

Rules of the Irish Stock Exchange Limited

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Definitions

References to any statute, statutory provision or the Rules shall be construed as those in force from time to time. The following terms have the stated meanings when used in these rules unless the context otherwise requires:

Admitted to trading means admission to trading on the ISE's markets as outlined in Rule 4.1.

Admissions Committee means the committee established and operating as such under the Articles and Rules of the ISE.

Agency Cross means a trade by which a member firm acting as an agent matches the buy and sell orders of two or more non-members or clients at the same price and on the same terms.

Agency means a member firm's dealing capacity when acting on behalf of a client (and not on a riskless principal basis). "Agency basis" and "agent" will be construed accordingly.

Appeals Committee means the committee established and operating as such under the Articles and Rules of the ISE.

Applicant means a person or an entity that has applied to the ISE to become a member firm or, where the context so permits, a person who has applied to become a Registered Trader.

Associate means in relation to a person means:

- (a) an undertaking in the same Group as that person; in particular an undertaking in which a qualifying capital interest equal to 20% or more of all such interests is held by that person or an undertaking over whose operating and financial policy a significant influence is exercised. For the purpose of defining a qualifying capital interest, interests held by persons acting in their own name but on behalf of another person shall be deemed to be held by that latter person; or
- (b) any other person whose business, private relationship with the first person or its associates might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties; or
- (c) any other person whose business, private or familial relationship (other than as arises solely because that person is a client of the member firm) with the first person is such that he or she has influence over that person's judgement as to how to invest his/her assets or exercise any rights attaching to his/her investments.

Auction means an automated auction of orders held on the order book.

Best bid means the highest bid price of orders on the order book for a specified order book security.

Best offer means the lowest offer price of orders on the order book for a specified order book security.

Bid price means the price at which a market participant is prepared to buy shares.

Board means the Board of Directors of the ISE as elected from time to time or the members thereof present at a duly convened meeting of the Board at which a quorum is present.

Body corporate means a body corporate constituted under the laws of Ireland or of a country or territory outside Ireland.

Business day means any day on which the ISE is open for trading.

Buyer means

- (a) a member firm purchasing securities from another member firm; or
- (b) in the case of a central counterparty trade a matched buyer; or
- (c) in respect of a lending arrangement, on the outward leg the borrower and on the return leg the lender

Buy-in means an arrangement whereby the CCP facilitates the delivery of CCP eligible securities (or cash) in relation to CCP eligible securities which have been sold but which remain unsettled by a member firm.

Call payment day means the last day fixed by an issuer for payment of call monies due as a result of a rights issue.

Call warrant means a warrant which gives the holder the right, but not the obligation, to buy the underlying instrument at a specified price on or before a specified date.

Central counterparty (CCP) means an entity that assumes the risk for central counterparty trades by acting as the seller to a matched order from a buying member firm and a buyer to a matched order of a selling member firm, or the relevant member firm's clearing member, as appropriate ("a clearing house"). In the case of CCP eligible securities traded on the electronic trading system, the central counterparty shall be Eurex Clearing AG.

Central counterparty contract means any contracts arising between a non clearing member, a clearing member and a CCP, as applicable, resulting from the acceptance by a member firm of an open offer made by a CCP in respect of a central counterparty trade.

Central counterparty eligible security means a security designated by the ISE and a central counterparty as eligible for the central counterparty service.

Central counterparty netting service means the systems, rules and procedures to enable net settlement with a CCP of central counterparty contracts; "net settlement" and "settlement on a net basis" are construed accordingly.

Central counterparty rules means the rules, regulations, and operational procedures of a central counterparty service including buying in and default rules issued by the ISE and/or a CCP from time to time.

Central counterparty service means the systems, rules and procedures to enable or facilitate the formation and settlement of central counterparty contracts.

Central counterparty trade means an electronically matched order on an ISE trading system in a central counterparty eligible security.

Chief Executive means:

- (i) the person appointed by the Board (or by a Committee established from time to time under the Regulations) to perform the duties of Chief Executive of the ISE; or
- (ii) in his absence, the person appointed to act as deputy of the person referred to in (i) above; or

- (iii) any person to whom the person referred to in (i) above has from time to time delegated in writing any specific function(s) or duties of the Chief Executive to the extent only that such person is performing any such function(s) or duties.

Clearing member means a general clearing member or a direct clearing member.

Clearing membership agreement means the written agreement entered into between a central counterparty and a clearing member under which, inter alia, a central counterparty agrees to make available clearing services in respect of central counterparty contracts.

Clearing services agreement means the written agreement between a member firm and a general clearing member which contains, inter alia, an undertaking by the general clearing member to clear trades executed by the non clearing member on the ISE in CCP eligible securities.

Client means any natural or legal person to whom a member firm provides investment and/or ancillary services as defined in MiFID in relation to its on Exchange business.

Company means an entity as defined in the Companies Acts, 1963 to 2003, and every enactment which is to be construed with them as one Act under Irish legislation or equivalent EU or overseas legislation.

Competent authority means the authority designated by each Member State in accordance with Article 48 of MiFID.

Competent Authority means the Central Bank and Financial Services Authority of Ireland.

Competent Authority for Listing means The Irish Stock Exchange Limited.

Competent authority for listing means the authority designated by each Member State in accordance with the Directive 2001/34/EC.

Compliance Officer means in relation to a member firm means the individual(s) appointed by the member firm as being responsible for compliance matters in relation to business conducted on the Irish Stock Exchange.

Connected party means except where otherwise stated shall be deemed to include a partner, director, controller, associated undertaking, related undertaking or subsidiary undertaking or employee of a member firm, including any associate of the person concerned.

Consent order means an order in writing settling disciplinary proceedings on the terms specified in the order.

Continuous trading means a trading phase on the ISE which starts at the end of the opening auction and ends immediately before the closing auction and which can be interrupted by one or more intraday auction(s).

Contra means a trade that is equal and opposite to a previous trade in the same security.

Controller means in relation to a body corporate shall mean a person who alone or with any associate or associates is entitled to exercise or control the exercise of 30% or more of the voting rights at a meeting of the members or partners or directors, as the case may be, at a meeting of the member firm or of any other body corporate or entity of which the member firm is a subsidiary.

Counterparty means an investment firm, a credit institution or other person who conducts investment business, or as the case may be in relation to CCP eligible securities the central counterparty, with whom a member firm conducts an on Exchange trade.

CREST instruction deadline means the latest date and time specified by the relevant central counterparty rules for submitting an electronic instruction notice to CREST in respect of a corporate action in a CCP eligible security.

CREST means the settlement service system operated by Euroclear UK & Ireland Ltd which is used, inter alia, for the settlement of on Exchange trades.

Dealing on own account means dealings by a member firm on a principal basis which means trading against proprietary capital resulting in the conclusion of trades in one or more securities. "Principal capacity" and "principal" shall be construed accordingly.

Default contract means any unsettled trade to which a defaulting member firm is a party but excluding any unsettled central counterparty trade between the CCP and any clearing member.

Defaulting member firm means a member firm which in the reasonable opinion of the ISE is, appears to be, or appears likely to be unable to fulfill its obligations in respect of its trades, including central counterparty contracts, conducted on the ISE.

Deferred publication means a provision which allows for a delay in the publication of an on Exchange trade which meets the criteria outlined in the "Market Parameters".

Derivative means an investment the price of which is directly dependant upon the value of one or more investment instruments, equity indices, commodity or any agreed upon price agreement or arrangement but shall not include convertible debt or warrants.

Direct Clearing Member (DCM) means a member firm that is also a clearing member of a CCP, which may clear with the CCP as principal, central counterparty contracts resulting from its own or its affiliates central counterparty trades.

Disciplinary Committee means the committee established and operating as such under the Articles and Rules of the ISE.

Disciplinary hearing means a disciplinary hearing conducted by the Disciplinary Committee pursuant to the provisions of these Rules.

Electronic trading system means the ISE's electronic trading system shall constitute the order book, associated trade reporting functionality for off order book trades and other infrastructure provided by the ISE to facilitate and support the trading of order book securities. It is also referred to as Xetra[®] or ISE Xetra[®].

Employee means in relation to any member firm an individual:

- (a) who is employed by the member firm under a contract of service, a contract for services or any other contract under which the individual will provide services to the member firm; or
- (b) who is a director or partner as the case may be of the member firm, or
- (c) whose services are, under an arrangement between the member firm and a third party, placed at the disposal and under the control of the member firm; or

(d) for whose actions a member firm has or accepts responsibility as if the individual were employed by it under a contract of services or a contract for services.

In relation to the ISE “employee” means an individual who would fall within the meaning of categories (a) to (d) above if the word “ISE” was substituted for the words “member firm”.

Exchange traded fund (ETF) means a portfolio investment product that is admitted to trading which provides investors with exposure to a more diversified basket of securities. An ETF is usually structured as a unit trust or a mutual fund.

General Clearing Member (GCM) means a member firm that is also a clearing member of a CCP that may clear with the CCP as principal, central counterparty contracts resulting from its own central counterparty trades dealt on the ISE and any central counterparty contracts of other member firms of the ISE.

Group includes a company, its parent and its subsidiaries together with any associated undertaking or related undertaking.

Holding company means an entity as defined in the Companies Acts, 1963 to 2003 or equivalent EU or overseas legislation.

Index means an index whose components are securities traded on the ISE.

In house cross means any transaction where a member firm fulfils a client order by acting in a principal capacity or by matching one or more buying clients with one or more selling clients of the same member at the same price.

Instruction notice means an instruction from a buyer in respect of a corporate event either submitted in writing to a seller or where appropriate electronically to CREST.

Introducing member firm means a member firm which undertakes on Exchange trades and uses the services of a model B firm.

Irish Government Bonds means any debt security dealt on the ISE which is issued by Ireland through the National Treasury Management Agency or otherwise by the Government of Ireland.

ISE or Irish Stock Exchange (ISE) means The Irish Stock Exchange Limited, or where the context so permits, its Board or any of its agents, officers, employees, committees or sub-committees to whom any function of the ISE has been delegated.

ISIN Code means the International Security Identification Number that is issued by the National Numbering Agency in each country. The ISE is responsible for the issue of ISIN codes in the Republic of Ireland.

Lapsing instruction means an instruction notice by the buyer to the seller that the buyer does not wish to take up the offer in respect of the undelivered rights.

Last time for claims means subject to these rules, shall be 16.00 hours two business days before the call payment day or registration day.

Latest time for delivery means the specified time on the day before the call payment day or registration day.

Limit order means an order to buy or sell a security at a specified price limit or better and for a specified size.

Listing means admission to official listing in accordance with Directive 2001/34/EC

Mandatory quote period means in relation to a security traded on the ISE, the daily period as notified by the ISE from time to time during which market makers or primary dealers have obligations to quote prices under these Rules.

Market hours means the time during any business day when a member firm may conduct any business on the ISE for that particular day as defined in the "Market Parameters".

Market maker means a member firm which is willing to deal on own account by buying and selling order book securities against its proprietary capital by entering quotes on the order book at parameters defined by the ISE in its "Market Parameters" document. A market maker may also respond to quote requests outside the order book.

Market Model means the document published by the ISE from time to time entitled "Market Model" which contains the information regarding the operation of the electronic trading system

Market operator means a person or persons who manages and/or operates the business of a regulated market. The market operator may be a regulated market itself. The ISE is a market operator under this definition.

Market Parameters means the document published by the ISE from time to time entitled "Market Parameters" which outlines relevant aspects of the services operated by the ISE in relation to its markets.

Maximum spread means the maximum difference allowed between the bid price and the offer price of a relevant security traded on the electronic trading system by a market maker or in a specified Irish Government bond quoted by a primary dealer.

Member firm means any person, partnership or body corporate who has been admitted to any class of membership of the ISE as referred to in Rule 2.2(a) to (e) pursuant to these Rules, and who has not resigned that membership or had that membership terminated, and "membership" shall be construed accordingly. A "member firm" shall include a former member firm where appropriate.

Member State means a Member State of the European Community.

MiFID means the Markets in Financial Instruments Directive 2004/39/EC and the legislation transposing it into Irish law, the Markets in Financial Instruments and Miscellaneous Provisions Act, 2007, and the European Communities (Markets in Financial Instruments) Regulations, 2007, as amended from time to time.

Minimum order size means the minimum amount for which an order for a specific order book security may be submitted to the order book as specified by the ISE.

Minimum quote size means the smallest volume in which a primary dealer or market making may quote in relation to a relevant security traded on the ISE.

Mistrade means a trade executed on the electronic order book which is subsequently cancelled by the ISE in accordance with the Rules.

Model A firm means an authorised investment firm which agrees to provide settlement services, including the submission of transaction reports to the providers of the ISE’s settlement systems or to a relevant competent authority, on behalf of a member firm of the ISE without that authorised investment firm accepting legal liability for the settlement of those trades.

Model B firm means an authorised investment firm which agrees to provide settlement services, including the submission of transaction reports to the providers of the ISE’s settlement systems or to a relevant competent authority, on behalf of a member firm of the ISE and which takes on the legal liability with regard to the settlement of the trades executed by that member firm.

Multilateral trading facility (MTF) shall have the meaning as specified in MiFID. The MTFs of the ISE are defined in the “Market Parameters”.

Non Clearing Member (NCM) means a member firm which does not clear its own business in relation to CCP eligible securities but which uses the services of a General Clearing Member to do so.

Off order book trade in an order book security means on Exchange trades executed outside of the order book and reported to the electronic trading system.

Offer price means the price at which a member firm is prepared to sell shares.

On Exchange trade means a trade executed and reported to the ISE under these Rules in a security admitted to trading on the ISE.

Open offer means the open offer made by a CCP to the clearing member(s) when two orders in CCP eligible securities are executed on a relevant electronic order book that is part of a CCP service. The execution constitutes the acceptance of the open offer by each of the member firms involved and a central counterparty contract shall then arise between a CCP and the relevant clearing member of a CCP used by that member firm i.e. a CCP shall buy CCP eligible securities from the selling member firm and sell CCP eligible securities to the buying member firm.

Option means the right, but not the obligation to acquire or dispose of a given quantity of a security, at an agreed price, including the option to obtain any such option.

Order means an instruction from a client to a member firm in relation to a security. The types of orders permitted on the electronic trading system are defined in the “Market Parameters”.

Order book means an electronic trading facility provided by the ISE for the submission, entry, display and execution of specified orders and otherwise for the trading of order book securities.

Order book security means a security that has been admitted to trading on the order book of the ISE.

Order book trade means a trade executed on the order book of the electronic trading system.

Other securities means a security other than an order book security or Irish Government bond admitted to trading on the ISE.

Partner means a person who has been admitted to a partnership which is a member firm or applicant member firm.

Person means any partnership, body corporate, unincorporated association wherever constituted or established or any individual.

Portfolio trade means a trade in more than one security where those securities are grouped and traded as a single lot against a specific reference price.

Price means the amount payable for the purchase of one unit of a security between a buyer and a seller.

Primary listing means in relation to a security admitted to trading on the ISE the Member State where an issuer is subject to the full listing requirements of the competent authority for listing.

Programme trading facility means any electronic trading system which completely automates the decision to input orders to the ISE's electronic trading system and which is capable of inputting more than ten orders simultaneously to the system.

Put warrant means a warrant which gives the holder the right, but not the obligation, to sell the underlying instrument at a specified price on or before a specified date.

Quote means the simultaneous entry of buy and sell limit orders on the order book by a market maker or by a primary dealer.

Registered Trader means any individual who has been admitted to the list of Registered Traders of the Irish Stock Exchange in accordance with these Rules.

Registration day means the last day fixed for the receipt of an application for registration of securities issued under a rights offer.

Regulated Market shall have the meaning specified in MiFID. The regulated market of the ISE is defined in the "Market Parameters".

Regulatory News Service (RNS) means the electronic information dissemination service used by the Irish Stock Exchange.

Riskless principal trade means two or more trades where a member firm acts as principal either by:

- (a) simultaneously buying and selling a given quantity of a security or
- (b) immediately allocating a security which it has bought or sold as principal to a client's account pending further instructions or to facilitate the production of an average price contract.

Rules means the rules of the ISE set out herein, and as otherwise amended from time to time, and 'rule' shall be construed accordingly.

Rules Committee means the committee established and operating as such under the Articles and Rules of the ISE.

Schedule of ISE Charges means the formal schedule which outlines the charges and fees applicable to member firms when conducting business on the ISE. It is published, inter alia, by the ISE on its website.

Securities lending arrangement means a securities lending transaction is one in which one party, the lender, agrees to transfer securities to another party, the borrower, against the transfer of collateral with a simultaneous agreement by the borrower to transfer to the lender securities equivalent to such securities, on a fixed date or on demand, against the transfer to the borrower by the lender of assets equivalent to such collateral.

Securitized derivative means an option, warrant, contract for differences or similar instrument.

Seller

- (a) a member firm selling securities to another member firm;
- (b) in the case of a central counterparty trade a matched seller; or
- (c) in respect of a lending arrangement, on the outward leg the lender and on the return leg the borrower

Settlement agent means a person providing settlement services to a member firm under the terms of an agreement.

Standard settlement means the normal settlement terms applicable to a security as specified by the ISE from time to time in the "Market Parameters".

Stock situation means an event whereby a holder of securities may be entitled to other securities as a result of a takeover offer, scheme of arrangement, conversion or other event affecting those securities.

Subsidiary shall bear the meaning given to it in Section 155 of the Companies Act, 1963 to 2003 as amended from time to time or similar overseas legislation.

Takeover Panel means the Irish Takeover Panel.

Trade report means a report of the details of a trade effected on Exchange in accordance with the Rules.

Uncertificated securities means securities held in, or capable of being held in (as the context admits), uncertificated form pursuant to the Companies Act, 1990, Uncertificated Securities Regulations, 1996 or in the case of securities registered in the United Kingdom, the Uncertificated Securities Regulations, 1995 as amended from time to time.

Validity period means the period for which a quote or an order is valid as outlined in the "Market Parameters".

Warrant means an instrument which gives the holder the right to acquire or dispose of, or to receive payment in cash in respect of, securities, assets or indices.

When issued dealing shall mean a trade effected in accordance with these Rules in securities which are the subject of an application to be admitted to trading and conditional upon the security being admitted to trading.

1 General Provisions

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1 General Provisions

1.1 EFFECT OF RULES

These Rules govern the operations and activities of member firms on the ISE's markets.

1.2 WAIVER OR VARIATION OF RULES

The ISE may temporarily waive or vary any rule and it shall ensure that the Competent Authority is informed in advance and consents in writing to any proposed waiver or variation prior to it being given effect. Any such waiver or variation shall apply only to such member firms, in such circumstances, and between such dates and times as the ISE may specify in writing to relevant member firms. The ISE shall specify the date and time at which any such waiver or variation shall cease to have effect, following which the rule thus waived or varied shall continue in effect as if no variation or waiver had occurred.

1.3 INTRODUCTION, AMENDMENT AND DELETION OF RULES

The ISE may from time to time introduce, amend or delete any rule which shall have force from the date of approval of the change by the Board or from such other date as the Board may specify.

1.4 INTERPRETATION

Where a Rule is amended or deleted, any legal proceedings, investigation, disciplinary or enforcement action in respect of a right, privilege, obligation or liability acquired, accrued or incurred under, or a breach of, or act of misconduct under, the Rule in force at the time the right, privilege, obligation or liability was acquired, accrued or incurred, or the breach or act of misconduct occurred, may be instituted, continued or enforced, and any disciplinary action or penalty in respect of such breach or act of misconduct may be imposed and carried out by the ISE as if the Rule had not been amended or deleted.

The decision of the ISE shall be final in relation to the interpretation of any matters under these Rules.

1.5 GOVERNING LAW

These Rules shall be construed in accordance with, and governed by, the laws of Ireland.

1.6 COMMITTEES AND APPOINTMENTS

The ISE may establish such Committees and appoint such persons to monitor and enforce the Rules as it considers necessary to uphold the integrity and orderly functioning of its markets.

1.7 LIABILITY

The ISE will not be liable to any member firm, or to any party, or parties, on whose behalf the member firm is acting, in respect of any act done or omitted, in good faith, in discharge of these Rules or the performance or purported performance of a function or power conferred on the ISE by all applicable EU Directives and associated implementing measures, regulations and legislation.

1.8 RELATIONSHIP WITH THE COMPETENT AUTHORITY

1.8.1 Circumstances where the ISE reports to the Competent Authority

The ISE shall report without delay to the Competent Authority:

- (a) a significant breach of its rules, or
- (b) disorderly trading conditions, or
- (c) any conduct which may involve market abuse,

in relation to any on Exchange trades undertaken by a member firm on the ISE's markets. In particular, the ISE shall supply to the Competent Authority without delay the particulars of the relevant information about any matter referred to above and will provide full assistance in investigating and prosecuting market abuse.

1.8.2 Informing the Competent Authority

The ISE shall inform the Competent Authority immediately where, in its judgment, a situation has arisen or is likely to arise either in relation to a member firm or in relation to the operation of the ISE or its markets of which the ISE reasonably believes the Competent Authority should be made aware for the purpose of facilitating the Competent Authority's discharge of its responsibilities.

The ISE shall also provide the Competent Authority with relevant information in relation to any other circumstances which may be specified or requested from time to time by the Competent Authority.

1.8.3 Information received from the Competent Authority

Information passed to the ISE by the Competent Authority shall not be disclosed to any other party without the prior consent of the Competent Authority unless such disclosure is required by law.

1.9 CONFIDENTIALITY OF INFORMATION

The ISE will not disclose any information received by it concerning the affairs of any member firm, applicant member firm, Registered Trader, applicant Registered Trader, employee or client of a member firm except in the following circumstances:

- (a) to the Competent Authority as indicated in Rule 1.8.1 to Rule 1.8.3;
- (b) to other competent authorities involved in the supervision of regulated markets or MTFs;
- (c) to regulators or market operators involved in the supervision of investment businesses or persons engaged in investment business where considered appropriate and necessary by the ISE;
- (d) to the Irish Takeover Panel where considered appropriate and necessary by the ISE;
- (e) to the National Treasury Management Agency for the purpose of facilitating the operation or supervision of the market in Irish Government Bonds;
- (f) under compulsion of law;
- (g) where consent from the parties involved has been given to the disclosure of the information concerned;

- (h) to allow the ISE to institute, carry on or defend any legal proceedings;
- (i) to the provider of any settlement or clearing service used by one or more member firms for the purpose of facilitating the orderly operation of that service;
- (j) for the purpose of enabling the ISE to discharge its functions as a market operator;
- (k) to enable the ISE to publish such information as may be required by the Board, including but not limited to, the publication of any list or lists, statistical and market information, notice or other document or publication required or envisaged by these Rules.

2 Membership

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2 Membership

Membership

2.1 GENERAL MEMBERSHIP OBLIGATION

2.1.1 Compliance with Rules

A member firm shall agree to be bound and abide by the letter and by the spirit of these Rules, and any requirement, decision or direction of the ISE, including the provisions of any notice issued by the ISE, where relevant to its membership.

2.1.2 Conduct

A member firm shall not engage in any act or conduct likely to bring the ISE into disrepute. A member firm shall be responsible for the conduct of its agent(s), employees, and Registered Traders. Any conduct by these persons shall be treated for the purposes of these Rules as conduct of the member firm.

2.2 CLASSES OF MEMBERSHIP

The ISE has the following classes of membership:

- (a) General Trading Member Firm: a member firm which trades on the ISE,
- (b) Restricted Trading Member Firm: a member firm which trades on the ISE's order book in CCP securities on a proprietary basis only,
- (c) Primary Dealer: a member firm which is authorised by the NTMA to deal in Irish Government bonds,
- (d) Settlement Only Member Firm: a member firm which only provides settlement services in relation to on Exchange trades,
- (e) Clearing Only Member Firm: a member which clears on Exchange trades only.

A General Trading Member Firm may be authorised to trade in order book securities, Irish Government bonds and/or other securities on the ISE and may settle and clear its on Exchange trades. A General Trading Member Firm shall comply with all Rules of the ISE where relevant to their on Exchange activities.

A Restricted Trading Member Firm is required to comply with all relevant sections of Chapters 1, 2, 3, 4, 5, 8 and 9.

A Primary Dealer is required to comply with all relevant sections of Chapters 1, 2, 3, 4, 6, 8 and 9.

A Settlement Only Member Firm is required to comply with all relevant sections of Chapters 1, 2, 8 and 9.

A Clearing Only Member Firm is required to comply with all relevant sections of Chapters 1, 2, 4, 5, 8 and 9.

2.3 APPLICATION FOR MEMBERSHIP

2.3.1 Form of application

An application for membership shall be made in writing to the Admissions Committee in such form and accompanied by such fees as the ISE may from time to time prescribe. By making an application for membership, an applicant authorises the ISE to call for such

further information, documentation or other evidence and to pass on information to other persons as it considers necessary or relevant in relation to an application for membership.

2.3.2 Assessment by ISE

The Admissions Committee shall assess an application for membership in order to determine whether an applicant is appropriately authorised to apply for membership in accordance with Rule 2.5.1 and is suitable for membership in accordance with Rule 2.5.2. In carrying out its assessment it may require additional information from the applicant.

2.3.3 Notice of decision

The Admissions Committee shall notify the applicant in writing of its decision in a timely manner after it has made its decision. The Admissions Committee may:

- (a) approve membership on the basis of the application made, or
- (b) approve membership subject to restrictions, or
- (c) refuse an application for membership.

An approved applicant may be subject to the fulfilment of certain condition(s) which will be notified by the Admissions Committee. An applicant will not be admitted until such condition(s) is/are fulfilled.

In the case of (b) or (c) the Admissions Committee will notify the applicant of the grounds for its decision and all principal facts and matters relied upon by it in support thereof. The applicant will have the right to appeal the decision in accordance with Rule 2.4. If no such appeal is made the decision of the Admissions Committee is final.

2.4 APPEALS IN RELATION TO MEMBERSHIP

2.4.1 Timing of appeal

An applicant may appeal a decision by the Admissions Committee to the Appeals Committee by serving a notice of appeal within 10 business days of service on it of the Admissions Committee's decision. The appeal shall set out the ground or grounds of appeal and the principal facts relied upon in relation to each ground.

2.4.2 Grounds for appeal

An appeal against a decision of the Admissions Committee may be based without limitation on any of the following grounds:

- (a) that the Admissions Committee misdirected or misconducted itself contrary to this chapter, or to the rules of natural justice;
- (b) that the Admissions Committee's decision was against the weight of the evidence; or
- (c) that the Admissions Committee's decision was based on an error of law or a misinterpretation of the Rules of the ISE.

2.4.3 Orders by Appeals Committee

On hearing an appeal, the Appeals Committee may make an order to:

- (a) admit the applicant to membership,
- (b) confirm or vary the decision of the Admissions Committee,

- (c) require the Admissions Committee to reconsider the application or such aspects of the application as the Appeals Committee may direct,
 - (d) order the payment of the costs of the appeal,
- and any such order shall have effect as if it were a decision of the Admissions Committee.

2.4.4 Submissions to Appeals Committee

Before the Appeals Committee makes an order in accordance with Rule 2.4.3 it shall first invite the applicant and the ISE to make submissions relating to the proposed order.

2.5 MEMBERSHIP REQUIREMENTS

2.5.1 Authorisation

A member firm must at all times satisfy the ISE that it is authorised:-

- (a) as an investment firm to engage in the relevant services and activities that it undertakes on the ISE by its relevant competent authority under the provisions of Directive 2004/39/EC as amended from time to time, or
- (b) as a credit institution to engage in the relevant activities that it undertakes on the ISE by its relevant competent authority under the provisions of Directive 2006/48/EC; as amended from time to time, or
- (c) where the above requirements are not met, the ISE may at its sole discretion admit as a member firm a person which satisfies the ISE that it has appropriate capital and appropriate GCM arrangements in place and sufficiently meets the suitability requirements of Rule 2.5.2. Such a firm may be admitted as a Restricted Trading Member Firm.

An applicant that is in the process of applying for authorisation under (a) or (b) above may be considered, but any decision to admit the applicant will be subject to authorisation being granted and will not become effective until after this condition is satisfied.

2.5.2 Suitability

A member firm must at all times satisfy the ISE that it:

- (a) is fit and proper to carry out its activities on the ISE; and
- (b) has adequate trade execution, recording, reporting and settlement procedures and systems as required under its membership; and
- (c) has adequate internal controls and risk management procedures including adequate compliance and business recovery arrangements in place; and
- (d) has sufficient financial resources for the role it performs where it guarantees the settlement of on Exchange trades, and
- (e) has adequate organisational arrangements and resources including staff with sufficient knowledge, competence and experience to perform its activities effectively; and
- (f) has a nominated compliance officer(s) who shall be competent to advise the firm and its employees of the interpretation and application of the Rules and all other relevant regulatory requirements.

2.5.3 Requirement to uphold market integrity

A member firm shall ensure that in the conduct of all of its activities on the ISE that it upholds the integrity of the ISE's markets by:

- (a) acting fairly, honestly and professionally;
- (b) acting with due care, skill and diligence;
- (c) ensuring relevant employees are aware of and understand the Rules of the Irish Stock Exchange and other relevant regulatory requirements issued from time to time;
- (d) complying with all relevant regulatory requirements.

2.6 POWER OF THE ISE IN RELATION TO A FAILURE TO MEET MEMBERSHIP REQUIREMENTS

2.6.1 Due to a failure to meet authorisation requirement

If, at any time, a member firm is the subject of an order revoking its authorisation, or is the subject of a direction or other order having equivalent effect served by its relevant competent authority, which impacts on the services and activities conducted by a member firm on the ISE, the ISE may:

- (a) restrict the scope of ISE business conducted by the member firm; or
- (b) suspend the membership of the member firm; or
- (c) terminate the membership of the member firm.

Action may be taken under this rule without prior notice being given to the member firm concerned.

2.6.2 Due to failure to meet suitability requirements or uphold market integrity

Where the ISE is of the opinion that a member firm is not conducting or may not conduct its activities in a suitable manner or is not upholding the integrity of the ISE or its markets, it may impose on a member firm:

- (a) one or more requirements with regard to the member firm's level of staffing, training, internal procedures and controls or any other matter regarding the continuing suitability of the member firm to be a member of the ISE; or
- (b) restrictions on the scope, volume or class of business, that the member firm may undertake, or
- (c) suspension of the right to conduct business on the ISE indefinitely or for a specified period.

2.6.3 Grounds for requirements, restrictions or suspension

Where the ISE utilises Rule 2.6.1 or Rule 2.6.2 it shall notify the member firm at the same time in writing of the principal grounds for the requirements or restrictions imposed, the principal facts relied upon by the ISE and the nature of the conditions or restrictions being imposed. The member firm may within ten business days of receipt of such notice or as otherwise agreed with the ISE make representations in writing relevant to the restrictions or requirements being imposed by the ISE.

2.6.4 Appeals in relation to a failure to meet suitability requirements or uphold market integrity

The member firm may appeal a decision made by the ISE under Rule 2.6.1 or Rule 2.6.2 following a submission made by the firm to the Admissions Committee in writing. Any such appeal must be made within five business days. The ISE and the member firm may be required to make oral submissions relating to any application or representation made pursuant to Rule 2.6.1 or Rule 2.6.2.

2.6.5 Variation of notice period

Where the ISE is of the opinion that a delay in the consideration of restrictions or requirements imposed pursuant to Rule 2.6.1 or Rule 2.6.2 would frustrate the effectiveness of the ISE or its markets it may apply to the Chairman of the Admissions Committee or in his absence to any two members of that Committee to shorten the period of ten business days referred to in Rule 2.6.3 subject to notification of such to the member firm who shall be entitled to make its own submissions on the issue. The Chairman or the two members of the Committee (as the case may be) may require that any such representations be made on or before a time determined by him or them. The Chairman of the Admissions Committee or as the case may be, the two members to whom the ISE applies shall consider such submissions as the ISE and the member firm may make and if he or they (as the case may be) is satisfied that it is necessary for the effectiveness of the conditions or restrictions, may shorten the said period by notice in writing to the member firm and the ISE.

2.6.6 Consideration of appeal

As soon as practical after the end of the ten business day period referred to in Rule 2.6.3 or such shorter period as may be determined by the Admissions Committee pursuant to Rule 2.6.5, the Admissions Committee shall consider the application of the ISE and (if made) any representation by the member firm in question.

The provisions of Rules 2.3.3 and 2.4 shall apply mutatis mutandis to the consideration of the matter by the Admissions Committee pursuant to this Rule 2.6 and any right of appeal against a decision as if reference to “applicant” in such Rules was to “member firm” and as if the ISE was specifically included in Rule 2.4 as having the right to appeal any decision of the Admissions Committee as contained therein.

Notifications to the ISE

2.7 ADVANCE NOTIFICATION

2.7.1 General requirements

A member firm shall notify the ISE in writing, not less than twenty business days in advance, with relevant information and an effective date, of a proposed change to any of the following:

- (a) the scope of its activities that it is approved or authorised to conduct on the ISE under its membership,
- (b) the name of the member firm,
- (c) any business name under which the member firm carries on business as a member firm,
- (d) the address of the head office or registered office of the member firm,
- (e) the address of the place for service of notices or documents on the member firm,

- (f) the location from which it primarily conducts its ISE activities,
- (g) the controller of the firm or, if that is not possible, immediately on becoming aware of the change.

2.7.2 Senior personnel

A member firm shall notify the ISE in writing within five business days of any person becoming, or ceasing to be, its Chief Executive, Head of Trading or Compliance Officer, or equivalent role in a member firm. The notice shall include the date of the event and a statement of the reason(s) for the change.

2.7.3 Transfer of business

Where a member firm proposes to transfer its business to another legal entity, whether within the same group or otherwise, it must notify the ISE in advance and apply to the Admissions Committee as if it is a new member firm of the ISE in accordance with the procedures outlined above.

2.8 IMMEDIATE NOTIFICATION

A member firm shall notify the ISE immediately in writing of any matter which would call into question a member firm's suitability for membership of the ISE. This shall include but not be limited to any of the following events:

- (a) any significant contravention by the member firm of the Rules of the ISE;
- (b) any material change to any matter previously notified to the ISE that is relevant to the ISE's consideration of a member firm's authorisation;
- (c) the presentation of a petition for the winding up of the member firm or of a company which is a subsidiary or holding company of the member firm;
- (d) the appointment of a receiver, liquidator or examiner or a stated intention by any party to appoint a receiver or to seek the appointment of an examiner or liquidator;
- (e) notice of a proposal to dissolve a partnership or to amend its partnership agreement;
- (f) notice of a proposal to amend the Memorandum or the Articles of Association of the member firm if a company;
- (g) the making of an arrangement with creditors of the member firm;
- (h) the imposition of disciplinary measures or sanctions on the member firm by any statutory, professional or other body exercising a regulatory or disciplinary jurisdiction whether within Ireland or otherwise;
- (i) where the firm is a sole trader, the presentation of a petition for a bankruptcy order or an award of sequestration;
- (j) the conviction of the firm for any offence involving fraud or dishonesty;
- (k) any event equivalent to those outlined in (c) to (j) above under foreign legislation.

2.9 CONSEQUENCES OF NOTIFICATION

Following notification under Rules 2.7 and 2.8:

- (a) a member firm shall make such additional information available to the ISE on a timely basis as the ISE may request; and
- (b) the ISE may impose such conditions on the member firm as it considers appropriate under Rule 2.6.1 and Rule 2.6.2, and may require that the proposed change not be proceeded with, or if it has been completed may require that the member firm take all practicable steps to procure its reversal.

Co-operation with the ISE

2.10 PROVISION OF INFORMATION

A member firm shall co-operate fully with the ISE and shall provide, or make every effort to procure, the provision of any information or explanation that the ISE may request for the purpose of:

- (a) facilitating the ISE in assessing compliance or non-compliance with the Rules of the ISE; and
- (b) protecting the integrity of the ISE's markets.

A member firm shall take all reasonable steps to provide all evidence material to any ISE request and shall not knowingly provide to the ISE any information or explanation (including information for the purpose of obtaining membership) which is false, misleading or inaccurate and shall comply, or as the case may be procure compliance, with a request by the ISE for explanation or verification of information provided to the ISE.

This Rule shall apply mutatis mutandis to any Registered Trader or any applicant for membership or any applicant for Registered Trader status.

2.11 MONITORING AND INVESTIGATION

The ISE may for the purpose of obtaining information or an explanation about any matter which it considers relevant and necessary to the operation of its markets:

- (a) require the production by a member firm of documents and/or other material which reasonably might be expected to be in the member firm's possession, custody, power or control and, if any such documents or material are not so produced or their production procured by the member firm, require the member firm to state to the best of its knowledge and belief where and in whose possession, custody, power or control they are and to take all practicable steps to produce them or procure their production;
- (b) upon reasonable notice, visit a firm's office or require the attendance before it or otherwise interview any employee or agent of the member firm and require him/her to answer questions, provide explanations or otherwise furnish information and such answers, explanations and information may be recorded by the ISE, whether electronically or otherwise. Notices requiring such attendance shall specify the date, time and place of such attendance or action;
- (c) require the timely provision by a member firm of accurate information about its business and trades dealt on the ISE in a format, electronic or otherwise, specified by the ISE;

- (d) require the provision of information in relation to any person who is to be, is or has been an employee or agent (or any employee of such agent) of the member firm or who is engaged in its business; and
- (e) otherwise require answers, explanations or the furnishing of information from member firms and record such answers, explanations and information electronically or otherwise.

This Rule shall apply mutatis mutandis to any Registered Trader.

2.12 CHARGES AND FEES

A member firm shall pay the ISE in accordance with the Schedule of ISE Charges as notified by the ISE from time to time, including:

- (a) exchange bargain charges in respect of its on Exchange trades;
- (b) charges, subscriptions or other sums in respect of its membership of the ISE.

Unless otherwise specified by the ISE a member firm shall pay in full any charge, subscription or other sum due to the ISE as shall be determined by the ISE from time to time within thirty calendar days of the date of the invoice.

Where a member firm fails to pay in accordance with these Rules, the ISE may revoke or suspend its membership without prejudice to any other action which the ISE may take.

2.13 PUBLICATIONS AND STATEMENTS BY MEMBER FIRMS

A member firm may state on its business letters, notices or other documentation that it is a member of the ISE and may where relevant inform its clients that an on Exchange trade is subject to the Rules of the ISE. A member firm may not however use a misleading letterhead or make a false or misleading statement regarding its membership of the ISE.

2.14 RESIGNATION OF MEMBERSHIP

2.14.1 Period of notice

A member firm may resign its membership by giving to the ISE not less than three month's written notice accompanied by such information concerning the circumstances of the resignation as shall, in the opinion of the ISE, be necessary for it to determine whether the effective date of the resignation should be postponed or whether any other measures are necessary for the orderly withdrawal of the firm from the ISE's markets including the protection of investors who may be clients of the member firm at the time when the resignation will take effect.

2.14.2 Decision of the ISE

The ISE may, in its absolute discretion, refuse to accept a notice of resignation given by a member firm, or reject such a notice after it has been served but prior to its taking effect if the ISE considers that any matter affecting such member firm should be investigated in the context of the ISE's disciplinary procedures or for any other substantive reason.

2.14.3 Obligations to the ISE

A member firm whose resignation has been refused or the effective date of which has been postponed by the ISE in accordance with these Rules shall continue to be bound by and subject to the Rules of the ISE.

2.15 NON-ACTIVE MEMBERS

If a member firm has ceased to carry on business on the ISE for a period of six months or more, its membership may be revoked by the ISE, by notice in writing to such member firm.

2.16 FORMER MEMBERS

A former member firm shall be bound by the Rules of the ISE for a period of one year after the cessation of its membership of the ISE.

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3 Registered Traders

3.1 GENERAL

3.1.1 Duty of member firms

Member firms shall ensure any person who executes trades on the ISE's markets on behalf of clients of the firm or on the firm's own account is admitted as a Registered Trader of the ISE prior to undertaking such activities.

3.1.2 Registered Traders bound by the Rules

A Registered Trader shall be bound by and observe the Rules of the ISE and shall undertake to commit no act or omission which places that person's member firm in breach of any of the Rules of the ISE or engage in any conduct likely to bring the ISE into disrepute.

3.2 APPLICATION FOR ADMISSION AS A REGISTERED TRADER

3.2.1 Form of application

Applications for admission to the list of Registered Traders of the ISE shall be made by the member firm, or an applicant member firm, and the applicant Registered Trader in writing in such form as the ISE may prescribe.

3.2.2 Provision of information to the ISE

The ISE may make such enquiries as it sees fit in connection with the application. An applicant shall assist the ISE in making such enquiries and shall not provide the ISE with inaccurate, misleading or incomplete information. Where an applicant fails to comply with the requirements of this rule, the ISE may refuse the application or if such failure is discovered after admission then that individual's Registered Trader status may be revoked.

3.2.3 Role of the ISE in Registered Trader admission applications

The ISE shall assess each application to be a Registered Trader to determine whether an applicant is suitable for Registered Trader status. The ISE shall also prescribe in its Guidelines for Registered Traders document, as amended from time to time, such requirements as it deems appropriate for the granting of admission as a Registered Trader.

3.2.4 Approval of Registered Traders

The ISE may:

- (a) approve a Registered Trader, or
- (b) approve a Registered Trader subject to the fulfilment of certain conditions. Where such conditions are not fulfilled the individual shall cease to be a Registered Trader, or
- (c) refuse an application.

The ISE shall notify the applicant and the member firm in writing in a timely manner of the ISE's decision including any reasons for any condition attaching to or refusal of an application as a result of (b) or (c) above.

3.2.5 Appeals in relation to Registered Traders

A member firm may appeal the decision by the ISE in relation to a Registered Trader approved under Rule 3.2.4 (b) or refused under Rule 3.2.4 (c) following a submission in writing to the Admissions Committee. Such an appeal shall follow the principles of the appeals process outlined in Rule 2.6.4 to Rule 2.6.6.

3.2.6 ISE Register

The ISE shall maintain a register of Registered Traders.

3.3 SUITABILITY CRITERIA

A member firm must at all times satisfy the ISE that each of its Registered Traders is suitable to undertake the role of a Registered Trader. In particular a member firm shall consider the following when assessing each of its Registered Trader's suitability for Registered Trader status:

- (a) qualifications and experience;
- (b) competence in relation to the member firm's systems which access the ISE's electronic trading system;
- (c) the person's fitness and probity; and
- (d) knowledge of the Rules of the ISE.

Further details in relation to assessing suitability are outlined in the following document Guidelines for Registered Traders issued by the ISE.

3.4 CESSATION OF A REGISTERED TRADER

Where a Registered Trader ceases to undertake a role as defined in Rule 3.1.1, the member firm shall notify the ISE in writing on such form as the ISE may prescribe and include the reason and date for the cessation.

A member firm is responsible for the actions or omissions of the Registered Trader from the date of admission until such time as the notice of cessation is received by the ISE.

3.5 RE-ADMISSION OF A FORMER REGISTERED TRADER

A former Registered Trader may be re-admitted as a Registered Trader however re-admission is not an automatic entitlement and the Registered Trader may be required to obtain additional experience and qualifications at the discretion of the ISE before re-admission as a Registered Trader is granted.

3.6 MEMBER FIRM OBLIGATIONS IN RELATION TO REGISTERED TRADERS

A member firm shall ensure that:

- (a) no employee other than a Registered Trader acts as or holds himself out to be such and that no employee holds himself out as a member firm;
- (b) it actively monitors on an ongoing basis that each Registered Trader in its employment meets the suitability criteria for Registered Traders as outlined in Rule 3.3 and it ensures that any non-compliance with this Rule is immediately notified to the ISE;
- (c) it maintains an up to date list of Registered Traders it has registered with the ISE, including details of their date of approval by the ISE;
- (d) it maintains records relevant to the approval and authorisation of its Registered Traders for at least five years.

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4 General Trading Rules

4.1 ADMISSION OF A SECURITY TO TRADING

A security may be admitted to trading on the ISE if it meets the requirements of the ISE for admission to trading as outlined in the Market Parameters.

The ISE shall inform the Competent Authority in advance of any security being admitted to trading on the ISE.

4.2 DETERMINATION OF A REFERENCE PRICE FOR A SECURITY ADMITTED TO TRADING

The ISE's markets shall determine the reference price of a security admitted to trading except in the following circumstances:

- (a) on the initial admission of a security to trading where the reference price will be determined by the ISE in association with the sponsoring broker and underwriter or in another suitable manner;
- (b) when the ISE becomes aware of a corporate action which will result in a price change (such as dividend payments, rights issues or capitalisation issues), the price will be adjusted for the actual or theoretical value of the corporate action for the first day that the security will be traded ex the corporate action.

Cancelled trades shall not be taken into account when determining the reference price of a security.

4.3 SUSPENSION OF A SECURITY FROM TRADING

A security may be suspended from trading on the ISE if:

- (a) the ISE, in its judgement, considers that there is a disorderly market in a security, or
- (b) the ISE, in its judgement, considers that it is in investors' interests to do so, or
- (c) the listing of the security has been suspended by the relevant competent authority for listing.

The ISE will also suspend a security from trading on the ISE if directed by the Competent Authority to do so.

The ISE shall inform the Competent Authority without delay of any security being suspended from trading by the ISE and shall make this information public.

4.4 REMOVAL OF A SECURITY FROM TRADING

A security will be removed from trading on the ISE if it no longer complies with the requirements for admittance to trading as outlined in Rule 4.1 unless doing so would be likely to cause significant damage to:

- (a) investors' interests, or
- (b) the orderly functioning of the market.

The ISE will also remove a security from trading on the ISE if directed by the Competent Authority to do so.

The ISE shall inform the Competent Authority without delay of any security being removed from trading by the ISE and shall make this information public.

4.5 MATTERS ARISING FOLLOWING THE SUSPENSION OR REMOVAL OF A SECURITY FROM TRADING

If a suspension or removal of a security from trading is declared, a member firm shall not knowingly submit orders to the order book or trade under these Rules in that security or in any derivative for which that security is the underlying security by any means for the duration of its suspension or removal from trading on the ISE unless:

- (i) it receives the prior permission of the ISE on foot of a written application; and
- (ii) the trade is for the purpose of:
 - completing a contractual obligation where the obligation was created prior to the issue of the notice of suspension or prohibition, or
 - enabling the winding up of a deceased person's estate, or
 - filling a short position which was acquired before the suspension or prohibition was imposed.

Such permission must be obtained for each proposed trade in that security and all such trades will be executed by means other than the order book.

Where the suspension or removal of a security from trading relates to an order book security, all existing orders and quotes on the order book of the electronic trading system in that security will be automatically deleted by the ISE and the ISE will not be liable to any member firm, or to any party or parties, on whose behalf a member firm is acting arising from this action.

4.6 ON EXCHANGE TRADES

A trade is effected on the ISE if one or both parties to the transaction is a member firm and:

- (a) the trade is effected automatically on the order book of the ISE's electronic trading system in which case the trade will be automatically reported to the ISE in accordance with the order book trading rules in Chapter 5. For the purposes of these Rules central counterparty trades are considered on Exchange trades; or
- (b) the trade is conducted off order book in a security admitted to trading on the order book of the electronic trading system by a General Trading Member Firm and the member firm chooses (and its counterparty agrees where relevant) at or before the time of execution that it will be subject to the Rules of the ISE in which case the trade should be reported to the ISE in accordance with the off order book trading rules in Chapter 5, or
- (c) the trade is effected in an Irish Government bond admitted to trading on the ISE by a primary dealer or a member firm approved to trade in Irish Government bonds and a member firm chooses (and its counterparty agrees where relevant) at or before the time of execution that it will be subject to the Rules of the ISE in which case the trade should be reported to the ISE in accordance with the Irish Government bond trading rules in Chapter 6, or
- (d) the trade is effected in other securities admitted to trading on the ISE's markets ("other ISE securities") by a General Trading Member Firm and the member firm chooses (and its counterparty agrees where relevant) at or before the time of execution that it will be subject to the Rules of the ISE in which case the trade will be reported to the ISE in accordance with the trading rules in Chapter 7.

4.7 TRADE REPORTING

4.7.1 General

A member firm is required to submit a trade report to the ISE in relation to all its on Exchange trades as defined in Rule 4.6.

4.7.2 Accuracy and content of trade report

A member firm shall ensure that the contents of a trade report are accurate and contain the information outlined by the ISE in its "Market Parameters" document or in these Rules. Such trade reports shall be on a gross basis i.e. excluding any commission, charges or accrued interest.

4.7.3 Off Exchange

Where there is no trade report in relation to a security admitted to trading on the ISE then the trade is considered to be off exchange and therefore not subject to the Rules of the ISE. However if there is evidence that a trade in a security admitted to trading on the ISE was meant to be subject to the Rules of the ISE and therefore a member firm may be considered to be in breach of its reporting obligations in relation to such a trade if it failed to report it.

In the interest of clarity, a trade report in a security which has not been admitted to trading on the ISE is considered to be off exchange where a member firm uses the MiFID Post Trade Transparency Service of the ISE.

4.7.4 Information to clients

A member firm shall not inform a client that a trade is subject to the Rules of the Irish Stock Exchange unless the trade is on Exchange.

4.7.5 Record of on Exchange trades

A member firm shall retain a record of all its on Exchange trades which are subject to these Rules for at least five years. Any such record must be capable of being produced in a legible form on demand following a request by the ISE.

4.8 DEALING CAPACITY

4.8.1 Registration of capacity

A member firm may apply to the ISE to be registered to deal on an agency or principal (including riskless principal) capacity in relation to its trading on the ISE provided that it has the required authorisation from its relevant competent authority.

A member firm may deregister its capacity to trade on an agency or principal (including riskless principal) basis by advance notice in writing to the ISE. A member firm whose authorisation to trade in a principal or agency capacity from its relevant competent authority has been revoked is required to immediately notify the ISE.

The ISE may publish this change in authorisation in such manner as the ISE sees fit and it shall take effect no later than five business days after the day on which the notice is received by the ISE or immediately where the firm is no longer authorised to trade in such capacity from its relevant competent authority.

4.8.2 Use of capacity

A member firm is required to use the correct dealing capacity in relation to its on Exchange trades and when submitting orders to the electronic trading system which may be executed as on Exchange trades.

4.9 MARKET INTEGRITY

A member firm shall not undertake any act or engage in any course of conduct in relation to its on Exchange business which:-

- (a) damages or is likely to damage the fairness, reputation or integrity of the ISE, its markets or its systems, or
- (b) knowingly or without due care creates a false or misleading impression as to the market in or to the demand for or supply of, or price or value of any security admitted to trading on the ISE, or any index of which that security is a component, or
- (c) causes an order to be entered which differs to an unreasonable extent from the prevailing market price, or
- (d) causes a fictitious trade or a false price to be reported to the ISE, or
- (e) induces another member firm to enter into, or refrain from entering into, a trade which relates to that security or to exercise or refrain from exercising any rights conferred by that security, or
- (f) causes or contributes to another member firm breaching the Rules of the ISE.

A member firm which, or a relevant employee of a member firm who, becomes aware that it or any of a member firm's officers or employees, has engaged in any activity which contravenes the above Rule shall report the matter to the ISE without delay. The reporting by an employee of such a matter to the member firm's Compliance Officer will be deemed to be compliance by that employee of his obligations in this respect.

4.10 WHEN ISSUED DEALING

The ISE will only allow when issued dealing in a security if it is satisfied there can be a fair and orderly market for the trading of that security.

When issued dealing trades shall not be permitted unless:

- (a) the issuer has requested and is granted permission from the ISE for there to be when issued dealing,
- (b) a timetable and procedures are notified to member firms in relation to when issued dealings,
- (c) the offer price and full allocation details are publicly announced, and
- (d) the listing particulars or other similar documentation are approved in relation to a regulated market security or lodged with the ISE in relation to a security trading on its MTF(s).

All when issued dealing trades reported to the ISE will be for settlement on the date for admission to trading and will be considered on Exchange trades save that if the securities are not admitted to trading on an unconditional basis, any when issued dealing trades will be void.

4.11 SECURITIES LENDING

A member firm shall ensure that before entering into a securities lending arrangement with a counterparty which relates to securities traded on the ISE, that a lending agreement is put in place which corresponds in all material respects to the standard form of agreement approved by the ISE or which contains provisions whereby in the event of default, all delivery and payment obligations of the parties are closed out, the cash values of the securities to be delivered and the cash to be paid are established and are set off against one another so that only a net balance is payable by one party or the other.

4.12 PRICE STABILISATION

A member firm intending to act as or on behalf of a stabilising manager, by conducting price stabilisation activities on the ISE pursuant to the Stabilisation Rules issued by the Competent Authority, if any, or otherwise permitted by legislation is required to disclose the following information in relation to its price stabilisation activities to the ISE in advance and in any case at least one day prior to the commencement of such activities:

- (a) the securities and any associated securities to be stabilised,
- (b) details of the stabilising manager and their contact details,
- (c) the stabilisation period,
- (d) the time when the issue price will be determined (and the actual price when it is determined), and
- (e) any over-allotment (or Green Shoe) options related to the new issue.

Any changes to the information previously provided under this Rule shall also be notified to the ISE immediately upon it becoming known.

Records of stabilisation activities shall be kept in accordance with Rule 4.7.5.

4.13 TELEPHONE RECORDINGS

A member firm shall ensure that it operates an effective telephone recording system at all times in relation to any trading activities it undertakes on the ISE.

Recordings shall be retained for at least one calendar month after the end of the normal settlement period for relevant on Exchange trades.

4.14 USE OF PROGRAMME TRADING FACILITIES

A member firm may use a programme trading facility in relation to its on Exchange trading activities provided that:

- (a) it has adequately tested how it will function prior to putting it into operation, and
- (b) it is used for bona fide trading purposes, and
- (c) appropriate controls are put in place to ensure that access to and use of the facility is appropriate, and
- (d) it does not adversely impact on market integrity or create a disorderly market.

4.15 ALTERNATIVE TRADING FACILITIES

In the event that a trading system of the ISE is not available to member firms, then the ISE may require firms to partake in trading by means of alternative trading facilities. These alternative trading procedures will be as specified by the ISE and notified in advance to member firms.

4.16 LIABILITY

The ISE will not be liable to member firms, or to any parties on whose behalf member firms are acting, for any loss howsoever arising as a result of:

- (a) force majeure, natural disasters, riot, acts of war, or other events, in so far as they affect the provision of the electronic trading system or other elements of the trading clearing or settlement infrastructure of the ISE's markets, or
- (b) the non-availability or non-performance of the electronic trading system or other elements of the trading, clearing or settlement infrastructure of the ISE's markets caused other than by gross negligence by the ISE.

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5 Trading on the Electronic Trading System

5.1 ACCESS TO THE ELECTRONIC TRADING SYSTEM

5.1.1 Member firm access

A member firm which trades in securities admitted to trading on the electronic trading system (“order book securities”) has access to submit orders to and trade on the ISE’s order book and with respect to a General Trading Member Firm, may report off order book trades in order book securities to the ISE.

5.1.2 Individual Users of the Electronic Trading System

Registered Traders and other users of the electronic trading system must act with due care when accessing the trading system and accept full accountability and responsibility for their access to the system.

5.1.3 Access for others

A member firm may facilitate a member firm which has no access to the electronic trading system or a third party in placing orders in the order book or by reporting off order book trades in order book securities as on Exchange trades. In such cases the member firm will be treated by the ISE as if it had placed the orders or trades itself and therefore must ensure that the requirements of Rule 5.2 and Rule 4.13 are fully complied with.

5.1.4 Access to report off Exchange trades

A member firm may be granted access to the electronic trading system to report off exchange trades in a security not admitted to trading on the ISE, on its own behalf or on behalf of third parties, in order to enable it to comply with the MiFID post trade transparency obligations. Such a member firm shall comply with the operational and functional requirements of that service as described by the ISE in the document “MiFID Post Trade Transparency Services”.

5.2 RESPONSIBILITIES ARISING FROM ACCESS TO THE ELECTRONIC TRADING SYSTEM

A member firm which has access to the electronic trading system shall:

- (a) comply with the procedural, operational and technical requirements of the systems and networks in relation to the electronic trading system, as specified by the ISE from time to time,
- (b) have appropriate order management systems, procedures and controls to prevent the entry of erroneous orders and trades to the electronic trading system,
- (c) be responsible for all obligations and liabilities arising from its access to the electronic trading system,
- (d) ensure that all employees of a member firm who interact with the electronic trading system, including the technical staff providing support to the system, are appropriately trained and proficient in the elements of the system with which they interact,
- (e) only use the electronic trading system during the period specified by the ISE and shall not use the electronic trading system when the firm is suspended from trading,
- (f) ensure that it has correctly activated functionality which allows the ISE to calculate on an individual security level the number of orders and trades it has reported to the ISE

from the date of the member firm's first access to the ISE's electronic trading system in order to ensure that its activities on the ISE can be appropriately monitored.

5.3 ISE POWERS

The ISE reserves the right to:

- (a) restrict or suspend a member firm's, a market maker's or an employee of a member firm's access to or use of the electronic trading system,
- (b) recoup costs incurred by the ISE which are attributable to a member firm which causes significant delays to the efficient operation of the electronic trading system,
- (c) hold a member firm liable for the costs of rectification and other related damages if a member firm causes or contributes materially to disruption or damage to the electronic trading system,
- (d) cancel orders and order book trades as outlined in Rule 4.5 and 5.14.4 respectively,
- (e) interrupt the automatic execution of orders on the order book where it considers it necessary for the orderly functioning of the market or where an ISE system problem occurs as outlined in the Market Parameters.

5.4 PROGRAMME TRADING FACILITIES AND THE ELECTRONIC TRADING SYSTEM

A member firm which uses a programme trading facility in accordance with Rule 4.14 to input, modify or cancel orders on the order book or report trades to the electronic trading system is required to apply in writing on such form as prescribed by the ISE from time to time in advance of accessing the electronic trading system. Any change to the identified user assigned to such access or material changes to the functionality assigned to a programme trading facility shall also be advised to the ISE immediately in writing on such form as the ISE may prescribe from time to time.

The ISE and each relevant member firm shall maintain a list of approved programme trading facilities with access to the electronic trading system.

Trading on the Order Book

5.5 USE OF THE ORDER BOOK

5.5.1 Orders governed by procedures, Rules and Market Parameters

A member firm may only enter orders to the electronic trading system as specified, permitted and advised in the ISE document entitled "Market Parameters". Orders shall be handled in the electronic trading system in accordance with the provisions set out in the document entitled the "Market Model".

5.5.2 Conditions for an order submitted

Each order submitted to the order book must be:

- (a) firm,
- (b) at or above the relevant minimum order size, at a multiple of the lot size,
- (c) at a price which is an exact multiple of the tick size specified by the ISE, where a price is specified, and
- (d) for standard settlement, and subject only to the terms relating to benefit entitlements prevailing at the time of execution.

Market Makers

5.6 MARKET MAKING ON THE ISE

5.6.1 Determination of securities in which Market Making may be conducted

The ISE may determine that market making may be conducted in one or more securities that are traded on the ISE's electronic trading system and may revoke this decision at its discretion.

The ISE will notify the market of the approval, addition or removal of securities from market making.

5.6.2 Determination of Market Making Parameters

The ISE may establish a maximum spread between the bid and ask prices, a minimum display size for bid and ask quotes, and a minimum period for maintaining and refreshing quotes on the electronic trading system. These shall be notified to relevant market makers and outlined in the document, "Market Parameters".

5.7 APPLICATION TO BE A MARKET MAKER

5.7.1 Form of application to the ISE

An application to be a market maker on the electronic trading system shall be made in writing to the ISE. Applications can only be made by a member firm which has access to or will have access to the electronic trading system's order book and where the member firm specifies the security or securities for which it seeks admission as a market maker. After assessment of the application the Admissions Committee shall determine whether an applicant is suitable to be a market maker.

5.7.2 Notice of decision

The ISE shall notify the applicant in writing of the Admission Committee's decision in a timely manner after it has made its decision. The Admissions Committee may:

- (a) approve a member firm as a market maker on the basis of the application made, or
- (b) approve a member firm as a market maker subject to restrictions, or
- (c) refuse an application from a member firm to be a market maker.

An approved application may be subject to the fulfilment of certain condition(s) which will be notified by the Admissions Committee. A member firm will not be allowed to commence market making activities until such condition(s) is/are fulfilled.

In the case of (b) or (c) the Admissions Committee will notify the applicant of the grounds for its decision and all principal facts and matters relied upon by it in support thereof. The applicant will have the right to appeal the decision in accordance with Rule 2.4. If no such appeal is made the decision of the Admissions Committee is final.

5.7.3 Supplementary application

If the member firm wishes to be a market maker in an additional security or securities other than those specified in the approval, it must make a supplementary application to the ISE at least three days prior to the date it proposes to commence market making activities in that security or securities.

5.7.4 Effective date for approval

A member firm will be obliged to fulfil its market making obligations from the commencement of trading on the first day following the date on which a member firm is authorised to act as a market maker or is notified of the approval of its supplementary application.

5.8 SUITABILITY CRITERIA FOR MARKET MAKERS

A market maker must at all times satisfy the ISE that it:

- (a) is appropriately authorised to deal on its own account,
- (b) has adequate systems, internal controls and risk management procedures in place, and
- (c) has suitably competent and experienced staff,

to undertake its market making activities and obligations.

5.9 RIGHTS AND OBLIGATIONS OF MARKET MAKERS

5.9.1 General obligations as a Market Maker

A market maker must in relation to the order book security or securities in which it undertakes market making activities:

- (a) comply with any availability or participation requirements as specified by the ISE in its Market Parameters document; and
- (b) provide a continuous two way quote during the mandatory quote period complying with the minimum quantity, the maximum spread and the relevant maintenance and refresh period as outlined by the ISE in its Market Parameters document or as may be amended by the ISE from time to time.

A market maker(s) in a given order book security may be granted exclusive access to any surplus arising from an auction in that security before any such surplus becomes available to other member firms at the discretion of the ISE and as outlined in the Market Model.

5.9.2 Qualifications on the obligations as a Market Maker

In certain circumstances, for example, but not exclusively, the presence of a strong one-way market in a security, a period of exceptionally volatile prices or if a major announcement has been indicated but full details have not yet been published, the ability of a market maker to make a market in certain securities may be restricted on a temporary basis. In such circumstances the maximum spreads, the minimum quote sizes and the minimum period for maintaining and refreshing quotes may be relaxed.

A market maker may also temporarily withdraw from its market making activities in the event of an ISE system failure or a system failure beyond the control of a market maker which prevents it from fulfilling its market making obligations.

The following additional circumstances, specifically related to a market maker in an ETF security, allow that market maker to temporarily withdraw from its obligations in respect of that ETF:

- (a) the calculation of the index which that ETF tracks has been suspended;
- (b) there is a suspension of the admission to trading of a constituent of the index which the ETF tracks;
- (c) in the opinion of the market maker the Net Asset Value or the Indicative Net Asset Value, does not reflect the occurrence of a material corporate action or rebalancing of the relevant index with respect to a constituent security of the ETF;
- (d) where the manager of the ETF fails to provide the market maker with sufficient information on the basket composition through a delivery mechanism as may be agreed by the manager of the ETF and the market maker, as soon as possible after the previous day's close of business but in any case no later than 07.00am Irish time.
- (e) the market maker for reasons beyond its control is unable to subscribe or redeem shares in the ETF.

If any of the above circumstances prevail, a market maker shall notify the ISE of the action it is taking and why such a course of action is considered appropriate. A market maker must return to compliance with its market making obligations after the disrupting circumstances have abated and shall promptly notify the ISE of the resumption of its market making activities.

5.10 RESIGNATION, WITHDRAWAL AND SUSPENSION OF A MARKET MAKER

5.10.1 Resignation of a Market Maker

A market maker may resign its market maker status with respect to all or specific securities by submitting written notice to the ISE which will be effective two ISE trading days after the receipt of such notice. A member firm may not be re-admitted as a market maker for securities in respect of which it has resigned for an appropriate period, generally no less than twenty ISE trading days, subsequent to its resignation as a market maker.

5.10.2 Withdrawal of a Market Maker

A member firm is not obliged to fulfil its market making obligations when it is precluded from dealing on its own account in the security or securities of an issuer where it is associated with either the offeror or offeree in an acquisition or merger situation. The market maker will immediately notify the ISE of such circumstances. When such restrictions no longer apply the market maker shall notify the ISE in writing of its intention, where applicable, to recommence its market making activities.

5.10.3 Suspension of a Market Maker

The ISE shall monitor whether and to what extent a market maker fulfils its obligations. The ISE may suspend for a period, or ultimately may revoke, a member firm's ability to act as a market maker if the market maker repeatedly fails to comply with its obligations and has been previously formally censured by the ISE in this regard.

5.11 NOTIFICATION OF CHANGES IN RELATION TO MARKET MAKERS

The ISE will notify other member firms of the approval, withdrawal, resignation, or suspension of a market maker in relation to its market making activities with respect to order book securities and the date and time that such an event will take effect.

Trade Reporting

5.12 TRADE REPORTING OF ORDER BOOK TRADES

A trade in a security executed on the order book will be automatically trade reported by the electronic trading system. No additional trade report is required to be submitted by the member firm.

5.13 TRADE REPORTING OF OFF ORDER BOOK TRADES IN ORDER BOOK SECURITIES

5.13.1 Timeline for trade reporting

Where a General Trading Member Firm opts for an off order book trade in an order book security to be an on Exchange trade then it should be reported via the electronic trading system, as follows:

- (a) if the trade was entered into during market hours, as close to real time as possible and in any case within 3 minutes of the trade being entered into, or
- (b) if the trade was entered into after market hours, before the commencement of the continuous trading phase on the following day.

5.13.2 Responsibility for trade reporting

The responsibility for trade reporting an on Exchange trade executed off the order book in order book securities, to the ISE shall be as follows:

- (a) an in-house cross by a General Trading Member Firm: the member firm shall submit relevant details in relation to the trade,
- (b) a trade between two General Trading Member Firms: the member firms involved shall agree which of them will report the trade following confirmation of the details in relation to the trade by both parties. Either the buying member firm or the selling member firm can input the details of the trade on behalf of both member firms,
- (c) a trade between a General Trading Member Firm and a non member: the member firm shall submit relevant details of the trade.

5.13.3 Deferred publication of large trades

A General Trading Member Firm may choose to defer the publication of an off order book trade in an order book security, for a period no longer than the period specified in the Market Parameters in respect of that order book security if:

- (a) the trade is between the member firm dealing on its own account (i.e. on a principal basis), and a client of that firm; and
- (b) the size of the transaction is equal to or exceeds the relevant minimum qualifying size as specified in the Market Parameters.

In order to effect the deferred publication of a large trade the member firm may use the block trade indicator available on the electronic trading system which automatically defers the publication of large trade in accordance with the Market Parameters. If a member firm subsequently decides on the same trading day that it first submits the trade report that it wishes to have the trade published at an earlier time then it can delete the trade and re-submit the trade without the block trade indicator and the trade will automatically be published.

A member firm shall not aggregate trades in order to qualify for deferred publication.

5.13.4 Accuracy of off order book trades in order book securities

A General Trading Member Firm shall ensure that the contents of a trade report is accurate and in accordance with the requirements outlined in the “Market Parameters” document.

In addition, a member firm shall use the trade type indicators and trade flags in relation to on Exchange trades where the trade being reported meets the definitions outlined by the ISE in the “Market Parameters”.

Trade Cancellation

5.14 ORDER BOOK CANCELLATIONS – MISTRADES

5.14.1 Declaration of a mistrade

The ISE will under certain circumstances agree, in consultation with the central counterparty in relation to CCP eligible securities where appropriate, to cancel trades and delete them from the electronic trading system (and where such trades are in CCP eligible securities arrange for a contra trade to be entered in the clearing system) where a member firm makes a successful application for the cancellation of an order book trade. Such trades will be known as mistrades and will be advised to the market.

5.14.2 Conditions applying to mistrades

An application for the declaration of a mistrade may only be submitted by one or both of the counterparties to the trade concerned. The member firm objecting to the trade i.e. applying for the mistrade must make the application without delay (unless exceptional circumstances prevail, within ten minutes of the determination of the execution price). In any event, the ISE will not accept any application for a mistrade unless it is made on the same day that an order book trade is executed. The application must be made in the first instance by telephone to the ISE’s Market Services Department using relevant contact details advised by the ISE from time to time.

5.14.3 Circumstances where a mistrade may be declared

The ISE will only declare a mistrade in the following circumstances:

- (a) the order limit was entered in error and the resulting traded price is considered not to be in line with market conditions, or
- (b) a failure in the technical systems of, or supporting, the order book, but excluding a firm’s own systems.

In the case of an erroneous limit being entered on an order the resulting trade shall not be cancelled if the limit order has been executed at a price which is in line with market conditions, as defined in the Market Parameters, irrespective of the error in the entry of the order limit.

If a mistrade application cannot be approved in accordance with the above requirements an order book trade can be cancelled by agreement between the counterparties to the trade provided that the trade was not in a CCP eligible security and the prior approval of the Market Services Department of the ISE was received by telephone using relevant contact details advised by the ISE from time to time. In this circumstance the parties may effect a de facto cancellation of the trade by executing a corresponding offsetting trade, a contra trade, off the order book. In this particular circumstance the ISE shall not delete the trade, nor will a contra trade be entered in the clearing system.

5.14.4 Powers of the ISE in relation to mistrades

The ISE may cancel an order book trade without an application for a mistrade from the counterparties to the trade if the ISE determines that the price of the trade in question fulfils the conditions for a mistrade or where the particular circumstances of that trade warrant its cancellation.

The ISE may cancel orders at its own discretion, particularly if it becomes aware of an order which, were it to be executed, would fulfil the conditions for a mistrade and the member firm or Registered Trader which entered the order in question cannot be contacted.

The ISE will not be liable to any member firm or other party, either directly or indirectly, arising from the declaration of a mistrade or the cancellation of an order.

5.15 CANCELLATION OR AMENDMENT OF AN OFF ORDER BOOK TRADE IN AN ORDER BOOK SECURITY

5.15.1 Cancellation or amendment on same trading day

A General Trading Member Firm may cancel or amend an off order book trade in an order book security using the trade reporting amendment and cancellation facility of the electronic trading system, if:

- (a) the trade cancellation or amendment report is entered during market hours on the same trading day that the trade was reported to the ISE;
- (b) the request to cancel or amend the trade is initiated by the Registered Trader who originally input the trade or another appropriately authorised person as defined in the Market Parameters; and
- (c) the member then enters the correct trade report where applicable.

When cancelling an off order book trade in an order book security the member firm must use the appropriate cancellation and amendment procedures described in the Market Parameters.

5.15.2 Cancellation or amendment after market hours or on subsequent days

Where a member firm wishes to cancel or amend an off order book trade in an order book security after close of market hours or on a trade day subsequent to the trading day on which the trade was reported, the member firm shall contact the Market Services Department by telephone using relevant contact details advised by the ISE from time to time and carry out any procedures in accordance with instructions issued by the ISE to correct the trade report.

5.16 SYSTEM PROBLEMS WITH THE ELECTRONIC TRADING SYSTEM

5.16.1 General notification requirement

If a member firm encounters a systems problem that prevents it from accessing the order book or reporting off order book trades in order book securities, it shall notify:

- (a) the ISE's Market Services Department immediately by telephone using relevant contact details advised by the ISE from time to time outlining the difficulties it is encountering, and

- (b) the Xetra® Technical Helpdesk immediately by telephone or email using relevant contact details advised by the ISE from time to time and ensure that a suitably experienced and knowledgeable technical personnel takes responsibility for communicating with the Xetra® Technical Helpdesk.

A member firm shall also notify the ISE's Market Services Department and the Xetra® Technical Helpdesk when its system issues are resolved.

Should ongoing issues arise which the firm cannot resolve in a timely manner with the Xetra® Technical Helpdesk the member firm will raise such issues with the Regulation Department of the ISE.

5.16.2 Individuals with authority to cancel orders or quotes

A member firm with access to the electronic trading system shall notify the ISE in writing in advance of the employee(s) who will have the authority to request deletion of all that member firm's orders or quotes on the order book in the event of a system failure as outlined in Rule 5.16.3 and will give the ISE two business days prior written notice of any change to the authorised employees.

5.16.3 Deletion and entry of orders in the event of a system failure

In the event of a system failure, a member firm is responsible for the cancellation of its own orders. However an employee, authorised in accordance with Rule 5.16.2 may, by contacting the Xetra® Trading Helpline (Market Supervision Xetra) by telephone, by fax or by email using relevant contact details advised by the ISE from time to time, request:

- (a) the deletion of all of that member firm's orders on the order book; or
- (b) the entry of an order or orders.

A member firm is obliged to honour any order book trades which are executed prior to its notification of its system problems to or which have been placed on its behalf following a request to Xetra® Trading Helpline (Market Supervision Xetra®).

5.16.4 Trade reporting of off order book trades in the event of a system failure

Where a General Trading Member Firm has chosen to report a trade conducted off order book in a security admitted to trading on the order book of the electronic trading system and is prevented from doing so within the appropriate timeframes as outlined in Rule 5.13.1 as a result of its system problems, a member firm must notify the ISE. The ISE will determine what trade details it requires until such time as the problem is resolved and will inform the member firm as to when and how any trades undertaken in the intervening period are to be appropriately reported to the ISE.

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6 Trading in Irish Government Bonds

6.1 AUTHORISATION TO TRADE IN IRISH GOVERNMENT BONDS

The following chapter applies to a member firm which:

- (a) is recognised as a primary dealer by the National Treasury Management Agency (NTMA) and the ISE, and
- (b) is not a recognised primary dealer but has been authorised by the ISE to trade in Irish Government Bonds and chooses to report such trades to the ISE.

6.2 MARKET HOURS

The market hours for reporting trades in Irish Government Bonds shall be from 8.00am to 4.30pm Irish time.

6.3 MEMBERSHIP OF APPROVED SETTLEMENT SYSTEM

A primary dealer and a member firm which are authorised to trade in Irish Government Bonds shall settle any Irish Government Bond trade through a system which the ISE may from time to time approve and shall comply with the operating procedures of that system.

6.4 OBLIGATIONS OF PRIMARY DEALERS

6.4.1 General obligations of primary dealers

A primary dealer shall:

- (a) quote in respect of each bond notified from time to time by the NTMA indicative two-way prices during the mandatory quote period on an electronic screen based system approved by the ISE and the NTMA. Quotes displayed should be based on standard settlement unless otherwise indicated on the screen. Subject to the provisions of these rules, primary dealers shall deal on the terms disclosed if immediately requested to do so by the enquiring party,
- (b) ensure that all quotes comply with the minimum quote size and maximum spread as notified by the NTMA from time to time,
- (c) quote on demand to clients, to agency only member firms acting on behalf of clients, and to the NTMA, firm bid and offer prices in each bond notified from time to time by the NTMA,
- (d) take reasonable care in executing a transaction with or for its client to ensure that it deals to the best advantage of the client unless dealings are with another primary dealer,
- (e) ensure that sufficient segregation of duties is in place where the primary dealing business is part of a wider group which also conducts Irish Government bond business in a separate capacity, and
- (f) act as a market maker in Irish Government bonds on any trading system approved by the NTMA and the ISE and shall comply fully with any obligations that arise there from.

6.4.2 Mandatory quote period

The mandatory quote period shall apply to primary dealers only and shall be, unless otherwise notified by the ISE, from 8.00am - 4.00pm Irish time on each day when the ISE is open for business. A primary dealer is not obliged to quote on ISE trading days which are

public holidays in its home state however a primary dealer shall notify the ISE of its decision not to trade on these days in advance. Any decision to change the hours of the mandatory quote period shall be published by the ISE.

6.4.3 Quote change by a primary dealer

A primary dealer which quotes a price may change that price while in discussion with a potential client:

- (a) if the counterparty responds with a counter bid or offer; or
- (b) where the counterparty indicates that it will call back; or
- (c) at any time before the counterparty indicates whether it is a buyer or seller; or
- (d) if the primary dealer becomes aware of the existence of any offer price from another primary dealer which is lower than his bid price or of a bid price from another primary dealer which is higher than his offer price, provided that in the case of a sale his new bid equals the offer price available from another primary dealer and in the case of a purchase his new offer price equals the bid price available from another primary dealer.

6.4.4 Trade reporting by a primary dealer

Every trade undertaken by a primary dealer shall be reported to the ISE in such form as the ISE may require no later than 6pm (Irish time) on the day on which the trade was undertaken in such form as the ISE may specify from time to time. The following types of trades are specifically included in the trade reporting obligations to the ISE:

- (a) sales and purchases
- (b) a repurchase (REPO),
- (c) a reverse repurchase (reverse REPO),
- (d) a sale and buy back, and
- (e) a buy and sell back.

Trades that are entered into before market hours shall be included with a primary dealer's trade report to the ISE on that day. Trades entered into after market hours shall be included in the primary dealer's trade report to the ISE on the next trading day.

6.5 OBLIGATIONS ON A MEMBER FIRM AUTHORISED BY THE ISE TO TRADE IN IRISH GOVERNMENT BONDS

6.5.1 Trade reporting

Where a member firm which is authorised to trade in Irish Government bonds chooses to report such an Irish Government bond trade to the ISE, it shall report any such trades to the ISE in such form as the ISE may require no later than 6pm (Irish time) on the day on which the trade was undertaken. The following types of trades are accepted as trade reports by the ISE:

- (a) sales and purchases
- (b) a repurchase (REPO),
- (c) a reverse repurchase (reverse REPO),
- (d) a sale and buy back, and
- (e) a buy and sell back.

Trades that are entered into before market hours shall be included with a member firm's trade report to the ISE on that day. Trades entered into after market hours shall be included in the member firm's trade report to the ISE on the next trading day.

6.5.2 Restriction

A member firm, which is not a primary dealer, may not act as an agent between two or more primary dealers.

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7 Trading in Other ISE Securities

7.1 AUTHORISATION TO TRADE IN OTHER SECURITIES

This Chapter applies to a member firm which is authorised by the ISE to trade in other ISE securities and chooses to report such trades to the ISE.

7.2 MARKET HOURS

The market hours for reporting trades in other ISE securities shall be from 7.30am to 5.15pm Irish time.

7.3 TRADE REPORTING

7.3.1 Timeline for trade reporting

- (a) Where a member firm decides that a trade in other ISE securities is to be an on Exchange trade it shall report that trade to the Market Services Department of the ISE using relevant communication details as advised by the ISE from time to time in the Market Parameters, as follows:
- (i) if entered into during market hours as close to real time as possible and in any case within 3 minutes of the trade being entered into; or
 - (ii) if entered into after market hours before 8.00am on the following business day.

7.3.2 Responsibility for trade reporting

The responsibility for trade reporting a trade in other ISE securities to the ISE shall be as follows:

- (a) an in-house cross: the member firm shall submit relevant details in relation to the trade,
- (b) a trade between two member firms: the member firms involved shall agree which of them will report the trade following confirmation of the details in relation to the trade by both parties. Either the buying member firm or the selling member firm can report the details of the trade on behalf of both member firms,
- (c) a trade between a member firm and a non member: the member firm shall report the details of the trade.

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8 Clearing and Settlement

8.1 GENERAL

8.1.1 Settlement of on Exchange trades

A member firm must make its own arrangements for the settlement of its on Exchange trades. A member firm may:

- (a) settle its own business,
- (b) act as or use the services of a settlement agent,
- (c) use or provide model A or model B settlement services with the prior written consent of the ISE and its relevant regulatory authority.

Where a member firm uses the services of a model B firm, (referred to in these Rules as the “introducing member firm”) the model B firm assumes immediate legal liability in relation to relevant trades executed by the introducing member firm on the ISE. Any agreement between the introducing member firm and the model B firm and its clients, shall clearly outline the legal liability of the model B firm in this regard.

8.1.2 Clearing of on Exchange CCP trades

A member firm which trades in CCP eligible securities on the electronic order book of the ISE must have in place at all times suitable arrangements for the clearing of their central counterparty trades in accordance with any of the central counterparty rules issued from time to time. Each such member firm (or where it has model B arrangements in place its model B firm) must either:

- (a) be a Non Clearing Member (NCM) and have a clearing services agreement with a General Clearing Member (GCM) of the CCP to ensure its central counterparty trades are cleared with the CCP,
- (b) become a Direct Clearing Member (DCM) of the CCP and clear its own trades and trades of entities within its group,
- (c) be a General Clearing Member (GCM) of the CCP and clear its own trades and relevant trades of a NCM with whom it has a clearing services agreement, or
- (d) be an affiliate of a Direct Clearing Member who agrees to clear the affiliate's central counterparty trades,

and comply with all requirements outlined in these rules relevant to its clearing status with the CCP and shall comply with any other requirements as may be specified by the ISE (in consultation with the CCP) from time to time.

8.1.3 Changes to clearing or settlement arrangements

Member firms must ensure that the ISE is notified of any clearing and settlement arrangements it has put in place at the time of commencement of its on Exchange activities, and that it notifies the ISE of any subsequent material changes to these arrangements, in writing at least 20 business days prior to being put in place in such form as the ISE may prescribe from time to time.

8.1.4 Settlement period

A member firm shall settle in accordance with standard settlement as outlined in the ISE's Market Parameters unless an alternative settlement period is agreed at or prior to execution by the counterparties involved and clearly stated on any confirmation to either counterparty in relation to the trade.

Unless otherwise agreed with the ISE, a member firm shall not agree to settle an on Exchange trade (other than a conditional trade) more than twenty-five business days after the date of execution. A conditional trade may nevertheless be dealt for settlement up to ten business days after the day on which the condition is fulfilled.

The ISE may prescribe from time to time that certain on Exchange trades are due for settlement other than for standard settlement.

8.1.5 Timely settlement

A member firm shall ensure that its on Exchange trades are duly settled by it, by its settlement agent or by its model B provider in a timely and efficient manner, and shall ensure that they (or their agent as the case may be) comply with the good delivery requirements and the rules applicable to the relevant clearing and settlement system in relation to those trades.

8.1.6 Transfer documents – securities

- (a) A member firm is responsible for taking reasonable care to ensure that all transfer documents and certificates submitted by it or on its behalf in relation to its on Exchange trades are genuine. A member firm submitting transfer documents and certificates on behalf of another person shall be responsible for the consequences of submitting false or incorrect documentation.
- (b) If a certificate has been delivered in an imperfect condition (including being torn or damaged in a material way or where a material part of the wording is illegible or where there is insufficient or irregular coupons), a buying member firm may return it, but only within eight days of its delivery.
- (c) Securities delivered in settlement of an on Exchange trade shall be free of any charge or encumbrance. Where a security which is delivered in settlement of an on Exchange trade is placed by operation of law under a disability that does not apply to all other securities of the same issue, the seller must replace that security with one that is not subject to that disability. In the event of a chain of trades the ISE may determine that this obligation applies to one or more parties to the exclusion of others.
- (d) Where the issuer of renounceable documents fails to meet its obligations in relation to a security but not in relation to other securities of the same issue, the seller shall replace that security with one in relation to which the issuer is prepared to meet its obligations. When settling on Exchange trades by the transfer of certificates in bearer form, a member firm shall keep a record of the certificate number and a record of the trade.

8.1.7 Payment versus delivery

If settlement is effected in physical form, a member firm shall conform to the applicable good delivery requirements of the relevant settlement or clearing system provider.

Unless otherwise agreed a member firm must only deliver securities to another member firm between 09.00 hours and 17.00 hours on a business day.

If a member firm requires payment in cleared or same day funds, it shall notify the buying member firm before 10.30 on the day of delivery.

A buying member firm is not obliged to pay before the due date for settlement for securities delivered before that date, but in any other case, unless otherwise agreed, a buying member firm shall pay for securities against delivery and cannot claim that there is no obligation to pay on the basis that the securities were delivered late.

In the case of central counterparty trades, net settlement may result in cash only delivery.

8.1.8 Failure to deliver securities or cash

Failure to deliver securities or pay on the due date for settlement shall not in itself be a ground for treating the contract as repudiated. Member firms are obliged to ensure the settlement of trades reported to the ISE under their name. This obligation exists even if the reason for non-settlement is because of a client or counterparty failing to settle with the member firm.

Where a member firm undertakes a central counterparty trade on behalf of a client who fails to deliver the relevant securities and/or cash the member firm shall be bound as principal to:

- (i) any other clients party to and counterparties to such trade; and
- (ii) any other clients party to and counterparties to any other trades, with which such central counterparty trade has been netted.

8.1.9 Failure to settle within standard settlement

In circumstances where a member firm, acting either as agent or principal, in respect of trades executed on the order book fails to settle in accordance with standard settlement and where the disadvantaged counterparty brings the matter to the attention of the ISE a per diem penalty charge may be levied on the offending firm by the ISE. The level(s) of this charge will be as determined by the ISE and notified to member firms from time to time.

8.1.10 Requirements in relation to a central counterparty contract

It shall be a term of every clearing services agreement between a General Clearing Member and a Non Clearing Member that where a central counterparty contract arises between the General Clearing Member and the CCP, a matching contract shall arise between the Non Clearing Member (whether he acted as agent or principal in relation to that trade) and the General Clearing Member which shall be on the same terms as the central counterparty contract except that:

- (a) if the General Clearing Member is seller in the central counterparty contract it will be buyer in the matching contract; and
- (b) if the General Clearing Member is buyer in the central counterparty contract it will be seller in the matching contract; and

the matching contract arising shall also be considered a central counterparty contract. All central counterparty contracts are governed by Irish law.

A clearing member remains responsible for ensuring the settlement of every central counterparty contract to which it is a party. On executing central counterparty trades, a Non Clearing Member accepts the open offer of the CCP as agent on behalf of its General Clearing Member and the relevant General Clearing Member shall be bound by the terms of

such trade irrespective of any terms agreed between a General Clearing Member and a Non Clearing Member in their clearing services agreement.

The provisions in relation to central counterparty contracts in this Rule 8.1.10:

- (i) which apply to a General Clearing Member shall also apply to a Direct Clearing Member; and
- (ii) which apply to a Non Clearing Member shall apply to an affiliate of a Direct Clearing Member

upon the execution of an affiliate of the DCM of a central counterparty trade (and with appropriate changes to the detail of Rule 8.1.10 where relevant above).

8.1.11 Net settlement option for CCP eligible securities

Member firms or their settlement agents shall have an option of settling on Exchange trades in CCP eligible securities on a net basis provided such a service is offered by its appointed clearing member in its clearing services agreement. Any such election made shall comply with the requirements of the central counterparty service.

8.1.12 Conditions relating to net settlement

In respect of CCP trades between a CCP and a clearing member to be settled on a net basis, the obligations of each of the CCP and the clearing member as between themselves to deliver securities or make payment in relation to those CCP trades shall be discharged by and upon the delivery of the net amount of CCP eligible securities of the same description as the securities to which those trades relate and/or the payment of the net amount of cash for securities of that description calculated in accordance with the CCP netting service, as payable and/or deliverable on the settlement date of the relevant trades between the CCP and the clearing member.

In respect of CCP contracts between a General Clearing Member and a Non Clearing Member to be settled by the Non Clearing Member or its settlement agent settling the related CCP trade directly with the CCP on a net basis, the obligations of each of the CCP, the General Clearing Member and the Non Clearing Member as between themselves to deliver securities or make payment in relation to those CCP trades shall be discharged by and upon the delivery of the net amount of CCP eligible securities of the same description as the securities to which those trades relate and/or the payment of the net amount of cash for securities of that description calculated in accordance with the CCP netting service, as payable and/or deliverable on the settlement date of the relevant contracts between the General Clearing Member and the Non Clearing Member.

Where a Non Clearing Member undertakes a CCP trade on behalf of a client on an agency basis, and the Non Clearing Member or its settlement agent is settling directly with the CCP:

- (i) the Non Clearing Member or its settlement agent shall not permit settlement of a central counterparty trade on a net basis using a CCP netting service unless the Non Clearing Member has informed its clients that it (or its settlement agent) may settle on a net basis, and the Non Clearing Member is satisfied that its clients consent to such net settlement, and

- (ii) the General Clearing Member's obligations to the Non Clearing Member's client shall be discharged in full in respect of a central counterparty trade when the net settlement has been effected.

The provisions in relation to net settlement in this Rule 8.1.12:

- (a) which apply to a General Clearing Member shall also apply to a Direct Clearing Member; and
- (b) which apply to a Non Clearing Member shall apply to an affiliate of a Direct Clearing Member

in each case in relation to the performance of CCP trades between a Direct Clearing Member and its affiliate (or its settlement agent) directly with the CCP on a net basis (and with appropriate changes to the detail of Rule 8.1.12 where relevant above).

8.1.13 Partial performance of netted central counterparty trades

Partial performance of net settlement instructions created through the use of the central counterparty netting service shall be deemed in all cases by the ISE as pro rata performance of the underlying central counterparty contracts between the CCP and the relevant General Clearing Member and between the General Clearing Member and the Non Clearing Member unless:

- (i) the CCP is not settling directly with the Non Clearing Member or its settlement agent, and
- (ii) the Non Clearing Member has carried out central counterparty trades on behalf of its clients on a principal basis, and
- (iii) the allocation of settlement priority of such central counterparty trades is otherwise agreed between the General Clearing Member with the Non Clearing Member or its settlement agent.

8.1.14 Buy-In rules

In relation to central counterparty trades, a member firm must comply with the buy-in rules as outlined in the "Buy-In Guide" issued by the CCP, in consultation with the ISE, from time to time.

8.1.15 Suspension of the central counterparty service

The CCP may in accordance with its rules suspend its open offer in a CCP eligible security where it gives appropriate written notice of its intention in this regard to the ISE. In such circumstances no central counterparty contract shall arise and the open offer shall be suspended for that CCP eligible security. As a result the ISE may either suspend the affected CCP eligible security from trading or allow the security to continue trading and to settle bilaterally between member firms.

The CCP may in accordance with its rules suspend its open offer to a General Clearing Member, and its Non Clearing Member(s) where appropriate, where it becomes aware that a clearing services agreement between a General Clearing Member and a Non Clearing Member is or will be terminated from a certain time and where it gives appropriate written notice of its intention in this regard to the ISE. From such time as the affected member firms are without a clearing services agreement no central counterparty contract shall arise and the open offer shall be suspended for the member firm(s) involved. Depending on the circumstances the ISE may either:

- (i) suspend the affected member firm(s) from conducting business on the ISE, or
- (ii) suspend them from trading in CCP eligible securities in accordance with Rule 8.1.17, or
- (iii) allow the member firm(s) to continue trading in CCP eligible securities provided that any such business is conducted by way of off order book trades and is settled bilaterally between the member firm(s) involved.

8.1.16 Default by a member firm

The ISE may declare a member firm to be in default (a “defaulting member firm”) if in the reasonable opinion of the ISE the member firm is, appears to be, or appears to be likely to become, unable to fulfill its obligations in respect of its trades, including central counterparty contracts, conducted on the ISE. In the event of such a default declaration the ISE:

- (i) may take such action it considers necessary to protect the integrity of the ISE’s markets, including but not limited to the suspension or cessation of the defaulting member firm’s membership of the ISE with immediate effect; however a defaulting member firm shall continue to be subject to the Rules of the ISE and shall co-operate fully with the ISE regarding the fulfillment of its obligations in relation to its unsettled trades or other matters concerning its ISE business; and
- (ii) may impose its default procedures, as applied by the ISE from time to time, to any unsettled trades conducted on the ISE to which the defaulting member firm is a party but excluding any unsettled central counterparty contracts between the CCP and any clearing member (a “default contract”) and, in particular but without limitation, may:
 - (a) terminate any default contract;
 - (b) provide for all rights and liabilities of the defaulting member firm in respect of terminated default contracts to be discharged by the payment by, or to, the defaulting member firm of such sums of money as may be determined in accordance with the ISE’s default procedures. The ISE may require that such sums be aggregated or set off as appropriate in respect of all relevant default contracts to produce net sums payable or receivable. Any such sums payable or receivable shall be calculated by reference to any disparity between: i) the prevailing market price of the security which is the subject of a default contract at the time of the declaration of default; and ii) the price payable under the terms of the relevant default contract;
 - (c) require, where a defaulting member firm has acted on an agency basis, the principal(s) to a default contract to complete that default contract; and
 the above matters shall be deemed incorporated into every default contract.

8.1.17 Further provisions in relation to default of CCP contracts

- (i) In the event of a clearing member becoming a defaulting member firm, such clearing member shall comply with the default procedures issued by the relevant CCP from time to time.

In such an event, the CCP may by written notice to the ISE request the ISE to suspend or cease the ability of that defaulting clearing member (and its non clearing members or affiliates where applicable) to conduct business in CCP eligible securities on the ISE.

- (ii) In the event of a non clearing member being unable to fulfill its obligations to a clearing member, that clearing member may by written notice to the ISE request the ISE to suspend or cease the ability of that non clearing member to conduct business in CCP eligible securities on the ISE. Where such a written notice has been received by the ISE, the ISE will notify the relevant CCP as soon as reasonably practical.
- (iii) In the case of any request pursuant to this Rule 8.1.17 the suspension or termination of any member firm from the ISE shall be at the absolute discretion of the ISE and subject always to Rule 8.1.16. Upon a member firm being terminated, suspended or restricted by the ISE from conducting business in CCP eligible securities pursuant to this Rule 8.1.17, the open offer of the CCP shall be suspended in relation to any clearing member specified in such written notice and, accordingly, no further central counterparty contracts, to which any such member is a party, shall arise thereafter.

8.1.18 Further provisions in relation to Model B arrangements

An introducing member firm and/or its model B firm shall notify the ISE immediately upon becoming aware of any matter, circumstance or event that prevents that model B firm from assuming immediate legal liability in relation to any trades (including CCP trades) executed by an introducing member firm on the ISE.

Upon the ISE becoming aware that the model B firm no longer assumes or is prevented from assuming immediate legal liability (for whatever reason) in respect of any on Exchange trades (including CCP trades) executed by the introducing member firm, the ISE may take such action as may be necessary to prevent the introducing member firm from executing trades (including CCP trades) on the ISE. Where CCP trades are affected by the ISE's action in this regard, the ISE shall notify the CCP of its action and the open offer of the CCP shall be suspended in relation to the model B firm and where applicable its clearing member and, accordingly, no further central counterparty contracts, to which any such model B firm is a party, shall arise thereafter.

8.2 BENEFITS

8.2.1 Instruction notices

For the purposes of the settlement rules, unless otherwise stated, any reference to an instruction notice being given to the seller shall, in relation to a benefit pertaining to a central counterparty trade, be read as a reference to the instruction notice being submitted by the matched buyer via CREST within the CREST instruction deadline.

Buyers giving instructions within the deadlines set out in the rules must ensure that the instruction is given in time for the seller to receive it by that deadline.

8.2.2 Ex-dividend instruments

A trade in a security effected on a day that the ISE makes that security ex an entitlement or at any time thereafter, shall be settled ex that entitlement, unless otherwise agreed at the time of dealing.

8.2.3 Foreign currency conversion

Where a security has been sold and a benefit or its cash equivalent is to be paid to holders of the security in a foreign currency, but it is agreed that the seller shall account for it in euro, then unless otherwise agreed, the conversion rate in respect of the benefit shall be the closing mid-price spot rate on the day the benefit is due.

8.2.4 Ex-dividend instruments – relevant date for overseas securities

A member firm shall treat securities whose primary listing is not on the ISE as being ex a benefit from the time they are marked ex that benefit on the home exchange, unless it is a central counterparty security or otherwise agreed.

8.2.5 Special cum trades

A member firm shall not on Exchange effect a special cum trade on or after the payment date in the case of a cash benefit or on or after the distribution date in the case of a stock benefit.

8.2.6 Special ex trades

A member firm shall not on Exchange effect a special ex trade in a security registered in Ireland other than a security falling within rule 8.2.5 earlier than the tenth day before the ex date.

8.2.7 Calls on partly-paid securities

Unless otherwise agreed, where delivery of partly-paid securities has not been made prior to the last time for registration before the call payment date, the seller shall be obliged to pay the call and the buyer shall reimburse the seller upon delivery of the fully paid (or next instalment paid) securities.

8.2.8 Delivery of bearer securities

The delivery of bearer securities (other than securities normally dealt for next day settlement) without the coupon before they are made ex coupon is not good delivery.

8.2.9 Ex coupon – accountability of seller to buyer

Where bearer securities other than securities normally dealt for next day settlement are made ex dividend on or before the due date for settlement of a trade, the seller shall deliver the securities without the coupon and account to the buyer for the dividend paid.

8.3 DIVIDENDS

8.3.1 Market claims

In any case where a security is sold cum dividend and the buyer is not registered before the register closes the selling member firm is responsible to the buying firm for any dividend due unless an unreasonable time has been taken by the transferee in facilitating the execution and lodgement of any documents or instructions necessary for registration or there has been a delay of more than six months in claiming the dividend.

Unless otherwise agreed at the time of the trade dividends shall be payable in the same currency as that paid by the issuer.

A dividend claim made by one member firm to another and not disputed shall be settled not later than 20 business days after receipt of the claim or 10 business days after the payment date, whichever is the later.

8.3.2 Dividends with alternatives

Except in the case of central counterparty trades, where a company declares a dividend with one or more alternatives, a buyer wishing to opt for the alternative shall give the selling member firm an instruction notice in writing of the form in which it requires the dividend:

- (a) If the seller is acting as agent, not later than three business days before the last date given by the company for accepting an alternative, or
- (b) If the seller is acting as principal not later than four business days before the last date given by the company for accepting an alternative. The selling member firm will be obliged to take such action as is necessary to give effect to such election.

8.3.3 Deduction of dividend by buyer

Where the seller delivers securities which have been sold cum dividend direct to the buying member firm, the buyer may deduct a dividend to which it is entitled from payment if delivery is made after the record date, being the last day on which transfers are accepted for registration cum dividend.

8.3.4 Cancellation by the ISE of ex-action

On receipt of information cancelling or deferring the recommendation or declaration of a dividend, the ISE may issue a notice cancelling the ex action and as a result:

- (a) any notice published making the security ex dividend is automatically cancelled and devoid of effect;
- (b) any document issued by the ISE in respect of a cancelled dividend is automatically withdrawn and devoid of effect;
- (c) a trade effected ex dividend, other than a trade effected special ex dividend, shall not be adjusted;
- (d) a trade effected special cum or special ex dividend shall be adjusted; by either the cash equivalent in respect of the cancelled dividend being refunded; or the seller re-attaching the coupon in respect of the dividend, in the case of a bearer certificate.

8.4 RIGHTS ISSUES

8.4.1 Relevant day

When the call payment day or registration day is not a business day the relevant day is the immediately preceding business day.

8.4.2 Delivery of rights

In order to settle a trade in securities dealt cum rights where rights have already been issued, the seller shall deliver the rights by the specified time on the due date for settlement. If the rights have not been issued at that time the seller shall deliver them immediately when they become available.

8.4.3 Rights claims

A buyer that issues a claim to a seller to deliver rights or registered securities shall do so in writing not later than the last time for claims in order to become entitled to those rights or the new securities as the case may be. A seller to whom a rights claim is issued shall deliver the rights at or before the latest time for delivery and a buyer is not obliged to accept delivery of rights after that time.

If the securities are to be settled through CREST a claim for the associated rights is not required, as a notification will be available to a firm requiring that firm to deliver as specified. Except as is otherwise provided by these rules, where a rights offer is made by means of renounceable documents, the rights shall be delivered in settlement of a trade through CREST, unless the parties agree that they shall be delivered in renounceable documents fully renounced.

8.4.4 Non-delivery of nil paid/partly paid rights

Where nil paid or partly paid rights are not delivered by the latest time for delivery, the seller shall, unless a lapsing instruction has been given, make any payment due on the call payment day on behalf of the buyer. The buyer shall then refund to the seller the call payment against delivery of the paid up shares, or partly paid rights, as the case may be.

8.4.5 Non-delivery of fully paid rights

Where fully paid rights are not delivered by the latest time for delivery:

- (a) the seller shall deliver the registered securities to the buyer;
- (b) the seller is liable for any additional duties or fees payable in order to comply with legislation; and
- (c) if the securities are CREST eligible, the seller and the buyer shall immediately report the details of the trade to CREST.

8.4.6 Late claims in respect of nil paid rights

Where a buyer issues a rights claim:

- (a) after the last time for claims but before the last time for acceptance of an offer, the seller shall, unless it has been able to prevent the right lapsing, pay to the buyer an amount representing the lapsed rights premium, if any, or
- (b) more than six months after the last time for acceptance of an offer, its claim shall be treated as invalid and the selling firm shall not be required to make any payment to the buying firm in respect of the lapsed rights premium.

8.4.7 Late claim in respect of partly or fully paid rights

Where a buyer issues a rights claim in respect of fully paid rights after the last time for claims, the seller shall deliver the registered securities, and the buyer is liable for any additional duties or fees payable in order to comply with legislation.

8.4.8 Incomplete delivery of nil paid rights

Where a buyer does not receive full delivery of nil paid rights by the latest time for delivery it may at any time not later than 11.00 on the day before call payment day give the seller a lapsing instruction. Where a lapsing instruction is given orally, the buyer shall confirm it in writing by 12.00 on the day after the day on which the instruction was given.

8.4.9 Lapsing instructions – obligations of buyer

Where a lapsing instruction has been given and, if necessary, confirmed, delivery of the rights may be dispensed with by agreement. Notwithstanding that delivery is wholly or partly dispensed with, the buyer shall make payment in settlement of the trade. The delivery of the rights is dispensed with where the lapsing instruction is given via CREST in respect of a central counterparty security, as the bargain is automatically transformed in CREST.

8.4.10 Payment of lapsed rights premium

Where a lapsing instruction has been given, the seller shall pay the buyer the amount representing the lapsed rights premium, if any.

8.4.11 Exchange of reference codes

Where a lapsing instruction has been given, the member firms involved shall exchange the reference codes allocated by them to the trade and any subsequent confirmation relating to that lapsing instruction shall incorporate both reference codes.

8.5 CAPITALISATION ISSUES

8.5.1 Obligation of buyer of cum capitalisation securities

Where securities are purchased cum capitalisation and the buyer of those securities, or CREST on behalf of the buyer, makes a claim for the benefit of the capitalisation issue, the member firm against which the claim is made shall meet that claim by delivering the new securities to the claimant provided that:

- (a) where the claim is against a member firm acting as principal:
 - (i) any part of the claim which is dependent upon a corresponding claim made by that firm against a member firm acting as agent, shall be delivered in settlement of the claim when and to the extent that a member firm acting as principal receives the shares or the proceeds of their sale in satisfaction of the corresponding claim; and
 - (ii) the claim shall be made within six years after delivery; and
- (b) where a claim against a member firm acting as agent is made later than one year after delivery the member firm may reject the claim if the client fails to deliver the shares or the proceeds of their sale.

8.5.2 Delivery of renounceable documents

Where a capitalisation issue is made by means of renounceable documents a claim made more than:

- (a) two business days before the registration day; or
- (b) where the renounceable documents will be registered on a register maintained outside Ireland and the United Kingdom, ten business days before the registration day;

may be satisfied by delivery through CREST, or by delivery of the renounceable documents, unless delivery is otherwise agreed.

8.5.3 Liability of seller to stamp duty

Where a claim for the delivery of renounceable documents has been made within the time specified in Rule 8.5.2 but the seller delivers registered securities, the seller is liable for any stamp duty (provided that the buyer has claimed any relief to which he is entitled from ad valorem stamp duty) and other charges that may arise from its failure to deliver in renounceable form.

8.6 ENTITLEMENT ISSUES

8.6.1 Application of Rule 8.6

This Rule applies where securities are offered by the issuer or a third party, to the holders of existing securities in proportion to their existing holdings by means of an assignable application form.

8.6.2 Dealing ex-entitlement

Unless otherwise agreed, or unless otherwise specified in the documents issued in respect of an offer, firms shall deal a security ex entitlement:

- (a) as from the day of the announcement of an offer (including that day), if its full terms are published by the Regulatory News Service before 8.00 Irish standard time;
- (b) as from the day after the announcement (including that day), if its full terms are published by the Regulatory News Service after 08.00 Irish standard time.

8.6.3 Delivery of assigned application form

Where securities which are registered in Ireland or the United Kingdom and which are cum entitlement, are purchased and the buyer of those securities, or CREST on behalf of the buyer, makes a claim in writing for the assignment of the application form or the equivalent uncertificated entitlement in favour of the buyer not later than 16.00 two business days before the last day for acceptance, the buyer is entitled to receive the assigned application form or the equivalent uncertificated entitlement.

8.6.4 Failure to deliver assigned application form

A buyer is not obliged to accept delivery of an assigned application form or the equivalent uncertificated security after the final time for that type of delivery as specified in the daily processing timetable of the relevant settlement system. Where the assigned form or the equivalent uncertificated security is not delivered by such time specified by the settlement system, and unless a lapsing instruction is received from the buyer prior to 11.00 on the business day before the call payment date, the seller shall take up the entitlement and deliver the new shares against payment of the application money and shall be liable for any nominal stamp duty on the transfer, provided the buyer has claimed any appropriate relief.

Where the new shares are CREST eligible securities the seller and the buyer shall at the earliest opportunity report the details of the trade to CREST stating a maximum of three day settlement.

The trade shall be reported and matched for the value of the application money and for cash.

8.7 CONVERSION AND DRAWINGS

8.7.1 General

Unless otherwise agreed at the time of dealing, a buyer of convertible securities or warrants, or both, cum the right to subscribe or convert into another security, who has not received delivery four business days before the last day on which the rights can next be exercised shall, as soon as possible and in sufficient time for the seller to exercise the rights in accordance with such instructions give the seller notice in writing of how the rights are to be exercised. A seller to whom such notice is given shall exercise the rights in accordance with the buyer's instructions and the buyer shall refund the seller any subscription or conversion premiums incurred.

8.7.2 Notification of exercise of rights

For any instruction notice, other than in a central counterparty eligible security, the buying member firm shall give the selling member firm notice in writing of how the rights are to be exercised by 13.00 four business days before the last day on which the rights can next be exercised where the buyer is acting as agent and by 10.00 three business days before the last date where the buyer is acting as principal.

For instruction notices in CCP eligible securities and for voluntary events in central counterparty securities where the intended settlement date of the trade was on or before the date of the CREST instruction deadline and delivery did not take place, the buyer shall give the seller an instruction notice of how the rights are to be exercised by the CREST instruction deadline.

8.7.3 Acceptance of drawing payment in place of drawn securities

Unless a trade in redeemable securities has been dealt for guaranteed delivery with a settlement due date prior to the drawing in question, a buyer shall, if the securities in question have been drawn, accept from the seller the drawing payment in place of the drawn securities in settlement of the trade.

8.8 TAKEOVERS

8.8.1 Delivery of assented shares

Where a trade is dealt in assented shares, the delivery of unassented shares accompanied by a form of assent is not good delivery.

8.8.2 Instructions by buyer to seller

A buyer may give an instruction, specifying the offer to which it relates, to the selling member firm requiring delivery of:

- (a) the unassented shares at a date which is not later than two business days before the final closing date; or
- (b) the result of an offer or a specified election under the terms of the offer if the offer should become unconditional in all respects.

In the case of CCP eligible securities, the selling member firm shall deliver the unassented shares or the result as instructed, if the relevant instruction notice was received by the selling member firm before the CREST instruction deadline, and in relation to voluntary events in such securities, where the intended settlement date of the trade was on or before the date of the CREST instruction deadline and delivery did not take place.

For non CCP eligible securities, the selling member firm shall deliver the unassented shares or the result as instructed if it receives the written instruction from the buying firm no later than three business (or in the case of a selling principal four business) days before the next closing date in the case of a specified election.

If the buyer has paid the selling member firm in advance of delivery and the selling member firm fails to deliver the result of the offer or specified election by the day following the day on which the buyer would have received the results of the offer (had the non-assented shares been delivered to the buyer in sufficient time for them to elect or be on the register in their own right), the seller shall reimburse the buyer on that day an amount of money equal to the original bargain consideration.

8.8.3 Terms of assented trades

Any trade which is dealt assented to the terms of a takeover shall (subject to the offer becoming unconditional in all respects) be dealt cum all benefits due in respect of the target security unless otherwise agreed at the time of dealing.

8.8.4 Definitions

For the purpose of Rule 8.8.1 to 8.8.3, references to:

- (a) the final announcement date means in respect of any offer, the date on which the final closing date for that offer is announced;
- (b) the final closing date means in respect of any offer, the date specified on the final announcement date as being the date on which that offer closes and, except in respect of a compulsory acquisition, for which there is no extension;
- (c) the offer shall be read so as to include any extended offer, election or extended election.

8.9 STOCK SITUATIONS – OTHER THAN CONVERSIONS AND TAKEOVERS

8.9.1 Delivery of unassented shares or the result of a stock situation - buyer

In stock situations other than conversions or takeovers a buyer may give an instruction, specifying the option to which it relates, to the selling member firm requiring delivery of:

- (a) the unassented shares at a date which is not later than two business days before the final closing date; or
- (b) the result of a stock situation or a specified election under the terms of the stock situation if it becomes effective.

8.9.2 Delivery of unassented shares or the result of a stock situation - seller

For any instruction notice, other than in a central counterparty eligible security, the selling member firm shall deliver the unassented shares or the result as instructed if it receives the written instruction from the buying firm no later than three business (or in the case of a selling principal four business) days before:

- (a) the final election date in the case of a specified election;
- (b) the final registration date in the case of delivery of the underlying shares if that is prior to the election date.

For instruction notices in CCP eligible securities the seller shall deliver the unassented shares or the result as instructed if the instruction was received by the seller before the CREST instruction deadline and, for voluntary events in central counterparty securities, where the intended settlement date of the trade was on or before the date of the CREST instruction deadline and delivery did not take place.

8.9.3 Delivery of results for non-optional events

Where the seller fails to deliver securities as traded, prior to the last time for registration in a non-optional stock situation (such as a consolidation, subdivision, redemption, scheme and other stock situations where the holder of the securities has no option as to whether or not to participate), and the buyer has not given instructions to elect for any alternative which may be available, the seller shall be obliged to deliver the result of the event against an amount of money equal to the original bargain consideration.

Where settlement has not taken place prior to expiry of compulsory acquisition notices, and in the absence of any instruction from the buyer to elect for an alternative, the seller's obligation shall be to deliver the consideration available to dissenting shareholders post expiry of the compulsory acquisition notices.

If the buyer has paid the seller in advance of delivery and the seller fails to deliver the result of the event or specified election by the day following the day on which the buyer would have received the results of the event (had the underlying securities been delivered to the buyer in sufficient time for them to elect or be on the register in their own right), the seller shall reimburse the buyer on that day an amount of money equal to the original bargain consideration.

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9 Discipline

9.1 GENERAL

9.1.1 Application of this Chapter

The provision of this Chapter 9 shall apply to all member firms. Any references to member firms shall apply mutatis mutandis to Registered Traders as if reference to 'member firm' herein was to 'Registered Traders' as the context so admits.

9.1.2 Proceedings against a former member firm

The ISE may bring proceedings under Chapter 9 against a former member firm in respect of any acts or omissions under the rules committed during membership up to one year after its resignation from membership was accepted or its membership lapsed or was revoked. For the purposes of the provisions of this chapter, "member firm" includes a former member firm as the context so admits.

9.2 ACTS OF MISCONDUCT

9.2.1 Definitions

In this chapter, "conduct" and "misconduct" include omission, default and neglect.

9.2.2 Acts of misconduct

The ISE may institute disciplinary proceedings against a member firm in respect of an act of misconduct. An act of misconduct may consist of any one or more of the following:

- (a) a breach of the Rules of the ISE;
- (b) a breach of a condition of membership;
- (c) conduct detrimental to the interests of the ISE;
- (d) provision to the ISE of information (including without limitation information for the purpose of obtaining membership) which is false, misleading or inaccurate in any material respect;
- (e) being knowingly concerned in, any conduct which causes or contributes to, an act of misconduct, falling within sub-paragraph (a) to (d) of this rule by another person;
- (f) failure to pay a fine or order for costs imposed by the ISE within the time required.

The ISE Disciplinary Process

9.3 INITIAL INVESTIGATION

The ISE may investigate and consider grounds for bringing disciplinary proceedings against a member firm.

9.4 SUMMARY PROCEEDINGS

9.4.1 Minor act of misconduct

Where the ISE is reasonably of the opinion that a minor act of misconduct by a member firm has occurred being an act of misconduct referred to in Rule 9.2.2 which, in its opinion, should be liable to a fine of not greater than €7,000, the ISE may certify the occurrence of the act(s) of misconduct in question and the member firm involved stating the fine proposed to be imposed being not more than the greater of €7,000 or (if applicable) the commission earned by the member firm on the trade which is the subject of the act(s) of misconduct or the restitution to be made or compensation paid to any person. Subject however to the aggregate of any such fines to be imposed on or payments to be made by a member firm on any one occasion not being in excess of €21,000.

9.4.2 Acts of misconduct

Where the ISE is reasonably of the opinion that an act of misconduct not coming within Rule 9.4.1 above has occurred and being one which, in its opinion, should attract a fine of not greater than €40,000, the ISE, with the agreement of the member firm in question to the matter being dealt with without reference to the Disciplinary Committee, may certify the occurrence of the act(s) of misconduct by the member firm in question and the fine(s) to be imposed being not less than the commission(s) (if any) earned by the member firm on the trade which is the subject of the act(s) of misconduct, nor greater than €40,000. Alternatively an order may be made that the member firm make restitution or pay compensation to any affected person.

9.4.3 Certification – acts of misconduct

Where the ISE certifies an act or acts of misconduct in accordance with Rules 9.4.1 or 9.4.2, a copy of the certificate shall be served on the member firm in question stating in writing the principal facts relied upon by the ISE in so certifying and stating the fact that the member firm may make submissions to the ISE within ten business days of receipt of such certification.

9.4.4 Submissions by member firm

The ISE shall consider such relevant submissions as the member firm may make. If, after consideration of such submissions, the ISE is satisfied that an act or acts of misconduct has occurred and reasonably believes that it is appropriate to impose or to vary the fine stated in the certificate referred to in Rules 9.4.1 or 9.4.2 (as the case may be), notice in writing shall be served on the member firm of the act or acts of misconduct by the member firm and the fine that is to be imposed.

9.4.5 Submission of notice to Disciplinary Committee

Where a member firm receives a notice pursuant to Rule 9.4.3 or a subsequent notice following its submission under Rule 9.4.4, it may, within ten business days of receipt thereof, notify the ISE in writing that it requires the Chairman of the Disciplinary Committee or another member of the Disciplinary Committee appointed by the Chairman to review that notice in relation to the alleged act or acts of misconduct and/or the amount of the fine. Following receipt of such notification, the ISE will inform the Chairman or the person appointed by him within five business days.

9.4.6 Effective period of notice

Where a member firm does not require the ISE to submit a notice served on it under Rule 9.4.4, for review within the period referred to in Rule 9.4.5, the notice served pursuant to Rule 9.4.4 shall take effect and be binding on the member firm from the end of the said period referred to in Rule 9.4.5.

9.4.7 Review of notice by the Chairman

Where a member firm requires the ISE to submit a notice served under Rule 9.4.4 for review pursuant to Rule 9.4.5, the fine proposed to be imposed by the ISE and the finding that an act or acts of misconduct has occurred shall not be binding on the member firm pending notice of the review by the Chairman of the Disciplinary Committee or the person appointed by him, as referred to in Rule 9.4.9. In such circumstances, the ISE and the member firm may make such submissions as he reasonably considers appropriate to the review of the notice pursuant to this Rule within ten business days.

9.4.8 Notification of outcome of review

The person reviewing the notice shall consider all relevant submissions made and evidence supplied by the member firm and/or the ISE. The person reviewing the notice may request further information from either party if he considers it necessary. The ISE and the member firm will co-operate with all such requests within ten business days of that request being made. The person reviewing a notice served under Rule 9.4.4, on completion of such review, shall serve notice under Rule 9.4.9 stating in relation to each act of misconduct alleged by the ISE (i) whether he finds the act of misconduct proven; and (ii) (if such is the case), the fine, if any, appropriate for each act of misconduct proven, provided that any such fine shall not exceed the maximum that could have been imposed by the ISE pursuant to Rules 9.4.1 or 9.4.2, as appropriate.

9.4.9 Outcome of review – effective period

Where the person reviewing the notice finds that there was an act or acts of misconduct, his findings shall be notified in writing to the ISE and the member firm within twenty business days of all evidence being provided. His decision shall be binding on the member firm from the date of his notice served pursuant to Rule 9.4.8. Member firms shall be obliged to comply with his findings within ten business days of his decision being notified. Where such person's finding is that no act of misconduct has occurred, the notice served by the ISE pursuant to Rule 9.4.4 shall be deemed null and void.

9.4.10 Other disciplinary proceedings

Where the ISE serves a notice under Rule 9.4.4, no other disciplinary proceedings shall be taken against the member firm in question relating to allegations of misconduct based on the same, or substantially the same, facts and/or circumstances, as specified in the said notice.

9.4.11 Direct referral by the ISE

Nothing in Rules 9.4.1 to 9.4.10 shall prevent the ISE from referring a matter to the Disciplinary Committee as an alternative to the certifying of an act or acts of misconduct pursuant to Rules 9.4.1 or 9.4.2.

9.5 THE DISCIPLINARY COMMITTEE

The Disciplinary Committee shall, as a tribunal of first instance, hear and determine charges in respect of an act of misconduct referred to it.

9.6 HEARINGS IN PRIVATE

The Disciplinary Committee shall sit in private.

9.7 MAJORITY DECISIONS

If at any time the members of the Disciplinary Committee are not unanimous as to any finding, penalty or other matter, the decision shall be that of the majority. If they are equally divided, the decision shall be that which most favours the member firm. The Disciplinary Committee has no obligation to disclose to any person whether its decision was by a majority or otherwise.

9.8 LEGAL ADVISERS TO THE DISCIPLINARY COMMITTEE

A legal adviser, who shall be a barrister or solicitor, may be appointed by the Disciplinary Committee and who may sit with the Disciplinary Committee at any hearing and at a pre-hearing review to give it legal advice.

Referral to the Disciplinary Committee

9.9 REFERRAL BY THE ISE

Where it appears to the ISE that there are grounds for believing that a member firm has or may have committed an act of misconduct and that it is appropriate for it to refer the matter to the Disciplinary Committee, it may decide whether or not a referral to the Disciplinary Committee should be made. In considering whether such sanctions are appropriate, the ISE shall take into account all the circumstances of the case and may have regard to penalties for similar previous breaches and the compliance record of the member firm. If the ISE decides that there should be a referral to the Disciplinary Committee, a statement of case shall be prepared by the ISE, setting out what it considers to be the appropriate charge or charges and a summary of the principal facts to be relied on and remit this statement of case to the Secretary of the Disciplinary Committee. Notwithstanding such referral to the Disciplinary Committee, the ISE at any time either before or after such referral may negotiate a consent order with the member firm in question in accordance with Rule 9.18.1.

9.10 STATEMENT OF CASE

On receipt of the statement of case from the ISE pursuant to Rule 9.9, the Disciplinary Committee shall procure that a copy of the statement of case shall be served on the member firm in question within ten business days.

9.11 PRE-HEARING PREPARATION AND PRE-HEARING REVIEW

9.11.1 Initial exchange of evidence, pleas and proposed directions

- (a) After service of a statement of case and save where all charges are to be admitted in writing by the member firm in accordance with Rule 9.18.1 or where a consent order has been approved under Rule 9.18.1, the ISE shall serve on the member firm within twenty business days of service of the statement of case, a list and copies of the principal documents on which it intends to rely and a list of the principal witnesses it proposes to call and an outline of their proposed evidence, provided always that this rule shall not limit (a) the use of additional documents or the calling of additional witnesses, for the purpose of rebutting evidence introduced by the member firm, and

- (b) the ability of the Committee to authorise the calling of additional witnesses or production of other documents pursuant to Rule 9.12;
- (b) a member firm may submit to the Disciplinary Committee a statement in response and shall include in its submission a statement of all material facts and attach to it copies of all documents relied upon if appropriate; and
- (c) each party may notify the Disciplinary Committee of either a direction to be sought at a pre-hearing review or their assessment that there is no need for a pre-hearing review. Any such notification should be in advance of the relevant pre-hearing.

9.11.2 Extension of time period

The Disciplinary Committee may, on the application of the ISE or the member firm and after hearing the ISE and the member firm, extend the time permitted in Rule 9.11.1 (a) for production of the copies and lists referred to therein.

9.12 DIRECTIONS BY DISCIPLINARY COMMITTEE AT THE PRE-HEARING REVIEW

The Disciplinary Committee may give all such directions and take such other steps as it consider appropriate, for the clarification of the facts and issues and generally for their just, efficient and expeditious presentation, and may hold one or more pre-hearing reviews for that purpose, convened and held in accordance with the provisions of this Chapter 9.

9.13 CONVENING OF THE PRE-HEARING REVIEW

9.13.1 Notification

A pre-hearing review may be convened by the Disciplinary Committee as soon as practicable in all cases after receipt by it of the documents referred to in Rule 9.11.1 and giving not less than ten business days written notice save where all charges are to be admitted in writing by the member firm and/or those where both the ISE and the member firm have agreed in writing that there is no need for a pre-hearing review.

9.13.2 Purpose of the pre-hearing review

The purpose of the review shall be to assess the probable length of the hearing and mutually to determine dates for the hearing. At the discretion of the Chairman of the Committee the review may also be used to discuss any procedural problems between the parties, to determine the admissibility of evidence, and for any other purposes the Chairman sees fit.

9.14 ATTENDANCE AT THE PRE-HEARING REVIEW

The member firm shall attend the pre-hearing review by an officer, partner or, director or by its principal duly authorised for such purpose. The member firm and the ISE may be legally represented.

9.15 DIRECTIONS FROM THE PRE-HEARING REVIEW

Without restriction on its general power to give directions the Disciplinary Committee may on conducting the pre-hearing review and considering the documentation furnished to it under Rule 9.11.1 and any submissions made by the ISE or the member firm:

- (a) fix a time and place or make arrangements for the hearing;
- (b) by written consent of the ISE and the member firm, direct the hearing or any part of the hearing to proceed by written representations;

- (c) record any admissions made by either party and any request to any party to make admissions;
- (d) direct any party to prepare and serve any schedule or notice to admit facts or documents, and the other party to respond thereto;
- (e) direct any party to disclose and serve copies of any document;
- (f) to the extent that the member firm has not already done so, direct the member firm to serve a written statement of defence setting out in general terms the nature of its defence to any charge and the principal matters on which it takes issue on the statement of case;
- (g) to the extent that the member firm has not already done so, direct the member firm to provide the ISE with the names of all witnesses to be called at the hearing and their statements or an outline of proposed evidence, provided always that other witnesses may be called for the sole or primary purpose of rebutting evidence where such witnesses are identified as soon as is practicable in the circumstances;
- (h) make time limits for any purpose of the proceedings or extend or abridge any;
- (i) adjourn the pre-hearing review, with such order as it sees fit;
- (j) vary any previous directions or make such directions sought by the member firm or the ISE as it sees fit;
- (k) direct the amendment or deletion of any charge;
- (l) make any order for the repayment of costs of or in connection with pre-hearing preparation or any pre-hearing review;
- (m) direct any person being a member firm, Registered Trader or employee of a member firm to appear before it to provide evidence; and
- (n) make such further directions as it considers necessary in the circumstances.

9.16 FAILURE TO COMPLY WITH PRE-HEARING RULES AND DIRECTIONS

Failure by the member firm to comply with any directions made pursuant to Rule 9.15 shall not render the member firm liable to disciplinary proceedings, but may be commented on by the ISE at the hearing before the Disciplinary Committee for such inferences to be drawn as are proper in all the circumstances, and may render the member firm liable for costs, whether or not any charge is found proved.

9.17 DEPARTURE BY MEMBER FIRM FROM STATEMENT OF DEFENCE OR ADMISSIONS

Where a statement of defence is served, the member firm shall not be prevented by it, or by any admissions otherwise made to the Disciplinary Committee from putting forward any further case. In any such case the ISE may request the Disciplinary Committee to draw, and the Disciplinary Committee may draw any inferences proper in all the circumstances.

9.18 CONSENT ORDERS

9.18.1 Submission of consent order

At any time after the ISE has decided to make a referral to the Disciplinary Committee in accordance with Rule 9.9 the ISE and the member firm may without prejudice to their respective rights hereunder negotiate a proposed consent order and jointly submit it in writing to the Chief Executive and a member of the Board who is not a member of the Disciplinary Committee or the Appeals Committee for approval by them jointly who may grant or refuse the approval sought. A disciplinary matter may at the discretion of the ISE be halted by the commencement of the negotiation of a consent order.

9.18.2 Effect of a consent order approved under Rule 9.18.1

The effect of a consent order approved under Rule 9.18.1 shall be the same as that of a decision made by the Disciplinary Committee, except that there can be no appeal there from and the terms of the consent order and penalties (if any) on any charges to which it relates shall have immediate effect, from the date of approval.

9.18.3 Confidentiality of terms of proposed consent order

If the consent order is not approved pursuant to Rule 9.18.1 there shall be no reference at the subsequent hearing before the Disciplinary Committee to the negotiations, the proposed consent order or the submission to the Chief Executive and the member of the Board, which shall be confidential between the parties involved therewith.

9.18.4 Service of consent order

If a consent order is approved at any time after the service of documents under Rule 9.11, the ISE shall serve a copy of the consent order on the Secretary of Disciplinary Committee and the Disciplinary Committee shall dismiss the case on the terms stated in the consent order.

The Disciplinary Committee Hearing

9.19 NOTICE

The member firm shall be given not less than ten business days written notice of the time and place of the hearing by the Secretary to the Disciplinary Committee, unless otherwise directed at a pre-hearing review. Any shorter notice may apply if agreed by both parties.

9.20 ADMISSIONS OF CHARGES IN WRITING

9.20.1 Admission of charges

The member firm may in writing admit irrevocably all or any of the charges set out in the statement of case served on it pursuant to Rule 9.10 in which case it may deliver a written plea in mitigation, to the Secretary to the Disciplinary Committee not less than five business days before the hearing, in which event it may elect not to attend or be represented at the hearing. The fact that the member firm has admitted the charges may itself be regarded as a mitigating circumstance.

9.20.2 Service of written plea

In the case of a submission of a written plea under Rule 9.20.1 the Secretary of the Disciplinary Committee shall serve a copy of the plea on the ISE, which may within five business days serve on the Secretary of the Disciplinary Committee a document setting out in writing any matters it believes relevant to the decision of the Committee as to the exercise of its powers under Rule 9.32. The Secretary shall serve a copy of any such document on the member firm within five business days.

9.20.3 Options available to Disciplinary Committee

In any case where the Secretary of the Disciplinary Committee receives an admission of charges and/or a document served by the ISE pursuant to Rule 9.20.2 it may:-

- (a) take a decision pursuant to Rule 9.31 and 9.32 without a formal hearing and with or without the presence of the member firm or and the ISE; or
- (b) (i) require the member firm and/or the ISE to provide additional information or to clarify existing submissions, always provided that the additional information or clarification sought is relevant to the assessment of penalty; and/or
- (ii) hold a hearing prior to deciding on penalty.

9.21 ATTENDANCE

Save in accordance with any previous direction by the Disciplinary Committee or pursuant to Rule 9.20.1, the member firm shall attend the hearing by a duly authorised officer or partner or director (as the case may be) or by its principal. The ISE and the member firm may each be legally represented.

9.22 FAILURE TO ATTEND

If the member firm fails to attend in breach of Rule 9.14 or 9.21, a pre-hearing review or hearing, the Disciplinary Committee may proceed in its absence.

9.23 NORMAL ORDER OF PROCEEDINGS

Unless otherwise ordered by the Disciplinary Committee, the order of proceedings at the hearing shall be as follows:

- (a) the charges will be read and the member firm asked whether it admits each charge;
- (b) the ISE will open the case;
- (c) if any charge is not admitted:
 - (i) the ISE will present its evidence and/or call witnesses whom the member firm may then cross-examine, the ISE may re-examine and the Disciplinary Committee may ask questions;
 - (ii) the member firm may present its evidence and call any witnesses who may be cross-examined by the ISE and re-examined and questioned by the Disciplinary Committee;
 - (iii) the ISE may address the Disciplinary Committee, provided that the member firm has presented or called evidence;
 - (iv) the member firm's representative may address the Disciplinary Committee;
 - (v) the Disciplinary Committee shall deliberate and announce whether it finds a charge proved;

- (d) when any charge has been admitted or found proved, the ISE shall give information as to any previous convictions or findings of misconduct which may include the findings of other regulatory bodies;
- (e) the member firm may produce or call evidence and/or make representations in mitigation.

9.24 RECORD OF THE HEARING

A record may be made of the pre-hearing review at the request of any party or if the Disciplinary Committee so decides. A record shall be made of the hearing and of the decision of the Disciplinary Committee, electronically or otherwise. The member firm will be entitled to a transcription or copy of the record on payment of the cost of producing such transcription or copy which cost shall be determined by the Disciplinary Committee.

9.25 BURDEN AND STANDARD OF PROOF

The burden of proof shall be on the ISE. The Disciplinary Committee shall not find a charge proved unless it is satisfied on the balance of probability.

9.26 EVIDENCE AND DIRECTIONS

9.26.1 Proceedings at the Disciplinary Committee hearing

Proceedings at the Disciplinary Committee hearing shall be governed by this Chapter 9 and by the rules of natural justice, subject to which the Disciplinary Committee may:

- (a) admit any evidence whether oral or written, whether direct or hearsay, without any requirement that it be on oath, and whether or not the same would be admissible in a court of law;
- (b) make any applicable directions which may be given at a pre-hearing review pursuant to Rule 9.15, and vary any directions which have been made;
- (c) make all such directions with regard to the conduct of and procedure at the hearing as the Disciplinary Committee considers appropriate for securing a proper opportunity for the member firm to answer the case against it and otherwise as may be just.

9.26.2 Findings of fact

The findings of fact of:

- (a) any court of competent jurisdiction whether within the Republic of Ireland or otherwise,
- (b) any statutory, professional or other body exercising a regulatory or disciplinary jurisdiction whether within the Republic of Ireland or otherwise,
- (c) the Irish Takeover Panel,
- (d) an examiner appointed under the Companies Acts,
- (e) any body exercising a statutory fact finding role,

shall be prima facie evidence of the facts so found.

9.26.3 Decision of a court of competent jurisdiction

Any decision of a court of competent jurisdiction within the European Community which has not been set aside on appeal or otherwise shall be conclusive.

9.26.4 Sources of evidence

The Disciplinary Committee may receive in evidence and make findings against a member firm in reliance on any interviews and admissions by any employee of the member firm, and by any other person for whose action the member firm is responsible.

9.27 GENERAL CONSIDERATIONS

The Disciplinary Committee shall take into account all the circumstances of the offence and may take into account any previous disciplinary record as it reasonably decides is relevant.

9.28 CONSIDERATION OF OTHER MISCONDUCT

The Disciplinary Committee may take into account any other act of misconduct which the member firm and the ISE jointly ask to have taken into consideration. The Disciplinary Committee may take any such acts into account in determining penalties and no further referral to the Disciplinary Committee shall be made in respect of such acts.

9.29 DELIBERATION IN PRIVATE

The Disciplinary Committee may deliberate at any time, with or without its adviser; or its secretary, on the subject matter of a hearing without the member firm in question or its representative or legal adviser; or the ISE or the ISE's legal adviser being present.

9.30 ADJOURNMENT

The Disciplinary Committee may adjourn any hearing at any time.

9.31 NOTIFICATION OF DECISION

Following the conclusion of the disciplinary proceedings, the Disciplinary Committee shall deliver to the member firm and the ISE its written decision comprising a summary of:

- (a) the charges admitted (if any);
- (b) its findings as to whether any charges not admitted are proved;
- (c) its findings or views on any facts or matters to which it wishes to draw attention;
- (d) the reason for its decision; and
- (e) the action it proposes to take, including in respect of any charges admitted or proven any penalties and order for costs to be imposed.

9.32 PENALTIES

On each charge admitted or proved, the Disciplinary Committee may take either no action or impose one or more of the penalties set out below:

- (a) a fine;
- (b) an order that the member firm make restitution or pay compensation to any person;
- (c) censure;
- (d) suspension of the right to use any system(s) of the ISE;
- (e) suspension from dealing in securities, or any class of securities, dealt on the ISE;
- (f) expulsion from membership;
- (g) in the case of a Registered Trader removal from the list of Registered Traders of the ISE;
- (h) a written warning which may be private or public, and

(i) a public statement in relation to the matter as outlined in 9.44.1

Any fine shall be paid within ten business days of receipt of the written decision of the Disciplinary Committee or the conclusion of any appeal against that decision.

9.33 COSTS

9.33.1 Costs ordered by Disciplinary Committee

The Disciplinary Committee may order any party to pay costs as it sees fit, including without limitation any costs which in the Disciplinary Committee's view, regardless of the outcome of the case, have been unnecessarily caused. Such costs may include the remuneration and expenses of the members of the Disciplinary Committee, administration costs and costs incurred in the investigation, preparation and presentation of the case.

9.33.2 Award of costs against the ISE

Costs may be awarded against the ISE only if, in the opinion of the Disciplinary Committee, the ISE has behaved unreasonably in the commencement or conduct of the proceedings.

9.33.3 Determination of costs

The Disciplinary Committee may determine either itself or delegate the determination of the amount of costs.

9.33.4 Payments of costs – time period

Costs shall be payable within ten business days of the determination of the amount or the conclusion of any appeal against that determination.

9.34 EFFECTIVE DATE

If notice of appeal in relation to any charge is served in accordance with this Chapter, any penalty imposed by the Disciplinary Committee shall not come into effect pending the appeal. Otherwise any such penalty shall come into effect on the expiry of the time for appealing or any extension thereof.

9.35 TIMEFRAME FOR APPEAL

The member firm may appeal to the Appeals Committee by serving a notice of appeal on the Secretary to the Disciplinary Committee within ten business days of service on it of the Disciplinary Committee's decision. The Disciplinary Committee may on the written application of the member firm extend the time for appeal.

9.36 NOTICE OF APPEAL

A notice of appeal, (other than in respect of costs only), shall be written and set out each charge relevant to the appeal, the ground or grounds of appeal in relation to each charge and a brief statement of the matters relied upon in relation to each ground.

9.37 RIGHT OF APPEAL AGAINST A FINDING THAT A CHARGE IS PROVED

A finding that a charge is proved may be appealed on any grounds, including without limitation:

- (a) that the Disciplinary Committee misdirected or misconducted itself contrary to this Chapter or the rules of natural justice;
- (b) that the Disciplinary Committee's decision was against the weight of the evidence; or
- (c) that the Disciplinary Committee's decision was based on an error of law or a misinterpretation of the rules of the ISE.

Where the appellant wishes to rely on evidence of documentation which was not before the Disciplinary Committee, this shall be stated in the notice together with details of such evidence and copies of such documentation shall be attached to the appeal notice.

9.38 RIGHT OF APPEAL ON PENALTY OR COSTS

A member firm can appeal against the penalty imposed, the award of costs against it and/or the amount of costs awarded.

9.39 NOTICE OF THE APPEAL HEARING IN OTHER CASES

The Secretary to the Appeals Committee shall give not less than ten business days notice in writing of the date, time and place of the appeal hearing.

9.40 PROCEEDING ONLY BY WRITTEN SUBMISSIONS

If both parties consent in writing to the Secretary to the Appeals Committee, the appeal may be by written submissions only.

9.41 WITHDRAWAL OF APPEAL

The member firm may, by writing to the Secretary to the Appeals Committee, withdraw any appeal wholly or in part at any time before the opening of the hearing. On withdrawal, any relevant penalty will come immediately into effect.

9.42 PROCEDURE FOR APPEALS HEARING

The member firm shall attend the appeals hearing by a duly authorised officer or partner or director (as the case may be) and may be legally represented thereat.

9.43 POWERS OF THE APPEALS COMMITTEE

9.43.1 Appeal against a finding that a charge is proven

Where there is an appeal against a finding that a charge is proven, the Appeals Committee may (i) uphold the appeal in which case the charge shall be deemed to be dismissed or (ii) dismiss the appeal.

9.43.2 Appeal against a proven charge and the penalty imposed

Where the appeal is against the finding that a charge is proven and the penalty imposed the Appeals Committee may:

- (i) uphold the entire appeal; or
- (ii) uphold the appeal in relation to the penalty only; or
- (iii) dismiss the appeal.

9.44 DISCLOSURE OF INFORMATION AND PUBLICITY

At the conclusion of any disciplinary proceedings pursuant to these rules, the ISE may make public, the name of the member firm involved, details of the subject matters of the proceedings and/or a summary of the decision of the Disciplinary Committee or if applicable, the Appeals Committee, and without limitation to the foregoing may furnish such details in relation to the disciplinary proceedings to the Competent Authority as it deems fit.