

Product Appendix 4 – Exchange Traded Products

1 Definitions and Interpretation

The following definitions shall apply only to this Product Appendix 4, in addition to the definitions contained in the Rulebook.

AoN Response	A Response which the Authorised User indicates must either trade in the full size of the Response or not trade at all, rather than being partially filled.
Exchange Traded Fund	A unit or share in a collective investment scheme that derives its price from a diversified group of assets.
Exchange Traded Note	A debt security that derives its price from one of more underlying assets.
NAV	The per-share/unit net asset value of an Eligible Instrument, as published daily by the relevant issuer of such.
Product	Exchange Traded Products.
Risk	A quoting basis on which the traded price is also the final settlement price.
VWAP	The Volume Weighted Average Price of multiple Responses which together meet the full size requested, as calculated in accordance with Rule 8.7 of this Product Appendix.

2 General

- 2.1 This Product Appendix sets out additional Rules for participation and trading the Product on the ISL MTF, to ensure the orderly conduct of business.
- 2.2 Where indicated, certain Rules in this Appendix have specific application to the Product. The Rules are binding on all Participants.
- 2.3 The ISL MTF allows for trading on a MP basis.
- 2.4 Participants shall at all times be responsible for fulfilling any applicable transaction reporting obligations.

3 Trading Day

- 3.1 Trading is not permitted outside the Trading Day. The Operator shall, at its sole discretion, determine what the Trading Day shall be for the Eligible Instruments.

4 Eligibility Criteria

- 4.1 All Participants must be clients of the Operator.

5 Categories

- 5.1 The Product is traded on the ISL MTF in the following Categories, namely:
- a. Exchange Traded Funds; and
 - b. Exchange Traded Notes.

Exchange Traded Funds Category

- 5.2 The ISL MTF allows trading within the Exchange Traded Funds Category in the following Instrument Types:

- a. Exchange Traded Fund Net Asset Value (“**ETF NAV**”); and
- b. Exchange Traded Fund Risk (“**ETF Risk**”).

5.3 ETF NAV

- a. For ETF NAV Eligible Instruments, the ISL MTF displays the following:
 - (i) the underlying Exchange Traded Fund;
 - (ii) the location where the Exchange Traded Fund will be settled. If no location is stated, the Exchange Traded Fund will be settled via Euroclear iCSD;
 - (iii) the traded currency;
 - (iv) the pricing convention in basis points or decimal currency; and
 - (v) the date on which the NAV will be taken.
- b. ETF NAV Eligible Instruments are traded on a MP basis.
- c. Once the Order is Matched, the counterparties are bound to the Trade in the size executed on the ISL MTF, at a price calculated in accordance with Rule 5.3(d) or (e) below, as applicable.
- d. Where the Matched price is in basis points, the traded price will be calculated as follows:

$$\text{Traded price} = \text{NAV} + ((\text{NAV} \times \text{Matched price})/10,000)$$

- e. Where the Matched price is in cents, the traded price will be calculated as follows:

Traded price = NAV + Matched price

- f. For settlement instruction purposes, the trade date is the date on which the Trade is Matched on the ISL MTF.
- g. Settlement date of the Trade will follow market convention for ETF NAV Eligible Instruments, from the date specified in Rule 5.3(a)(v) above.

5.4 ETF Risk

- a. For ETF Risk Eligible Instruments, the ISL MTF displays the following:
 - (i) the underlying Exchange Traded Fund;
 - (ii) the location where the Exchange Traded Fund will be settled. If no location is stated the Exchange Traded Fund will be settled via Euroclear iCSD; and
 - (iii) the traded currency.
- b. ETF Risk Eligible Instruments are traded on a MP basis.
- c. Once the Order is Matched, the counterparties are bound to the Trade in the size and price executed on the ISL MTF.

Exchange Traded Note Category

- 5.5 The ISL MTF allows trading within the Exchange Traded Notes Category in the following Instrument Types:

- a. Exchange Traded Note Net Asset Value ("**ETN NAV**"); and
- b. Exchange Traded Note Risk ("**ETN Risk**").

5.6 ETN NAV

- a. For ETN NAV Eligible Instruments, the ISL MTF displays the following:
 - (i) the underlying Exchange Traded Note;
 - (ii) the location where the Exchange Traded Note will be settled. If no location is stated, the Exchange Traded Note will be settled via Euroclear iCSD;
 - (iii) the traded currency;
 - (iv) the pricing convention in basis points or decimal currency; and

- (v) the date on which the NAV will be taken.
- b. ETN NAV Eligible Instruments are traded on a MP basis.
- c. Once the Order is Matched, the counterparties are bound to the Trade in the size executed on the ISL MTF, at a price calculated in accordance with Rule 5.6(d) or (e) below, as applicable.
- d. Where the Matched price is in basis points, the traded price will be calculated as follows:
$$\text{Traded price} = \text{NAV} + ((\text{NAV} \times \text{Matched price})/10,000)$$
- e. Where the Matched prices is in cents, the traded price will be calculated as follows:
$$\text{Traded price} = \text{NAV} + \text{Matched price}$$
- f. For settlement instruction purposes, trade date is the date on which the Trade is Matched on the ISL MTF.
- g. Settlement date of the Trade will follow market convention for ETF NAV Eligible Instruments, from the date specified in Rule 5.6(a)(v) above.

5.7 ETN Risk

- a. For ETN Risk Eligible Instruments, the ISL MTF displays the following:
 - (i) the underlying Exchange Traded Note;
 - (ii) the location where the Exchange Traded Note will be settled. If no location is stated the Exchange Traded Note will be settled via Euroclear iCSD; and
 - (iii) the traded currency.
- b. ETN Risk Eligible Instruments are traded on a MP basis.
- c. Once the Order is Matched, the counterparties are bound to the Trade in the size and price executed on the ISL MTF.

6 NAV

- 6.1 In the event that no NAV is published by the relevant issuer on the date detailed at Rule 5.3(a)(v) or 5.6(a)(v) above (as applicable), the next available NAV published by the relevant issuer shall be used for the determination of the traded price of an ETF NAV Trade or and ETN NAV Trade.
- 6.2 An Authorised User may request the cancellation of an ETF NAV Trade or ETN NAV Trade where no NAV is published by the relevant issuer as set out at Rule

6.1 above by submitting a Cancellation Request in accordance with this Rulebook, provided that such is received by the Operator before the publication of the next available NAV by the relevant issuer.

- 6.3 Where a Cancellation Request is received by the Operator pursuant to Rule 6.2 above, the Operator will inform the other one or more counterparties to the Trade that the relevant Trade is subject to a Cancellation Request. If all of the relevant counterparties confirm promptly to the Operator that they agree with the Cancellation Request, the Trade shall be cancelled by the Operator, subject to the sole discretion of the Operator.
- 6.4 Participants acknowledge and agree that the Operator cannot ensure the cancellation of any Trade where one or more counterparties do not agree with the Cancellation Request and, in such event, Participants shall be bound by the terms of the relevant Trade.
- 6.5 Any requests for cancellation pursuant to this Rule 6 shall remain subject to the terms of the Trade Cancellation and Error Policy, save for where the terms of such directly conflict with the terms of this Rule 6, in which case this Rule 6 shall take priority.

7 Eligible Instruments

- 7.1 The Eligible Instruments available on the ISL MTF are published at <https://support.icap.com/Account/LogOn?ReturnUrl=%2f&supportarea=46>

8 Request for Quote

- 8.1 When entering a Request for Quote for an Eligible Instrument, the Requestor must indicate the size being requested and the duration for which the Request for Quote will run. Both the quantity and duration must conform to the minimum and maximum requirements set by the Operator in respect of the relevant Eligible Instrument.
- 8.2 A Response:-
- a. must be a two way quote. Bid and offer quantities can differ;
 - b. must conform to the size requirements set by the Operator in respect of any Eligible Instrument; and
 - c. is limited to the decimal places set by the Operator in respect of any Eligible Instrument. For example, if price increment is 0.001, then the system restricts quoting to three decimal places and only allows price increments in multiples of 0.001.
- 8.3 The ISL MTF will sort the Responses received and display the best available price to the Requestor, as determined in accordance with Rule 8.6 of this

Product Appendix (the “**Best Response**”). The Best Response is the only price the Requestor can see, and only the Requestor can see the Best Response.

- 8.4 The Requestor can accept the Best Response (provided it meets the full size requested) by sending an Order, and the Orders will be Matched provided the Best Response is still available.
- 8.5 Once a Request for Quote has been entered, the Requestor can also elect to enter an order for automatic execution, by entering the price and size required for such. When the relevant criteria can be met, the ISL MTF will automatically Match the appropriate Orders, rather than the Requestor having to send the Order when the required quantity, price and size is available.
- 8.6 The ISL MTF will determine the Best Response in accordance with the following order of priority:-
 - a. the best available price offered between the best AoN Response and the VWAP. An AoN Response will be accepted by the ISL MTF only if it meets the full size requested. AoN Responses will not be included in the VWAP calculations;
 - b. in the event that the best AoN Response price is the same as the VWAP price:-
 - (i) if the VWAP price consists of more than one Response, the Best Response will be the AoN Response; and
 - (ii) if the VWAP price consists of only one Response, the Best Response will be whichever of the AoN Response or VWAP has the highest time priority.
- 8.7 The VWAP will be the price available to trade in the relevant size requested, being calculated by ordering Responses received ranked in price and then time priority, and then filling each in order, subject to the minimum execution size requirements set by the Operator. For example (where the Requestor wants to buy):

Minimum size: 2,500
Request for Quote: 17,500

Where the following Responses are received:
Response 1: 10,000 @ 98.235
Response 2: 5,000 @ 97.698
Response 3: 25,000 @ 99.027

The VWAP queue order will be:
1: 5,000 @ 97.698
2: 10,000 @ 98.235
3: 25,000 @ 99.027

The VWAP will be displayed as 17,500 @ 98.195 weighted as follows:



Response 1: 5,000 @ 97.698
Response 2: 10,000 @ 98.235
Response 3: 2,500 @ 99.027

Calculated as follows: $((5,000 \times 97.698) + (10,000 \times 98.235) + (2,500 \times 99.027)) / 17,500$

The VWAP will be rounded to the applicable price increment with bids being rounded down and offers being rounded up.

- 8.8 The Requestor can only trade on one side during a Request for Quote instance. Once the Orders have been Matched, the Request for Quote instance will end and all other Responses will be deleted from the ISL MTF.
- 8.9 If no Match occurs during a Request for Quote instance, all Responses will be deleted from the ISL MTF.

9 Settlement

- 9.1 Participants are required to provide for the timely settlement of the Eligible Instruments.