

BPX Markets Limited Members Rulebook

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Glossary

Where UK legislative or regulatory references are used in these Rules, this should be read as referring to the law or regulation in force from time to time.

Term	Meaning
Admission	The admission of financial instruments to trading on BPX MTF or the acceptance of an Applicant by BPX as a Member, as the context requires.
Applicable Law	All applicable laws, rules, regulations, regulatory requirements (including any guidance, order or other directions of a regulatory authority), market rules and/or market conventions, and all judgments, orders, instructions or awards of any court or Competent Authority, including FCA Rules and UK MAR.
Applicant	An entity applying (or proposing to apply) to BPX to become a Member or an Issuer as the context applies.
BPX	BPX Markets Limited.
BPX Issuers Rulebook	The Issuers Rulebook issued by BPX, as amended from time to time.
BPX Members Rulebook	The BPX Members Rulebook issued by BPX, as amended from time to time.
BPX MTF	The Multilateral Trading Facility (MTF) operated by BPX.
BPX Trading Services Description	A document published by BPX which provides further information on the trading services of BPX MTF.
Business Day	A day on which banks are open for general business in London.
Calendar Day	A day which includes all days – weekdays, weekends and bank holidays in contrast to Business Days.
Cash Settlement Amount	The cash amount determined by BPX to settle a Trade that has otherwise failed to settle.
Cash Settlement Notice	An instruction issued by BPX which sets out the cash settlement amount that a Defaulting Member must pay to the Counterparty of the applicable trade.
CJA	The UK Criminal Justice Act 1993.
Competent Authority	The designated governmental or regulatory body responsible for the supervision and regulatory oversight of the Member and/or BPX having jurisdiction over the matters covered by the Member Agreement and/or the BPX Members Rulebook.

Counterparty	The person(s) who contracts as a principal with the Defaulting Member in respect of an Unsettled Market Contract whether directly or through the agency of a Member and/or a third party.
Debt Instruments	Instruments where the issuer is obliged to pay a pre-agreed redemption amount at a fixed date in the future. Such instruments may also require the issuer to pay interest at specified dates. Such instruments may be secured against an underlying asset.
Default Rules	The rules described in Section 9 of these Rules.
Eligibility Criteria	The criteria for eligibility to become a Member of BPX MTF.
Erroneous Order	An Order submitted to, or executed on, BPX MTF in error as to price, quantity, currency, side, symbol or any other matter determined by BPX.
FCA	The UK Financial Conduct Authority and/or any successor regulatory body.
FCA Handbook	The handbook of rules and guides and glossary of terms published by the FCA as amended from time to time.
FCA Rules	The rules set out in the FCA Handbook as amended from time to time.
Fee Tariff	The document specifying the Member fees which is available on the BPX website.
Financial Instrument	A financial instrument which has been admitted to trading on BPX MTF, in accordance with the BPX Issuers Rulebook.
FSMA	The Financial Services and Markets Act 2000 of the United Kingdom as amended from time to time.
Market Notice	Any notice published or disseminated by BPX from time to time.
Market Regulation	The team at BPX which operates BPX MTF and is responsible for the admission of Issuers and Members to BPX MTF, and which oversees and regulates all activity undertaken on BPX MTF.
Member	A user of BPX MTF who has been admitted to BPX MTF in accordance with the BPX Members Rulebook.
Member Agreement	The relevant agreement in force between BPX and the Member.
Order	An order to buy or sell a Financial Instrument.
Order Book	The facility operated by BPX MTF for each Financial Instrument for the submission, publication and matching of Orders.

PTM Levy	The levy determined by and payable to the Panel on Takeovers and Mergers.
Regulatory Suspension of Trading	A suspension of trading in a Financial Instrument imposed by the FCA.
Rules	The BPX Issuers Rulebook and the BPX Members Rulebook.
Settlement Direction Instruction	An instruction issued by BPX to a Defaulting Member to fulfil its obligation to settle a trade.
Settlement Direction Notice	A notice issued by BPX to a Defaulting Member notifying the Defaulting Member that BPX intends to issue a Settlement Direction Instruction.
Standard Settlement	The standard settlement cycle of the settlement system on which the Trade is settled.
Trade	A binding contract formed as a result of the Order matching process performed by BPX MTF.
UK MAR	The UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as applied in the UK.

1. General Provisions

1.1 Enforceability of the Rules

If any provision of these Rules is held by any Competent Authority to be invalid or unenforceable in whole or in part, the validity of all other Rules (and, if applicable, the remainder of the Rule in question) shall not be affected.

1.2 Purpose and Scope

- (1) BPX must ensure that business conducted by means of its facilities is conducted in an orderly manner and to afford proper protection to investors.
- (2) BPX must ensure that it has transparent and non-discretionary rules and procedures to provide for fair and orderly trading and to establish objective criteria for the efficient execution of Orders.
- (3) The purpose of these Rules is to establish the framework for the operation of BPX MTF and to govern access to, and use of, BPX MTF by its Members and the conduct expected from them.
- (4) The BPX Members Rulebook applies to all Members of BPX MTF.

1.3 Market data

- (1) BPX owns all rights, title and interest, database rights and trade secret rights in and to all data and other information contained in, displayed on, generated by or derived from BPX and BPX MTF, including prices and volumes of orders and trades, subject to each Member's rights to its own data as set out in the BPX Market Data Licence Agreement.
- (2) Members shall not distribute, sell or retransmit market data or other information obtained from BPX.
- (3) BPX may establish utilisation fees in respect of BPX MTF market data.
- (4) BPX will make BPX MTF market data and other information it deems appropriate available to Members and other persons at such times and in such manner (whether through BPX, a ticker, financial information services or otherwise) as it may consider necessary or advisable (e.g. to enable BPX to comply with its obligations under Applicable Law or otherwise) from time to time. Each Member or other person receiving any such information through BPX may redistribute such information only to such extent and in such manner as may be permitted by BPX from time to time.
- (5) The terms relating to the licensing of the rights to BPX data including those above are in summary and are more completely detailed as per the BPX Market Data Licence Agreement.

1.4 Amendment of these Rules

- (1) BPX may, in its discretion, amend the Rules.
- (2) All amendments will be notified to Members by Market Notice as soon as practicable together with an effective date for change.

1.5 Complaints by Members

If a Member has a complaint about BPX, or another Member's conduct in using BPX MTF, then the complaint should be made in writing (including by email) and addressed to either:

BPX Markets Limited
33 Cavendish Square,
14th Floor, London,
United Kingdom,
W1G 0PW

complaints@bpx.exchange

2. Principles for Members

Summary

The Principles for Members set out the fundamental obligations of Members in relation to BPX MTF. These are described below.

Principle 1: Due skill, care and diligence

A Member must act with due skill, care and diligence when using the facilities of BPX MTF.

Principle 2: Integrity

A Member must act with integrity in respect of its activities in relation to BPX MTF.

Principle 3: Market conduct

A Member must act in such a way so as to ensure the integrity of BPX MTF and must act in accordance with acceptable market practices. In particular, a Member must not engage or attempt to engage in any behaviour contrary to this principle, including behaviour which:

- (1) creates or is likely to create false or misleading signals as to the supply of, demand for, or price of a Financial Instrument, including by submitting inaccurate, false or fictitious Orders;
- (2) secures or is likely to secure a Trade in a Financial Instrument at an abnormal or artificial level;
- (3) uses deception or contrivance in order to affect the price of one or more Financial Instruments;
- (4) constitutes or is likely to constitute a deliberate breach of these Rules or cause another Member to breach these Rules; and/or UK MAR or any other applicable regulatory requirement;
- (5) would otherwise constitute an illegal or improper use of BPX MTF; and/or
- (6) damages or is likely to damage the integrity or reputation of BPX MTF or affects or is likely to affect orderly trading on BPX MTF, for example by entering a short position in respect of Financial Instruments without having a viable settlement plan.

Principle 4: Compliance with regulatory obligations

A Member must at all times act in a manner that is compliant with its regulatory obligations (including its obligations to act in the best interests of its clients), whether imposed by the FCA or any other Competent Authority.

Principle 5: Acting in an open and co-operative manner

A Member must at all times deal with BPX, the FCA or any other Competent Authority and any other body with oversight of the Member in an open and co-operative manner and disclose to such parties anything of which the relevant party could reasonably expect notice.

3. Admission of Members

3.1 Member Eligibility Criteria

- (1) Members must meet the Eligibility Criteria set out in these Rules at the time of Admission and on an ongoing basis.
- (2) To satisfy the Eligibility Criteria Members must:
 - (a) be an investment firm which has permission under Part 4A of FSMA to carry out a regulated activity, which is an investment service activity; or a credit institution that has permission under Part 4A of FSMA to carry out the regulated activity of accepting deposits; or otherwise be suitably authorised by the FCA, and if applicable, the PRA;
 - (b) can demonstrate to the satisfaction of BPX that it:
 - (i) is of sufficiently good repute;
 - (ii) has a sufficient level of trading ability, competence, and experience;
 - (iii) has, where applicable, adequate organisational arrangements; and
 - (iv) has sufficient resources for the role it is to perform. BPX must be satisfied that the Applicant has or will have sufficiently completed all relevant technical and functional conformance testing prior to conducting business on BPX MTF.
- (3) have adequate organisational arrangements with respect to its activity on BPX MTF, including (inter alia) systems and controls appropriate to the scale, nature and complexity of its business to prevent the submission of Erroneous Orders to BPX MTF and to ensure that their conduct on the MTF is, at all times compliant with these Rules and Applicable Law.

3.2 Application Procedure

To become a Member of BPX MTF, the Applicant must complete and submit an application form and provide any additional information and documentation that BPX deems necessary to assess the Applicant's suitability for membership. The approval for membership is at the sole discretion of BPX.

3.3 Member responsibilities

- (1) Members must, as may be necessary and applicable in relation to their specific usage of BPX MTF, on an ongoing basis:

- (a) meet any technical specifications required by BPX to access and use BPX MTF;
 - (b) carry out appropriate conformance and controls testing prior to accessing BPX MTF, and also when a change is made by the Member or BPX regarding their respective trading systems. BPX offers Members a separate connection to a test environment to facilitate such testing;
 - (c) ensure that any person submitting Orders on behalf of the Member:
 - (i) has the necessary authority, knowledge and competency to do so;
 - (ii) is provided with adequate training regarding their access and use of BPX MTF in accordance with these Rules and all Applicable Law; and
 - (iii) is subject to adequate supervision and monitoring when using BPX MTF;
 - (d) comply with and observe:
 - (i) these Rules and any decision made by BPX pursuant to these Rules;
 - (ii) any Rules and procedures set out in any supplementary documentation issued by BPX under these Rules;
 - (iii) the provisions of any Market Notice; and
 - (iv) any other requirement, decision, or direction of BPX; and
 - (v) deal with BPX and any Competent Authority in an open and co-operative way in all matters relating to their activity on BPX MTF.
 - (e) have sufficient resources suitable to ensure settlement of trades agreed on BPX MTF;
 - (f) keep up to date any static data held by BPX about the Member; and
 - (g) where applicable, ensure that it holds an ISO 17442 Legal Entity Identifier code at all times.
- (2) BPX has the right to ask for such reasonable information as it deems fit from Members at any time in order to assess a Member's compliance with these Rules, or which BPX may require for the purpose of compliance with Applicable Law, which may include requesting information about a Member's organisational arrangements and trading controls. Members shall provide BPX with complete and accurate information as soon as reasonably practicable and, in any event, within such timelines as BPX may require in order to comply with its obligations under Applicable Law.

3.4 Notification requirements

- (1) Members must notify BPX as soon as reasonably practical but no later than five (5) Business Days upon becoming aware of:
 - (a) a change in the Member's name, contact details, business and/or registered address or legal status and, at least five (5) Business Days in advance of any change taking effect;
 - (b) any change to, or error in, any of the Member data held by BPX;
 - (c) a breach of these Rules;
 - (d) a material event that impacts the Member such as enforcement action by a Competent Authority or litigation to the extent that it may affect the ability of the Member to comply with these Rules;
 - (e) a change of control (as such term is defined in FSMA) of the Member;

- (f) any other event or matter of which BPX would reasonably expect to be notified.
- (2) Members must notify BPX immediately upon becoming aware of the occurrence of:
 - (a) significant financial difficulties which may threaten the continued viability of the Member or the Member's group;
 - (b) a change in the Member's ability to meet the Eligibility Criteria;
 - (c) a loss of connectivity, or other technical issues which might affect the Member's ability to comply with these Rules.

3.5 Charges and fees

- (1) Members are required to pay fees specified in the Fee Tariff, the Member Agreement and/or the BPX Members Rulebook as applicable.
- (2) It is the Member's responsibility to determine and pay any amount that it is liable to pay under the PTM Levy by it or its clients to the Panel on Takeovers and Mergers in relation to Trades undertaken on BPX MTF.
- (3) The Member is solely responsible for the payment of any taxes, charges or other levies arising in connection with their trading activity on BPX MTF.

3.6 Suspension and termination of participation

- (1) BPX may, at its discretion, suspend, limit or terminate Admission of a Member and/or the Member's access to BPX MTF:
 - (a) where the Member ceases to meet the Eligibility Criteria;
 - (b) where the Member breaches these Rules and/or any requirement of BPX MTF membership;
 - (c) in circumstances where BPX reasonably considers such suspension or termination necessary (including where BPX has reasonable grounds to believe that the Member is involved in suspicious trading activity) to ensure fair and orderly trading on BPX MTF or to comply with its obligations under Applicable Law;
 - (d) where required to do so pursuant to Applicable Law or on the request of a relevant Competent Authority;
 - (e) in the circumstances set out in the Member Agreement; or
 - (f) In the event of an emergency or force majeure.
- (2) BPX will notify a Member in writing, as soon as practically possible, of any action taken under these Rules.
- (3) A Member must lodge any appeal of a decision made by BPX under this Rule 3.6 within 10 Business Days of being notified.
- (4) BPX may, at its discretion, reinstate a Member following suspension or their limitation of access under these Rules and may make such reinstatement subject to conditions or restrictions on participation as BPX, at its discretion, deems appropriate.
- (5) A Member may resign its membership of BPX MTF by giving at least 30 Calendar Days' notice.
- (6) BPX may, at its discretion:
 - (a) waive some or all the notice period; or

- (b) impose conditions or restrictions, including requiring a longer notice period, on the termination of the Member to the extent that such conditions or restrictions are necessary to ensure the integrity of BPX MTF, fair and orderly trading and/or the Member's proper discharge of their continuing obligations.
- (7) A Member must provide BPX with any information concerning the circumstances of its resignation which is determined by BPX to be necessary.
- (8) BPX may, at its discretion, refuse to accept a notice of resignation given by a Member, or reject such a notice after it has been given but before it takes effect, if such action is considered necessary to safeguard the orderly operation of BPX MTF.
- (9) Unless the provisions of Rule 3.6(10) apply, a Member shall remain subject to these Rules until 12 months after the latest of the date on which:
 - (a) it ceases to be a Member;
 - (b) all trades are settled and completed; and
 - (c) any outstanding fees and charges have been settled.
- (10) Where BPX is undertaking an investigation or disciplinary procedures in relation to the conduct of a Member under these Rules, and such investigation or disciplinary proceedings are ongoing after 12 months following the latest date set out in Rule 3.6(9), a Member's obligations under these Rules will continue until such investigation or disciplinary procedures are complete

3.7 Confidentiality

BPX will treat as confidential any information received from Members in relation to their activity on BPX MTF except where:

- (1) the information is publicly available;
- (2) disclosure is required by Applicable Law or any regulatory authority (including but not limited to a Competent Authority);
- (3) disclosure is made in the interests of co-operation with any regulatory investigation conducted by a Competent Authority, subject to Applicable Law;
- (4) disclosure is expressly permitted by Applicable Law; or
- (5) the Member to whom the confidential information relates has consented to the disclosure in writing.

3.8 Prohibited practices

- (1) Members must not, in respect of any of their business on BPX MTF:
 - (a) commit any act or engage in any course of conduct which creates or is likely to create a false or misleading impression as to the market in, or the price of, any Financial Instrument;
 - (b) commit any act or engage in any course of conduct which is likely to harm the integrity of BPX MTF;
 - (c) commit any act or engage in any course of conduct which will or is likely to bring BPX into disrepute;
 - (d) commit, or attempt, any act or engage in any course of conduct, which constitutes or is likely to constitute market abuse under UK MAR;

- (e) breach these Rules or cause or contribute to a breach of these Rules by any other Member; and/or
 - (f) place any Orders on the Order Book for the purpose of testing their systems.
- (2) BPX may take disciplinary action under these Rules in relation to a Member's conduct which in the opinion of BPX falls within that described herein.

3.9 Disclosure by Members

- (1) Members must provide all reasonable assistance to BPX for the purpose of investigating compliance with these Rules, which may include giving BPX access to information, documents in a format specified by BPX and individuals reasonably within the control of the Member.
- (2) The level of co-operation afforded by a Member under these Rules will be considered by BPX in determining any sanction applied against a Member under these Rules.

4. Admission and removal of Financial Instruments

BPX will communicate changes to the Financial Instruments admitted to trading to BPX MTF in a timely manner by Market Notice. A full list of Financial Instruments admitted to trading on BPX MTF is published on the BPX website.

5. Trading Rules

5.1 Trading calendar and hours of operation

- (1) The hours of operation of BPX MTF are specified in the BPX Trading Services Description.
- (2) The BPX trading calendar is published on the BPX website.
- (3) BPX will announce any change to the trading calendar or hours of operation of BPX MTF by Market Notice.

5.2 Order Submission

- (1) Each Order submitted to BPX MTF is firm.
- (2) Members are responsible for all obligations arising from the entry, deletion and execution of an Order submitted to BPX MTF by the Member.
- (3) Members agree and acknowledge that they:
 - (a) shall only permit access to BPX MTF to individuals that have been authorised by the Member to access and use the MTF on the Member's behalf;
 - (b) shall permit access to information about the Member's activity on BPX MTF only by those of its employees, affiliates, clients or agents that have been authorised by the Member for performing related support functions and that are using that information solely for such purposes;
 - (c) are required to have adequate systems and effective controls, including order management systems, to comply with these Rules, prevent disorderly trading, and prevent conduct that may involve market abuse; and/or
 - (d) must not permit any third party to access BPX MTF using log in credentials belonging to the Member.
- (4) BPX does not permit high frequency trading as defined in the FCA Handbook. BPX has the right to cancel any Orders, and any resulting Trades, which it reasonably believes have been entered into BPX MTF using a high frequency trading system.
- (5) BPX does not support direct electronic access as defined in the FCA Handbook.

5.3 Suspension and removal of a Financial Instrument from trading

- (1) BPX will comply with any instruction made by a Competent Authority to suspend or remove a Financial Instrument from trading.
- (2) Members must not execute, or attempt to execute, a Trade when they know, or can reasonably be expected to know, that the relevant Financial Instrument is subject to a Regulatory Suspension of Trading regardless of the state of the Order Book for that Financial Instrument. BPX may cancel any Trade that has been executed in a Financial Instrument that is subject to Regulatory Suspension of Trading.
- (3) BPX reserves the right to suspend or remove from trading, on its own initiative, a Financial Instrument admitted to BPX MTF, unless such suspension or removal would be likely to cause significant damage to the interests of investors or the orderly functioning of the market.
- (4) BPX may temporarily halt trading of a Financial Instrument if it is subject to a significant price movement during a short period. Where BPX considers it appropriate, it may cancel any Trade.

5.4 Order cancellation

- (1) Any open Order, or the residual balance of a partially filled open Order, may be cancelled by the Member. If the Member is unable to cancel the Order, for example, due to a technical issue, an authorised user of the Member may request its cancellation by contacting Market Regulation at regulation@bpx.exchange.
- (2) Market Regulation will use its reasonable endeavours to cancel an Order as soon as possible after receipt of a valid request to do so. However, if an Order is executed during the period between a Member requesting its deletion and Market Regulation effecting the deletion, the Member is obliged to honour the resulting Trade.
- (3) BPX has the discretion to cancel an Order where it considers it necessary to maintain the integrity of BPX MTF or the fair and orderly trading on BPX MTF.

Guidance

If an Order appears to be erroneous in the opinion of BPX, BPX may contact the relevant Member to ensure the validity of the Order.

Criteria used in determining whether an Order is erroneous include, but are not limited to, the size of the Order and whether the Order could adversely impact the integrity of the market or the fair and orderly trading on BPX MTF.

5.5 Trade cancellation

- (1) A Member may request that BPX cancel a Trade to which it is a party. Any such request must be made as soon as possible and no later 16.45 UK time on the day that the Trade was executed.
- (2) BPX will only cancel a Trade based on a Member request where it considers that the integrity and fair and orderly trading of BPX MTF may be, impacted by the Trade.
- (3) BPX has discretion to cancel a Trade regardless of whether or not a Member request has been received where it considers it necessary to maintain the integrity of BPX MTF or the fair and orderly trading on BPX MTF.

5.6 Suspension of Trading

BPX may suspend or halt trading on BPX MTF, or in an individual Financial Instrument, if:

- (1) it considers this necessary to maintain the integrity of BPX MTF or the fair and orderly trading on BPX MTF; or
- (2) where BPX is required to do so pursuant to Applicable Law or the request or direction of a relevant Competent Authority; or
- (3) the Issuer of the respective Financial Instrument fails to meet its obligations under the BPX Issuers Rulebook.
- (4) BPX will not exercise its powers under this Rule if to do so could reasonably be expected to cause significant damage to the interests of investors or the orderly functioning of BPX MTF.

6. Post trade, clearing and settlement

6.1 Settlement Obligations

- (1) A Member is responsible for the settlement of all trades it enters into on BPX MTF and is responsible for ensuring that:
 - (a) it has adequate facilities and procedures to enable them to settle Trades in accordance with the systems and rules of the relevant settlement system;
 - (b) it complies with the rules and procedures of the central counterparty for Trades in Financial Instruments which are centrally cleared;
 - (c) it has the capacity to settle Trades in Financial Instruments which are settled bilaterally;
 - (d) Trades are duly settled on the settlement date;
 - (e) Financial Instruments transferred for settlement purposes are transferred free of any lien, claim, charge or encumbrance.
- (2) All Trades agreed on BPX MTF are for Standard Settlement.
- (3) BPX MTF may suspend or extend the settlement of Trades in a Financial Instrument for a specified or indefinite period.

6.2 Settlement failure

- (1) Failure to settle a Trade on its intended settlement date is a breach of these Rules and may lead to BPX taking disciplinary action against the failing Member.
- (2) Failure to settle a Trade, without prejudice to the Member's obligation under Rule 6.1(1) shall not itself be grounds for either party to the trade to treat the contract as repudiated.

Guidance:

BPX MTF has procedures in place for purposes of detecting the failure of Members to settle Trades in accordance with these Rules.

6.3 Settlement Direction Notice

- (1) Where a Trade is not settled on its intended settlement date BPX, acting on its discretion, may issue a Settlement Direction Notice.
- (2) A Settlement Direction Notice will set out:
 - (a) the details of the relevant Trade to which it refers; and
 - (b) the date on which BPX intends to issue a Settlement Direction Instruction.

6.4 Issuing Settlement Direction Instructions

- (1) If BPX has not received a written notification that the outstanding Trade has been fully settled by the date stated in the Settlement Direction Notice, BPX will issue a Settlement Direction Instruction instructing the failing Member to fulfil its obligation to settle the Trade that is the subject of the Settlement Direction Notice.
- (2) Upon receipt of a Settlement Direction Instruction, the failing Member shall ensure that the Trade is settled in accordance with the Settlement Direction Instruction.
- (3) If the failing Member is unable to comply with the Settlement Direction Instruction, the failing Member shall notify BPX as soon as possible.

6.5 Cash settlement

- (1) If the failing Member is unable to comply with the Settlement Direction Instruction, then BPX may, at its discretion, issue a Cash Settlement Notice to each party to the relevant Trade in respect of which the Settlement Direction Notice was issued and set out:
 - (a) the Cash Settlement Amount determined to settle the Trade; and
 - (b) the date by which any Cash Settlement Amount must be paid.
- (2) A failing Member must pay the Cash Settlement Amount to the Member who is the Counterparty to the relevant Trade in accordance with the instructions contained in the relevant Cash Settlement Notice.
 - (a) BPX will determine the Cash Settlement Amount as follows:
 - (b) if the market value exceeds the contract value, the Cash Settlement Amount shall be the difference between these values; or
 - (c) if the contract value exceeds the market value, the Cash Settlement Amount shall be zero.
- (3) BPX may, in its discretion, instruct the failing Member to take such other action as BPX considers appropriate in the circumstances instead of issuing a Cash Settlement Notice.
- (4) The market value referred to in Rule 6.5(3) will include any entitlements relating to corporate actions and/or any accrued interest.

6.6 Recovery of Costs

- (1) Neither party to a Trade which was not settled on its intended settlement date is entitled to recover any resulting costs or losses from BPX or the Member who is the Counterparty to the relevant Trade.
- (2) BPX is entitled to impose a charge and/or recover costs from a failing Member in relation to costs incurred in issuing a Settlement Direction Notice and/or Settlement Direction Instruction and the failing Member shall be liable to pay such charge and/or costs.
- (3) Members must notify BPX promptly upon becoming aware of their failure or the failure of another Member to settle their Trade in accordance with these Rules, Applicable Law and/or good settlement practice.

7. Monitoring and compliance

7.1 Monitoring of compliance

- (1) BPX monitors activity undertaken on BPX MTF to identify infringements of these Rules, disorderly trading conditions, conduct that may indicate behaviour that is prohibited under UK MAR, or any other activity that BPX reasonably considers inappropriate.
- (2) Members are responsible for ensuring that their activities on BPX MTF are lawful. In particular, Members' activities must comply with UK MAR, the CJA, and any other Applicable Law.

7.2 Cooperation with the Competent Authorities

- (1) BPX has the power to perform any actions necessary to comply with Applicable Law, or the requests and/or directions of the FCA or other Competent Authorities.
- (2) BPX will report to the FCA any significant breaches of these Rules, disorderly trading conditions and conduct that it suspects involves market abuse.
- (3) BPX will report to the relevant Competent Authority any conduct that it suspects has been undertaken to commit a financial crime, such as money laundering.
- (4) BPX will assist the FCA (or other Competent Authority) in any investigation of activities undertaken on BPX MTF. These includes, inter alia, supplying, and/or procuring to supply, where required by and in accordance with Applicable Law, data and information on any Member's activity carried out on BPX MTF and any other data, information, acts or documents as and when requested to do so, for BPX to comply with its obligations.
- (5) Members must co-operate with BPX and the FCA (or other Competent Authority) in any investigation conducted in relation to trading on BPX MTF. The Member will provide such information as soon as reasonably practicable and, in any event, within such timelines as BPX may require, to comply with its obligations under Applicable Law or to comply with a request or direction from the Competent Authority.

8. Disciplinary actions and sanctions

8.1 BPX's powers to discipline Members

- (1) BPX may take disciplinary action against a Member with respect to any act or omission that may amount to a breach of these Rules.
- (2) BPX may suspend or restrict a Member's activities on BPX MTF on an interim basis when a matter is under investigation.
- (3) Members shall co-operate with BPX in its investigation into a suspected breach of these Rules.
- (4) In enforcing these Rules, BPX will have regard to the need to maintain a fair and orderly market in the interests of Members.

8.2 Sanctions

- (1) BPX has discretion to impose sanctions on a Member for a breach of the Rules including:
 - (a) temporary suspension of access to BPX MTF;
 - (b) termination of membership of BPX MTF;
 - (c) levying a fine of up to £50,000;
 - (d) Issuing a cease and desist letter;
 - (e) issuing a private or public censure;
 - (f) an order directing restitution to any injured person; and
 - (g) publication of the details of the breach and the identity of the Member.
- (2) BPX will notify the Member in writing, as soon as practically possible, of any disciplinary action taken, or which it has decided to take, under these Rules.

8.3 Appeals

- (1) A notice of intention to appeal against a disciplinary action taken by BPX must be submitted in writing to BPX within ten (10) Business Days of the Member being notified of the disciplinary action.
- (2) There is no right of appeal in relation to interim decisions.
- (3) A Member will, within twenty (20) Business Days of giving notification of any appeal under this Rule provide BPX with a written submission outlining the grounds for the appeal.
- (4) Appeals will be heard and decided in accordance with the BPX disciplinary and appeals procedure.
 - (a) BPX will provide its decision to the Member within twenty (20) Business Days of hearing the appeal.
 - (b) BPX may order any party to an appeal to pay costs as it thinks appropriate, including but not limited to, administration costs and reasonable costs incurred in the investigation, preparation and presentation of the appeal.
 - (c) BPX can uphold, quash or amend the original decision that is the subject of the appeal.
 - (d) Decisions of BPX in relation to appeals will be final

9. Default Rules

Interpretation

Additional definitions with respect to this section of these Rules.

Agent	A Member acting on behalf of a person in an agency capacity.
Defaulting Member	Refers to the relevant agreement in force between BPX and the Member.
Default Committee	The committee of persons appointed from time to time by BPX, that determines whether a Member should be declared a Defaulting Member.
Default Manager	A person appointed by BPX to administer a default in accordance with these Rules.
Default Price	The price determined by the Default Manager which, unless the Default Manager reasonably considers that exceptional circumstances apply, is: • the last traded price for the Financial Instrument, or the Financial Instrument's reference price if that Financial Instrument has never traded, immediately before a declaration of default; or • the opinion of any professional adviser instructed by the Default Manager to provide a third-party valuation of the relevant Financial Instrument.
Final Sterling Amount	Has the meaning given in Rule 9.8(5).
Principal	A Member or other person acting as principal to a Trade.
Unsettled Market Contract	A Trade to which the Defaulting Member is party as Principal or Agent, as the context requires, and remains unsettled.
Unsettled Agency Market Contract	A Trade to which the Defaulting Member is party as Agent and which remains unsettled.
Unsettled Principal Market Contract	A Trade to which the Defaulting Member is party as Principal and which remains unsettled.

9.1 Prejudice

These Default Rules are without prejudice to any other provision of these Rules or other BPX documentation; however, in the case of any conflict these Default Rules shall take precedence over other documentation.

9.2 Default Manager

- (1) BPX will appoint one or more Default Manager(s) to represent BPX in relation to a Defaulting Member. It will be the responsibility of the Default Manager(s) to assist in the administration of the affairs of a Defaulting Member and to perform such functions in relation thereto as BPX may from time to time determine (subject to the provisions of any Applicable Laws of any territory). BPX will retain the ability to remove and replace the Default Manager.
- (2) The Default Manager will be entitled to:
 - (a) request and receive from a Defaulting Member information relating to its books of account, records and any other necessary documents (and to receive copies of the same if the Default Manager requires it);
 - (b) undertake a strict examination of every account;
 - (c) investigate and identify any contracts executed at unfair prices and report on these to BPX where the Default Manager considers this to be appropriate (taking into account any applicable insolvency law provisions);
 - (d) attend meetings of creditors and to summon the Defaulting Member or any officer of the Defaulting Member to any such meetings;
 - (e) require a Member or any officer of a Member to assist the Default Manager with any inquiries raised; and
 - (f) issue such certificates as are required under these Default Rules.
- (3) BPX may appoint one or more Default Managers.

9.3 Obligation to co-operate

The Defaulting Member and all other Members are required to co-operate fully at all times with the Default Manager and respond promptly in providing such information as BPX or the Default Manager may request, including for the purpose of BPX performing its regulatory functions.

9.4 Making a declaration of default

- 9.4.1 The Default Committee will direct BPX to declare a Member a Defaulting Member where that Member is unable to fulfil or appears to be or to be likely to become unable to fulfil, its settlement obligations in respect of one or more Trades.
- (1) BPX will make a declaration of default, including notification of the Defaulting Member, in such manner as it considers appropriate.
 - (2) Following the determination that a Member is to be declared as a Defaulting Member (pursuant to Rule 9.4.(1)),
 - (a) the Defaulting Member shall cease to be a Member, but shall nevertheless continue to be bound by the requirements of the Default Rules, including in relation to all matters, Trades and circumstances arising while the Defaulting Member was a Member; and
 - (b) any unsettled Trades to which the Defaulting Member is at the time of default a party will become subject to the rules and procedures set out in these Default Rules.

9.5 Notifications

As soon as it is reasonably practicable following the declaration of default, the Default Manager will:

- (1) notify the Defaulting Member of the declaration of default;
- (2) in relation to any Unsettled Principal Market Contracts, inform the counterparty of the default and of any decision taken pursuant to these Default Rules in relation to those;
- (3) in relation to any Unsettled Agency Market Contracts, inform the parties to such contracts of the default and the identity of the other party to the contract.

9.6 Unsettled Principal Market Contracts

Where a Member which is party as a Principal to an Unsettled Principal Market Contract is declared a Defaulting Member, it shall from the point of that declaration and thereafter be a term of that Unsettled Principal Market Contract that the obligations of the Defaulting Member and the Counterparty under the contract to deliver and pay against delivery shall be discharged and be replaced by an obligation on one of them to pay to the other the amount calculated in accordance with Rules 9.8(2) to 9.8(5). The liability of any other person who is party to the contract as agent shall thereupon cease.

9.7 Fixing the default prices on declaration of default

- (1) In respect of an Unsettled Principal Market Contract, the Default Manager will be responsible for:
 - (a) fixing the Default Price for any Financial Instrument which is the subject of the Unsettled Principal Market Contract;
 - (b) notifying the Defaulting Member and its Counterparty of the Default Price;
 - (c) calculating, with reference to the terms of the Unsettled Principal Market Contract, the amount of consideration overpaid or underpaid whereby the amount calculated will be included in establishing the net amount for certification.
- (2) The determination of the Default Price of any Financial Instrument by the Default Manager shall be final and binding on all parties (unless manifest error can be established).

9.8 Calculation of the net amount due

- (1) In accordance with Rules 9.8(2) to 9.8(5), BPX will be responsible for calculating the net amount to be paid to the Defaulting Member by each Counterparty or claimed from the Defaulting Member by each Counterparty as the result of the application of these Default Rules to any Unsettled Principal Market Contract after:
 - (a) aggregating all sums (including costs and expenses) due by each Principal to the other in relation to such contracts; and/or
 - (b) offsetting the aggregate sums due by each Principal to the other in relation to such contracts.
- (2) In circumstances where the Default Price exceeds the contract price, the Defaulting Member shall:
 - (a) if the Unsettled Principal Market Contract was for purchase by the Defaulting Member, be entitled to receive from the Counterparty the amount of such excess;
 - (b) if the Unsettled Principal Market Contract was for sale by the Defaulting Member, be obliged to pay to the Counterparty the amount of such excess.
- (3) In circumstances where the Default Price falls short of the contract price, the Defaulting Member shall:

- (a) if the Unsettled Principal Market Contract was for purchase by the Defaulting Member, be obliged to pay to the Counterparty the amount of such shortfall;
- (b) if the Unsettled Principal Market Contract was for sale by the Defaulting Member, be entitled to receive from the Counterparty the amount of such shortfall.
- (4) In circumstances where the Default Price is the same as the contract price, neither the Defaulting Member nor the Counterparty shall be obliged to make any payment to the other.
- (5) When discharging the amounts calculated in relation to Unsettled Principal Market Contracts as between the Defaulting Member and the Counterparty:
 - (a) all relevant amounts will be aggregated, with amounts due by the Defaulting Member treated as positive and the amounts due by the Counterparty treated as negative ("Final Sterling Amount").
 - (b) in circumstances where the Final Sterling Amount is a negative figure, the Counterparty will be obliged to pay to the Defaulting Member in Sterling the Final Sterling Amount; and
 - (c) in circumstances where the Final Sterling Amount is a positive figure, the Defaulting Member shall be obliged to pay to the Counterparty an amount equal to the Final Sterling Amount.
- (6) A Member acting as an Agent in relation to an Unsettled Principal Market Contract in respect of which Rules 9.8(2) to 9.8(5) apply, will not be liable for any amount due to or from a Counterparty in relation to such Unsettled Principal Market Contract.

9.9 Certification

BPX will certify the net amount to be paid to or claimed from the Defaulting Member as pursuant to these Default Rules to any Unsettled Principal Market Contract (including if it is the case that there is none to be paid) and shall notify the parties to such contracts accordingly.

9.10 Delivery of Financial Instruments

- (1) Where a Member is declared a Defaulting Member:
 - (a) Rules 9.8(2) to 9.8(5) will have no application to Trades where the applicable Financial Instruments have been delivered and paid for prior to the declaration of default;
 - (b) any Financial Instruments that are in the process of delivery to the Defaulting Member, shall be returned to the deliverer; and any Financial Instruments that are in the process of being delivered by the Defaulting Member shall be passed to the Default Manager and not delivered to the taker.

9.11 Unsettled Agency Market Contracts

- (1) Persons who are parties as principal to an Unsettled Agency Market Contract will continue to be obliged to complete that contract on the terms on which it was originally dealt notwithstanding the declaration of default.
- (2) Where a Trade is identified as falling under Rule 9.11(1) (and the Agent under the Unsettled Agency Market Contract is declared a Defaulting Member), the Default Manager will provide details of the Defaulting Member's client under any such contract to the non-defaulting Member. It will then be the responsibility of the non-defaulting Member to write to that client in a form prescribed by BPX requiring that client to settle the contract.

- (3) In circumstances where the non-defaulting Member, despite having made all reasonable efforts to do so, is not able to settle the contract with the Defaulting Member's client within 30 Calendar Days of writing to that client pursuant to Rule 9.11(2), then that non-defaulting Member will be permitted to close the Unsettled Agency Market Contract by purchasing or selling Financial Instruments in the market and either accounting for any profit arising to that client or claiming any loss arising against the client.
- (4) In circumstances where the Default Manager, despite having made all reasonable efforts to do so is unable to settle within 30 Calendar Days of writing to the Defaulting Member's client (pursuant to Rule 9.11(3) in an Unsettled Agency Market Contract in the form of an agency cross to which the Defaulting Member is a party, then the Default Manager shall be permitted to close the Unsettled Agency Market Contract by purchasing or selling Financial Instruments in the market and either accounting for any profit arising to that client or claiming any loss arising against that client.

9.12 Exceptions from these Default Rules

Any Unsettled Principal Market Contract or Unsettled Agency Market Contract that is dealt for settlement by means of any settlement process will be subject to these Default Rules unless:

- (1) the settlement process will proceed despite the declaration of default because:
 - (a) the contract entered into by the Defaulting Member is to be settled through that settlement process through the service of an agent; or
 - (b) the process replaces or alters the rights and obligations of the contracting parties such that the declaration cannot disrupt or interrupt the process; or
- (2) the settlement process has rules of its own which BPX considers adequately provide for the binding resolution of the relevant contract.

9.13 Co-operation with other authorities

- (1) Prior to taking any action against a Member pursuant to these Default Rules or having taken any such action, BPX may consult any other exchange or clearing house which clears or settles Trades, the FCA or any other relevant Competent Authority, any other regulatory or other appropriate body, or any other relevant person.
- (2) In consulting any of the bodies or individuals referred to in Rule 9.13(1) BPX is free to pass on any details of, or other information in its possession relating to, a Defaulting Member or its Unsettled Market Contracts or relating to a Member in respect of whom BPX may take or has taken action under these Default Rules, and BPX may otherwise cooperate with any such bodies or individuals in connection with such default.

9.14 Alteration to these Default Rules

Any amendment, revocation or addition to these Default Rules may take effect so as to affect default proceedings in progress at such time as the BPX may consider appropriate.