SECURITIES LIMITED
Otkritie

SUMMARY OF CERTAIN WORLDWIDE EXCHANGE'S RULES RELATED TO ACCESS TO THEIR ELECTRONIC TRADING SYSTEMS
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We are providing you with certain information which we hope will be helpful in understanding the regulatory environment relating to the trading of exchange traded products. We have summarized some of the exchange rules which we believe to be accurate at the time of printing but do not make any representation that the information will remain current. Please note:
By trading electronically or otherwise, you have agreed to abide by all applicable laws, rules, customs and usages of relevant regulatory bodies including exchanges on which such orders are to be executed, and you are obligated to implement adequate procedures to monitor and supervise the entry of orders by your personnel to ensure that they comply therewith. By making use of any electronic trading system, you represent and agree that you have implemented such procedures and acknowledge that you are obligated to abide by them.

Globally, regulators are striving to ensure clean, fair and orderly markets and are therefore concerned with any action which mayor may be perceived to adversely affect the integrity and transparency of regulated markets. For example, the UK Financial Services Authority ('FSA'), along with other European regulators have implemented the EU Market Abuse Directive. This directive sets out standards of conduct on exchanges in Europe (amongst other matters) and applies to everyone participating in such markets including clients of firms such as OTKRITIE SECURITIES LIMITED ('OSL'). Market abuse in the UK is a civil law offence and a criminal offence in certain other jurisdictions. Regulators consider each incident on the individual fact patterns in deciding whether market abuse has occurred. The relevant laws often have extraterritorial effect and it is not a defence, for example, to claim that acts took place outside the jurisdiction where the contract is traded.

The FSA and US Commodity Futures Trading Commission and other regulators and exchanges in various jurisdictions have provided guidance on what constitutes market abuse or violative conduct. Some examples include insider dealing, improper disclosure or misuse of information, manipulating transactions and trading devices, creating a false or misleading impression, misleading behaviour and market distortion. Additionally, bucketing, false trading, fraudulently inducing persons to trade in futures contracts and disseminating information about illegal transactions are routinely prohibited. Further details include but are not limited to:

- Positioning the purchase or sale of contracts at the close of a market to create false, misleading, abnormal or artificial price levels.
- Entering into a series of transactions, acting alone or in collusion with others, for the purpose of giving the impression of activity and/or price movement. This may include "wash trades" where there is no change in beneficial ownership or market risk.
- Entering orders at prices which are higher than the previous bid or lower than the previous offer and withdrawing them before they are executed, thereby creating a false impression of supply and demand.

- Entering small orders at prices which are higher than the previous bid or lower than the previous offer, in order to move the price other than for legitimate reasons. Abusive squeezes, as where a person holds a long position in bond futures and a significant amount of the cheapest to deliver bonds and refuses to re-lend these bonds to cause those with short positions to deliver at materially higher levels, deliver other than the cheapest to deliver or otherwise affect exchange price levels.
- Trading in a cash market which improperly affects the price of a contract on a regulated market. Taking a long futures position and then disseminating misleading positive information about the underlying investment with a view to increase its price.

Exchanges require transactions to be executed in an open and competitive fashion and many exchanges do not allow pre-arrangement of transactions. Block trades are an exception. Block trade requirements are extremely detailed and vary widely among exchanges. Many exchanges do not allow the Block Trading facility to be made available to order execution and/or routing clients and you should consult with your OSL account representative for further information. Exchanges generally do not condone privately executed transactions since they have the effect of excluding other potential market participants. For example. clients may not arrange with other traders to cross a transaction, except in accordance with strict exchange rules. Similarly, most exchanges prohibit "wash trades", or trades where there is no change in beneficial ownership when a single legal entity, for its own account, simultaneously buys and sells the same contract month of the same future or simultaneously buys and sells a put option with the same strike price and expiration month or a call option with the same strike price and expiration month.

The following summarizes designated exchange requirements associated with cross transactions and other matters. Not all exchanges have similar functionality. Specifically, to effect a cross trade and avoid allegations of non-competitive or pre-arranged trading, you must ensure that at least the minimum time period identified below has elapsed prior to entering the corresponding leg of the cross transaction. However, wash trades would likely still be prohibited on most exchanges, notwithstanding that crossing rules are followed. For detailed information relating to the information in this document please refer to the applicable exchange rules.

Please note that the rules summarized herein may be amended at any time by the relevant exchanges without notice; OSL does not make any commitment to update the information. The information provided herein is compiled from information reasonably believed to be reliable, but no warranty or representation is made regarding its accuracy or its fitness for a particular purpose. This information is provided to you for informational purposes only; we recommend that you always consult the relevant exchange directly if you have questions on these specific topics. The information contained herein should not be construed as legal advice.

Market rule 17.2.1 states that crossing may be effected in accordance with market rule 17.2.2 (crossing using an Automated Order Processing if the trading participant has made the required disclosure, under Rule 7.7, has not pre-arranged the entry of Bids and Offers and the same Authorised Person does not enter both sides of the crossing), market rule 17.2.3 (crossing using pre-existing Bid or Offer if the trading participant has not pre-arranged the entry of the Bids and Offers and at least 10 seconds has lapsed since the entry of the first Bid and Offer) and market rule 17.2.4 (priority crossing – the trading participant has an order in SEATS and the trading participant wants to cross, there is a crossing market which has existed for at least 10 seconds).

Wash trades: market rule 13.5.2 states that a market participant must not effect any futures transaction where the account on behalf of which the market participant enters into the futures transaction is the same on both sides of that transaction.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades or wash trades for their own transactions where accounts they own or control are buying and selling to each other.

Australian Stock Exchange (ASX)

An Error Trade is when a market transaction or principal crossing has been executed in error and the trader wishes to cancel or amend the transaction. Market rule 15.2 details the exchange's treatment of Error Transactions. In summary, a market transaction or principal crossing error must be reported to the Manager, Market Control of the ASX, within 15 minutes following the execution or reporting of the relevant market transaction or principal crossing.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details, see:
http://www.asx.com.au

Bourse de Montreal (BdM) or (ME)

Pre-negotiation discussions: Pre-negotiation discussions are considered having occurred when approved participants engage in negotiations with each other or with other approved participants and/or customers prior to entering orders which may result in a cross transaction, a pre-arranged transaction, a block trade or an exchange for physical transaction. **Customers must consent** to allow approved participants to engage in pre-negotiation discussions with other approved participants and/or customers with respect to an order.

Cross transactions: are considered having occurred when two orders of opposite sides originating from the same approved participant are intentionally executed against each other in whole or in part as a result of pre-negotiation discussions.

Prearranged transactions: are considered having occurred when one or more approved participants engage in pre-negotiation discussions in order to agree on the terms of a transaction before entering the orders in the electronic trading system of the BdM. According to BdM rule 6380 execution **of cross transactions and prearranged transactions are permitted by the BdM for certain eligible products**. The following are the eligible products, the prescribed exposure time delay which must occur at or between the current best bid and the current best offer available in the electronic system of the BdM and the minimum quantity thresholds:

Eligible Products	Prescribed Time delay	Minimum Quantity Threshold
Three-month Canadian Bankers' Acceptance Futures contracts: 1st four quarterly months – not including serial months Remaining expiry months and strategies	5 seconds 15 seconds	1 contract 1 contract
Thirty-day Overnight 'Repo' Rate Futures Contract (ONX): Front month Remaining expiry months and strategies	5 seconds 15 seconds	1 contract 1 contract
Government of Canada Bond Futures Contracts: All expiry months and strategies	5 seconds	1 contract
S&P Canada 60 Index Futures Contracts (SXF): All expiry months All expiry months and strategies	0 second 5 seconds	100 contracts 1 contract
Options on Three-month Canadian Bankers' Acceptance Futures Contracts (OBX): All expiry months and strategies	15 seconds	1 contract
Equity options All expiry months and strategies (**under certain conditions**)	30 seconds	100 contracts
Index Options All expiry months and strategies (**under certain conditions**)	15 seconds	50 contracts
Bond Options All expiry months and strategies (**under certain conditions**)	15 seconds	50 contracts

Chronological priority of orders must be respected with regards to the posting of the originating order, when executing a cross or prearranged transaction. The trading ticket must indicate, as the case may be, if the order was executed as a cross transaction, a prearranged transaction or block trade. **It is forbidden** to use the hidden quantity functionality of the electronic trading system of the BDM to execute a cross transaction or a prearranged transaction.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

The following are the eligible securities and derivatives instruments, the relevant prescribed time delays and the minimum quantity thresholds for the execution of block trades:

Eligible Securities and Derivative Instruments	Prescribed Time Delay	Minimum Quantity Threshold
Three-month Canadian Bankers' Acceptance Futures contracts:	15 minutes	5 000 contracts
Thirty-day Overnight 'Repo' Rate Futures Contract (ONX):	15 minutes	1 000 contracts
Ten-Year Government of Canada Bond Futures Contracts (CGB):	15 minutes	1 500 contracts
Two-year Government of Canada Bond Futures Contracts (CGZ):	15 minutes	1 000 contracts
Options on Three-month Canadian Bankers' Acceptance Futures Contracts (OBX):	15 minutes	500 contracts

Error policy: A trade resulting from an input error can be cancelled by parties agreeing to it within 15 minutes following its execution. Errors are contemplated in BdM rule 6381. A standard form must be submitted to a Market Supervisor of the exchange for approval. In addition, the exchange may at any time cancel a trade if it is judged to be detrimental to the normal operation or quality of the market or in any circumstances judged appropriate by the Market Supervisor. Decisions are final and cannot be appealed.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of OSL.

For more details, see:
http://www.me.org/f_regles_en/06_en.pdf

Chicago Board Of Trade (CBOT)

The CBOT does not have specific rules relating to order routing systems; rather applicable rules depend on the ultimate destination of the routed order. Orders routed to a pit for execution are subject to open outcry rules, while orders routed to the electronic markets are subject to e-CBOT rules. The rules cited below relate to trading on the e-CBOT platform only.

Pre-execution discussions: **ARE PROHIBITED**. Pre-execution communications are communications between two market participants for the purpose of discerning interest in the execution of a transaction prior to the entry of an order on the e-CBOT platform.

Pre-execution discussions and transactions arising from such communications are PROHIBITED in all products during all hours.

Cross trades: Cross trades are authorized under certain limited circumstances: the market participant **shall only** cause to enter or knowingly enter into a transaction in which he takes the opposite side of an order entered on behalf of a customer, for its own account or for his employer's proprietary account **if the customer order** (i) has been entered immediately upon receipt **and** (ii) has first been exposed on the e-cbot platform for a minimum 5 seconds for futures and a minimum of 15 seconds for options and futures spread.

Please note that:

(a) Independently initiated orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other, such delay is not applicable whenever the orders did not involve pre-execution communications;

(b) If an order allowing price or time discretion is not entered immediately upon receipt, it may be entered as the opposite side of a transaction provided that the first side of the transaction is exposed on the e-cbot platform for a minimum of 5 seconds delay for futures and a minimum of 15 seconds delay for options and futures spread.

Note: Notwithstanding the foregoing, Otkritie Securities customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: Block trades **are not allowed** on the exchange, except for the following specific products pursuant to Regulation 331.05: 10-Year Interest Rate Swap Futures, 5-Year Interest Rate Swap Futures, 10-Year Agency Note Futures and 5-Year Agency Note Futures. For these contracts, only "Wholesale Trades" (which are the functional equivalent of block trades) are permitted subject to strict compliance with applicable rules.

Error policy: Any requests to invoke error trade policy must be made to e-CBOT Operations no more than 5 minutes after the trade occurred. Trades outside of the no bust range will be reviewed by e-CBOT Operations and may be busted by agreement of the two parties or by the exchange if no agreement is reached by the trade participants. Trades inside the no bust range will stand and cannot be busted by agreement of the parties.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of OSL.

For more details, see:
http://www.cbot.com/cbot/www/page/0,1398,14+64,00.html
http://www.cbot.com/cbot/docs/mistrade.pdf
http://www.cbot.com/cbot/www/cont_detail/0,1493,10+24+268+10717,00.html

Chicago Mercantile Exchange (CME)

The CME does not have specific rules relating to order routing systems; rather the rules depend on the ultimate destination of the routed order. Orders routed to a pit for execution are subject to open outcry rules, while orders routed to the electronic market are subject to Globex rules. **Rules cited below relate to trades executed via Globex only.**

Rule 539(C) authorizes pre-execution discussions and cross trades **under certain conditions**: 1)the customer consents to such discussions, 2)the exchange participant does not disclose to another exchange participant such discussions or attempt to take advantage of such discussions; AND 3) a period of 5 seconds elapses between the entry of the orders for futures and 15 seconds for options.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: A block trade is a privately negotiated futures or options transaction executed apart from the public auction market. A block transaction may be executed either on or off the exchange trading floor. Rule 526 governs these trades. Block trades **are permitted under certain conditions**, which are

-block trades are done for the minimum thresholds;
-block trades are done on instruments determined by the CME;
-each party to the transaction is an Eligible Contract Participant;
-the customer agrees that the trade is a block trade prior to the transaction;
-the transaction is done at a "fair and reasonable" price;
-the transaction is reported to a designated exchange official within 5 minutes of the time of execution that is to say the time that both parties agree to the block trade, (except for EuroDollar futures and options where the transaction shall be reported within 15 minutes);
-the reporting is the responsibility of the seller;
-the broker executing such transactions shall keep a record of such transactions.

Error policy: Any requests to invoke error trade policy must be made to Globex Control Center ("GCC") no more than 8 minutes after the trade occurred. Trades outside of the no bust range will be reviewed by the GCC and may be busted by agreement of the two parties or by the exchange if no agreement is reached by the trade participants. Trades inside the no bust range will stand and cannot be busted by agreement of the parties.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of OSL.

Enhanced Options System: The Enhanced Options System (EOS) **is an electronic platform for trading Eurodollar options** side-by-side with the open outcry trading session. Orders entered into the EOS are subject to all of the same requirements as an order entered for execution on the floor. If the EOS order book is empty for a particular option, a Request for Quote (RFQ) transmission must be generated before the user can place an order or quote into the order book. RFQs must always be posted prior to calling potential counterparties for pre-execution discussions about a trade. If a tentative agreement to cross is reached, a Request For Cross (RFC) message must be generated. RFCs are matched with new orders entered, thus partial fills may occur in this purpose. Customer orders must be posted first then after a defined period (5 seconds futures or 15 seconds for options), opposite side order can be posted.

For more details, see:
http://www.cmerulebook.com/cmewg/wg.dll?page&t=numerical

EUREX

Cross trades: Cross trades occur when orders and quotes related to the same contract or to a system-supported combination of contracts that can be immediately executed against each other, are knowingly entered by the exchange participant. Pre-arranged trades occur when orders and quotes related to the same contract or to a system-supported combination of contracts are immediately executed against each other with prior understanding of the parties to the trade. Paragraph 2.3 of the Conditions for Trading at Eurex Deutschland and Eurex Zurich **authorizes** cross and pre-arranged trades **under certain conditions**:

- The purchaser, prior to entering the order or quote, **enters a Cross Request**.
- The purchaser and seller enter the order or quote giving rise to the Cross Request no earlier than 5 seconds and no later than 65 seconds after such Cross Request.
- In addition, only Registered Eurex Traders can place cross trades and the order or quote must meet the minimum size thresholds: *for options*: the minimum size is equivalent to the minimum quote size of the respective contract established for Market Makers or half the intended amount detailed in the Cross Request if half the intended amount in the Cross Request is smaller than the minimum quote size established for Market Makers; and *for futures:* the minimum size is 5 contracts or half the intended amount detailed in the Cross Request if half the intended amount in the Cross Request is less than 5 contracts.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: A block trade occurs when an exchange participant agrees off-exchange with another participant on the purchase/sale of one or more products (as defined by the exchange) with the possibility to enter these transactions into the Eurex Clearing System. The exchange participant is authorized to use the Block Trade Facility of the exchange **provided that certain conditions are**

-appropriate application forms were executed with the exchange (a non-clearing member must in addition get the approval of the general clearing member);
-the number of tradable contracts is not less than the minimum number as defined by the exchange; -transactions of different customers are not aggregated unless each individual transaction meets the minimum size;
-the price of block trades meets certain criteria; and
-both parties enter into the Block Trade Facility all necessary information related to the trade.

Error policy: Error rules are product specific. Paragraph 2.6 (2) of the Conditions for Trading at Eurex Deutschland and Eurex Zurich and Implementation Regulations for the Handling of Erroneous Entries at Eurex Deutschland and Eurex Zurich relate to erroneous entries. Generally if an error is made it must satisfy two main conditions to be cancelled:

-the price input is far away from the reference price; and
-the exchange participant that input the trade notifies the exchange of the error **immediately** after the mistake. The exchange participant causing the mistake must confirm its error to Eurex by fax.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of OSL.

For more details, see:
http://www.eurexchange.com/download/trading/EUREX_Conditions_OTC_Trade.pdf
http://www.eurexchange.com/download/documents/regulations/mistrade/mistrade_en.pdf
http://www.eurexchange.com/download/documents/regulations/trading_conditions/trading_conditions_en.pdf

Euronext LIFFE

LIFFE lists a number of prohibited practices in Section 4.3 of the LIFFE rules. LIFFE Circular 04/63 “Order Routing by customers and Member Liability” sets out the good practice expected by the exchange if the member wishes to mitigate part or all of its responsibility in the event of a breach. These practices include for example providing customer with regulatory training, dissemination of rules, trading procedures & exchange notices, compliance monitoring, authorization process that includes assessment of customer competence & suitability, etc. All OSL offices are required to follow these best practices. -LIFFE Circular 99/32 and LIFFE Trading Procedure rule 3.1 deal with Responsible Persons (“RP”) and Training Requirements. All business placed on LIFFE Connect shall be placed through an Individual Trading Mnemonic (ITM). All OSL staff using the system are registered as RPs and all customers go through a OSL RP. LIFFE expects members to make use of the training units available on the LIFFE website Access to the training modules is via www.liffe.com.

Pre-execution discussions. Cross trades: This concerns the matching of buy and sell orders in the same contract, the same price and the same time with one exchange participant, with other exchange participants or with customers. Pre-negotiated matching futures and options orders **may be entered** directly on LIFFE with no restrictions, **providing** there are both buy and sell orders in the applicable contract month/strategy at the time. If there are no buy and/or sell orders, then a **Request For Quotes** (RFQ) must be submitted and a 5 seconds delay for futures, or a 10 seconds delay for all financial options and a 15 seconds delay for commodity options, must be observed following the submission of the RFQ. The matching buy and sell orders must be submitted **IMMEDIATELY** after the applicable time period.

Note: Crossing functionality will be granted on a case-by-case basis (not for AORS customers). Notwithstanding the foregoing, Otkritie Securities customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: Block trades are orders in permitted size and contracts traded outside the Central Order book. **The Block Trade Facility is available to Member firms only**. The rules are outlined in part Two, Section 1 of the Trading Procedures. Block trades **are authorized under specific circumstances:** -trades are executed at fair market value and it must be made clear to the customer that the price quoted is a block trade price and not the price prevailing in the Central Order Book; -within 3 minutes of the block trade being organized, the executing exchange participant submits details via LIFFE Connect; once the exchange is satisfied with the transaction, it will authorize or not execution of the block trade; -separate orders may not be aggregated in order to meet the minimum size threshold (for exchange permitted exceptions contact the Compliance Department). Note: Access to the Block Trade Facility will be granted on a case-by-case basis (not for AORS customers).
Error policy: Paragraph 3.6 of Part 1 of the Euronext.LIFFE trading procedures governs error correction facilities: **the exchange can make corrections** upon request by the exchange participant when the interest of the customer is respected. In addition in Part 2, Section 3 rule Lo8 states that in the event that an error is made in executing a customer order, and the correcting transaction results in a net improvement of the customer order, the net improvement must be offered to the customer (if a better price is obtained for instance, it must be offered to the customer). However, if an error is caused by an overtrade on a customer order, the buy or sell trades to correct the overtrade are for the exchange participant.

Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of OSL.

For more details, see:
http://www.liffe.com

Euronext Paris

Cross trades: Paragraph 3.4 of Part 1 and Part 2 of the Euronext.LIFFE trading procedures deal with pre-execution discussions and cross trades that are **authorized under certain conditions.** In such case, the exchange participant shall:

-*for options:* enter a **Request for Quote** for the relevant contract month or strategy; then it shall wait for 10 seconds period and then it can cross a trade; *for futures:* the waiting period is 5 seconds *for commodities options:* the waiting period is 15 seconds*.*
-respect the obligations imposed by Chapter 8 of the Rules ("Rules of Conduct"), namely: to act with due skill, care and diligence and to ensure that the interest of the customer(s) is not prejudiced; and -respect the specific rules for Euronext Paris that are listed in Annex One Part II (on page 64 of the rule) that details the acceptable price of the matching business that has to be strictly within the best bid and offer currently available in the relevant Central Order Book.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: Block trades **are authorized under certain conditions**. Part 2 section 1 of the Euronext.LIFFE trading procedures lists such conditions:

-a minimum size per contract, CAC40 Index Options (+ Trackers): limit is 10,000 lots, Individual Equities Options (except Trackers): limit is 5 000 lots; CAC40 Future: see Cross Trade rule above (1 000 lots)
-when an exchange participant enters into a block trade with or on behalf of a non-exchange participant customer, he must notify this customer that he is considered as a customer authorized to negotiate block trades;
-the transaction is done at market price; and -during opening hours of the Block Trade Facility only and exclusively on block trades contracts defined as such by the exchange.

Error policy: Paragraph 3.6 of Part 1 of the Euronext.LIFFE trading procedures concerns error correction facilities: **the exchange can make corrections** upon request by the exchange participant when the interest of the customer is respected. Paragraph 3.7 of Part 1 of the Euronext.LIFFE trading procedures concerns pre-trade correction facilities. When the exchange participant has pre-negotiated matching business for customers and expects to cross such trade yet is precluded from doing so by a change in the market price, the exchange may authorize pre-trade correction. The exchange participant shall request a correction within 10 minutes of the pre-negotiation. In addition, according to paragraph 10 of Part 2 of the Euronext. LIFFE trading procedures, **a trade can be cancelled by the exchange** if:

-the trade occurred in breach of applicable regulations;

-the trade occurred in unforeseen or exceptional circumstances; or

-the trade occurred at an aberrant price.

In one of the 3 situations listed above, only an exchange participant that is a party to the trade can issue a price-related cancellation request. The request of cancellation must be sent to the exchange within 15 minutes of the trade execution. The exchange must answer within 30 minutes after the request. The fee associated with cancellation that is charged to the exchange participant, is 250 EUR.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of OSL.

For more details, see:
http://www.monep.fr/monep1_navig_131.htm

Hong Kong Futures Exchange (HKFE)

Pre-execution discussions: There are no specific definitions or rules related to pre-execution discussions in the HKFE Rules and Regulations. However, there is a **general prohibition of pre-arranged trades** except to the extent such trades are block trades. As stated in Rule 818 – Prohibition of Pre-Arranged Trades "An exchange participant shall not execute any trade or participate in any trade through HKATS which has been pre-arranged. Notwithstanding the foregoing, an exchange participant may execute a Block Trade provided that it is executed in the manner and satisfies the criteria laid down in the Rules and Procedures prescribed by the Board from time to time".
Cross trades: There are no specific definitions or rules discussing or prohibiting cross trades in the HKFE Rules and Regulations. Cross-trades **are authorized** and if they can be considered as block trades the rules concerning block trades are thus applicable and must be respected.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: Block trade means any trade that is executed via the Block Trade Facility of the HKFE. Block trades **may be executed under certain conditions** between customer accounts, house accounts and/or registered trader accounts of an exchange participant when certain criteria (as stated in Rules 815 – Execution of Block Trades) are met, such as:

-valid block trade contracts are designated by the board of the HKFE and notified to its exchange participants from time to time;
-the transaction meets the applicable minimum volume threshold (i.e. for Stock Index Futures the minimum volume threshold is 100 contracts);
-where a block trade order involves a spread or strategy combination, at least one of the legs must satisfy the minimum volume threshold requirements; and
-the execution price is in a specific range (as defined by the HKFE), otherwise it is at a fair and reasonable price determined by the HKFE.

Error policy: Errors are not defined in the HKFE Rules and Regulations. However, Rule 819C deals with Erroneous Trades, and states that the exchange participant may take an erroneous position into its house account if it erroneously executes a customer's order and it is not possible to rectify the error in the market. The exchange participant shall do so by submitting to the exchange the form prescribed by the HKFE within 1 hour after the close of the market. In addition, Rule 819B deals with Error Trades involving trades placed on the HKATS (the automated trading system operated by HKFE) that are at a level which deviates from the price parameters established by HKFE. Any party to the trade should bring such trades to the attention of the exchange no later than 10 minutes after the time of the trade if the trade is executed through the Central Orderbook, or 30 minutes after the time of the trade if the trade is a strategy trade executed through the Bulletin Board Orderbook. Upon receipt of such notification, the exchange shall immediately broadcast an alert enabling other exchange participants to object; subsequently the trade may be corrected. This error claim procedure initiated by an exchange participant is subject to a fee. If the reporting is not done within this time frame no corrections are possible.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of OSL.

For more details, see:
http://www.tse.or.jp/english/OSE
http://www.ose.or.jp/e/index.html

IDEM

Pre-execution Discussions: Are permitted **in certain circumstances.**

Cross Trades: Are authorized, provided the price is **between the best bid price and the best ask price**.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block Trades: Only permitted if the price of contract is **within best ask price and best bid price**.

Error Trades: In certain circumstances, error trades may be cancelled by the exchange. A number of conditions have to be met, and the conditions vary by contract (i.e. different conditions for options and futures and off-market contracts). A request to cancel must be reasonable and be from the member firm, and be made as soon as possible. A monetary value is also a condition that must be met in order for the exchange to consider an error correction request. For instance, if the error trade relates to an option contract, the loss must exceed⁄25,000.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details, see:
www.consob.it/eng_index.htm
www.borsaitalia.it/en/markets/derivatives/rulesandinstructions/

MEFF

Cross trades: MEFF circular 31/02 governs pre-arranged trades. Exchange participants **can pre-arrange trades** during a market session and after trading hours **under the condition that they make a request** into the electronic trading system of the exchange and **obtain the exchange's approval before crossing trades**. The exchange will determine if the trade is acceptable or not, depending for instance on the size of the transaction and/or its price. As an example, if the trade is composed of less than 20 IBEX contracts, then the price should be inside the best bid/offer spread. For trades of 20 or more IBEX futures contracts, the price should be between the High and Low prices of the contract in the current session. For prearranged futures trades the same criteria applies. For options pre-arranged trades, request shall be introduced in the electronic trading system and acceptance of the premium by the exchange shall only occurred if it is inside of the bid/ask spread.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: MEFF circular 29/02 deals with block trades **for stock futures. There is a stock future block trade (large trade) when**:

(i) the transaction is equal or superior to 50 million EUR (in notional value),
(ii) when the number of contracts is equal or bigger than 25,000;
(iii) when the transaction is carried out for at least 80% of the notional value of one type of contract with the same maturity.
MEFF circular 07/05 deals with block trades for stock options and options on Ibex35. There is a stock option block trade (large trade) when: the transaction is of a minimum of 1000 contracts for the main shares and 250,000 EUR (in notional value) for the rest, and 250 contracts for the Ibex35 options. MEFF also requires all contracts to be registered for one account, to be either long or short. The transaction must be bilateral between two specific accounts. To this effect registration of block trades in the daily account is expressly prohibited (a daily account is an account opened at each MEFF member where trades can be temporarily input until they get definitely assigned. Daily accounts have to be empty before the market session closes). Block trades can be carried out on MEFF **pursuant to the following procedure**:

1. exchange participant involved in this trade calls the Session Supervisor at MEFF to register the trade as a block trade giving all details, and in case of a stock option block trade a quote request should be made before that, then
2. MEFF checks if the exchange participant that holds the accounts has sufficient daily trading limit and open position limit, then
3. MEFF communicates to the exchange participant whether such registration has been accepted or rejected.

Error policy: The rules regarding erroneous futures and options transactions pertaining to MEFF products are covered by MEFF circular 03/05. This circular distinguishes futures from options: -a future trade is considered erroneous if: a) For the Ibex 35 futures, its price deviates more than twice the maximum filter price (for futures it equals 10% of the applicable margin requirement) from the reference price ("RP" as defined below) or market price for that contract, or for the Ibex 35 spread the deviation is more than 12 points from the RP, or for the stock futures the deviation is more than the maximum filter price from the RP (i.e. spreads deviate more than 5 cents from RP); b) if after the resulting executions, the contract recovers the level of prices that was crossed previously to the erroneous entry and c) if the exchange participant who entered the trade claims the fact to MEFF**.** -an option trade is considered erroneous if its price deviates from the RP or the market price more than certain amount that is specific by product and expiry (i.e. for ibex 35 options it is 15% x reference price with a minimum of 6 points and a maximum of 25 points).

The RP-reference price equals the average of the prices of the transaction effected immediately before the entry of the order resulting at the erroneous trades and immediately after, once the market comes back to normality. **The procedure to correct erroneous trades** is the following:

1. If the erroneous trade affects more than 3 members, the Session Supervisor at MEFF determines the reference price as well as the trades considered erroneous;
2. MEFF informs through the electronic system about the reference price and the limit price; 3.MEFF informs the particular exchange participant about the limit price at which the trades will be restored;
4. cancellation of erroneous trades (by offsetting the initial position); and
5. new operation will be registered at the limit price.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details, see:
http://www.meff.com

New York Board of Trade (NYBOT)

Pre-Execution Discussions; NYBOT prohibits pre-execution discussions.
Cross-Trades: Independently initiated orders on opposite sides of the market for different beneficial account owners that are not immediately executable against each other may be entered without any delay provided that the orders did not involve pre-execution communications (which are prohibited).

An order allowing for price and/or time discretion, if not immediately entered upon receipt, may be knowingly entered opposite a second order entered by the same entity if the second order has been entered immediately upon receipt and has been exposed for a minimum of 5 seconds.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block Trades: A block trade is a privately negotiated futures or options transaction executed apart from the public auction market. Rule 4.31 governs these trades. Block trades **are permitted under certain conditions**, which are in particular:

- block trades are done for the minimum thresholds and are only permitted during open outcry trading hours;
- block trades are done on instruments determined by the NYBOT (Russell Complex and NYSE Composite Index futures);
- each party to the transaction is an Eligible Contract Participant; -the customer agrees that the trade is a block trade prior to the transaction and the order must state that it is to be or may be executed by means of a block trade; -the transaction is done at a "fair and reasonable" price (and cannot be outside of the No Cancellation Range as per Chapter 27);
- the transaction may only be reported by a Clearing Member to a designated exchange official and must be reported within 5 minutes of the trade; -the broker executing such transactions shall keep a record of such transactions.

Error Policy: The NYBOT has the right to unilaterally cancel any trade executed in error even if there has been no request from a user in the interest of maintaining a fair and orderly market. There is a defined no-cancellation range for each contract. Trades executed within this price range will not, under normal circumstances, be cancelled. Market users have 5 minutes from the time of the original trade to notify the Exchange of an error.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details, see:
www.nybot.com

New York Mercantile Exchange (NYMEX) (Products traded on Globex)

Pre-Execution Discussions. Cross Trades:

Rule 11 G. 19 authorizes pre-execution discussions and cross trades **under certain conditions**: -the customer consents to such discussions, -the exchange participant does not disclose to another exchange participant such discussions or attempt to take advantage of such discussions; AND -a period of 5 seconds elapses between the entry of the orders for futures and 15 seconds for options.

Note: Notwithstanding the foregoing, Otkritie Securities customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block Trades: A block trade is a privately negotiated futures or options transaction executed apart from the public auction market. Block trades **are permitted under certain conditions**, which are in particular:

-block trades are done for the minimum thresholds;
-block trades are done on instruments determined by the NYMEX;
-each party to the transaction is an Eligible Contract Participant; -the customer agrees that the trade is a block trade prior to the transaction; -the transaction is done at a "fair and reasonable" price;
-the transaction is reported to a designated exchange official within 5 minutes of the time of execution; -the broker executing such transactions shall keep a record of such transactions.

Error Policy:

Any requests to invoke error trade policy must be made to the Globex Control Center ("GCC") no more than 8 minutes after the trade occurred. Trades outside of the no bust range will be reviewed by the GCC and may be busted by agreement of the two parties or by the exchange if no agreement is reached by the trade participants. Trades inside the no bust range will stand and cannot be busted by agreement of the parties.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details, see:
www.nymex.com

Osaka Securities Exchange (OSE)/Tokyo Stock Exchange (TSE)

Pre-execution discussions: There are no specific definitions or rules related to pre-execution discussions in the OSE/TSE Rules and Regulations.
Cross trades: There are no specific definitions or rules discussing or prohibiting cross trades in the OSE/TSE Rules and Regulations.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: Block trade means any trade that is executed via the Block Trade Facility of the OSE. Block trades **may be executed under certain conditions** between customer accounts, house accounts and/or registered trader accounts of an exchange participant when certain criteria are met, such as:

-valid block trade contracts are designated by the board of the OSE/TSE and notified to its exchange participants from time to time; -the transaction meets the applicable minimum volume threshold (i.e. for OSE Nikkei 225 Index Futures the minimum volume threshold is 100 contracts); -the execution price is in a specific range (as defined by the OSE/TSE), otherwise it is at a fair and reasonable price determined by the OSE/TSE.

Error policy: Errors are not defined in the OSE/TSE Rules and Regulations.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details, see:
http://www.ose.com
http://www.tse.com

Singapore Exchange (SGX)

Pre-execution discussions, Electronic Trade Rules: SGX Futures Trading Rule 3.4.7, Disclosing Orders Prohibited.

Under Rule 3.4.7, a Member, approved Trader or Registered Representative shall not disclose an order to any person, except to the following for official purposes:

(a) an officer of the Exchange;
(b) an employee or agent of the Member for the purpose of executing the order;
(c) the Member's sponsoring Clearing Member for the purpose of clearing the order; or
(d) such other persons as required by law.

SGX Futures Trading Rule 4.1.13, **pre-arranged trades are prohibited**. Under Rule 4.1.13, a Member or Approved Trader shall not make any purchase or sale which has been pre-arranged except for:

(a) an exchange of Underlying for Futures Contracts; or
(b) a Negotiated Large Trade

For the avoidance of doubt, a request for a quote from a designated market maker approved by the Exchange does not constitute a pre-arranged trade.

Cross trades, Electronic Trade Rules: Under SGX Futures Trading Rule 4.1.10 (See Practice Note 4.1.10), Under SGX Cross Trade Rule 4.1.10 A Member of Approved trader who knowingly receives buy and sell orders from different Customers at the same time and price, for the same Contract Month of the same Contract, shall first expose the leg which is better bid or offer than the prevailing bid or offer in the Quest. If there is no prevailing bid or offer, the Member or Approved Trader shall expose the leg which has the better price than the last traded price, or if there is no last traded price, the last settlement price. This rule does not apply if the orders were entered by:

(a) different Approved Traders on behalf of different Customers; or
(b) different Customers directly into Quest and the Member or its Approved Trader does not know or have access to that Customer's order flow information.

However, if the Exchange suspects that a cross trade was pre-arranged in either one of the above circumstances in contravention of Rule 4.1.13, the onus is on the Member or the Approved Trader to show otherwise.

Under SGX Cross Trade Practice Note 4.1.10

In normal circumstances, the Exchange would consider that a cross trade was not prearranged if there is a time lag of ten (10) seconds between the order entry of the first and second legs of the orders. However, if the time lag is less than ten (10 seconds, or the Exchange nevertheless suspects a cross trade was pre-arranged, the Member or the Approved Trader would have to satisfy the Exchange otherwise.

For examples on the application of Rule 4.1.10, please refer to the SGX Practice Note 4.1.10 itself.

Note: OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Error policy: Under Regulatory Notice 4.1.8 (A) SGX-DT Market Error Trade Policy, an error trade occurs when a transaction is effected on QUEST as a result of an error in the entry of a bid or offer that was subsequently matched.

Error trade price adjustments will apply to Futures and certain designated Option Contracts, but will not apply to:

(a) transactions in listed strategies
(b) trades involving implied orders as a result of strategy matching; and
(c) non designated Option Contracts

For such transactions, trade cancellation upon agreement of the relevant counterparties will continue to apply. In all cases, the Exchange retains the discretion to adjust and cancel trades in the interest of the market.

For further details on the SGX error trade policy, please refer to SGX Circular No. DT/AM –68 of 2007.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL

For more details on the above and on other prohibited trading practices e.g. no buying and selling for same principals at the same time and price, no pre-arranged trades, no overtrading by a corporate direct access member, no manipulation of market or false **please familiarize and see:**

http://info.sgx.com/SGXRuleb.nsf/07f2d82432d99f50482571f80013253c/6696f83113906769482571ee0030d330?OpenDocument

Sydney Futures Exchange (SFE)

Pre-negotiated discussions: Operating Rule 3.3 details the requirements regarding pre-negotiated trades. **Classes of contracts where the volume exceeds the minimum volume threshold (currently 1 lot for all contracts) can be traded as pre-negotiated business**. In this case, prior to entering pre-negotiated orders, the exchange participant holding the originating customer order must make an enquiry to the market via the Request for Quote ("RFQ") Facility or via the Message Facility if the RFQ is not available. Then the exchange participant must wait for the prescribed period (refer to the table below), before the order is entered for execution.

After Prescribed period has elapsed, the orders must be entered immediately, which is interpreted by the SFE to be within 90 seconds. In addition, the rule allows the exchange participant to withhold transmission of orders to solicit counterparties, to disclose details of customer instructions and to aggregate orders and subsequently to execute a cross trade.

Trade Type	Futures	Strip Futures	Quarterly Option	Serial Options	Intra-Day Options	Strip Options	Custom Market
90 Day Bank Accepted Bills 3 Year and 10 Year Bond Contract	N/A	N/A	10 sec	10 sec	N/A	N/A	30 sec
10 Year & 3 Year Interest Rate Swap Futures Swap Futures Inter-Commodity Spreads	10 sec	N/A	N/A	N/A	N/A	N/A	N/A
NZSX 15 Index Futures Contract ("The ZIF")	10 sec	N/A	N/A	N/A	N/A	N/A	30 sec
NZFOX Equity Options Contract	N/A	N/A	10 sec	N/A	N/A	N/A	30 sec
NZ 90 Day Bank Bills NZ 3 Year & 10 Year Government Stock	N/A	N/A	10 sec	N/A	N/A	N/A	30 sec
SFE SPI 200 Index Contract	N/A	N/A	10 sec	10 sec	10 sec	N/A	30 sec
MLA/SFE Cattle Futures	120 sec	N/A	N/A	N/A	N/A	N/A	120 sec
SFE Wool	120 sec	N/A	120	120 sec	120 sec	N/A	120
D-Cypha Australian Electricity (Min threshold is 5 lots)	120sec	120 sec	120 sec	120 sec	N/A	120sec	120 sec
SFE Listed Property Trust Individual Share Futures	10 sec	N/A	N/A	N/A	N/A	N/A	30 sec

Expressions of interests ("EOI") (Operating rule 3.1.1). EOI is intended to provide for the situation where a market is not available (on the screen) for a particular product, so this cannot be pre-negotiated. The EOI, once received from the client should be broadcasted to the entire market via the Trading Platform either through the Request for Quote (for a single contract or option strike) or through the Message facility (for multi-legged strategy). The EOI becomes an order when the customer confirms trading based on responses to the EOI

Cross trades: Operating Rule 3.1.14 states that an exchange participant must not execute or attempt to execute trades with the intent to exclude other participants or their representatives. Exchange participants who have in hand at the same time both buying and selling orders from different accounts for the same contract and delivery month, may enter such orders to execute a cross trade provided that all such orders are entered in the strict order in which they are received and neither order is withheld in order to cross with the other. In general, an exchange participant must not mass release orders with the intent to cross trades and thus disadvantage other participants, release local strategies with the intent to cross, accept orders with an intent to exclude market participation, withholding, cross via two separate workstations or interfaces.

Wash trades: Operating Rule 3.1.15 states that an exchange participant must not allow trades to occur such that both sides of the trade are on behalf of the same account. Exchange participants are prohibited from entering into transactions which are fictitious to the extent that both sides are on behalf of the same beneficial party.

Note: Notwithstanding the foregoing, Otkritie Securities customers should never enter cross trades or wash trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: The Block Trade Facility ("BTF") is an "off-market" trading mechanism available for certain SFE products. It permits exchange participants to arrange and execute nominally large transactions on behalf of their customers via a facility that is separated from the electronic exchange market.

Under Operating Rule 3.4 block trades **are authorized under certain conditions** and especially: the initiating participant must advise the exchange of the agreed terms of the block trade order via the Message Facility, or via such other means as determined by the exchange within 5 minutes of the time of the trade and then each participant must send a block trade registration form with 5 minutes of the time the message was sent.

This rule also explains what is and is not permissible while using the facility such as: you cannot aggregate separate orders to meet the minimum threshold but can do so where each order is equal to or above the threshold; you want to respect the minimum trading increment, you can solicit counterparties, withhold transmission of instructions in order to solicit counterparties, disclose details of the customers' instructions (as authorized by the customer).

Error policy: An Error Trade is when a trade has been executed in error and the trader wishes to cancel the trade. Operating Rule 1.13 details the exchange's treatment of Error Trades. In summary, a trading error must be reported to the Trading Manager of the SFE, within 5 minutes of the trade being effected unless extenuating circumstances exist for the trade to be eligible for cancellation. All cancellations are subject to an administrative fee. If the error is within the Market Integrity Range, the error will be cancelled.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details, see:

http://www.sfe.com.au

Taiwan Futures Exchange (TAIFEX)

Pre-execution discussions: There are no specific definitions or rules related to pre-execution discussions in the TAIFEX Rules and Regulations.

Cross trades: Cross trades is **not allowed** on the exchange.

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades or wash trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: Block trades **are not allowed** on the exchange.

Error policy: Any error trades shall be correct immediately when occurred and report to TAIFEXT Trading Department via TAIFEX Electronic Report Facility no later than 2:15PM of that day. If the error trade be aware after market closed, FCM have to correct it no later than next trading date market closed and report to TAIFEX via TAIFEX Electronic Report Facility no later than 2:15PM of that day. Any block error trades which means one investor error trading on options over 160 lots or on futures over 40 lots or error loss over NTD$0.8Million of that day, FCM have to inform TAIFEX trading dept via phone first as soon possible. After correction, not only report TAIFEX via TAIFEX Electronic Report Facility no later than 2:15PM of that day but also submit an error trade report which attached some required documents to TAIFEX no later than 5:00 PM of next trading day.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL. Unless the error trades be occurred is regarding the e-trading system problem, TAIFEX do not accept any error trades as customers have to take care the risk by themselves prior to placing orders.

For more details, see:
http://eng.selaw.com.tw/
http://www.taifex.com.tw/eng/eng_home.htm
http://www.sfb.gov.tw/ensfcindex.asp

Winnipeg Commodity Exchange

Pre-execution discussions, Trading against Customer Orders: Pre-execution communications are communications between two market participants for the purpose of discerning interest in the execution of a transaction prior to the entry of an order on the Trading System. **Pre-execution communications are not permitted and will be treated as pre-arranged trading and subject to disciplinary action.**

Trading Against Costumer Orders: During a trading session, a Participant or Registered User shall not knowingly cause to be entered or knowingly enter into a transaction in which he takes the opposite side of an order entered on behalf of a customer, for the Participant's or the Registered User's own account or his employer's proprietary account unless the customer order has been entered immediately upon receipt and has first been exposed on the system for a **minimum 5 seconds** for outright futures contracts and a **minimum of 15 seconds** for strategies and options contracts. Such transactions that are unknowingly consummated shall not be considered to have violated this rule.

Cross trades:
Independently initiated orders on opposite sides of the market for **different beneficial account owners** that are immediately executable against each other may be entered without delay **provided that the orders did not involve pre-execution communications.**
Opposite orders for different beneficial accounts that are simultaneously placed by a party with discretion over both accounts may be entered provided that one order is exposed on the electronic platform for **a minimum of 5 seconds for outright futures contracts and a minimum of 15 seconds for strategies and options contracts.**
An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order entered by the same firm only if the second order has been entered immediately upon receipt and has been exposed on the Trading System for a **minimum of 5 seconds for outright contracts and a minimum of 15 seconds for strategies and options contracts.**

Note: Notwithstanding the foregoing, OSL customers should never enter cross trades for their own transactions where accounts they own or control are buying and selling to each other.

Block trades: Block trades **are not allowed** on the exchange.
Error policy: A trading error shall, for all transactions, be corrected by reporting same on the designated form, and complying in all respects with the Error Trade Policy. Participants must be able to substantiate that the Error Correction was correcting a bona fide error in the execution of a transaction. If a Participant believes that he executed a trade through the Trading System at a price that was in error, he must contact Market Operations at (312) 347-4600 without delay. If Market Operations is not notified within **five minutes** of the execution time of the asserted error trade, the trade will stand. A third party, or Market Operations or the exchange, may also call a trade into question within five minutes of the execution. Trades called into question within five minutes will be evaluated in accordance with sections 2 and 3 of this policy. However, Market Operations has the authority, but not the obligation, to consider trades reported after the five minute deadline provided the trade price in question is grossly (i.e. multiple points) out of line with the last trade price or alternatively determined fair value of the respective contract. Trades resulting from quantity errors generally will not be called into question.

Note: Notwithstanding the foregoing, OSL customers should immediately bring possible error trades to the attention of the personnel of OSL.

For more details see:

www.wce.ca