



iSwap SEF Application

Exhibit M-3 – Targeted Streaming Market Appendix

**Market Appendix 2 – Targeted Streaming Market
"Targeted Streaming Market Appendix"**

1. Definitions and Interpretation

The following definitions shall apply only to this Market Appendix in addition to the definitions contained in the iSwap Venue Rulebook.

Automatic Matching	As defined in Rule 5.17.
Collation Period	The period after a RFQ Session or RFS Session is initiated during which order responses are not tradeable.
CTD Bond	The government bond, contained in the basket of deliverable bonds defined by the relevant futures exchange, which is cheapest to deliver against the relevant Future.
Decline Period	As defined in Rule 5.20
Liquidity Provider	A Member Participant who has elected via the Authorisation Form to be a liquidity provider and has been permissioned as such by Operator.
Market User	A Member Participant who is not a Liquidity Provider.
SEF Market User	A SEF Member Participant who is not a Liquidity Provider.
Order Pick Matching	As defined in Rule 5.17.
Request for Quote or RFQ	An electronic message disseminated on the Targeted Streaming Market for the purposes of soliciting bids or offers of a defined quantity in respect of an Eligible Instrument.
Request for Stream or RFS	An electronic message disseminated on the Targeted Streaming Market for the purposes of soliciting bids or offers of a undefined quantity in respect of an Eligible Instrument.
RFQ Session	The period after a request for quote (RFQ) is initiated during which Liquidity Providers may respond to a RFQ, order responses are collated during the Collation Period and after the Collation Period, Market Users can trade on these Orders.
RFS Session	The period after a request for stream (RFS) is initiated during which Liquidity Providers may respond to a RFS, order responses are collated during the Collation Period and after the Collation Period, Market Users can trade on these Orders.

Right of Decline	Functionality permitting Liquidity Provider to decline a Match within the Decline Period so that a Trade is not entered into. This functionality is not available for Required Transactions on SEF.
SEF Liquidity Provider	A Member Participant who has elected via the Authorisation Form to be a liquidity provider on the SEF and has been permitted as such by Operator.
Targeted Streaming Instrument	The Eligible Instruments into which Liquidity Providers may stream Actionable IOIs and in respect of which Market Users may initiate RFSs and RFQs.
Targeted Streaming Market	The iSwap Venue targeted streaming market made available by the Operator for the submission of streamed Orders and Actionable IOIs by Liquidity Providers which Match with Orders and Actionable IOIs of Market Users in accordance with this Targeted Streaming Market Appendix.
YTM	Yield to maturity.

2. General

- 2.1 This Market Appendix sets out additional Rules for Participation and Trading of the Product(s) on the Targeted Streaming Market, to ensure the orderly conduct of business.
- 2.2 The Targeted Streaming Market is designed to facilitate direct matching between Liquidity Providers and Market Users on a disclosed basis.
- 2.3 Liquidity Providers may submit streams of Actionable IOIs in Targeted Streaming Instruments to Market Users. A Liquidity Provider's stream of Actionable IOIs shall be routed to each of its Market Users so that a Market User has an aggregated view of prices from its Liquidity Providers.
- 2.4 Where indicated, certain Rules in this Market Appendix have specific application to certain Products. The Rules are binding on all Member Participants.
- 2.5 Broker Participants are not permitted to deal with other Participants on the Targeted Streaming Market nor are Broker Participants able to view any Orders or Actionable IOIs submitted to the Targeted Streaming Market or any resulting Trades.

3. Trading Day

- 3.1 The Trading Day for the Product(s) is:
 - 3.1.1 in respect of Product(s) denominated in Euro, 08.30 – 18.00 Netherlands time (07.30 – 17.00 UK time; 02:30 – 12:00 NY time) Monday to Friday; and
 - 3.1.2 in respect of Product(s) denominated in Pound Sterling, 09.30 – 17.15 Netherlands time (08.30 – 16.15 UK time; 3:30 - 11:15 US time) Monday to Friday.
- 3.2 Trading is not permitted outside the Trading Day.

4. Product(s)

General

- 4.1 The Product(s) traded on the Targeted Streaming Market are IRS denominated in Euro.
- 4.2 Each Product is made up of one or more Eligible Instruments.
- 4.3 The Targeted Streaming Market supports outright and strategy Eligible Instruments. Strategy Eligible Instruments include spread, butterfly, Futures Crosses and basis. Each of the Products traded on the Targeted Streaming Market shall be dealt with in accordance with the terms in this Rule 4, as applicable.

All Orders

- 4.4 The Targeted Streaming Market displays the currency and tenor of the Eligible Instrument.
- 4.5 Orders and Actionable IOIs do not imply into other Orders or Actionable IOIs.

Strategy Orders

- 4.6 The Targeted Streaming Market displays the size ratio of the constituent legs of Strategy Eligible Instruments.
- 4.7 All strategy Orders and Actionable IOIs are submitted and Matched using the default duration ratios set by Operator. These ratios are set at the start of the Trading Day, and updated periodically by Operator during trading hours.
- 4.8 Trade sizes are rounded down to the nearest 0.1 million.
- 4.9 When entering a spread Order or Actionable IOI onto the Targeted Streaming Market, the size shall be taken to relate to the longer leg of the spread. When entering a butterfly Order or Actionable IOI onto the Targeted Streaming Market, the size shall be taken to relate to the middle leg of the butterfly.

Futures Cross Orders

- 4.10 The following sub-clauses will apply where Member Participants submit Futures Cross Orders onto the Targeted Streaming Market:
 - 4.10.1 Once a Futures Cross Order is Matched and the Decline Period, if applicable, has elapsed, the iSwap Venue will automatically submit the resulting Futures Trade to the relevant futures exchange via ICAP Securities Limited for acceptance. Operator will provide Member Participants with the details of the Futures Cross Trade they have entered into once accepted by the relevant futures exchange.
 - 4.10.2 The spread price of the Futures Cross Order is the sum of: (i) the fixed rate of an Interest Rate Swap, which starts on the delivery date of the relevant Future and matures on the maturity date of the relevant CTD Bond; less (ii) the yield of the relevant Future.
 - 4.10.3 The Futures leg of the Futures Cross Trade is priced at the last traded price of such Future on the relevant futures exchange at the time of the initial Match of the Futures Cross Order. This price is multiplied by the conversion factor of the CTD Bond and then converted to a yield using the simple YTM formula (which can be replicated on Bloomberg or in Excel's =YIELD function). This gives a 5dp yield, to which the traded Interest Rate Swap spread is added giving a 5dp swap rate.
 - 4.10.4 Operator, at its discretion, sets the ratio between the notional principal of an Interest Rate Swap leg of the Trade and the number of contracts in which

its corresponding Future leg of the Trade is executed. This is set at the start of the Trading Day and is updated periodically by Operator during the Trading Day.

5. Trading Rules

Request for Quote

- 5.1 Requests for Quote may only be made by Market Users on Targeted Streaming Instruments in a defined quantity.
- 5.2 A RFQ may be submitted to at least three Liquidity Providers, subject to a maximum number to be determined by the Operator.
- 5.3 A Liquidity Provider, upon receiving a RFQ from the Market User, may respond to the RFQ with an Order that is unique to the Market User that initiated the RFQ or ignore the request. A RFQ Session will be initiated when the Liquidity Provider responds with an Order in response to the RFQ
- 5.4 A RFQ Session will end after the relevant Market User has entered into a valid, legal and binding Trade. If a RFQ Session has not given rise to the conclusion of a Trade at the expiry of a pre-determined time limit, the RFQ Session will automatically end.

Request for Stream

- 5.5 Requests for Stream may be made by Market Users on Targeted Streaming Instruments in an undefined quantity.
- 5.6 A RFS may be submitted to at least three Liquidity Providers.
- 5.7 A Liquidity Provider, upon receiving a RFS from the Market User, may respond to the RFS with a streamed Order that is unique to the Market User that initiated the RFS or ignore the request. A RFS Session will be initiated when the Liquidity Provider responds with streamed Orders in response to the RFS.
- 5.8 A RFS Session will end after the relevant Market User has entered into a valid, legal and binding Trade. If a RFS Session has not given rise to the conclusion of a Trade at the expiry of a pre-determined time limit, the RFS Session will automatically end.

Orders

- 5.9 Liquidity Providers may submit Orders and Actionable IOIs onto the Targeted Streaming Market directly via the Application Program Interface (API), with all such Orders and Actionable IOIs being governed by these Rules
- 5.10 Market Users will only be able to submit Orders and Actionable IOIs onto the Targeted Streaming Market via the i-Swap XFE Front End application, with all such Orders and Actionable IOIs being governed by these Rules.

Order Size

- 5.11 The minimum Order and Actionable IOI size limits are, for IRS Eligible Instruments in Euro with:
 - 5.11.1 a maturity of up to and including 2 years, approximately EUR 40m;
 - 5.11.2 a maturity of greater than 2 years and up to and including 20 years, the duration equivalent of EUR 40m with a maturity of 2 years; and
 - 5.11.3 a maturity of greater than 20 years, EUR 5m.

Order Visibility and Matching

- 5.12 Market Users will only be able to see Orders and Actionable IOIs from Liquidity Providers to whom they have access.
- 5.13 Liquidity Provider can determine which of its Orders and Actionable IOIs will be visible to and available to Match with a Market User.
- 5.14 Liquidity Providers will be able to view their own Orders and Actionable IOIs and any visible Orders and Actionable IOIs placed by Market Users, where the Liquidity Provider has permissioned that Market User to Match with their Orders and Actionable IOIs.
- 5.15 All Orders and Actionable IOIs are on a disclosed basis such that Market User will be able to view the identity of Liquidity Providers on all Orders and Actionable IOIs.
- 5.16 Market User may request that Operator restrict, suspend or terminate their ability to Match with Orders and Actionable IOIs from a particular Liquidity Provider.

Order Matching Priority

- 5.17 Orders shown on the Targeted Streaming Market can be Matched as follows:
 - 5.17.1 Automatically using the following criteria in order of precedence (“**Automatic Matching**”):
 - (a) price;
 - (b) Orders without a Right of Decline ranked by time (based on the time stamped on an Order when it is shown on the Targeted Streaming Market); and
 - (c) Order with a Right of Decline ranked by time (based on the time stamped on an Order when it is shown on the Targeted Streaming Market).
 - 5.17.2 Manually by a Market User selecting an Order that they want to Match with (“**Order Pick Matching**”).

- 5.18 Orders are Matched at the price limit of the submitted Order, or better. Orders submitted by Market Users to the Targeted Streaming Market via Automatic Matching are Matched at the best available price.
- 5.19 Actionable IOIs shown on the Targeted Streaming Market will be Matched in accordance with the terms of Rule 5.17 and 5.18.

Right of Decline

- 5.20 Liquidity Providers can select to have a Right of Decline and shall specify the time period during which they can exercise their Right of Decline (the “**Decline Period**”).
- 5.21 Market User is able to view the Decline Period (if any) of each Order of a Liquidity Provider.
- 5.22 If Liquidity Provider has a Right of Decline, when their Order generates a Match with a Market User, Liquidity Provider will be able to decline the Match within the Decline Period so that no Trade will result from the Match. If the Liquidity Provider does not exercise its Right of Decline within the Decline Period then it is deemed to have accepted the Trade.
- 5.23 If a Liquidity Provider declines the Match during the Decline Period:
 - 5.23.1 Liquidity Provider’s Order will immediately expire from the Targeted Streaming Market;
 - 5.23.2 Market User’s Order will:
 - (a) where the Order has been Matched by Automatic Matching, attempt to Match against any other Orders available to such Market User on the Targeted Streaming Market;
 - (b) where the Order has been Matched by Order Pick Matching, immediately expire from the Targeted Streaming Market.

6. Contractual Position

- 6.1 Where a Liquidity Provider does not have a Right of Decline, the relevant Member Participants have entered into a valid, legal and binding Trade:
 - 6.1.1 In relation to a Futures Cross Order, at the point at which the Futures Leg is accepted by the relevant futures exchange; and
 - 6.1.2 In relation to all other Orders, at the point at which an Order is Matched.
- 6.2 Where a Liquidity Provider does have a Right of Decline, the relevant Member Participants have entered into a valid, legal and binding Trade:

- 6.2.1 In relation to a Futures Cross Order, at the point at which the Futures Leg is accepted by the relevant futures exchange; and
 - 6.2.2 In relation to all other Orders, at the point at which the Decline Period has elapsed and the Liquidity Provider is deemed to have accepted the Match.
- 6.3 The Futures Leg of any Futures Crosses shall also be governed by the International Uniform Give-Up Agreement in place between the Member Participant and ICAP Securities Limited.

7. Trade Publication

Trades will be published on the iSwap Venue in accordance with applicable regulatory rules.