

Product Appendix 1 – Equity Derivatives

1 Definitions and Interpretation

The following definitions shall apply only to this Product Appendix 1, in addition to the definitions contained in the Rulebook.

Cash Basket	A basket of equity securities, the value of which is calculated using the Matched price and the associated index futures reference price and volume, being derived using various criteria and weightings of the individual stock components in accordance with any relevant exchange entry conditions.
Derivatives Documentation	The Agreement(s) between two Participants containing the underlying terms and conditions that govern the contractual obligations in respect of Trades in the relevant Eligible Instrument between those two Participants.
Exchange Traded or ET	A process under which the Nominated Broker executes or registers one or more components of a Trade executed on the ISL MTF to the relevant exchange for conclusion under the rules of the exchange.
Link	The Link Asset and Securities Company Limited (company registration number: 3454743), a company registered in England and Wales and authorised and regulated by the FCA.
Nominated Broker	Party who executes or registers the Exchange Traded leg(s) of one or more components of a Trade on the relevant exchange.
Product	Equity Derivatives.
Relevant Documentation	Certain documentation applicable to the Exchange Traded process which may include but not by way of limitation, a give-up agreement and/or any other documentation required under the rules of the relevant exchange.

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 as indicated by Category and/or Instrument Types and/or Eligible Instrument/s. The Rules are binding on all Participants.
- 2.3 Operator has appointed Link as an ICAP Broker of certain Eligible Instruments.
- 2.4 The ISL MTF enables Participants to conduct trading in the Instrument Types within the Delta 1 Category, the Futures Category, the Options Category, the ETF Category and the Variance Swaps Category.
- 2.5 The ISL MTF allows for trading on a NGU or ET basis dependent on the Instrument Type and/or Category being traded (as set out in Section 5 below).
- 2.6 Link is appointed as the Nominated Broker for Trades settled on an ET basis. An alternative broker may be designated (subject to ICAP Broker's approval) to act as Nominated Broker for the purpose of executing an ET Trade.
- 2.7 For all components of Trades settled on an ET basis, the Nominated Broker will be responsible for executing or registering each leg of the relevant Trade components on the relevant exchange.
- 2.8 Where any leg of a Trade executed on the ISL MTF becomes subject to relevant exchange rules, it is the Participant's responsibility to ensure they are aware of and abide by such rules.
- 2.9 Where any Eligible Instrument is traded on the ISL MTF on an ET basis, the Operator retains the right to cancel the Trade if one of the ET components of said Trade is (a) rejected at the relevant exchange upon registration or (b) priced at a level which prevents its execution on the relevant exchange.
- 2.10 Participants shall at all times be responsible for fulfilling any applicable transaction reporting obligations.

3 Trading Day

- 3.1 The relevant Trading Day for each of the Eligible Instruments within the Product are as specified in the Eligible Instruments table accessed via the link provided at section 6.1 of this Appendix.
- 3.2 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 both Operator and, where applicable, Link.

5 Categories and Instrument Types

- 5.1 The Product is traded on the ISL MTF in the Delta 1 Category.
- 5.2 The settlement and expiry dates of all Eligible Instruments in this Category are that of the calendar of the exchange upon which each relevant leg of the Eligible Instrument is listed.

Delta 1 Category

- 5.3 The ISL MTF allows trading within the Delta 1 Category of the following Instrument Types:
 - a. Cash Basket Exchange for Physical (“**EFP**”);
 - b. Exchange Delivery Settlement Price (“**EDSP**”);
 - c. Guaranteed Close (“**GC**”); and
 - d. Single Stock Exchange for Physical (“**SS EFP**”).

5.4 EFP

- a. For Eligible Instruments within the EFP Instrument Type, the ISL MTF displays the underlying stock or index and the month and year of the futures component expiry date.
- b. Once the EFP price is Matched, the counterparties are contractually obliged to exchange simultaneously a Cash Basket component and corresponding futures component.
- c. The Operator is solely responsible for calculating the price of the futures component, and the price and size of each stock within the Cash Basket component.
- d. For certain Eligible Instruments, both the Cash Basket component and futures component are executed on the relevant exchanges on an ET basis. Where this is the case, the Operator reserves the right to affirm the Cash Basket component on behalf of counterparties to ensure that the Cash Basket component is executed on the relevant exchange in a timely manner.
- e. For certain Eligible Instruments, only the futures component is executed on the relevant exchange on an ET basis, and the Cash Basket component is traded on an NGU basis.

5.5 EDSP

- a. For Eligible Instruments within the EDSP Category, the ISL MTF displays the underlying stock or index and the month and year of the expiry date for which the settlement of the Eligible Instrument is to occur.

- b. Once the price of the EDSP Eligible Instrument is Matched, the counterparties are contractually obliged to conclude an off-exchange Cash Basket transaction with each other at the “Exchange Delivery Settlement Price” determined by the relevant exchange at the expiry of the underlying equity index futures contract.
- c. Certain EDSP Eligible Instruments are executed on the relevant exchange on an ET basis. Where this is the case, the Operator reserves the right to affirm the Cash Basket on behalf of the counterparties to ensure that the Cash Basket is executed on the relevant exchange in a timely manner.
- d. EDSP Eligible Instruments are traded in line with market convention on the relevant exchanges (ET) and/or between the counterparties (NGU).

5.6 GC

- a. For GC Eligible Instruments, the ISL MTF displays the underlying index and expiry date of the futures contract to be crossed.
- b. Once the GC price is Matched, the counterparties are contractually obliged to transact the futures component and the related Cash Basket.
- c. The price of the futures component is calculated and crossed using the official cash closing levels as determined by the relevant exchange.
- d. The futures component of GC Eligible Instruments is executed on an ET basis.
- e. The Nominated Broker will cross the futures component on the relevant exchange each day after the exchange closes in respect of that particular Eligible Instrument.
- f. It is the Participant’s obligation to ensure the conclusion of a Cash Basket component in relation to the GC Trade. All Participants entering into GC Trades may be required to provide evidence to the relevant exchange of the related Cash Basket component.
- g. Participants must retain documentary evidence of the related Cash Basket component for such time period as required by the exchange, and provide such documents to Operator upon request.

5.7 SS EFP

- a. For SS EFP Eligible Instruments, the ISL MTF displays the underlying stock, the month and year of the futures leg expiry date of the contract and, in certain circumstances, the exchange at which the futures component will be crossed.
- b. Once the SS EFP price is Matched, the counterparties are contractually obliged to simultaneously exchange an underlying stock component and corresponding futures component.

- c. The Operator is solely responsible for calculating the price of the futures component and the underlying stock component.
- d. For certain SS EFP Eligible Instruments, both the cash component and futures component are executed on the relevant exchange(s) on an ET basis. Where this is the case, the Operator reserves the right to affirm the cash component on behalf of the counterparties to ensure that the cash component is executed on the relevant exchange(s) in a timely manner.
- e. The underlying stock component will settle on an NGU basis. However, on conclusion of the Trade, the relevant Participants may request an alternative settlement process, subject to the discretion of ICAP Broker. The futures component is executed on an ET basis.

6 Eligible Instruments

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

7 Orders

- 7.1 Provided that the Authorised User is permitted to trade the Eligible Instrument, the Authorised User may submit an Order on the ISL MTF in respect of that Eligible Instrument.
- 7.2 Subject to the ISL MTF being available for trading, an Order may be submitted at any point during the Trading Day.
- 7.3 The ISL MTF supports both Day and Good Till Date (GTD) Orders. All Day Orders which have not been Matched are cancelled at the end of each Trading Day. All GTD Orders will remain in the Order Book until such time as they are cancelled by the Participant or the expiry date of the Order is reached.
- 7.4 An Order may be amended or cancelled by the Participant who submitted it at any point prior to it being Matched. An Order which has been Matched cannot be cancelled, unless in accordance with the Rules. If so requested by an Authorised User who has submitted it, ICAP Broker may cancel an Order but is not able to amend Orders.
- 7.5 The Operator may impose a minimum Order size in respect of any Eligible Instrument. Any Order not fulfilling minimum Order size requirements will be rejected by the ISL MTF.
- 7.6 Orders will be Matched using price, then time priority, based on the bid or offer made and then the time the Order is shown on the Order Book.

7.7 Orders are anonymous to other Authorised Users unless the Order belongs to their Participant firm. ICAP brokers have full market visibility and therefore see Orders and Trade details including counterparties.

8 Volume Matching Sessions

8.1 Volume Matching Orders in relation to the Product are Matched (where a Match is available) during Volume Matching Sessions using a Continuous Matching Model described below.

8.2 For Eligible Instruments which utilise a Continuous Matching Model:

- a. a Volume Matching Session consists of a single Volume Matching Order input period and concurrent Matching Period. Volume Matching Orders may be Matched at any point during a Volume Matching Session;
- b. during a Volume Matching Session, Authorised Users can amend or cancel any Volume Matching Order size which has not been Matched;
- c. where an Eligible Instrument enters a Volume Matching Session normal market trading in that Eligible Instrument (if applicable) is halted until the end of the Volume Matching Session;
- d. for certain Eligible Instruments, Orders submitted into the Order Book during normal trading, which are the same as the Volume Matching Price, automatically enter the Volume Matching Session and are eligible to be Matched. If this Order is not Matched during the Volume Matching Session, it retains its place in the Order Book; and
- e. Volume Matching Orders are Matched in accordance with time order priority. If during a Volume Matching Session a Match cannot occur due to a credit restriction being in place, priority moves to the next Volume Matching Order, based on time of Volume Matching Order entry.

9 Credit

9.1 The ISL MTF provides for Participants to directly input their credit settings.

9.2 ICAP Broker, where acting as agent for a Participant, does not have the ability to view or edit these credit settings.

9.3 Credit for the Product may be assigned on a direction basis "Buy/Sell".

9.4 The notified settings or restrictions will only take effect once the ISL MTF indicates that the changes have been accepted.

9.5 If, during the Match process, a Match cannot occur due to a restriction being in place, priority will move to the next Order in the Order Book.

10 Clearing and Settlement

- 10.1 Participants are required to provide for the clearing and settlement of the Eligible Instruments.
- 10.2 Participants are responsible for ensuring they have the appropriate Relevant Documentation in place to ensure that the futures component and, if applicable, the Cash Basket component, may be executed and/or registered onto the relevant exchange and given up to the Participant's clearing broker in line with industry standards and any applicable ICAP policy.
- 10.3 The Nominated Broker undertakes to execute and/or register any cleared component(s) onto the exchange in accordance with the relevant exchange rules.
- 10.4 Participants are responsible for the settlement of the Cash Basket where the Cash Basket component is concluded bilaterally.