

**BAHAMAS INTERNATIONAL SECURITIES EXCHANGE
LIMITED**

BISX RULES

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BAHAMAS INTERNATIONAL SECURITIES EXCHANGE

SECTION 4: TRADING

Subsection 1: Conditions Of Trading

1.1 The right to trade

The trading of securities listed on The Exchange is limited to Members and their authorised representatives.

1.2 Review by The Exchange

The Exchange may review any aspect of any Order or trade placed on The Exchange in order to facilitate its regulatory functions.

1.3 The obligation to attend

Members of The Exchange are obliged to participate in every Trading Session unless otherwise agreed by The Exchange.

1.4 Trading Sessions

1. The Exchange will facilitate meetings of Members for the trading of securities listed on The Exchange on days and at such times as may be decided by The Exchange from time to time and notified to Members. Such meetings are referred to as Trading Sessions.
2. The Exchange will only accept Orders during Trading Sessions.
3. Market opening and closing times during Trading Sessions are decided by The Exchange from time to time and notified to Members.
4. Each Member is entitled to equitable access to the market during each Trading Session.
5. The meeting of Members during Trading Sessions may be by use of either:
 - (i) the Bahamas Automated Trading System (BATS), or
 - (ii) manual trading methods as initiated by The Exchange from time to time and notified to Members.
6. The participation of Members during Trading Sessions via the BATS may take place using Trading Workstations located at:
 - (i) The Exchange's premises,
 - (ii) Registered Trading Locations, or
 - (iii) other locations as decided by The Exchange from time to time and notified to Members.
7. The participation of Members during Trading Sessions for manual trading may take place at:
 - (i) The Exchange's premises, or
 - (ii) other locations as decided by The Exchange from time to time and notified to Members.

8. The Exchange may delay the opening of trading in any listed security or interrupt trading in any listed security in order to ensure the orderly opening or trading of such listed security.
9. The Exchange will suspend trading on all or any securities when formally directed to do so by The Commission.
10. Symbols available to be traded and accessible by each Member during Trading Sessions are decided by the Exchange from time to time and notified to Members.

1.5 Validity of trades

1. Subject to any exceptions set out in The Act, trading of listed securities must take place via The Exchange during Trading Sessions.
2. Unless otherwise prescribed by The Exchange, all securities shall be traded using the BATS in accordance with these rules and any procedures established by The Exchange.
3. The beneficial ownership of a security traded on The Exchange together with all the rights and interests in such security passes from the seller(s) to the buyer(s) with effect from the date and time of trade execution on The Exchange.
4. Any trade of a security listed on The Exchange made in accordance with these rules is final and irrevocable and binding on both parties.

1.6 Disputes

1. Where a dispute arises during a Trading Session the Exchange will assess the matter and may issue directions to resolve the dispute.
2. Members are required to follow all directions issued by the Exchange to resolve any disputes that arise during Trading Sessions.
3. If a Member does not comply with all directions issued by the Exchange to resolve any disputes that arise during Trading Sessions, the Member may be removed from the Trading Session and may be subject to disciplinary action by the Exchange.
4. A Member may appeal a direction issued by the Exchange to resolve any disputes that arise during Trading Sessions to the Market Conduct Committee. This does not remove the Member from its obligation to comply with such direction until notified otherwise by the Market Conduct Committee.

Subsection 2: Orders On The Exchange

2.1 Recording the details of an Order

1. All Orders as agent shall be recorded in an Order Log Book and shall contain at least the following information and shall in the case of instructions received from a client be recorded within 60 seconds of the instruction being received and in the case of discretionary orders be recorded within 60 seconds of the order being placed:
 - (i) the identity of the individual receiving the Order;
 - (ii) the client's name;
 - (iii) the date and time of receipt of the Order;

- (iv) a sequential Order number;
- (v) the relevant settlement Account Number;
- (vi) the name and symbol of the listed security;
- (vii) the type of Order (i.e. buy or sell) and any conditions;
- (viii) the volume of securities to be traded and any conditions;
- (ix) the trading price and any conditions; and
- (x) the expiry condition of the Order, if any.

2.2 Validating ownership of securities

1. Before a sell Order is placed, the selling Member shall be responsible to ensure that:
 - (i) in the case of Orders as agent his client has enough deliverable securities to satisfy the client's obligations as expressed in the client's Order, and
 - (ii) in the case of Orders as principal the Member has enough deliverable securities to satisfy the Member's obligations as expressed in the Member's Order,

and in either case, if the deliverable securities are not sufficient to satisfy the obligations expressed in the Order, then the Order must not be submitted to The Exchange.

2. Where a client of a Member does not have enough deliverable securities to satisfy the client's obligations as expressed in the client's Order the Member should make all reasonable endeavours to inform the client before the end of the trading session of the status of his Order.

2.3 Placing Orders

1. An Order placed on The Exchange must specify:
 - (i) the symbol of the listed security;
 - (ii) the volume of securities to be traded, including any explicit instructions regarding Undisclosed Volume;
 - (iii) explicit instructions regarding price;
 - (iv) whether the Order is to buy or to sell;
 - (v) the source of the Order, *client* or *professional*;
 - (vi) the Account Number of the settlement account against which the Order is being effected;
 - (vii) any Special Fill Terms; and
 - (viii) any explicit instructions regarding the lifetime of the Order.
2. Orders must be entered within defined Tick Sizes.
3. Tick Sizes are decided by The Exchange from time to time and notified to Members.
4. Orders placed on The Exchange that do not have an Account Number explicitly specified will be rejected.

5. Members must implement appropriate procedures to review and identify when an Order is placed and/or traded with an incorrect Account Number.
6. Trades that occur on The Exchange where one or both of the Orders have an incorrect Account Number specified must be reported to the Exchange as soon as the error is discovered.
7. Orders must be entered within defined Spread Sizes.
8. Spread Sizes are decided by the Exchange from time to time and notified to Members.
9. Orders must be entered within defined Freeze Parameters.
10. Freeze Parameters Freeze Alerts are decided by the Exchange from time to time and notified to Members.
11. Orders must be entered using defined Board Lots.
12. Board Lot sizes are decided by the Exchange from time to time and notified to Members.
13. The Exchange may require a Member to implement reporting and monitoring procedures with respect to Orders placed and Trades filled on the Exchange.

2.3.1 Orders placed by Members as principal

1. Orders for Members as principal must be placed on The Exchange with the source of the Order specified as *professional*.
2. Orders for Members as principal must be placed on The Exchange with the settlement Account Number specified as the House Account of the Member.

2.3.2 Orders placed by Members as agent

1. A Member may not place Orders as agent unless it is in possession of an executed and approved Customer Account Form.
2. Members must ensure that they receive bona fide instructions from clients and that they have effective procedures for identifying the persons from whom they take instructions to effect transactions.
3. Members must ensure that they inform clients with whom they have an advisory relationship or clients from whom they are soliciting Orders when the Member or an affiliated person of the Member has placed an Order or Orders on The Exchange that may trade with the client.
4. Members must ensure that Orders as agent are placed on The Exchange in the sequential order in which they are received by the Member as recorded in the Member's Order Log Book.
5. Members must ensure that all Orders as agent received without Placement Conditions specified within a Trading Session are placed on The Exchange within 300 seconds of the Order being received from the client.
6. Members must ensure that all Orders as agent received without Placement Conditions specified outside a Trading Session are placed on The Exchange during the next Pre-Open Period immediately following the Order being received from the client.

7. Members must ensure that all Orders as agent received with Placement Conditions specified are placed on The Exchange at the earliest opportunity following the Placement Conditions being met.
8. All Orders placed on The Exchange by Members as agent must be made as a result of bona fide instructions from a client of the Member.
9. Each Order placed on The Exchange by a Member as agent must be placed on behalf of one and only one client only.
10. Orders for Members as agent must be placed on The Exchange with the settlement Account Number specified as the Omnibus Account of the Member.

2.3.3 Orders placed by Members as agent of Affiliated Persons

Orders for Members as agent of Affiliated Persons must be placed on The Exchange with the source of the Order specified as *professional*.

2.3.4 Orders placed by Members as agent of non-Affiliated Persons

Orders for Members as agent of non-Affiliated Persons must be placed on The Exchange with the source of the Order specified as *client*.

2.4 Type of Orders accepted by The Exchange

1. The type of Orders allowed to be placed on The Exchange are the following:
 - (i) *Limit Order*. An Order, which has a specified price when it is entered, and can trade better than or equal to this price.
 - (ii) *Market Order*. An Order to trade a security immediately at the current best price available in the market in accordance with the following:
 - a. during the Pre-Open Period Market Orders are queued,
 - b. during the Pre-Open Period Market Orders are queued with the price of the Order indicated as Market,
 - c. during the Continuous Trading Period if no Order exists on the opposing side of the market, the Market Order remains in the Order Book with the price of the Order indicated as Market,
 - d. during the Continuous Trading Period if an opposing Order exists, the Market Order will trade in its entirety or partially trade with that opposing Order, Orders that partially trade remain in the Order Book with the price of the Order indicated as Market,
 - e. if two Market Orders are executed, the trade shall be executed at the Reference Price,
 - f. if the best bid on the market remains without the best ask, and at least one Market Order to buy exists, and a Market Order to sell comes to the market or a limit order, with a price, which is lower or equal to the best bid, or vice-versa on the selling side, the trade shall be executed at the price, which is a minimum tick size better than the best bid or ask.

2.4.1 Price Protection

1. Price Protection values are defined by The Exchange and may be changed from time to time and notified to Members.

2.5 Lifetime of Order

1. Orders placed on The Exchange may be placed on The Exchange with a specified lifetime, at the end of this lifetime the Order expires and is removed from the Order Book.
2. Orders that are placed on The Exchange without an explicitly specified lifetime expire at the end of the current trading day.
3. Orders placed on The Exchange may have the following lifetimes specified:
 - (i) *Day*. The Order will be cancelled at the end of the current trading day.
 - (ii) *Open* (also known as *Good Till Cancelled*, GTC). The Order will remain on The Exchange until explicitly cancelled.
 - (iii) *Good Till Date* (GTD). The Order will remain on The Exchange until the date specified.

2.6 Order volume

1. An Order placed on The Exchange must specify the Total Volume of securities to be traded.
2. An Order placed on The Exchange without Total Volume specified will be rejected by The Exchange.
3. Orders placed on The Exchange may specify a volume to be disclosed to the market.
4. The Total Volume of Orders placed on The Exchange is visible only to the Member placing the Order and all other Members will see an indication that Undisclosed Volume is present.
5. An Aggressive Order with Disclosed Volume specified may be filled to the extent of the Total Volume of the Order if enough volume exists on the opposing side of the market.
6. When an Order with Disclosed Volume is partially filled and there are no competing Orders present in the Order Book the remaining Disclosed Volume amount is replenished from Total Volume.
7. When an Order with Disclosed Volume is partially filled and there are competing Orders present in the Order Book the remaining Disclosed Volume amount is not replenished.
8. When no competing Orders are present in the Order Book a Passive Order with Disclosed Volume specified may be filled to the extent of Total Volume.
9. When competing Orders are present in the Order Book a passive Order may be filled to the extent of the remaining Disclosed Volume and when the Disclosed Volume is depleted the Disclosed Volume of the Order is replenished and the Order is re-queued.
10. When the Total Volume of an Order with Disclosed Volume specified is depleted to the point where the Disclosed Volume is less than or equal to the Total Volume then the Total Volume is disclosed to the market and the Undisclosed Volume indication is removed.

2.7 Special term Orders

1. Orders placed on The Exchange with Special Terms specified are queued in the Special Terms Book.
2. Orders queued into the Special Terms Book may match only if all their Special Terms are satisfied by the opposing Order.
3. The Exchange may require a Member to implement reporting and monitoring procedures with respect to Special Term Orders placed on The Exchange as principal or agent.

2.7.1 Special Fill Term Orders

1. A Special Fill Term Order specifies an amount of volume that must be traded.
2. Special Fill Terms allowed by The Exchange are:
 - (i) *All or None* (AON). An AON Order will only trade when it can be filled in its entirety with one or more opposing Orders.
 - (ii) *Minimum Fill* (MF). A MF Order will only trade when it can be filled at or above the minimum volume specified with one or more opposing Orders. When an MF Order is partially filled, the Special Fill Term is removed from the remaining volume, and the Order is queued in the Regular Book.
 - (iii) *Minimum Block* (MB). A MB Order will only trade when it can be filled at or above the minimum volume specified with one or more opposing Orders. When an MB Order is partially filled and the remaining volume is less than or equal to the minimum volume specified then the Special Terms of the Order are changed to All or None.

Subsection 3: Modification Of Orders

1. An Order queued on The Exchange may be modified by the Member that originally placed the Order in accordance with the following:
 - (i) If any of the following changes are effected then the Order will be re-queued in the Order Book:
 - a. change in price;
 - b. increase in Total Volume or Disclosed Volume;
 - c. removal of a Special Term.
 - (ii) If any of the following changes are effected then the Order will retain its current position in the queue:
 - a. decrease in Total Volume or Disclosed Volume;
 - b. changes in the lifetime of the Order;
 - c. changes in the Special Terms;
 - d. Changes to the Reference field.
2. If the symbol needs to be changed, the Order must be cancelled and re-entered.

3. If a buy Order needs to be changed to a sell Order or vice-versa, the Order must be cancelled and re-entered.

Subsection 4: Informing The Client

1. Following a trade, the Member must inform the client of the details of the trade by the transmission of a Contract Note to the client within 24 hours of the trade being made.
2. A Contract Note shall:
 - (i) identify the security and volume of the trade;
 - (ii) identify the Member involved in the trade;
 - (iii) itemise clearly the following:
 - a. the price at which the trade was effected,
 - b. the commission charged, and
 - c. all other proper charges;
 - (iv) state clearly the date and time when the Order was placed on The Exchange;
 - (v) state clearly the date and time when the trade was effected;
 - (vi) state clearly that beneficial ownership together with all rights and interests passed from seller to buyer on the date and at the time when the trade was effected;
 - (vii) state clearly that the trade is final, irrevocable, and binding on both parties; and
 - (viii) if the counterparty to the transaction is either the Member trading as principal or an affiliated person of that Member then identify that fact; and

contain such further particulars as may from time to time be required by The Exchange.

Subsection 5: Trading On BATS Markets

5.1 The BATS

1. The BATS may have more than one Market.
2. Markets are determined by the Exchange from time to time and notified to Members.
3. Trading Sessions on a Market are determined by the Exchange from time to time and notified to Members.
4. A Market shall consist of a Pre-Open Period then a Continuous Trading Period then and a Closed Period.
5. Changes from one period to another will be announced to all Members by The Exchange.

5.2 The Pre-Open Period

1. During the Pre-Open Period Orders may be placed on The Exchange but do not trade during this period.

2. During the Pre-Open Period Orders will be queued in the Order Book.
3. During the Pre-Open Period an opening price is calculated as follows:
 - (i) The prices that allow the maximum volume of shares to trade are calculated and if there is only one such price then that is the Opening Price.
 - (ii) If more than one price level allows the maximum amount of shares to trade then the imbalance in share volume between the number of shares that could trade on the buy side and the number of shares that could trade on the sell side at each such price level is calculated and if one such price level has less imbalance in share volume than all other such price levels then that is the opening price.
 - (iii) If more than one price level allows the maximum amount of shares to trade and all such price levels have an equal minimum imbalance in share volume between the number of shares that could trade on the buy side and the number of shares that could trade on the sell side at that price then the net change from the closing price of the previous Trading Session is calculated for each such price level. If one such price level has a lower net change from the closing price of the previous Trading Session than all other such price levels then that is the opening price.
 - (iv) If more than one price level allows the maximum amount of shares to trade and all such price levels have an equal minimum imbalance in share volume between the number of shares that could trade on the buy side and the number of shares that could trade on the sell side at that price and all such price levels have an equal net change from the closing price of the previous Trading Session then the highest price level from such price levels becomes the opening price.
 - (v) The Total Volume of Orders with Undisclosed Volume is included in the opening price calculation.
 - (vi) Special Term Orders are not included in the opening price calculation.

5.3 At the Open

1. At the moment of transition from the Pre-Open Period to the Continuous Trading Period Regular Term Orders queued in the Order Book are filled in the following sequence:
 - (i) Market Orders are filled first;
 - (ii) Limit Orders with prices specified that are better than the opening price are filled second; and
 - (iii) Limit Orders with prices specified equal to the opening price are filled third.
2. At the moment of transition from the Pre-Open Period to the Continuous Trading Period competing Regular Term Orders queued in the Order Book are allocated on a shared Pro-rata basis in following the sequence set out in this subsection.
3. Orders not filled or partially filled during At the Open remain queued in the Order Book.

5.4 Continuous Trading Period

1. During the Continuous Trading Period, an Order entered into the BATS will:
 - (i) be rejected in accordance with these rules, or

- (ii) be completely filled from matching Orders in accordance with Fill Priority and at prices designated by the Better Price Rule, or
- (iii) be partially filled from matching Orders in accordance with Fill Priority and at prices designated by the Better Price Rule, with remaining volume being queued in the market, or
- (iv) be queued in the market.

5.4.1 Fill Priority

1. When multiple Orders are queued in the market the sequence in which the Orders are filled is referred to as Fill Priority.
2. The Passive Order is chosen from the opposing side of the market in accordance with the following:
 - (i) Orders with a better price are chosen first,
 - (ii) Client Orders are chosen before Professional Orders at the same price level,
 - (iii) Regular Terms Orders from the same source and at the same price are chosen before Special Terms Orders, and
 - (iv) Orders that are deemed equal by points (i), (ii), and (iii) of this subsection are filled on a first-in-first-out basis.
3. The Aggressive Order is filled from successively chosen Passive Orders until either:
 - (i) the Aggressive Order is completely filled, in which case any remaining volume from the last matching Passive Order remains in the market, or
 - (ii) the Aggressive Order is partially filled and no matching Passive Order exists.

5.4.2 Queue Priority

1. The sequence in which Orders are placed is decided in accordance with the following referred to as Queued Priority:
 - (i) Orders with a better price are placed before Orders with inferior prices; and
 - (ii) Orders at the same price level are placed on a first-in-first-out basis.

5.5 At the Closed

1. At the moment of transition from the Continuous Trading Period to the Closed Period a closing price is calculated as the volume weighted average price of the trades made for that security during that day and during the Closed Period all Orders placed on the Exchange will be rejected.
2. During the Closed Period Orders queued in the Order Book cannot be modified or cancelled.

Subsection 6: Block Trading

6.1 General

1. For the purposes of this Section, Block Trades are trades which are:
 - i. above a pre-determined volume or value defined as normal market size; or
 - ii. involve no change in beneficial ownership and involve transfers for no value.
2. Trades that are determined by the Exchange to be outside the normal market size for trades executed on the Exchange may be traded using the Block Trading Procedure.
3. Trades that are outside the normal market size are determined by the Exchange from time to time and notified to Members.
4. Trades that are determined by the Exchange to involve no change in beneficial ownership and involve transfers for no value may be traded using the Block Trading Procedure.
5. Trades that involve no change in beneficial ownership and involve no value transfers are determined by the Exchange from time to time and notified to Members.
6. Block Trades may only be executed between one party to one or more parties on the opposing side.
7. Symbols traded using Block Trades must be executed at a price that is within a certain percentage of the symbol's previous day's closing price.
8. The percentage of the previous day's closing price that a block trade must be executed within will be decided by the Exchange from time to time and notified to Members.
9. Fees charged by the Exchange for Block Trades are decided by the Exchange from time to time and notified to Members.

6.2 Procedure

1. An agreement is made whereby:
 - i. A buyer and seller agree to trade a symbol where the traded value is equal to or greater than the normal market size amount; or
 - ii. The transfer of securities involves no change in beneficial ownership and involves transfers for no value.
2. Market Control is contacted and the following information is provided to the Exchange electronically:
 - i. Formal request to execute a Block Trade;
 - ii. Identification of the executing Member(s);
 - iii. Identification of the parties involved in the Block Trade;
 - iv. Confirmation of the trade price;
 - v. Confirmation of the requested trade date.
3. Market Control confirms the information provided by the Member.
4. If the information is unconfirmed, Market Control rejects the Block Trade request and informs the requesting Member.
5. If the information is confirmed, Market Control enters the transaction on the BATS.