

Nordic Growth Market

Börse Stuttgart Group

Liquidity Provider Rules¹

January 1, 2021

¹ N.B. The same definitions shall apply to these Liquidity Provider Rules as those set out in the Rules for Members of Nordic Growth Market NGM AB and ATS Finans AB (Spotlight Stock Market) applicable from time to time.

In accordance with section 3.9 in Rules for Members of Nordic Growth Market NGM AB and ATS Finans AB (Spotlight Stock Market), a Member acting as a Liquidity Provider must comply with the requirements set out in these Liquidity Provider Rules.

These Liquidity Provider Rules enter into force on January 1, 2021.

1 General provisions

These Liquidity Provider Rules shall be applicable for all financial instruments in which the Member is a Liquidity Provider.

A Liquidity Provider must be a Member of the Exchange. Subject to sections 3.9.5-3.9.6 of the Member Rules, a Member may however, following approval by the Exchange, permit an investment firm client to act as a Liquidity Provider. A Member which is trading on behalf of an investment firm client that is acting as a Liquidity Provider shall be responsible for ensuring the investment firm's compliance with sections 3.9.1-3.9.4 of the Member Rules. The Member shall be responsible for the investment firm client's compliance with these Liquidity Provider Rules.

A Liquidity Provider is obligated to (i) carry out surveillance of, (ii) ensure compliance with, and (iii) facilitate the possibility for the Exchange of auditing the Liquidity Provider's liquidity provisioning activities.

A Liquidity Provider is required to provide information on, when placing an order, whether or not the order is part of a liquidity provision activity.

For the avoidance of doubt, the Liquidity Provider shall under no circumstances provide liquidity during less than 50 per cent of Continuous Trading, as defined in the Member Rules, calculated on a monthly basis.

2 Liquidity provisioning obligations

2.1 Main Regulated

For financial instruments admitted to trading on Main Regulated, the Liquidity Provider shall apply the following requirements with respect to volume, presence and Spread.

The Liquidity Provider shall, for each financial instrument, provide bid order and sell order respectively amounting to not less than SEK 10,000 per order.

The Liquidity Provider shall provide orders during the Call Auction and during not less than 85 per cent of Continuous Trading.

The bid order and sell order which are placed from time to time shall not deviate from each other by more than four (4) per cent calculated from the Liquidity Provider's sell order. However, for financial instruments for which the last Trade amounts to less than SEK 1.00 but not less than SEK 0.5, the Spread shall not exceed SEK 0.05; and for financial instruments for which the last Trade amounts to less than SEK 0.5, the Spread shall not exceed SEK 0.04.

Following approval by the Exchange, for financial instruments admitted to trading on Nordic AIF, the Liquidity Provider may apply other requirements than those set out above.

2.2 Nordic SME and Spotlight Stock Market

For financial instruments listed on Nordic SME, the Liquidity Provider shall either apply the requirements set out in option 1 or in option 2 below.

For financial instruments listed on Spotlight Stock Market, the Liquidity Provider shall apply the requirements set out in option 2 below.

2.2.1 Option 1

The Liquidity Provider shall, for each financial instrument, provide bid order and sell order respectively amounting to not less than SEK 10,000 per order.

The Liquidity Provider shall provide orders during the Call Auction and during not less than 85 per cent of Continuous Trading.

The bid order and sell order which are placed from time to time shall not deviate from each other by more than eight (8) per cent calculated from the Liquidity Provider's sell order. However, for financial instruments for which the last Trade amounts to less than SEK 1.00 but not less than SEK 0.5, the Spread shall not exceed SEK 0.05; and for financial instruments for which the last Trade amounts to less than SEK 0.5, the Spread shall not exceed SEK 0.04.

2.2.2 Option 2

The Liquidity Provider shall, for each financial instrument, provide bid order and sell order respectively amounting to not less than SEK 5,000 per order.

The Liquidity Provider shall provide orders during the Call Auction and during not less than 85 per cent of Continuous Trading.

The bid order and sell order which are placed from time to time shall not deviate from each other by more than six (6) per cent calculated from the Liquidity Provider's sell order. However, for financial instruments for which the last Trade amounts to less than SEK 1.00 but not less than SEK 0.5, the Spread shall not exceed SEK 0.05; and for financial instruments for which the last Trade amounts to less than SEK 0.5, the Spread shall not exceed SEK 0.04.

2.3 Exceptional Circumstances, Stressed Market Conditions, Market Making Schemes and Volatile Markets

2.3.1 Exceptional Circumstances

As set out in section 3.12.1 of the Member Rules, the Exchange shall through a Market Notice make public the occurrence of Exceptional Circumstances pursuant to article 4 of Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 specifying the requirements on market making agreements and schemes, as well as the resumption of normal trading after the Exceptional Circumstances have ceased to exist. During the occurrence of Exceptional Circumstances Liquidity Providers shall not be obliged to provide liquidity in accordance with section 3.9 of the Member Rules.

2.3.2 Stressed Market Conditions

As set out in section 3.12.2 of the Member Rules, the Exchange shall, where necessary, through a Market Notice make public the occurrence of Stressed Market Conditions pursuant to article 6 of Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 specifying the requirements on market making agreements and schemes.

Stressed Market Conditions shall be deemed to exist in the following cases:

- Immediately and automatically following the resumption of trading, for the rest of the trading day, after a volatility interruption (i.e. a circuit breaker); or
- where the Exchange, at its own discretion, determines that Stressed Market Conditions exists.

2.3.3 Market Making Schemes

The Exchange may grant Liquidity Providers incentives for providing liquidity in case of Stressed Market Conditions. Such incentives, which are exclusively applicable for Liquid Equities, are set out in the Market making scheme, **Appendix I**.

2.3.4 Volatile markets – temporary Spread requirements during volatile markets

The Liquidity Provider may deviate from the spread requirements set out above during volatile markets and subject to consultation with the Exchange's market surveillance department.

Volatile markets shall be deemed to exist, where

- (i) the price of the last Trade for a share deviates by more than ten (10) per cent for Main Regulated and twenty (20) per cent for Nordic SME and Spotlight Stock Market from the closing price of the previous Trading Day; or
- (ii) the price difference in a share during a Trading Day exceeds ten (10) per cent for Main Regulated and twenty (20) per cent for Nordic SME and Spotlight Stock Market.

During such volatile markets, the bid quotes and sell quotes which are quoted from time to time shall not deviate from each other by more than

- (i) eight (8) per cent for Main Regulated,
- (ii) sixteen (16) per cent, for Liquidity Providers on Nordic SME applying option 1 above,
and
- (iii) twelve (12) per cent for Liquidity Providers on Nordic SME and Spotlight Stock Market applying option 2 above.

The Spread requirements set out above shall be calculated from the Liquidity Provider's sell quote. Before implementing such a Spread, the Liquidity Provider shall notify the Exchange's market surveillance department.

Appendix I – Market Making Scheme

General provisions

The Exchange is required to have in place Market making schemes for shares and exchange traded funds for which there is a liquid market, i.e. for Liquid Equities and ETF's. The Market Making Schemes shall describe the incentives available to Members, as well as the requirements that must be met in terms of presence, size and spread, in order to take part of the incentives.

The incentives set out in this Market Making Scheme shall only apply if all criteria below are fulfilled;

- (i) where the Exchange has identified and made public the occurrence of Stressed Market Conditions, and
- (ii) where a Liquidity Provider is pursuing a Market Making Strategy in shares and exchange traded funds for which there is a liquid market, i.e. for Liquid Equities and ETF's, as set out in **Appendix II**.

Incentives – Financial incentives for providing liquidity

Liquidity Providers that are present during ninety (90) per cent of the time during Stressed Market Conditions shall benefit from the below incentives, provided however that Liquidity Provider is pursuing a Market Making Strategy in Liquid Equities.

- The Liquidity Provider shall benefit from a rebate (discount) of ten (10) per cent on all orders placed and transactions executed during Stressed Market Conditions.

Appendix II – List of instruments

This Appendix II shall be provided to the Exchange by the Liquidity Provider – for all Liquid Equities in which the Liquidity Provider is pursuing a Market Making Strategy – in order for the Liquidity Provider to access the incentives under the Market making scheme.

List of instruments covered by these rules for which the Market making scheme is applicable – if any

I.e. shares and exchange traded funds for which there is a liquid market, i.e. Liquid Equities and ETF's

Market segment	ISIN of the Liquid Equity	Name of the Liquid Equity	Symbol of the Liquid Equity	Member (Liquidity Provider)