terminated in accordance with its terms. A Market Maker may, during the term of this MMA, assume such role in respect of an additional Product (to which a Market Making Scheme Description applies) by notifying TRADITION in writing, whereupon the terms of this MMA shall apply thereto, until such time as this MMA is terminated in accordance with its terms.

3. The details of the Product(s) in relation to which the Market Maker commits to provide liquidity hereunder, as well as streaming requirements and other related matters, are set out in more detail in the applicable Trad-X Market Making Scheme Description(s).

4. In its capacity as a market maker on Trad-X, the Market Maker undertakes, warrants and represents that:

4.1 it shall, at all times, comply with the applicable Trad-X Market Making Scheme Description(s), including without limitation the provision of Quotes in accordance therewith, and the minimum eligibility criteria required of Market Makers;

4.2 it shall, at all times, comply with all relevant elements of the Trad-X Rulebook;

4.3 it has, and shall have at all times, full power and authority to enter into and perform this MMA and that in performance of its obligations hereunder, it will do so in accordance with applicable law and regulation;

4.4 it has, and shall have at all times, suitable surveillance, compliance and audit measures in place to enable it to monitor its market making activity under this MMA;

4.5 without prejudice to the generality of its obligations under the Trad-X Rulebook in respect of record keeping, to maintain records of firm Quotes and transactions relating to its market making activities hereunder, which are clearly distinguished from other trading activities and to make those records available to TRADITION and the Financial Conduct Authority or other applicable regulatory authority, upon request;

4.6 it shall comply with a minimum market making obligation in terms of presence, size and spread that shall require at least posting firm, simultaneous two-way quotes of comparable size and competitive prices in no less than one financial instrument on Trad-X for no less than 50% of the hours during which continuous trading takes place during daily trading hours excluding opening and closing auctions, and calculated for each trading day;

4.7 it shall resume market making activities pursuant to this MMA as soon as reasonably practicable after the cessation of volatility interruptions;

4.8 it shall flag firm quotes submitted to Trad-X under this MMA in order to distinguish those quotes from other order flows; and

4.9 it shall notify TRADITION as soon as possible if any of the above ceases to be the case.

5. TRADITION undertakes, warrants and represents that:

5.1 it shall, at all times, continuously monitor the effective compliance of a Market Maker with the terms of this MMA;

5.2 it has, and shall have at all times, full power and authority to enter into and perform this MMA and that in performance of its obligations hereunder, it will do so in accordance with applicable law and regulation;

5.3 it shall, at all times, comply with its obligations under the applicable Trad-X Market Making Scheme Description(s), including, without limitation, the provision of incentives to the Market Maker in accordance therewith.

6. TRADITION does not impose a specific fee for the enrolment of market makers to the Trad-X Market Making Scheme, or for their continuing participation in the Trad-X Market Making Scheme. This is without prejudice to any payment obligations to TRADITION that a Market Maker may have in its capacity as a "Participant" on Trad-X or otherwise.

7. Limitation of liability

7.1 Save as expressly provided in this MMA: (i) the Trad-X Market Making Scheme; and (ii) the System and any related equipment, manuals or other materials provided to the Market Maker, are provided on an "AS IS" basis without any warranty or condition, express or implied, of any kind by TRADITION or any of its affiliates, including without limitation about the condition, satisfactory quality or fitness for any purpose of the System, that the System will perform as advertised or described or that the operation of the System will be uninterrupted or error free. TRADITION offers no advice as to the merits of any transaction carried out on the System.

7.2 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL TRADITION, ITS EMPLOYEES, LICENSORS OR AFFILIATES BE LIABLE FOR ANY LOST PROFITS, REVENUE, SALES, DATA OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES HOWSOEVER CAUSED AND WHETHER ARISING UNDER CONTRACT, TORT (INCLUDING WITHOUT LIMITATION NEGLIGENCE) OR OTHERWISE ARISING OUT OF OR IN CONNECTION WITH (I) THE ENROLMENT AND PARTICIPATION WITHIN THE TRAD-X MARKET MAKING PROGRAMME; OR (II) THE USE OF OR INABILITY TO USE THE SYSTEM OR OTHERWISE IN RELATION TO THIS MMA (IN EACH CASE EVEN IF TRADITION OR ITS LICENSORS OR AFFILIATES ARE OR WERE ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OR LOSS). Nothing in this Agreement shall exclude or in any way limit the liability of TRADITION:

- (i) arising out of TRADITION's wilful default or fraud, and/or
- (ii) for death or personal injury.

7.3 Subject to Clause 7.2, TRADITION's entire liability, in any calendar year, howsoever arising and whether arising out of breach of contract, tort (including without limitation negligence), breach of statutory duty or otherwise to the Market Maker and/or any other person in respect of any claims or losses of any nature, arising directly or indirectly, from this MMA shall in no event exceed, for any incident or series of incidents attributable to the same cause, £20,000 (twenty thousand pounds sterling).

7.4 The Market Maker hereby acknowledges and agrees that it shall bring any claim arising under or relating to the MMA within twelve (12) months from the date of the claim arising, or, if later, within twelve (12) months from the date the Market Maker first became aware of the matters leading to the claim, and failure to do so shall result in any such claim automatically and irrevocably expiring.

8. Each party will keep confidential any confidential information of the other party or its affiliates received through the System or in connection with this MMA (which shall include, without limitation, any credit information, charging details, System information and data available on the System and shall not include any information which is or becomes publicly known other than as a result of disclosure by the receiving party in breach of this Clause 8 or information received from a third party not under a relevant obligation of confidentiality) and shall not disclose such information to any third party or use it for any purpose other than pursuant to this MMA pursuant to the applicable Trad-X Market Making Scheme Description(s), the Trad-X Rulebook or for the dissemination or sale permitted under Clause 9 of this MMA, save that either party shall be entitled to disclose such information to the extent required to disclose by law or regulation or rules of any relevant stock exchange, to bring or defend any action arising under or in relation to this MMA, or to any of its affiliates under a similar duty of confidentiality. For the purposes of this MMA, "affiliate" means any group undertaking of the Market Maker, and "group undertaking" shall have the meaning given to it in section 1161 of the Companies Act 2006. TRADITION shall not represent, directly or indirectly, without prior written consent of the Market Maker, that any product or any service provided by TRADITION has been approved or endorsed by or used by the Market Maker and shall not publicise its relationship with the Market Maker without the Market Maker's prior written consent.

9. All intellectual property rights attaching or relating to the System and any part of it and to any data displayed on, generated by or derived from the System, or part of it (except for Market Maker Data, as defined below) belong to TRADITION and/or its licensors and the Market Maker agrees that such intellectual property rights shall remain vested exclusively in TRADITION and/or its licensors both during and after this MMA. The Market Maker acknowledges and agrees that TRADITION shall be permitted, and the Market Maker grants TRADITION an irrevocable, non-exclusive, non-transferable, worldwide, royalty free licence (without warranties of any kind, express or implied) to use, compile and disseminate for sale or otherwise any Quote data submitted to the System by the Market Maker (the "Market Maker Data") provided that TRADITION may disclose such information on a user-aggregated basis only and without directly or indirectly identifying the Market Maker as the specific source of such information. Subject to the foregoing licence as between TRADITION and the Market Maker, the Market Maker retains all ownership and intellectual property rights with respect to the Market Maker Data both during and after this MMA.

10. The Market Maker shall not sell, lease, licence, transfer, provide or otherwise make available to any third party (excluding any of its affiliates) any form of access to or use of (i) the System; or (ii) any data from the System (excluding Market Maker Data), other than for the purpose of complying with applicable law and regulation. The Market Maker agrees that it shall not alter, enhance, make derivative works of, decompile, disassemble or reverse engineer all or any part of the System, or the data (excluding Market Maker Data), except to the extent expressly required by applicable law or regulation or permitted by this MMA.

11. This MMA may be terminated in whole by either party by giving the other one month's written notice at any time. In addition, you may partially terminate this MMA in respect of a given Product (to which a particular Market Making Scheme Description applies) by giving TRADITION one month's written notice at any time. Further, TRADITION may terminate this MMA or suspend the Market Maker's status as a market maker on Trad-X (in each case in respect of all or any Product to which a particular Market Making Scheme Description applies) by giving the Market Maker written notice if, in TRADITION's reasonable opinion, the Market Maker is in breach of any of the terms of this MMA. Further the Market Maker may immediately terminate this MMA by giving TRADITION written notice if, in Market Maker's reasonable opinion, TRADITION is in breach of any terms of this MMA. Any termination of this MMA (or suspension thereof) shall not affect the accrued rights or liabilities of either party under this MMA or the Market Maker's rights and obligations in accordance with the applicable Trad-X Market Maker Scheme Description(s). For the avoidance of doubt, the Market Maker's performance (or otherwise) of this MMA shall be without prejudice to its rights and obligations as a "Participant" of Trad-X, which shall continue to be governed by the Trad-X Rulebook and the applicable User Agreement. The provisions of Clauses 7 to 16 (inclusive) shall survive termination of this MMA.

12. No party shall assign or transfer or purport to assign or transfer this MMA or any part of it or the benefit or burden thereof without the prior written consent of the other save that the parties agree that TRADITION may assign or transfer this MMA to any subsidiary undertaking of TRADITION to which the operation of the System may be transferred and which subsidiary undertaking holds all necessary rights, governmental approvals, consents, authorisations and licenses to own and operate the System. For the purposes of this Clause 12, "subsidiary undertaking" shall have the meaning given to it in section 1162 of the Companies Act 2006.

13. TRADITION reserves the right to modify any Trad-X Market Making Scheme Description upon one month's written notice to the Market Maker. In addition, TRADITION reserves the right to modify or suspend any Trad-X Market Making Scheme Description (or any part or parts thereof) immediately upon written notice to all market makers and Participants, in the event of "exceptional circumstances", as described in Articles 3 and 4 of the *Commission Delegated Regulation (EU) 2017/578 of 13 June 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards specifying the requirements on market making agreements and schemes (RTS 8)*. Subject to the foregoing, no variation of this MMA shall be effective unless in writing and signed by or on behalf of each of the parties.

14. This MMA may be executed in one or more counterparts, all of which taken together will constitute one and the same agreement.

15. If any provision in this MMA shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties. To the extent it is not possible to so delete or modify the provision, in whole or in part, then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this MMA and the legality, validity and enforceability of the remainder of this MMA shall, subject to any deletion or modification made under this Clause 15, not be affected.

16. This MMA, and any non-contractual obligations arising out of or in connection with it, will be construed in accordance with and governed by the laws of England and Wales. The parties hereby submit to the exclusive jurisdiction of the English courts.



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Signature Page

<p>[Market Maker details]</p> <p>Phone Fax</p>	<p>Tradition (UK) Limited Beaufort House 15 St Botolph St London EC3A 7QX</p> <p>Phone +44 20 7198 1623 Fax +44 20 7454 9405</p>
<p>Signed: _____ Authorised Signatory</p> <p>Name: _____</p> <p>Date: _____</p>	<p>Signed: _____ Authorised Signatory</p> <p>Name: _____</p> <p>Date: _____</p>
<p>Signed: _____ Authorised Signatory</p> <p>Name: _____</p> <p>Date: _____</p>	