



GUIDELINES FOR MARKET MAKING FOR NASDAQ OMX BALTIC EXCHANGES

For the purposes of these Guidelines for Market Making (hereinafter: the Guidelines), NASDAQ OMX Baltic Exchanges shall mean NASDAQ OMX Tallinn AS, NASDAQ OMX Riga, AS and AB NASDAQ OMX Vilnius (hereinafter also: the Baltic Exchanges or Exchanges and individually Exchange) and also all markets operated by them (stock exchanges, regulated markets and multilateral trading facilities, if applicable in respective jurisdiction) (hereinafter altogether also: NASDAQ OMX Baltic or NASDAQ OMX Tallinn, NASDAQ OMX Riga and NASDAQ OMX Vilnius, respectively).

These Guidelines are approved by the relevant authorized bodies of the Exchanges under relevant corresponding rules.

1. General

- 1.1. These Guidelines set unified terms and conditions for conducting market making activities on NASDAQ OMX Baltic and also terms and conditions for receiving fee benefits under a Market Making Program (MMP) of NASDAQ OMX Baltic. These Guidelines specify NASDAQ OMX Baltic Member Rules in relation to market making activities. These Guidelines do not have any effect on the Member's obligations arising from the NASDAQ OMX Baltic Member Rules corresponding local rulebooks. The definitions used in these Guidelines are deriving from Member Rules, if not defined separately.
- 1.2. The Market Maker is a Member of the NASDAQ OMX Baltic to whom the Exchange(s) have granted the right to conduct market making activities on corresponding NASDAQ OMX Baltic in relation to the financial instrument/securities traded on corresponding NASDAQ OMX Baltic.

For conducting market making activities the Member shall submit relevant application subject to approval of Exchange(s). For the purposes of these Guidelines and Rules of Baltic Exchanges, this application together with a resolution of the relevant Baltic Exchange for approval to act as the Market Maker shall form a Market Maker agreement between this Exchange and Member within the meaning of these Guidelines and Rules of Baltic Exchanges.

- 1.3. The application shall be submitted in the format approved by Exchange. In its application the Member shall indicate in relation to which financial instrument/security the Member will act as the Market Maker, the exact exchange(s) where market maker status has been applied. The Member shall inform NASDAQ OMX Baltic of any changes to the information given in the application.

- 1.4. In case of concluding written agreement with an Issuer on the market making of a security of the issuer, the market making conditions shall meet at least the minimum conditions set forth in these Guidelines. The Member shall submit the copy of the market making agreement concluded with the Issuer together with the application or prior commencement of market making activities for particular issuer's securities in case the application has been submitted to relevant Baltic Exchange before. The Market Maker shall immediately inform the relevant Baltic Exchange of the termination of such market making agreement.
- 1.5. The Market Maker shall ensure that all transactions made under conducting market making activities are in accordance with these Guidelines.

2. Minimum conditions for Market Making

In order to fulfil minimum conditions for Market Making in NASDAQ OMX Baltic, the Market Maker undertakes to meet the following criteria:

- 2.1. to submit Buy and Sell Orders for a security/financial instrument subject to a Market Making for its own account in the Trading System on each Trading Session in all Auctions and for at least 85% of Trading Hours;
- 2.2. the maximum difference between the Buy and Sell prices in market making shall be 4%, calculated from the Buy price;
- 2.3. the minimum volume of Buy or Sell Order (daily minimum Order Size) shall be:
 - 2.3.1. EUR 2000 for shares in Main List;
 - 2.3.2. EUR 1000 for shares in Secondary List and fund units.
- 2.4. Trading must be conducted with Order Capacity "Market Maker".
- 2.5. In case Member has traded securities/financial instruments in a volume of five (5) times of daily minimum Order Size as a Market Maker (maximum cap for the daily execution volume), the obligation set out in clause 2.1 shall cease for this certain Trading Session.

3. Minimum conditions for the Market Making Program (MMP)

- 3.1. For participating in MMP the Member of the NASDAQ OMX Baltic shall submit relevant application.
- 3.2. By signing the MMP application the Member undertakes to follow these Guidelines and minimum conditions in order to be entitled to fee benefits on trading on the relevant Exchange.

- 3.3. In order to qualify for the MMP fee benefits in a calendar month, the Market Maker undertakes to meet the following criteria:
 - 3.3.1. to submit Buy and Sell Order for a security/financial instrument subject to a Market Making for its own account in the Trading System on each Trading Session in all Auctions and for at least 85% of Trading Hours;
 - 3.3.2. the maximum difference between the Buy and Sell prices in Market Maker's Orders shall be 2.50% (or not more than 3 tick size's difference), calculated from the Buy price;
 - 3.3.3. the minimum volume of Buy or Sell Order (MMP daily minimum Order Size) shall be EUR 3000 (either in Main or Secondary List) or EUR 5000 (either in Main or Secondary List) to qualify for group-based benefits;
 - 3.3.4. Trading must be conducted with Order Capacity "Market Maker".
 - 3.3.5. in case Market Maker has traded securities/financial instruments in a volume of five (5) times of MMP minimum Order Size (maximum cap for the daily execution volume), the obligation set out in clause 3.3.1. shall cease for this certain Trading Session.
- 3.4. The performance of criteria indicated in clause 3.3. is measured and calculated on a monthly basis.
- 3.5. Any fee benefit granted may be charged back by Baltic Exchanges in case it appears that no grounds for such benefit exist(ed) that Member gained the benefits without actual compliance with the requirements.

4. Exemptions from the Market Making conditions and suspension of Trading

- 4.1. The Exchanges may grant temporary exemptions from the aforesaid minimum conditions for temporary deviations where extraordinary market situations exist.

For example, if the price movements during the Trading Hours equal or exceed the Volatility Guard thresholds applied for the security, it will be interpreted as this kind of temporary deviations and the Member, upon its notice, shall be released from the duty to maintain Orders for the security.
- 4.2. Upon the grounded application, the Exchanges may grant exemptions from the aforesaid minimum conditions and set individual terms for market making on *ad hoc* basis in the course of taking listing decision for particular Issuer.

- 4.3. The market making commitment shall not be in force during the trading suspension.

5. Entry into force

- 5.1. NASDAQ OMX Baltic reserves the right to update and change the Guidelines from time to time. NASDAQ OMX Baltic will give a prior notice of such changes.
- 5.2. The contractual obligations regarding market making between Member and Exchange shall enter into force upon date indicated in the approval resolution of the Exchange and shall be in force for an indefinite period subject to notice of termination by either Exchange or Market Maker set forth in clause 6.

6. Termination of the Market Making

- 6.1. The market making agreement may be terminated by Member and Exchange(s) and shall be subject to four (4) weeks notice of termination by either Exchange or Market Maker. It may be terminated by the Exchange with immediate effect in the event the Market Maker breaches the requirements, agreement or generally accepted practice on the securities market. Notice of termination must be given in writing.

The market making arrangement/agreement between Member and Exchange(s) may be terminated towards every Exchange separately and it doesn't affect the other Exchange(s).

- 6.2. The Member may terminate the MMP towards some security/financial instrument upon fourteen (14) days written application to the NASDAQ OMX Baltic whereupon the MMP will cease on the last day of the calendar month.

In case the Member doesn't fulfill the criteria and conditions for MMP, incl. if the Member is using the MMP for Orders that do not comply with these Guidelines, the Member is not entitled to receive fee benefits. In this case NASDAQ OMX Baltic may suspend the Member from the MMP by giving fourteen (14) days written notice.

- 6.3. The termination of the market making agreement concluded between the Member and Issuer shall be governed by an at least four (4) weeks period of written notice.

7. Disclosure of information

- 7.1. Baltic Exchanges shall disclose the information of instruments in respect of which Member is acting as Market Maker. Exchanges are entitled to disclose more information related to market making in NASDAQ OMX Baltic.

**APPENDIX 1 to
GUIDELINES FOR MARKET MAKING FOR NASDAQ OMX BALTIC EXCHANGES****Principles of calculating fee benefits under Market Making Program**

1. To be entitled to value based trading fee of 0.02% of the transaction value for Automatically Matched (Order Book) Trading for equities instead of the one set out in the Member Price List (clause 3.2), the following conditions shall be met:
 - 1.1. if market making activities are conducted in relation to at least three (3) shares traded on one (1) Exchange, trading fee referred to in clause 1 will be applicable on this Exchange;
 - 1.2. if market making activities are conducted in relation to at least four (4) shares altogether traded on two (2) Exchanges, and at least in relation to one (1) share in every Exchange, trading fee referred to in clause 1 shall be applicable on these two (2) Exchanges;
 - 1.3. if market making activities are conducted in relation to at least six (6) shares traded on three (3) Exchanges, and at least in relation to one (1) share in every Exchange, trading fee referred to in clause 1 shall be applicable on all three (3) Exchanges.

If market making activities are conducted under MMP then transaction fee for trading with debt securities upon the clause 4.1 of Member Price List is not applicable to the transactions with the debt securities on NASDAQ OMX Riga till July 1, 2014.

2. To be entitled to value based trading fee of 0.02% of the transaction value for Automatically Matched (Order Book) Trading for equities instead of the one specified in the Member Price list (clause 3.2) for all Members that belong to the same group, at least one Member from this group shall conduct the market making activities as follows:
 - 2.1. if market making activities are conducted in relation to at least six (6) shares traded on one (1) Exchange, trading fee referred to in clause 2 will be applicable on this Exchange;
 - 2.2. if market making activities are conducted in relation to at least eight (8) shares altogether traded on two (2) Exchanges, and at least 2 shares in every Exchange, trading fee referred to in clause 2 will be applicable on these 2 Exchanges;
 - 2.2. if market making activities are conducted in relation to at least ten (10) shares altogether traded on three (3) Exchanges, and at least 2 shares in every Exchange, trading fee referred to in clause 2 will be applicable on all these Exchanges.

If market making activities are conducted under MMP by the Member belonging to the group with other Members, then transaction fee for trading with debt securities upon the clause 4.1 of Member Price List is not applicable for transactions with the debt securities on NASDAQ OMX Riga till July 1, 2014, for all these Members.

A group-based principle shall be applied upon the application from those Members of the Baltic Exchanges that belong to the same group with another Member holding a membership on one of the Baltic Exchanges. Relevant application can be submitted by one Member.