

## Pilot Program designated for Market Makers which will be registered for shares

- the update valid as of 01.01.2020 -

### I. General terms

- the shares eligible for the program: shares from the regulated market
- program is applied starting with January 1<sup>st</sup>, 2020 for a minimum of 6 months; after the expiration of this period, the program will be evaluated for possible revision
- the program is addressed to all BVB Participants, who fulfill the requirements to be registered as Market Makers, according to the specific provisions of the BVB's Rulebook - regulated market operator
- it is applied one type of Market Maker, for the operations performed on the House account and is based on the flexibility of qualitative quoting parameters (minimum quoting period, maximum spread)

### II. Specific terms applied to the Market Maker activity

#### 1. Base terms

The base terms envisage that the daily fulfillment of the quotation parameters for a share (minimum quoting period, minimum volume, maximum spread) will imply granting the standard Market Maker fees for the trades performed by it on the House account (3 bps/ side).

<b>I.</b>	<b><i>Quoting parameters applicable to Market Makers</i></b>
a)	<b>Minimum volume corresponding to the firm buy and sell offer per share</b> <i>according to item II.3</i>
b)	<b>Maximum spread between the bid and ask prices displayed by a Market Maker:</b> <i>3%</i>
c)	<b>Minimum period of time for maintaining the bid and ask offer during one trading session:</b> <i>60% of the trading session or if the symbol was suspended from trading, of the period when it was traded during the trading session</i>
d)	<b>Minimum period of time for which a Market Maker must have this status</b> <i>6 months</i>
<b>II.</b>	<b><i>Market Maker trading fees (corresponding to Level 0 from Program)</i></b>
	<b><i>0.03% / side</i></b>  applied on the buy and sell side of the trades carried out on the House account by the Market Maker registered on that share, depending on the fulfillment of the quoting obligations, according to the <i>Procedure regarding the application of the trading fees for the Market Makers registered for shares, depending on the fulfillment of the conditions set (Level 0 from the Program for Market Maker)</i>  <i>- Annex 1</i>

## 2. Additional terms

- supplementary to the basic terms, the discounts / bonuses will be granted, provided that the daily value traded on the House account (buy and sell) by a Market Maker on the respective share in its main market (REGS) exceeds certain established thresholds.
- additional terms will be applied as follows:
  - exceeding the first threshold – for all shares from the Program
  - exceeding the second threshold – for a pilot program of shares: TLV, SNG, BRD, SNN, SNP
- the respective thresholds are established for each envisaged share in the main market (REGS), being presented at the item *II.4*
- the incentive scheme applied for the daily trading value (buy and sell) performed on the House account by a Market Maker for the envisaged share in its main market is the following:

Program structure	Application level / group of shares	Condition for granting fees	Measure applied	Quantum
<i>Level 0</i>	All the shares from Program	Fulfillment of daily quotation obligations / envisaged share	Application of standard Market Maker fees	3 bps/side
<i>Level 1</i> <i>(activated when exceeding the Threshold 1)</i>	All the shares from Program	Daily traded value/House account / envisaged share > Threshold 1/ envisaged share	Full discount Market Maker fee	0 / side
<i>Level 2</i> <i>(activated when exceeding the Threshold 2)</i>	TLV, SNG, BRD, SNN, SNP	Daily traded value/ House account / envisaged share > Threshold 2/ envisaged share	Market Maker Bonus	- 3bps/ side

*Note:*

The discount corresponding to the Level 1, respectively the Bonus corresponding to Level 2 will be applied to the daily total value traded on the House account for the share envisaged, not just marginal for the difference that exceeds the related thresholds.

## 3. Quoting parameters for Market Maker - maximum spread and minimum volume (corresponding to the base terms)

- **Maximum spread: 3%**

▪ **Minimum volume corresponding to the firm buy and sell offer per share:**

No.	Symbol	Minimum volume corresponding to the firm buy and sell prices displayed by a Market Maker
1	TLV	8,000
2	SNG	1,700
3	BRD	800
4	EL	8,000
5	SNN	750
6	SNP	25,000
7	TEL	350
8	TGN	35
9	ALR	600
10	M	150
11	FP	125,000
12	EBS	250
13	SIF2	7,500
14	DIGI	250
15	BVB	150
16	AAG	200

*Details:*

- Minimum volume corresponding to the firm buy and sell offer
- Maximum spread between the bid and ask prices displayed by Market Maker  
=  $[(\text{AskMM} - \text{BidMM}) / \text{BidMM}] * 100$

BidMM = Price of the buy order from the firm buy-sell offer, that fulfils the applicable requirements (symbol, account indicated, minimum volume, etc.)

AskMM = Price of the sell order from the firm buy-sell offer, that fulfils the applicable requirements (symbol, account indicated, minimum volume, etc.)

If a BVB Participant has in the market, simultaneously, several buy and sell orders on the indicated account, that fulfil all the applicable conditions, firm buy offer, respectively firm sell order corresponding to the maintaining of the liquidity is built from the buy order with highest price among the buy orders, respectively from the sell order with the lowest price among the sell orders administered by the BVB Participant on the indicated account.

During the trading session, minimum period of time for maintaining the bid and ask offer during one trading session is determined by reference to trading period corresponding to the Continuous Trading (Open stage of the market), considering the total trading period from the Continuous Trading where the financial instrument was available for trading and the fact that the obligations of the Market Maker were not suspended during that period.

The following MM parameters will not be applied: Maximum number of trade sessions during one calendar month during which a Market Maker cannot display bid and ask offers, Maximum period of time until updating the bid and ask offer.

#### 4. Thresholds applicable for the shares from Program

*RON values*

Threshold share - REGS market	TLV	SNG	BRD	EL	SNN	SNP	TEL	TGN	ALR	M	FP	EBS	SIF2	DIGI	BVB	AAG
Threshold 1	500,000	200,000	200,000	100,000	40,000	350,000	35,000	100,000	20,000	25,000	400,000	2,400,000	70,000	60,000	10,000	500
Threshold 2	1,000,000	400,000	400,000	n/a	80,000	700,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*Note:*

1. BVB may update the thresholds applicable to the shares, as well as other applicable elements, with the prior notification and by providing an updated contractual framework for the Market Makers on the shares.
2. BVB will update the program with the effective parameters applicable to other shares from the regulated market, besides the ones presented (*thresholds, minimum volume corresponding to the firm's offer to buy and sell*), taking into account the degree of interest expressed by the BVB Participants who intend to act as Market Makers for the respective shares.