

Trading Membership Regulations

Effective March 2025

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1. Interpretation

Citation

- 1.1 These Regulations shall be known as The Bermuda Stock Exchange Trading Membership Regulations.
- 1.2 Unless otherwise expressly indicated, expressions defined in the Companies Act 1981, as amended from time to time, have the same meanings when used in these Regulations.
- 1.3 References to \$ shall include Bermudian dollars (BMD) or US dollars (USD).
- 1.4 Words importing only the singular include the plural and vice versa.
- 1.5 The headings shall not affect the interpretation of these Regulations.

Definitions

- 1.6 In these Regulations, unless the context otherwise requires, the terms used shall have the following meaning:-

“**Act**” means the Bermuda Stock Exchange Company Act 1992, as amended from time to time.

“**Applicant**” means an applicant for Trading Membership or, in the case of a person who is already a Trading Member, an applicant for approval to act in a trading capacity and “application” shall be construed accordingly.

“**Approved jurisdiction**” means a country or territory outside Bermuda with a legislative or regulatory regime considered equivalent to Bermuda by the Exchange and shall include any jurisdiction appointed under Section 2(10) of the Companies Act 1981 of Bermuda.

“**Bank Guarantee**” means a guarantee or letter of credit in favour of the Exchange from a licenced bank or deposit taking entity in the form specified in the Trading Membership Application Form and published on the Exchange’s website from time to time, or such other form of guarantee in favour of the Exchange as it may accept from time to time.

“**BEST System Rules**” means the Bermuda Electronic Securities Trading (BEST) System Rules published by the Exchange from time to time.

“**BMA**” means the Bermuda Monetary Authority.

“**Broker**” means a Trading Member engaged in the business of effecting transactions in securities for the account of others.

“Broker/dealer” means a Trading Member regularly engaged in the business of buying and selling securities for its own account and for the account of others.

“BSD” means the Bermuda Securities Depository operated by the Exchange.

“BSD Account Holder” means the person in whose name the relevant BSD account is held.

“BSD Nominee” means the nominee used by the BSD for the sole purpose of being the legal owner of securities held in the BSD.

“BSD Participant” means an entity granted access to the BSD and/or the BSD System and such entity shall have the rights and obligations as prescribed in The Bermuda Securities Depository Regulations.

“BSD Regulations” means the Bermuda Securities Depository Regulations as amended from time to time pursuant to sections 11 and 12 of the Act.

“BSD System” means the settlement, clearing and depository system of the BSD.

“Business day” means any day when the Exchange is open for business and shall exclude statutory holidays prescribed by Bermuda law and other days recognised as non-trading and settlement days by the Exchange on an annual basis and published on the Exchange’s website.

“Bye-laws” means the bye-laws for the time being of the Exchange.

“Clearing Bank” means the bank appointed as such from time to time by the BSD.

“Codes” means those codes from time to time promulgated or adopted by the Exchange prescribing the conduct of Trading Members or establishing criteria by reference to which such conduct shall be governed and assessed.

“Company” means a company incorporated in Bermuda or in an approved jurisdiction.

“Compliance Officer” means, in relation to a Trading Member, the lead person in an entity overseeing compliance of the Trading Member with the requirements of laws, regulatory requirements, policies, and procedures by whatever name called.

“Council” means the Council for the time being of the Exchange and the Council shall manage the affairs of the Exchange and have such powers as defined in the Act.

“Domestic Security” means a debt, equity or other security issued by a company incorporated in Bermuda, other than an exempted company as defined by the Companies Act 1981, or the Government of Bermuda or a public authority established and identified as such by the Government of Bermuda and shall include any other security defined by the Exchange and amended from time to time.

“Eligible Security” means a security that is eligible for holding within the BSD. It includes all securities listed on the Exchange and any other security as determined by the BSD from time to time.

“Entity” means an organisation which is a separate legal structure formed to undertake business.

“Exchange” means The Bermuda Stock Exchange.

“Executive Management Committee” means a Committee of the Council of the Exchange having that designation.

“Front run” or “front running” means a member, broker or trader who is aware of a pending order or future transaction that is likely to affect the price of a security and trades for their own benefit before executing that order or transaction.

“Inside information” means information which relates to a particular security listed on the Exchange or to a particular issuer of a security listed on the Exchange which is specific or precise, that has not been made public and if it were made public would be likely to have a significant effect on the price of the security listed on the Exchange.

“Insider dealing” means an offence under Section 405B of the Criminal Code Act 1907 as amended from time to time. Insider dealing includes where a person has inside information and they (1) acquire or dispose of a security listed on the Exchange that is price-affected or (2) encourage another person to deal in a security listed on the Exchange that is (whether or not that other person knows it) a price-affected security in relation to the information, knowing or having reasonable cause to believe that the dealing would take place or (3) disclose the information, otherwise than in the proper performance of the functions of their employment, office or profession, to another person.

“Listed” in relation to a security, means listed under the Listing Regulations of the Exchange and permitted to be dealt on the Exchange and “listing” has a corresponding meaning.

“Market-maker” means a Trading Member who undertakes to the Exchange that it is willing to buy and sell one or more specified securities for its own account on a continuous basis (by making regular bid and offer quotations in the manner specified in the BEST System Rules.

“Market manipulation” means an offence under Section 405A of the Criminal Code Act 1907 as amended from time to time. Market manipulation includes an act or engagement in any course of conduct which creates a false or misleading impression as to the market or the price or value of a security listed on the Exchange and/or the creation of a misleading impression to induce another person to acquire, dispose of, subscribe for or underwrite a security listed on the Exchange or to refrain from doing so or to exercise, or refrain from exercising, any rights conferred by a security listed on the Exchange.

“Market Parameters” means a document stating the configuration for the market(s) and securities traded on the Exchange.

“Misconduct” means any one or more of the following:

- (1) a breach of any agreement or undertaking entered into with the Exchange;
- (2) a breach of any provision of these Regulations, the Bermuda Securities Depository (BSD) Regulations, any Guides, the bye-laws, codes and all decisions, orders, directions and notices;
- (3) the making of any material misstatement, or the provision of false or inaccurate information, to the Exchange;
- (4) a failure to provide information requested by the Exchange, either within the stipulated period or at all;
- (5) any fraudulent, dishonest or unethical conduct or behaviour;
- (6) any activity deemed to be market manipulation;
- (7) insider dealing;
- (8) a failure to comply with a decision, order or direction made or given by or on behalf of the Exchange;
- (9) a failure to pay, within one month of the due date, any fee or surcharge thereon, charge or fine payable to the Exchange;
- (10) a failure on the part of the Senior Executives or Compliance Officer to take reasonable precautions to prevent any potential or actual breach of the bye-laws, these Regulations, the BSD Regulations or codes or to ensure that powers of supervision delegated to others are properly exercised;
- (11) conduct detrimental to the interests of the Exchange;
- (12) conduct tending to demonstrate that the Trading Member is not a fit and proper person to be and remain a Trading Member.

“Month” means calendar month.

“Notice” means communication in writing either by the Exchange or by a Trading Member (as applicable) and equivalent expressions shall be construed accordingly.

“Odd lot” means an order amount for a security that is less than the round lot size for that security.

“Person” includes any company or association or body of persons, whether corporate or unincorporated.

“Price-affected” in relation to a security, means a security subject to, or affected by, price-sensitive information.

“Price-sensitive information” means non-public information in relation to a security that, if made public, would likely have a significant effect on the price of that security.

“Qualified Investor” means any of the following:

- (1) an institutional investor,
- (2) a public company,
- (3) a person who meets the minimum income or net worth suitability requirements of the Exchange,
- (4) a person who is a sophisticated investor investing the minimum investment specified by the Exchange,
- (5) a person that meets equivalent standards of a Qualified Investor in an approved jurisdiction,
- (6) a person who is directly connected with a listed entity or an entity applying to list such as a director, executive officer, general partner or employee.

“Regulations” means these Trading Membership Regulations as amended from time to time pursuant to sections 11 and 12 of the Act.

“Regulatory Authority” means an administrative body established by law with the power to exercise regulatory functions in an approved jurisdiction.

“Restricted marketing” means a listed security that may only be held or traded by a Qualified Investor.

“Round lot” means an order amount for a security that is the standard size for that security.

“Senior Executive” means, in relation to a Trading Member, a person who is to perform functions of any of the following offices in the Trading Member, namely:

- (1) a director;
- (2) the chief executive officer;
- (3) the chief financial officer;

by whatever named called.

“Settlement” means the process of delivering a holding in a security to complete an executed trade. On the Exchange settlement takes place by the transfer of interests in a security from the account of the seller to the account of the buyer in the BSD and the transfer of funds from the buyer to the seller through the Clearing Bank.

“Settlement Cap” means the amount specified by a Trading Member as its maximum monetary value for trades which it has executed with other Trading Members and which have not yet settled.

“Settlement date” means the date on which the buyer must pay for the securities and the seller must deliver the securities.

“Settlement Guarantee” means the amount of the Bank Guarantee provided to the Exchange by a Trading Member and/or any cash deposited with a licenced bank or deposit taking entity acceptable to the Exchange, less any amount set aside by the BSD to settle trades or for non-payment by a Trading Member.

“Sub-Committee” means a Sub-Committee of the Executive Management Committee to which the latter shall have delegated some part of its powers and functions under these Regulations.

“Trade” means the purchase or sale of a security.

“Trade date” means the date on which an order is executed in the market.

“Trading Capacity” means where a Trading Member deals as principal (on their own account) or as agent (on behalf of a client).

“Trading Member” means a person admitted to Trading Membership of the Exchange pursuant to these Regulations and “Trading Members” means the aggregate of Trading Members admitted to Trading Membership of the Exchange from time to time.

“Trading Membership” means membership of the Exchange pursuant to these Regulations.

“Trading System” means the electronic trading system, BEST, to be used for trading as specified by the Exchange from time to time.

“Transaction Fee” means a fee applied on the purchase or sale of an Eligible Security listed or approved to be listed on the Exchange which is carried out on the Trading System by a Trading Member whether as principal or agent.

2. Trading Membership

General

- 2.1 A Trading Member must be eligible and suitable for membership at all times.
- 2.2 A Trading Member shall conduct its trading activities on the Exchange utilising the Trading System as shall from time to time be prescribed by the Exchange or nominate a suitable Trading Member to act on its behalf.
- 2.3 A Trading Member must be a BSD Participant in order to manage and settle trades or have nominated a suitable BSD Participant to act on its behalf.
- 2.4 A Trading Member shall at all times comply with these Regulations, the BSD Regulations, any Guides, the bye-laws, codes and all decisions, orders, directions and notices issued by the Exchange.

Eligibility

- 2.5 A Trading Member must be:
- (1) Incorporated or otherwise established as a legal entity in Bermuda or in an approved jurisdiction, and
 - (2) Licenced to carry out investment business activities in Bermuda or by a relevant regulatory authority in its local jurisdiction, and
 - (3) Supervised by an appropriate regulatory authority.
- 2.6 A Trading Member shall specify whether it wishes to undertake trading on the Exchange as a Broker, Broker/Dealer or Market-Maker and must ensure that it has appropriate authorisation from and meets the capital requirement of the BMA or its relevant regulatory authority at all times to act in such capacity.

Suitability

- 2.7 In order to demonstrate its suitability for Trading Membership, a Trading Member shall be able to demonstrate, in relation to its business on the Exchange, that it:
- (1) has an appropriate corporate governance and organisational structure,
 - (2) has sufficient capital and financial resources to support its specified trading capacity,
 - (3) have an appropriate level of Settlement Guarantee to support the settlement of its trades executed on the Exchange,

- (4) has Senior Executives with adequate knowledge, skills and experience of and in the securities industry,
- (5) has adequate technical and operational systems and resources,
- (6) has appropriate risk management, compliance arrangements, internal controls, policies and procedures,
- (7) has a duly appointed Compliance Officer and appropriate arrangements, policies, procedures and controls for the prevention of money laundering and terrorist financing for any business activities it conducts on the Exchange,
- (8) has appropriate complaint handling procedures,
- (9) has appropriate insurance arrangements in place to cover risks inherent in the operation of its business,
- (10) has suitable staff which are adequately trained and properly supervised,
- (11) is of good reputation and character,
- (12) keeps proper books and records of its trading activity, client transactions and client assets.

Application Procedures

- 2.8 An applicant shall complete a Trading Membership Application Form as published on the Exchange’s website and supply such documents, information and fees as specified by the Exchange.
- 2.9 At any time the Exchange may request additional information or documents in relation to an application that it considers relevant prior to making its decision.
- 2.10 An application may be withdrawn at any time prior to the Exchange making its decision, however the applicant shall not be entitled to a refund of application fees.

Approval

- 2.11 A Sub-Committee of the Council shall consider an application for membership and the Exchange may, at its discretion, approve or reject a Trading Member application.
- 2.12 Having received a completed trading application and related documents, the Exchange shall notify the applicant of its decision in writing within 10 business days.
- 2.13 The Exchange may approve a Trading Member subject to conditions or restrictions and may impose additional or vary any condition or restriction on a Trading Member as it sees fit.

- 2.14 The Exchange shall agree with a Trading Member the effective date of membership which shall not be more than three months after the date of notifying approval.
- 2.15 In the event that the Exchange approves an application, the applicant shall be deemed to have agreed to become a Trading Member and comply with these Regulations and BSD Regulations.

Rejection and Appeal

- 2.16 In the event that the Exchange rejects an application, the Exchange shall notify the applicant of the fact, state the reason(s) for the Exchange's decision and advise the applicant of its right to appeal to the Council of the Exchange within one month of the date of notification of the Exchange's decision.
- 2.17 An appeal shall address and respond to the reason(s) given by the Exchange for the decision. As part of an appeal, the applicant shall be given an opportunity (by means of written representation to, or appearance before, the Council, or both) to set out and enlarge upon the grounds of its appeal.
- 2.18 The Council may confirm or approve the application subject to the applicant complying with such conditions as the Council may see fit to impose.

Resignation

- 2.19 A Trading Member can resign its membership of the Exchange by providing notice in writing at least 3 months prior to the proposed effective date. The Trading Member shall include the reason(s) for its resignation in its notice to the Exchange.
- 2.20 The Exchange, at its discretion, can postpone the effective date of resignation where it considers it reasonable and necessary to do so in order to protect a Trading Member's clients, investors in securities listed on the Exchange and the integrity of the market.
- 2.21 A Trading Member must continue to be eligible and suitable for membership and meet its continuing obligations under these Regulations at all times prior to its resignation effective date.

Suspension and Termination

- 2.22 Subject to paragraphs 2.23 and 2.24, the Exchange may suspend or terminate a Trading Member if:
 - (1) a receiver, administrator or other insolvency official is appointed;
 - (2) the entity or its parent goes into liquidation;
 - (3) the entity is entering into a voluntary winding-up, or in the case of a partnership is being dissolved;

- (4) there is making of a composition or arrangement with creditors;
- (5) the Trading Member no longer meets the eligibility criteria;
- (6) the Trading Member fails to pay fees;
- (7) the Trading Member fails to comply with these Regulations;
- (8) the Trading Member ceases to be in good standing with the Exchange, the BMA or its relevant regulatory authority;
- (9) the Exchange considers that it is in the best interest of investors or the market to do so,
- (10) the Trading Member has not commenced trading on the Exchange within twelve months of the date of its admission or where it has not traded on the Exchange for a period of more than 12 months.

2.23 Prior to suspension or termination of a Trading Member under sub-paragraphs 2.22(5)-(9) above, the Exchange shall give a Trading Member notice of the proposed suspension or termination, with such suspension or termination to take effect if the Trading Member fails to remedy, cure or appeal within the period provided in such notice.

2.24 The suspension or termination of a Trading Member shall not in any way operate to relieve or release the Trading Member from the observance or discharge of its obligations to the Exchange or others under these Regulations arising and subsisting prior to such suspension or termination.

3. Membership Obligations

Annual Confirmation of Suitability

- 3.1 A Trading Member shall confirm with the payment of its membership fee on an annual basis that it continues to be eligible and suitable to act as a Trading Member in such form as may be prescribed by the Exchange from time to time.
- 3.2 A Trading Member shall submit its audited financial statements to the Exchange within six (6) months of its financial year end or within the timeframe specified by its regulatory authority if earlier.

Co-Operation

- 3.3 A Trading Member shall deal with the Exchange in an open and co-operative manner and keep the Exchange informed on a timely basis of anything concerning the Trading Member that might reasonably be expected to be disclosed.
- 3.4 The Exchange may conduct an on-site visit; interview a Senior Executive, Compliance Officer, employee or agent of a Trading Member; or request documentation relating to a Trading Member's activities or those of its clients on the Exchange to ascertain compliance with these Regulations.
- 3.5 A Trading Member shall provide the Exchange with any reasonable request for information, records, documentation or explanation on a timely basis.
- 3.6 A Trading Member shall ensure that the information disclosed or provided to the Exchange is accurate, complete and not misleading.

Changes

- 3.7 A Trading Member shall notify the Exchange at least 10 business days in advance of the proposed effective date of:
 - (1) any intention to change its name and ensure that the Exchange has no objection to effecting such change,
 - (2) any intended change of address, and
 - (3) any change in its auditor.

3.8 A Trading Member shall notify the Exchange as soon as practicable of:

- (1) any removal or resignation of a Senior Executive or Compliance Officer and provide the Exchange with the reason for the removal or resignation.
- (2) the retirement or appointment of a Senior Executive or Compliance Officer. For a new appointee, a Trading Member shall submit a Senior Executive Questionnaire Form and personal identity documentation as required by the Exchange.
- (3) a decision to suspend or cease its business of trading in securities on the Exchange.
- (4) a material change in its organisational structure related to its business of trading securities on the Exchange.

Immediate Notification

3.9 A Trading Member shall notify the Exchange in writing immediately following its awareness of:

- (1) a material change in its ownership or control ($\geq 10\%$), whether direct or indirect;
- (2) the imposition of disciplinary measures or sanctions on the Trading Member, its parent or a subsidiary, a director, Senior Executive, trader and/or employee engaged in activities related to its Trading Membership; by any regulatory, statutory, professional or other body with authority to impose sanctions or disciplinary action;
- (3) any event or circumstance which may adversely affect or impair a Trading Member's ability to meet its obligations as a Trading Member or its ability to be eligible or suitable for Trading Membership;
- (4) any material breach of these Regulations or the BSD Regulations, any Guides, the bye-laws, codes and all decisions, orders, directions and notices issued by the Exchange and applying to Trading Members,
- (5) any suspicion that another Trading Member has committed a material breach of these Regulations or BSD Regulations,
- (6) the commencement of any liquidation process or winding up of the Trading Member or its parent company,
- (7) the appointment of a receiver, administrator trustee or other insolvency official in respect of the Trading Member,
- (8) the making of a composition or arrangement with creditors of the Trading Member or of its parent company.

- (9) an application or notice to dissolve a Trading Member which is constituted as a partnership.

System Access

- 3.10 A Trading Member must complete a BSX System User Application Form for each trader that accesses the Trading System.
- 3.11 A System User shall complete any training as specified by the Exchange from time to time prior to accessing the Trading System.
- 3.12 A Trading Member shall submit a BSX System User Cessation Form immediately where a Trader ceases to act in a trading capacity on the Trading System or when they cease employment with the Trading Member.

Fees

- 3.13 A Trading Member shall pay such membership fees and transactions fees as they fall due in accordance with the Trading Membership and Trading and Transaction Fee Schedules as amended from time to time and published on the Exchange's website.
- 3.14 Notwithstanding any such action which the Exchange may take against the Trading Member in default, the Exchange may also take legal action to recover the outstanding amount of any fees and surcharge, and all expenses incurred or to be incurred by the Exchange in taking recovery action against a Trading Member shall be borne by the Trading Member.

Privacy

- 3.15 A Trading Member shall ensure its clients are aware that the Exchange may hold personal information on them as a result of trading on the Exchange or holding Eligible Securities in the BSD. The Privacy Statement of the Exchange is available on the Exchange's website and may be amended from time to time.

Miscellaneous

- 3.16 A Trading Member may not transfer, assign, mortgage, pledge or otherwise pass on its Trading Membership or any rights attached thereto to any other person or entity.
- 3.17 A Trading Member must not permit others to use its name to conduct trading activity on the Exchange.

4. Conduct of Business

General Principles

- 4.1 In conducting its activities on the Exchange, a Trading Member shall at all times:
- (1) act honestly and fairly in the best interests of its clients and the integrity of the market;
 - (2) act with due skill, care and diligence in the best interests of its clients and the integrity of the market;
 - (3) take all reasonable steps to avoid any conflict of interest with its client(s) and, where such a conflict arises, ensure fair treatment to its client(s) by declining to act for its client(s) or disclosing relevant information to its client(s) (and obtaining written confirmation from the client(s) acknowledging the conflict of interest);
 - (4) never place its own interests above those of its clients.

Confidentiality

- 4.2 Except as otherwise stated in these Regulations, information supplied by or in relation to a Trading Member pursuant to these Regulations shall be kept confidential by the Exchange.
- 4.3 The Exchange does not disclose information concerning a Trading Member, its transactions and its clients to other third parties except in the following circumstances:
- (1) The BMA requests such information or in the opinion of the Exchange, activities have taken place related to a Trading Member or its clients which the BMA should be made aware of. Where an entity is regulated in a jurisdiction outside Bermuda, the BMA may in turn share this information with an entity's regulatory authority; or
 - (2) information is passed to any person entitled to such information under the law; or
 - (3) when required to do so by court order.
- 4.4 Any such passing of information under Regulation 4.3 or 4.6 shall not be considered publication for the purposes of the law of defamation, a breach of confidentiality or data protection requirements and the Exchange shall not incur any liability as a consequence of supplying such information.

Market Conduct

- 4.5 A Trading Member shall not engage in any activity directly or indirectly in a security listed on the Exchange that may be considered Market Manipulation or Insider Dealing.
- 4.6 A Trading Member shall provide the Exchange with information relating to trades undertaken by the Trading Member or by its client in securities listed on the Exchange when requested on a timely basis in order for the Exchange to assess potential Market Manipulation or Insider Dealing activity on the Exchange. The Exchange may provide this information to the BMA or to a relevant authority in Bermuda with the relevant powers of prosecution, investigation and enforcement.

Personal Dealing

- 4.7 A Trading Member shall have appropriate procedures in place to control personal dealings of its directors, officers, traders, employees, agents and shareholders or the immediate family of such persons in a security listed on the Exchange to ensure the Trading Member meets its obligations under these Regulations and to its clients. The personal dealings of a person in a role as a trader, handling client orders, advising or managing client investments or in a role likely to bring that person into possession of price-sensitive information in relation to security listed on the Exchange shall require the prior approval of the Compliance Officer or Senior Executive.

Client Assets

- 4.8 A Trading Member, shall at all times ensure that client assets are properly protected by:
- (1) segregating the assets and transactions of its client(s) from those of itself,
 - (2) segregating and identifying individual client funds and securities,
 - (3) maintaining proper books and records of client funds and securities, and
 - (4) reconciling securities held on behalf of clients in the BSD at least monthly.

All Clients

- 4.9 In relation to its clients, a Trading Member shall:
- (1) provide each client with its terms of business;
 - (2) conduct relevant client due diligence prior to opening an account for that client (including in relation to a domestic security whether the client is Bermudian or non-Bermudian) to ensure that it has reasonable grounds for believing that a client's securities or funds are lawfully acquired and have not been

connected with or derived from any money laundering, terrorist financing, other criminal or unlawful activity, transaction or source;

- (3) inform its client in advance where it may trade for its own account; and
- (4) inform its client that in respect of transactions executed on the Exchange, the rules and Regulations of the Exchange shall apply and are binding on the Trading Member and the client.

Advisory and Discretionary Clients

4.10 In relation to a discretionary or advisory client, a Trading Member shall:

- (1) execute a client agreement,
- (2) obtain from its client information about their circumstances and investment objectives;
- (3) take reasonable steps to ensure it does not recommend to a client, or effect or arrange a discretionary transaction with or for a client, unless the recommendation or transaction is suitable for that client having regard to the facts about that client of which it is, or reasonably should be, aware;
- (4) not recommend a transaction to a client unless it has taken reasonable steps to enable the client to understand the nature of the risks involved;
- (5) not recommend a client to deal, or deal or arrange a deal for a discretionary client, if the dealing would reasonably be regarded as too frequent in the circumstances (i.e. churning); and
- (6) take reasonable steps to provide comprehensive and timely publicly available information of which the Trading Member is aware and which is needed to enable the client to make a balanced and informed investment decision.

Trade Confirmation Notes

4.11 A Trading Member shall provide its client with a trade confirmation note for each purchase, sale or Exchange of an Eligible Security entered into by it on behalf of its client on the Exchange, within one (1) business day of trade execution.

4.12 The trade confirmation note shall include at a minimum the following information:-

- (1) whether the Trading Member acted as principal or agent;
- (2) a description of the security that are the subject of the trade;

- (3) the quantity and price(s) per unit of the security;
- (4) the amount of commission (if any) and any other fees charged; and
- (5) the trade date and time and the settlement date.

Custody Statement

- 4.13 A Trading Member shall provide each client for whom it holds Eligible Securities and/or funds in custody with a statement of account on a regular basis and at least annually.

5. Trading Obligations

General Trading Obligations

- 5.1 A Trading Member shall in respect of trading:
- (1) support a fair and orderly market.
 - (2) deal with client and own account orders fairly, strictly in due turn and with total integrity and shall never “front run” ahead of client orders,
 - (3) execute orders promptly, and
 - (4) allocate executed trades promptly.
- 5.2 A Trading Member shall be aware of and comply with the BEST System Rules and Market Parameters as published by the Exchange and amended from time to time.
- 5.3 A Trading Member is responsible for the accuracy of the information entered by it and displayed on the Trading System.
- 5.4 Unless otherwise authorised in advance by the Exchange, a Trading Member shall conduct any trade in a security listed on the Exchange through the Trading System unless that security is also listed on another Exchange or is an open-ended collective investment vehicle (which is not an Exchange-traded fund).
- 5.5 A Trading Member may not trade a security listed on the Exchange on a principal basis or for its own account unless authorised as Broker/Dealer or Market-Maker by the Exchange.
- 5.6 A Trading Member shall not trade with a Trading Member in a security listed on the Exchange whose Trading Membership is suspended, except to settle a trade executed prior to the suspension of that Trading Member.

Trading Schedule

- 5.7 Trading shall be conducted on business days during the hours of operation as stated in the trading schedule in the Market Parameters. The Exchange shall publish business days on its website annually.

Round Lot and Odd Lot Market

- 5.8 The Exchange may operate a round lot market and odd lot market in a security.

- 5.9 A Trading Member must accept an odd lot order. A Trading Member with authorisation to deal on its own account may purchase or sell an odd lot from its clients for its own account Exchange Trading Member.
- 5.10 An odd lot order may be traded at a price outside the price quoted on the round lot market.

Security Halt or Suspension

- 5.11 The Exchange has the power to halt, suspend, terminate, modify, reduce or extend the trading schedule as it deems fit and shall notify all Trading Members of any intention in this regard.
- 5.12 The Exchange has the power to halt, suspend or terminate trading in the market or in a particular security as required during the trading day or for a period of time and shall notify Trading Members of any intention in this regard.
- 5.13 A Trading Member shall not deal in a halted or suspended security, except to settle a trade executed prior to the halt or suspension of that security.
- 5.14 The Exchange reserves the right cancel any order in a halted or suspended security.

Buy Order - Ownership Restrictions for Bermuda Incorporated Entities

- 5.15 The Exchange shall reject a buy order for an account designated as a non-Bermudian account if the execution of that order would cause the total non-Bermudian holdings in a Domestic Security held in the BSD to exceed the percentage permissible under the Companies Act.
- 5.16 The Exchange shall reject a buy order if the execution of that order would cause the total holding in the designated account for a Domestic Security to exceed the level for a single holder advised as permissible for holding within the BSD by the issuer.

Restricted Marketing Securities

- 5.17 A Trading Member shall not arrange a subscription for or execute a buy order for any security listed on the Exchange which is subject to "Restricted Marketing" without knowing that its client meets the Exchange's Qualified Investor requirements.
- 5.18 The Exchange has created a pro-forma Qualified Investor Suitability Declaration which is provided on its website which should be completed by a client prior to making a Restricted Marketing investment. The Exchange recognises that a Trading Member may capture that its client meets the Exchange's Qualified Investor requirements through its own due diligence process and that certain jurisdictions have equivalent or greater standards relating to Qualified Investor regime which can be used as an alternative to the Exchange's Qualified Investor Suitability Declaration.

Sell Order – Interest held in the BSD

- 5.19 A Trading Member shall ensure that before entering a sell order on the Trading System that it has confirmed that the holding in that security is available in the nominated BSD Account to settle the order on the settlement date.
- 5.20 The Trading System shall reject a sell order if a sufficient holding in the security is not available in the nominated account to satisfy the order in full on the day of trading.

Ex-Dividend Date

- 5.21 A security listed on the Exchange shall go ex (ex-dividend or ex-interest or ex-rights or ex-any other privileges, as the case may be) one (1) business day prior to the relevant record date or the date of the closing of the books of the security by the issuer, whichever is the earlier.

Trade Cancellation

- 5.22 A trade cancellation may be granted by the Exchange with the agreement of both Trading Members who are party to a trade or for legal and/or regulatory reasons as determined by the Exchange.
- 5.23 A trade may only be cancelled before the settlement date.
- 5.24 A request for a trade cancellation shall be made in writing to the Exchange by both Trading Members as soon as practicable post execution indicating the reason(s) and event(s) which led to the request for cancellation of the trade.

Trade Dispute

- 5.25 A dispute between Trading Members in relation to a trade shall be handled by the Exchange.
- 5.26 A Trading Member which has a dispute with another Trading Member shall immediately notify the Exchange in writing of the dispute indicating the reason(s) and event(s) which led to the dispute. The other Trading Member shall provide a similar notification to the Exchange and both parties to the dispute shall provide such information as requested by the Exchange.
- 5.27 In any dispute, the information available from Trading System will be considered the best evidence of the events leading up to the dispute. The Exchange shall have the final say in relation to a dispute and reserves the right to prescribe any action necessary to resolve a trading dispute including the alteration of the terms of a trade.

6. Settlement

Settlement Cap

- 6.1 Prior to commencement of trading, a Trading Member must specify in writing a Settlement Cap which is acceptable to the Exchange and a Trading Member shall not be allowed to breach its Settlement Cap when trading.
- 6.2 A Trading Member must have a valid Settlement Guarantee to the value of its Settlement Cap in place at all times in order to settle its trades on the Exchange.
- 6.3 All trades between Trading Members affect the value of the Settlement Cap as specified in the BEST System Rules.

Form of Settlement Guarantee

- 6.4 The form of Settlement Guarantee can include one or more of the following:
 - (1) a Bank Guarantee lodged with the Exchange,
 - (2) a cash deposit lodged with a licenced bank or deposit taking entity acceptable to the Exchange and subject to a control agreement in favour of the Exchange,
 - (3) such other form as the Exchange may agree from time to time.
- 6.5 The form of Settlement Guarantee shall be as specified by the Exchange and published on its website.
- 6.6 A Trading Member may increase/decrease its Settlement Cap at any time by lodging a new or additional form of Settlement Guarantee. The Exchange shall increase the Settlement Cap as soon as practicable and in the case of a cash deposit after it receives confirmation of the cleared funds. Where a Trading Member reduces the amount of its Settlement Guarantee, its Settlement Cap will be reduced accordingly.
- 6.7 A Trading Member which deposits cash to support its Settlement Guarantee must be in a special, separate account in the name of the Trading Member and:
 - (1) Drawing rights on the account shall be exclusive to the Exchange, upon written notice by the Exchange, pursuant to the control agreement, in its capacity as operator of the BSD,
 - (2) The Trading Member shall bear all the expenses of operating the account, and
 - (3) Any interest payable on the account shall be due to the Trading Member.

Rights of the Exchange in relation to Settlement Cap

- 6.8 The Exchange may, at its absolute discretion, establish a Trading Member's Settlement Cap at a lesser amount than the sum of the Settlement Guarantee to provide for expenses incurred in the event of non-payment by a Trading Member.
- 6.9 The Exchange may prevent an order or orders from executing if, in the opinion of the Exchange, such action is necessary to prevent the net amount owing to the Exchange exceeding the Trading Member's Settlement Cap.
- 6.10 The Exchange shall suspend the execution of all buy orders if the net amount owing by the Trading Member to the Exchange exceeds the Settlement Cap.

Trade Settlement and Payment

- 6.11 A Trading Member must settle all trades executed through the Trading System by the settlement date specified in the Market Parameters.
- 6.12 The Exchange shall net the value of trades and any other payments due to or from a Trading Member to give a single daily pay or receive figure for each Trading Member to be settled.
- 6.13 Each Trading Member must make a payment to the BSD clearing account at the Clearing Bank by way of wired funds by the time specified in the Market Parameters on the settlement date.
- 6.14 In the event that payment by a Trading Member is not made on the due date and time, the Exchange, at its absolute discretion may:
- (1) draw on any cash deposit provided by the Trading Member to support its Settlement Guarantee to the extent of the amount due plus any costs incurred by the BSD in respect of the failure to pay; and/or
 - (2) draw down on any other form of Settlement Guarantee provided by the Trading Member to the extent of the amount due plus any costs incurred by the Exchange in respect of the failure to pay; and/or
 - (3) wholly or partially suspend the Trading Member; and/or
 - (4) reduce the available Settlement Cap by such amount as the Exchange thinks fit; and/or
 - (5) charge the Trading Member interest on the overdue amount and any other expenses incurred by the Exchange as a result of the non payment;
 - (6) impose a financial charge not exceeding \$50,000.

7. Discipline

General

- 7.1 A Trading Member who fails to comply with these Regulations or the BSD Regulations or commits an act of misconduct shall be liable to disciplinary action by the Exchange.
- 7.2 The Exchange has the authority to investigate and review any alleged breach of these Regulations or the BSD Regulations or other misconduct on the part of a Trading Member and to impose such remedy or penalty on a Trading Member with respect to any such breach or misconduct as is proved to its satisfaction.
- 7.3 A breach or act of misconduct which is deemed to be serious may be referred to the Executive Management Committee (or a delegated Sub-Committee) for further consideration.

Investigation Procedures

- 7.4 An allegation that a Trading Member has or may have committed a breach of Regulations or is or may be guilty of misconduct may be identified by the Exchange or be communicated to the Exchange in writing and accompanied by such supporting information and documents as are reasonably available to the person or entity making the allegation.
- 7.5 If, following an investigation or review, the Exchange finds a prima facie case of a breach or other misconduct is established, the Exchange shall as soon as practicable thereafter notify the Trading Member of the allegation.
- 7.6 The relevant Trading Member has a right to make written representations and to appear before the Exchange to answer the allegation or give an explanation with respect thereto.
- 7.7 The Exchange may give a Trading Member an opportunity to remedy or cure the breach or misconduct by taking appropriate action within a period of time and/or impose a fine of up to \$5,000 on a Trading Member for each breach or act of misconduct. A failure by the Trading Member to effect a remedy or cure to the satisfaction of the Exchange within such period may be deemed an act of misconduct by the Trading Member.
- 7.8 In relation to an Exchange breach or act of misconduct referred to the Executive Management Committee, the Executive Management Committee (or a delegated Sub-Committee) has the power to impose a penalty on a Trading Member with respect to any breach or act of misconduct as is proved to its satisfaction and it deems appropriate in the circumstances including, but not limited to: -

- (1) private or public reprimand,

- (2) private or public censure,
- (3) suspension from Trading Membership for a period not exceeding three (3) months,
- (4) payment of a fine not exceeding \$50,000,
- (5) termination of Trading Membership.

- 7.9** A Trading Member subject to a serious breach or act of misconduct allegation has a right to make written representations and/or to appear before the Executive Management Committee (or delegated Sub-Committee) to answer the allegation or give an explanation with respect thereto.
- 7.10** The decision of the Executive Management Committee (or delegated Sub-Committee) as to whether or not the allegation of the serious breach or act of misconduct has been proved to its satisfaction and, if so proved, the nature and extent of the penalty shall as soon as practicable be communicated in writing to the Trading Member.
- 7.11** Where the penalty imposed is a suspension, a Trading Member shall not be entitled to trade on the Exchange but shall remain obliged to comply with the provisions of these Regulations and the BSD Regulations.
- 7.12** The Exchange may, in its discretion, make it known to other Trading Members or to the public generally any decision relating to a serious breach or act of misconduct.

Appeals

- 7.13** A Trading Member may appeal a decision of the Exchange to the Executive Management Committee (or delegated Sub-Committee) or in the case of a decision by the Executive Management Committee (or delegated Sub-Committee) to the Council within one (1) month of the date of notification of the decision. Such notice shall be in writing and address and respond to the reason(s) given by the Exchange or Executive Management Committee as applicable for the decision.
- 7.14** As part of any appeal, the Trading Member shall be given an opportunity to make written representations and/or to appear before the Executive Management Committee or Council as applicable to set out and enlarge upon the grounds of its appeal.
- 7.15** The Executive Management Committee or Council as applicable may confirm, amend or reverse the decision. The decision of the Council on such matters shall be final and binding on all parties and the Council shall not be required to disclose the reason for its decision.