

# **Specialist and Market Maker in Securities Trading on Wiener Börse**

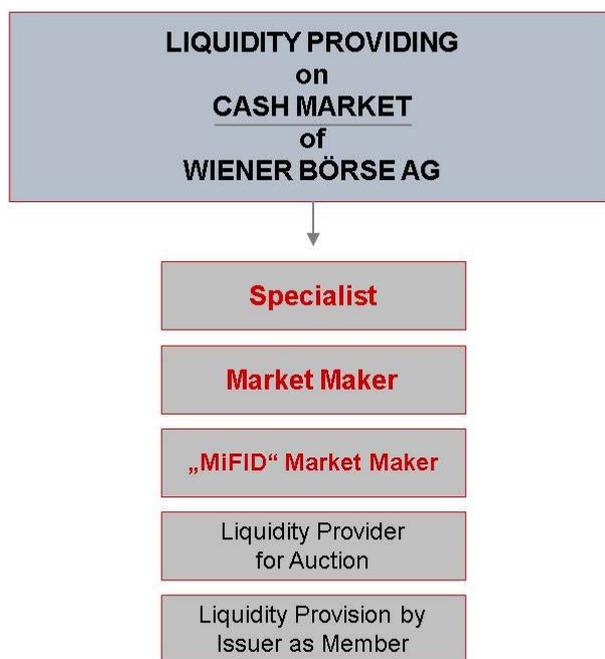
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## Specialist and Market Maker in Securities Trading through the Trading System Xetra® on Wiener Börse

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## 1 Introduction

This document represents a comprehensive overview about the liquidity providing as specialist and market maker.



*Figure: Liquidity Providing of Wiener Börse AG*

The Specialist system was designed in part as a supplement to the Market Maker system by introducing an additional broker function with the aim of increasing liquidity in the market. The task of the Specialists is to place firm, competitive buy and sell quotes into the system along with the Market Makers.

Specialists and Market Makers are under the obligation to place binding buy and sell prices (quotes) into the system during a certain period in continuous trading, which must comply with predefined minimum size and maximum spread.

In addition to being able to enhance its reputation on the market, the Specialist receives benefits in exchange for accepting the risk involved. These benefits are explained in detail in the following chapters.

## 2 Market Segmentation of Wiener Börse AG

The market segmentation allocates the financial instruments traded on the markets of Wiener Börse AG according to certain criteria into market segments. The market segmentation does not take into account whether a financial instrument is admitted to listing on a regulated market (Official Market) or is traded on a Multilateral Trading System (Vienna MTF); these markets are used only as a criterion for the allocation to the different market segments.

The allocation criteria to the different market segments is determined particularly by

- Markets (Official Market, Vienna MTF)
- Type of financial instruments (shares, participation certificates, bonds, certificates etc)
- More stringent reporting, quality and disclosure requirements
- Liquidity Providing (Specialist, Market Maker etc.)
- Trading system and type trading

The financial instruments traded on the markets of Wiener Börse AG are grouped into the following segments:



*Figure: Market Segmentation of Wiener Börse AG*

The exact criteria for admission and allocation as well as the basic features of the individual segments are explained in greater detail in the publication "Market Segmentation of Wiener Börse AG".

The following chart provides a brief overview of the different market segments and lists the criteria for allocating securities to each of them:

Market segment	Type of security	Markets and specific criteria	Specialist / Market Maker / Liquidity Provision	Trading procedure
<b><u>equity market</u></b>				
<b>prime market</b>	Stocks	Official Market; additional prerequisites to be met by the issuer *1)	1 specialist required; additional market makers desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an <u>opening auction</u> , <u>intraday auction</u> and <u>closing auction</u>
<b>standard market continuous</b>	Stocks	Official Market	1 market maker required; additional market makers desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an <u>opening auction</u> and <u>closing auction</u>
<b>standard market auction</b>	Stocks and other equities (e.g. participation certificates, profit-sharing rights, UCITS shares etc.)	Official Market	Auction with Liquidity Providers possible	Xetra® T7 trading system: trading procedure "Auction"
<b>direct market plus continuous</b>	Stocks	Vienna MTF; additional prerequisites to be met by the issuer *2)	market maker required; additional market makers desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an <u>opening auction</u> and <u>closing auction</u>
<b>direct market plus auction</b>	Stocks	Vienna MTF; additional prerequisites to be met by the issuer *2)	Auction with Liquidity Providers desirable	Xetra® T7 trading system: trading procedure "Auction"
<b>direct market continuous</b>	Stocks	Vienna MTF	market maker required;	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an <u>opening auction</u> and <u>closing auction</u>

Market segment	Type of security	Markets and specific criteria	Specialist / Market Maker / Liquidity Provision	Trading procedure
<b>direct market auction</b>	Stocks and other equities (e.g. participation certificates, profit-sharing rights, UCITS shares etc.)	Vienna MTF	additional market makers possible	Xetra® T7 trading system: trading procedure "Auction"
<b>global market</b>	Stocks	Thrid Market	"applicant" market maker required, additional market makers desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an <u>opening auction</u> and <u>closing auction</u>

Market segment	Type of security	Markets and specific criteria	Specialist / Market Maker / Liquidity Provision	Trading procedure
<b>bond market</b>				
<b>public sector continuous</b>	government bonds, austrian treasury bills, interest rate and government strips	Official Market or Vienna MTF	1 market maker required; additional market makers desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an opening auction, and closing auction
<b>public sector continuous auction</b>			Liquidity Provision by issuer or in agreement with the issuer	Xetra® T7 trading system: trading procedure "Continuous Auction"
<b>public sector auction</b>				Xetra® T7 trading system: trading procedure "Auction"
<b>corporates prime continuous</b>	corporate bonds	Official Market or Vienna MTF; furthermore in corporates prime additional prerequisites have to be met by the issuer *3)	1 market maker required; additional market makers desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an opening auction, and closing auction
<b>corporates prime auction</b>				Xetra® T7 trading system: trading procedure "Auction"
<b>corporates standard continuous</b>	corporate bonds	Official Market or Vienna MTF	1 market maker required; additional market makers desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an opening auction, and closing auction
<b>corporates standard auction</b>				

Market segment	Type of security	Markets and specific criteria	Specialist / Market Maker / Liquidity Provision	Trading procedure
<b>financial sector continuous</b>	banking bonds and convertible bonds banking bonds and convertible bonds	Official Market or Vienna MTF	1 market maker required; additional market makers desirable	Xetra® T7 trading system: trading procedure “Continuous Trading” in conjunction with an opening auction, and closing auction
<b>financial sector continuous auction</b>			Liquidity Provision by issuer or in agreement with the issuer	Xetra® T7 trading system: trading procedure “Continuous Auction”
<b>financial sector auction</b>				Xetra® T7 trading system: trading procedure “Auction”
<b>performance linked bonds</b>	performance linked bonds (debt securities or interest payment based on performance of relevant underlying	Official Market or Vienna MTF		Xetra® T7 trading system: trading procedure “Auction”

Market segment	Type of security	Markets and specific criteria	Specialist / Market Maker / Liquidity Provision	Trading procedure
<b><u>structured products</u></b>				
<b>certificates</b>	<ul style="list-style-type: none"> <li>▪ basket certificates</li> <li>▪ index certificates</li> <li>▪ leverage (knock out) certificates</li> <li>▪ discount certificates</li> <li>▪ bonus certificates</li> <li>▪ express certificates</li> <li>▪ guarantee certificates</li> <li>▪ reverse convertibles</li> <li>▪ outperformance certificates</li> <li>▪ other certificates</li> </ul>	Official Market or Vienna MTF	Liquidity Provision by issuer as member	Xetra® T7 trading system: trading procedure "Continuous Auction" only if a liquid market is guaranteed by the Liquidity Provider; otherwise trading procedure "Auction"
<b>exchange traded funds</b>	passively managed investment funds	Official Market or Vienna MTF	1 market maker basically desirable	Xetra® T7 trading system: trading procedure "Continuous Trading" in conjunction with an opening auction and closing auction; without Market Maker trading procedure "Auction"
<b>warrants</b>	warrants	Official Market or Vienna MTF	Liquidity Provision by issuer as member	Xetra® T7 trading system: trading procedure "Continuous Auction" only if a liquid market is guaranteed by the Liquidity Provider; otherwise trading procedure "Auction"

*Note: In case shares are represented by certificates (such as ADCs - Austrian Depositary Certificates, GDRs - Global Depositary Receipts etc.), they are subject to the same terms and conditions that apply to the shares.*

\*1) ⇒ "Market Segmentation on Wiener Börse AG" and/or "prime market Rules"

\*2) ⇒ "Market Segmentation on Wiener Börse AG" and/or "direct market plus Rules"

\*2) ⇒ "Market Segmentation on Wiener Börse AG" and/or "corporates prime Rules"

### 3 Obligations of Specialists and Market Makers

An exchange member may assume a market maker or a specialist commitment for a security by entering into an agreement with the exchange operating company.

Specialists and Market Makers are under the obligation to place binding buy and sell prices (quotes) into the system during a certain period in continuous trading, which must be entered for both the demand and the supply side for specified minimum quotation size (minimum size) and in accordance with the maximum price spread between demand and supply (maximum spread).

#### 3.1 Market Maker

Market makers have the obligation to fulfill the requirements prescribed by Wiener Börse AG (period of time for placing quotes, maximum spread, minimum size).

For continuously traded stocks and other equities in the market segment **equity market** the determination of the conditions regarding the maximum spread and the minimum size is based by allocating the stocks to different liquidity classes:

Market Segment	Liquidity Class	Market Maker	
		Maximum Spread	Minimum Size Volume in EUR
Stocks/ADCs represented in the <b>Prime Market</b>	<b>LQ1</b>	0,65 %	35 TSD
	<b>LQ2</b>	0,85 %	25 TSD
	<b>LQ3</b>	1,30 %	17 TSD
	<b>LQ4</b>	1,80 %	9 TSD
	<b>LQ5</b>	2,70 %	9 TSD
Stocks/ADCs represented in the <b>Standard Market Continuous</b>	<b>LQ6</b>	4,00 %	10 TSD
Stocks/ADCs represented in the <b>Direct Market Plus Continuous</b> <b>Direct Market Continuous</b>	<b>LQ7</b>	4,00 %	10 TSD
Stocks/ADCs represented in the <b>Global Market</b>	<b>LQ7</b>	5,00 %	10 TSD
<i>securities that are traded in the trading model <b>auction with liquidity provision</b> (specific securities of the market segments <b>Standard Market Auction, Direct Market Plus Auction und Direct Market Auction</b>)</i>	<b>LQ8</b>	5,00 %	10 TSD

The allocation of the stocks to the liquidity class (LQ1 to LQ5) is pre-given from the exchange operating company and fixed at the start of the tender procedure and is valid throughout one specialist period (usually beginning of May y until end April y+1).

In extraordinary situations (for example massive reduction of free float) the exchange operating company may change liquidity classes of instruments throughout the year.

The minimum size for a quote is quarterly calculated from the predefined value in Euro to a number of pieces (shares) and depends on the last price of the concerned instrument on the day before the last trading day of a quarter and is determined on the day before the last trading day of quarter.

If necessary (e.g. in the case of changes in the capital, inclusion in electronic trading), the market maker minimum quotes will be fixed based on the reference price during the current quarter and promulgated by separate notice.

In special market situations, it is possible to refrain from adjusting the market maker minimum size requirements (minimum size).

### 3.1.1 equity market

The following table lists the Market Maker's obligations for continuously traded shares in the segment *equity market*:

Market segment	Finable period of quotation	Maximum spread	Minimum size
<b>equity market / prime market</b>			
<b>prime market</b>	On average, <b>≥ 80% of the observation period</b> during the calendar month.  Observation period: 09:00 to 17:30 hrs	<b>Annual determination</b> (valid for the respective Specialist-Period beginning of May y until end April y+1): LQ1 = <b>0,65 %</b> LQ2 = <b>0,85 %</b> LQ3 = <b>1,30 %</b> LQ4 = <b>1,80 %</b> LQ5 = <b>2,70 %</b>  <i>(calculated based on buy limit to sell limit of the quote)</i>  <b>adjustment</b> for stocks with a low market value	<b>Quarterly adjustment</b> based on the closing price on the penultimate trading day of the preceding month taking account of the <b>determined Value</b> in Euro of the respective liquidity class; the resulting number of pieces is rounded to 50 units and has to be at least 50 units of the respective liquidity class:  LQ1 = € 35.000,-- LQ2 = € 25.000,-- LQ3 = € 17.000,-- LQ4 = € 9.000,-- LQ5 = € 9.000,--  <b>adjustment</b> at high market volatility.

equity market / standard market			
<b>standard market continuous</b>	<p>On average, <b>≥ 80% of the observation period</b> during the calendar month.</p> <p>Observation period: 09:00 to 17:30 hrs</p>	<p><b>Fix 4%</b> <i>(calculated based on buy limit to sell limit of the quote)</i></p> <p><b>adjustment</b> for stocks with a low market value</p>	<p><b>Quarterly adjustment</b> based on the closing price on the penultimate trading day of the preceding month taking account of the <b>determined Value</b> in the amount of € 10.000,--; the resulting number of pieces is rounded to 50 units and has to be at least 50 units and at most 5.000 units.</p>
equity market / direct market plus			
<b>direct market plus continuous</b>	<p>On average, <b>≥ 80% of the observation period</b> during the calendar month.</p> <p>Observation period: 09:00 to 17:30 hrs</p>	<p><b>Fix 5%</b> <i>(calculated based on buy limit to sell limit of the quote)</i></p> <p><b>adjustment</b> for stocks with a low market value</p>	<p><b>Quarterly adjustment</b> based on the closing price on the penultimate trading day of the preceding month taking account of the <b>determined Value</b> in the amount of € 10.000,--; the resulting number of pieces is rounded to 50 units and has to be at least 50 units and at most 5.000 units.</p>
equity market / direct market			
<b>direct market continuous</b>	<p>On average, <b>≥ 80% of the observation period</b> during the calendar month.</p> <p>Observation period: 09:00 to 17:30 hrs</p>	<p><b>Fix 5%</b> <i>(calculated based on buy limit to sell limit of the quote)</i></p> <p><b>adjustment</b> for stocks with a low market value</p>	<p><b>Quarterly adjustment</b> based on the closing price on the penultimate trading day of the preceding month taking account of the <b>determined Value</b> in the amount of € 10.000,--; the resulting number of pieces is rounded to 50 units and has to be at least 50 units and at most 5.000 units.</p>
equity market / global market			
<b>global market</b>	<p>On average, <b>≥ 50% OR ≥ 25% (*) of the observation period</b> during the calendar month.</p> <p><i>(*) <u>Only with a share of the market maker turnover in the total turnover in double counting ≥ 40 %!</u></i></p> <p>Observation period: 09:00 to 17:30 hrs</p>	<p><b>Fix 5%</b> <i>(calculated based on buy limit to sell limit of the quote)</i></p> <p><b>adjustment</b> for stocks with a low market value</p>	<p><b>Quarterly adjustment</b> based on the closing price on the penultimate trading day of the preceding month taking account of the <b>determined Value</b> in the amount of € 10.000,--; the resulting number of pieces is rounded to 1 units and has to be at least 1 units..</p>

▪ **Spread parameters:**

a) Calculation of maximum spreads:

For all stocks in the prime market, the determination of the maximum spreads is based by allocating the stocks to different liquidity classes:

Liquidity Class	Maximum Spread
LQ1	0,65 %
LQ2	0,85 %
LQ3	1,30 %
LQ4	1,80 %
LQ5	2,70 %

The maximum spreads are appraised for the stocks of the liquidity classes LQ1 to LQ5 by using the calculation method given below and are determined with 0,65 %, 0,85 %, 1,30 %, 1,80 % or 2,70 %:

Market Spread (Median) + W (Turnover) + X (Vola) + Y (kap. FF) + Z (Unwinding Period)	
Market Spread (mean value)	<u>Mean value of market spreads of the last 3 trading months</u>
W (turnover)	<u>Class value for the average daily turnover</u> Pursuant ATX watch list
X (vola)	<u>Class value for 60-day volatility</u> as a benchmark for risk
Y (cap. FF)	<u>Class value for capitalized free float</u> (market capitalization * FF factor) as a benchmark for the relevance of the marketplace and the interest signaled by institutional investors
Z (unwinding period)	<u>Class value for unwinding period</u> as a benchmark for tradability

The allocation of the stocks to the liquidity class (LQ1 to LQ5) is pre-given from the exchange operating company and fixed at the start of the tender procedure and is valid throughout one specialist period (usually beginning of May y until end April y+1).

In extraordinary situations (for example massive reduction of free float) the exchange operating company may change liquidity classes of instruments throughout the year.

b) Constant adjustment of the maximum spreads for stocks:

If the price is constantly at € 5 on three consecutive trading days, the absolute value corresponding to the respective percentage of € 5 will be fixed as a maximum spread as set out below; if the price is constantly at EUR 1 on three consecutive trading days, the maximum spread will be fixed as an absolute value as set out below:

	LQ1	LQ2	LQ3	LQ4	LQ5	LQ6	LQ7	LQ8
<b>Relative spread</b>	0,65 %	0,85 %	1,30 %	1,80 %	2,70 %	4 %	5 %	5 %
<b>Stagnating spread at price ≤ EUR 5,00</b>	€ 0,08	€ 0,10	€ 0,10	€ 0,10	€ 0,15	€ 0,20	€ 0,25	€ 0,25
<b>Fixed spread price ≤ EUR 1,00</b>	€ 0,08	€ 0,10	€ 0,10	€ 0,10	€ 0,10	€ 0,10	€ 0,10	€ 0,10

LQ1 – LQ5 = prime market  
LQ6 = standard market continuous  
LQ7 = direct market plus continuous + direct market continuous + global market  
LQ8 = standard market auction + direct market plus auction + direct market auction  
(auction with liquidity provision)

If the price is higher than EUR 5,00 on three consecutive trading days, the maximum spread is again fixed as a percentage.

■ **Constant adjustment of Min.-Size im Prime Market:**

For stocks represented in the Prime Market, in situations of sustained increased market volatility, the minimum quantity to be quoted by both specialists and market makers (min.-size) is continuously adjusted, namely when the EURO STOXX 50® Volatility (VSTOXX®) on five consecutive trading days on average falls below or exceeds the following limits:

Index level VSTOXX®	minimum quote quantity
0 - 30,00 index points	according table 1.a) (=Base)
30,01 - 40,00 index points	reduction of quoting size by 30%
more than 40,00 index points	reduction of quoting size by 60%

The adjustment takes place two trading days after the specified limits are exceeded or fallen short of. The base is reduced based on the minimum quote quantity in pieces; The rounding is done commercially to whole pieces.

### 3.1.2 bond market

The following table lists the Market Maker's obligations for continuously traded bonds in the segment *bond market*.

Market segment	Finable period of quotation	Maximum spread	Minimum size
<b><u>bond market</u> / public sector continuous corporates prime continuous + corporates standard continuous financial sector continuous</b>			
<b>continuously traded bonds</b>	On average, <b>≥ 80% of the observation period</b> during the calendar month.  Observation period: 09:00 to 17:30 hrs	<b>FIX 500 basis points</b> <i>(calculated based on buy limit to sell limit of the quote)</i>	<b>FIX</b> equal to the minimum tradeable unit, at least correspondig to the value of Nominale € 10.000.--

### 3.1.3 structured products

The following table lists the Market Maker's obligations for continuously traded investment funds in the segment *structured products*.

Market segment	Finable period of quotation	Maximum spread	Minimum size
<b><u>structured products</u> / exchange traded funds</b>			
<b>passively managed investment funds (ETF's)</b>	On average, <b>≥ 50% OR ≥ 25% (*) of the observation period</b> during the calendar month.  (*) <u>Only with a share of the market maker turnover in the total turnover in double counting ≥ 40 %!</u>  Observation period: 09:00 to 17:30 hrs	<b>Individual arrangement per Investment fund; at most yet 3 %</b> <i>(calculated based on buy limit to sell limit of the quote)</i> <b>adjustment</b> for ETFs with a low market value	<b>Quarterly adjustment</b> based on the closing price on the penultimate trading day of the preceding month taking account of the <b>individual arranged Value</b> (at least € 30.000.--); the resulting number of fund shares is rounded to 50 units and has to be at least 50 units.

Constant adjustment of the maximum spreads for ETFs:

If the price is constantly  $\leq$  EUR 5 on three consecutive trading days, the maximum spread is fixed as an absolute value and must be at least EUR 0,15; if the price is constantly only  $\leq$  EUR 1 on three consecutive trading days, the maximum spread is EUR 0.10.

If the price is constantly higher than EUR 5 on three consecutive trading days, the maximum spread is fixed according to the defined percentage.

### 3.2 MiFID Market Maker

In the trading procedure continuous trading members pursuing a market maker strategy must enter into a MiFID Market Maker Agreement with the exchange operating company. The MiFID Market Maker is obligated to quote bid and ask prices (quotes) at least for 50% of the trading hours. With regard to the minimum quotation quantity (minimum size) and the maximum permissible price range (maximum spread), the provisions apply mutatis mutandis, as for the market maker

### 3.3 Top of the Book (ToB) Market Maker Program

In the shares represented in ATX FIVE, trading participants who have committed themselves as market makers (with the exception of specialist and MiFID market maker) also have the option of participating in the ToB program for market makers. The objective of this program is to improve the market quality and spreads during continuous trading in ATX FIVE shares.

A participating market maker meets the requirement if, on average, during a calendar month at least 10% of the time during continuous trading, it provides liquidity individually or in combination as follows:

- Quote the sole best buy and sole best sell offer each with a volume of EUR 5,000
- Quote the sole best buy and equal best sell offer each with a volume of EUR 5,000
- Quote the equal best buy and sole sell offer each with a volume of EUR 5,000

In the event of the entry into force of the fast market regulation, the requirements of the ToB program will also be deemed suspended.

Market Makers who participate in the ToB Program are entitled to further reduced transaction fees; more details are set out in the fee schedule of the Vienna Stock Exchange.

### 3.4 Specialist

A specialist is a special type of market maker and is determined for each stock included in the prime market by holding a tender. The trading participant which submits the best bid (in terms of minimum size and maximum spread) is appointed Specialist. Only one Specialist may be selected for each instrument. The tender procedure takes place every year.

The Specialist has the task of fulfilling the obligations stated in the tender (minimum size, maximum spread) during the entire period (usually one year from beginning of May y until end April y+1). When submitting bids for the Max.-Spread the minimum requirements are the current Market Maker obligations, for the Min.-Size the minimum requirements are determined by the exchange operating company according to the liquidity classification:

Liquidity Class	Market Maker		Specialist minimum requirement for bid	
	Max.-Spread	Min.-Size Volume in EUR	Max.-Spread	Min.-Size Volume in EUR
LQ1	0,65 %	35 TSD	0,65 %	105 TSD (factor 3)
LQ2	0,85 %	25 TSD	0,85 %	75 TSD (factor 3)
LQ3	1,30 %	17 TSD	1,30 %	34 TSD (factor 2)
LQ4	1,80 %	9 TSD	1,80 %	13,5 TSD (factor 1,5)
LQ5	2,70 %	9 TSD	2,70 %	9 TSD (factor 1)

#### Adjustment of quotation obligations:

By the reason there are no regular adjustments of the liquidity classification (LQ1 to LQ5) throughout one specialist period, there are no periodic adjustments of the Max.-Spread and the value in Euro of the Min.-Size for Market Maker and Specialist.

- Only in extraordinary situations (for example massive reduction of free float) the exchange operating company may change liquidity classes of instruments throughout the year of the specialist period.

*(When adjusting quotation obligations for Market Makers, the quotation obligations for the Specialists are adjusted according to the relation of the quotation obligation for Market Makers at the time the commitment was assumed.)*

- Quarterly adjustment of the minimum size to quote in shares (pieces):

The minimum size for a quote is quarterly calculated from the predefined value in Euro to a number of pieces (shares) and depends on the last price of the concerned instrument on the day before the last trading day of a quarter and is determined on the day before the last trading day of quarter.

If necessary (e.g. in the case of changes in the capital, inclusion in electronic trading), the market maker minimum quotes will be fixed based on the reference price during the current quarter and promulgated by separate notice.

In special market situations, it is possible to refrain from adjusting the market maker minimum size requirements (minimum size).

■ Constant adjustment of the minimum size to quote in shares (pieces):

For stocks represented in the Prime Market, in situations of sustained increased market volatility, the minimum quantity to be quoted by both specialists and market makers (min.-size) is continuously adjusted, namely when the EURO STOXX 50® Volatility (VSTOXX®) on five consecutive trading days on average falls below or exceeds the following limits:

Index level VSTOXX®	minimum quote quantity
0 - 30,00 index points	according table 1.a) (=Base)
30,01 - 40,00 index points	reduction of quoting size by 30%
more than 40,00 index points	reduction of quoting size by 60%

The adjustment takes place two trading days after the specified limits are exceeded or fallen short of. The base is reduced based on the minimum quote quantity in pieces; The rounding is done commercially to whole pieces.

■ Constant adjustment of the maximum spreads:

When adjusting the maximum spread to an absolute value for Market Makers, the maximum spread of the Specialist will be adjusted by percentage wise in relation to the maximum spread for Market Makers.

Explaining example – Constant Adjustment of Maximum Spread:

(Att.: For the format of numbers there is always used the German-language terminology!)

Max.-Spread of stock X for

- Market Maker: 1,3 %
- Specialist: 0,83 % (this equals „-0,47 percentage points“ respectively. „-36,15%“ compared to market maker)

→ i.e. as long as share X is quoted above € 5,00 the relative spread as mentioned has to be fulfilled.

→ i.e. when “constant adjustment of maximum spread” for share X becomes effective, the absolute spread has to be fulfilled as follows:

- Market Maker: € 0,10
- Specialist: € 0,06 (this equals „-36,15%“ compared to market maker; rounded at two decimal places)

Calculation:

1. Converting bid of Specialist in percent:  
 $100 / 1,3 * 0,47 = 36,15$   
*(„-0,47pp“ equals „-36,15%“ compared to Max.-Spread of the Market Maker at 1,3%)*
2. Calculation absolute spread for Specialist due to Constant Adjustment of Maximum Spread:  
 $0,10 - 36,15\% = 0,06$   
*(„0,06“ equals „-36,15%“ compared to Max.-Spread of the Market Maker at von € 0,10)*

## 4 Tender Procedure for Specialists

A tender procedure for selecting a trading participant to assume the Specialist function is made for all stocks (respectively ADCs) admitted to listing on the Official Market and are represented in the Prime Market.

Eligible to this tender are those trading participants, who are committed as a Specialist and/or Market Maker for shares/ADCs in continuous trading (prime market, standard market continuous, direct market plus continuous, direct market continuous) at the beginning of this tender.

Participants that have submitted the best bid for a stock in the course of the tender procedure or whose bids have been selected from among several equivalent best bids by a drawing, shall be obliged to enter into an agreement with Wiener Börse AG under which they have to commit themselves to act as Specialist for the respective stock in accordance with the binding conditions with regard to minimum size and maximum spread as stated in the bid. This agreement shall replace any existing Market Maker obligations for this period.

Those participants who have submitted a bid for a stock and do not have an existing market making commitment are under the obligation to enter into a market making commitment for these stocks.

### 4.1 Conducting and Procedure Adopted for the Tender Procedure

The exchange operating company Wiener Börse AG conducts the tender procedure, processes the bids submitted and takes care of the completion of the process. The exchange operating company announces the stages of the tender and fixes the deadlines to be met. Using the tender documents and lists provided, the trading participants are to submit their bids in line with the times to Wiener Börse AG. The exchange operating company will not open the submitted bids until after the deadline has expired.

### 4.2 Timeframe

A tender procedure is conducted by Wiener Börse AG once a year for the Specialist function in all respective stocks. A Specialist is appointed for a period of usually one year from the beginning of May of a year until the end of April of the subsequent year.

### 4.3 Bids for Taking Over the Specialist Function

Within the call of tender, participants can submit bids with regard to maximum spread and/or minimum size as described in the following.

All bids of the participants must correspond to the following minimum requirement determined by the exchange operating company. The minimum requirements for Max.-Spreads are conform to the Market Maker obligation; the minimum requirements for Min.-Sizes are specified according to the liquidity classification:

Liquidity Class	Market Maker		Specialist Minimum Requirements	
	Max.-Spread	Min.-Size Volume in EUR	Max.-Spread	Min.-Size Volume in EUR
LQ1	0,65 %	35 TSD	0,65 %	105 TSD (factor 3)
LQ2	0,85 %	25 TSD	0,85 %	75 TSD (factor 3)
LQ3	1,30 %	17 TSD	1,30 %	34 TSD (factor 2)
LQ4	1,80 %	9 TSD	1,80 %	13,5 TSD (factor 1.5)
LQ5	2,70 %	9 TSD	2,70 %	9 TSD (factor 1)

Bids must be submitted on the basis of the relevant minimum requirements in compliance with the relevant criteria:

<b><u>Submitting Criteria for Max. Spread</u></b>	<b><u>Submitting Criteria for Min. Size</u></b>
<p>Minimum requirement or Minimum requirement minus: reduction of 0,01 percentage points or a multiple thereof</p>	<p>Minimum requirement or Minimum requirement plus: addition of € 100 or a multiple thereof</p>
<p><i><u>Example for shares in LQ1:</u></i> 0,65 % or 0,64 % or 0,63 %...</p>	<p><i><u>Example for shares in LQ1:</u></i> € 105.000 or € 105.100 or €105.200 ...</p>

i.e. an offer regarding Max.-Spread must:

- at least correspond to the predefined minimum requirement or
- correspond to the predefined minimum requirement minus reduction 0,01 percentage points, or a multiple of 0,01 percentage points

i.e. an offer regarding Min.-Size must:

- at least correspond to the predefined minimum requirement or
- correspond to the predefined minimum requirement plus addition of EUR 100, or a multiple of EUR 100

#### 4.4 First Phase of the Tender

In the first round of the tender it is only possible to tender (actively) via the Max.-Spread; bids must correspond to the minimum requirements specified by the exchange operating company and can be submitted with a reduction in Steps of 0.01 percent points. The respective Min.-Size for the Specialist is predetermined by the exchange operating company (factor x of market maker).

Explaining example for submitting bids with the help of the list of tender:

*(Att.: For the format of numbers there is always used the German-language terminology!)*

List of tender for the market model <b>prime market</b>						
1. round of tender to submit bids for the Specialist function  prime market Aktien/ADCs	Bid for the specialist function: Please write legibly!			Minimum requirement for market makers		
	Mark stock for which a bid is being submitted with "X"  ↓	Max.-Spread (in %)  see footnote (*)  ↓	Min.-Size (EURO)  Predefined minimum requirement (not changeable)	Max.-Spread (%)  (based on Q2/2021)	Min.-Size (EURO)  (based on Q2/2021)	Min.-Size (pieces)  (FICTIVE based on prices Q1/2021)
Stock A	X	0,55 %	€ 105.000	0,65 %	€ 35.000	850 pieces
Stock B	X		€ 13.500	1,80 %	€ 9.000	18.800 pieces
Stock C			€ 75.000	0,85 %	€ 25.000	1.900 pieces
Stock D	X	0,85 %	€ 75.000	0,85 %	€ 25.000	2.050 pieces
...						.

(\*) A bid regarding Max.-Spread must:

- at least correspond to the predefined minimum requirement (=Max.-Spread of Market Maker) or
- correspond to the predefined minimum requirement (=Max.-Spread of Market Maker) minus reduction 0,01 percentage points, or a multiple of 0,01 percentage points

*(Example: Max.-Spread Market Maker = 0,65 %  
-> possible bid Specialist = 0,65 % or 0,64 % or 0,63 % or ...)*

**Stock A:** For this stock the participant wants to act as a specialist and has submitted a valid bid – he is willing to quote with a spread of 0,55 % and a size with an equivalent value of Euro 105.000.

**Stock B:** For this stock the participant wants to act as a specialist, but the submitted bid is not valid (there is no indication regarding the spread).

**Stock C:** For this stock the participant does not want to act as a specialist and thus did not mark the stock for submitting a bid.

**Stock D:** For this stock the participant wants to act as a specialist and has submitted a valid bid – he is willing to quote with a spread of 0,85 % and a size with an equivalent value of Euro 75.000.

## 4.5 Adjusting Bids after the First Phase of the Tender

There are two cases in which it is allowed to change a bid already submitted:

- If more than one identical best bids have been submitted after the initial tender:
  - If, after the initial tender, the bids submitted for a given security are identical best, the respective trading participants are asked to adjust their bids within a certain period of time. Their best bid regarding maximum spread given within the first round of tender remains valid!
  - If it is still not possible to appoint a Specialist after the adjusted bids have been submitted, then lots are drawn.
- If no valid bid has been submitted in a given security:
  - In this case, all trading participants are once again invited to submit a valid bid in that particular security.
  - If thereafter no specialist can be determined, the respective shares will be moved to another market segment.

In the second round of the tender it is only possible to tender via the Min.-Size. Bids must correspond to the minimum requirements specified by the exchange operating company and can be submitted with an addition in Steps of 100 Euro.

## 4.6 Evaluation of Bids and Selecting the Specialist

All proper submitted bids received within the prescribed period will be checked for validity. Valid bids have to correspond at least with the minimum requirements and criteria for bid determined by the exchange operating company.

Those participants who have submitted the (solely) best bid for a stock in the course of the tender procedure is awarded to act as a specialist.

The best bid corresponds

- regarding Maximum Spread to the lowest submitted bid in percent (%) (first. round of tender) und
- regarding Minimum Size to the highest submitted bid in Euro (€) (second round of tender – subsequent call).

Example:

*(Att.: For the format of numbers there is always used the German-language terminology!)*

*The stock XY included in the prime market, have been allocated to liquidity class LQ2 by the exchange operating company. The following minimum requirements are indicated for a Market Maker:*

- *Max.-Spread: 0,85 %*
- *Min.-Size: 450 shares*  
*(the calculation of pieces (shares) is based to the value of Euro 25.000 predefined in LQ2 and using the stock price of Euro 53)*

**Event 1:**

In the course of the first round of tender the participant, who is submitting the best bid regarding maximum spread (lowest spread) becomes specialist; the minimum size for the Specialist is predefined with Euro 75.000 (LQ2).

The following bids are (actively) submitted:

Participant A: Max.-Spread 0,85 %

Participant B: Max.-Spread 0,75 %

Participant C: Max.-Spread 0,65 %

Participant C has submitted the best bid and becomes Specialist for the stock XY. Participant C thus assumes the obligation of placing quotes for a minimum size to a value of 75.000 Euro (as basis for the calculation in pieces) with a maximum spread of 0,65 % for the entire period (usually one year from beginning of May y until end April y+1). The rest of the Market Makers for stock XY have to fulfill the obligations imposed by the exchange operating company.

By the reason a Specialist could be evaluated in the course of the first round of tender, there will not be started a second round of tender for stock XY.

#### **Event 2:**

In the course of the first round of tender the participant, who is submitting the best bid regarding maximum spread (lowest spread) becomes specialist; the minimum size for the specialist is predefined with Euro 75.000 (LQ2).

The following bids are (actively) submitted:

Participant A: Max.-Spread 0,85 %

Participant B: Max.-Spread 0,80 %

Participant C: Max.-Spread 0,80 %

By the reason that two best bids are evaluated, there has to be started a second round of tender in which Participant B and Participant C are called to submit a (better) bid for stock XY.

In the course of the second round of tender the participant, who is submitting the best bid regarding minimum size (highest size) becomes specialist; the best evaluated bid regarding maximum spread remains valid for the called participants.

The following bids are (actively) submitted:

Participant B: Min.-Size € 75.100

Participant C: Min.-Size € 75.000

Participant B has submitted the best bid and becomes Specialist for the stock XY. Participant B thus assumes the obligation of placing quotes for a minimum size to a value of 75.100 Euro (as basis for the calculation in pieces) with a maximum spread of 0,80 % for the entire period (usually one year from beginning of May y until end April y+1). The rest of the Market Makers for stock XY have to fulfill the obligations imposed by the exchange operating company.

#### **4.7 New Issues respectively inclusion into the Prime Market**

In the case of an initial public offering and/or inclusion into the Prime Market the issuing bank (resp. lead manager) has the pre-emptive right to assume the Specialist function when a stock is admitted to listing on the Official Market as of its first day of listing and/or inclusion into the Prime Market.

The issuing bank (resp. lead manager) also has the option of waiving this right in favor of another trading participant.

Three months after trading begins, the tender for a Specialist is conducted to which all Specialists and Market Makers existing at the time are invited to take part in, provided that within this period this is requested from one of these trading participants and there are at least three months until the next scheduled date of a tender. If the time period is less than three months, the issuing bank (resp. lead manager) continues to exercise the Specialist function until the next tender is held.

If it is not possible to select a Specialist through the issuing bank (resp. lead manager), the tender for a Specialist is conducted before trading starts respectively inclusion into the Prime Market starts in the respective security to which all Specialists and Market Makers existing at the time are invited.

## 5 Benefits for the Specialist and Market Maker

### 5.1 Transaction fees

Trading participants which commit themselves to market making obligations in a security continue to enjoy reduced transaction fees as up until now.

In addition, a specialist incurs no transaction fees for transactions in the respective committed shares, which are carried out in continuous trading and in the course of a volatility interruption in continuous trading via the Market Maker account (specialist account). For accounting reasons, current transactions are billed as market makers, and the transaction fees due to the market maker account (specialist account) are only refunded at the beginning of the following month (**specialist refund**).

-> Further details are regulated in the [fee schedule of the Vienna Stock Exchange!](#)

### 5.2 Bonus for the specialist

**Attantion: valid from 4 May 2020**

Specialists that meet their obligations receive from the exchange operating company a percentage of the net proceeds from agent and principal transaction fees for the previous calendar month in the respective instrument, except for trades which are concluded on the basis of the execution condition 'fill-or-kill' or 'immediate-orcancel'.

The percentage is calculated at the beginning of the calendar month following the period of observation. To this end, the single-count passive money volume of specialist trades in continuous trading against agent or principal counterparties is determined.

- The amount of the percentage is calculated based on the following percentage ratios (Specialist bonus):

Percentage schedule for specialists on the cash market		
Group	Percentage	Basis
stocks included in the ATX five	0.50 bp *)	Single-count <b>passive money volume</b> in continuous trading in cases involving a specialist and agent or principal counterparty in trades subject to fees.
stocks included in the ATX (without ATX five)	1.50 bp *)	
stocks represented in the Prime Market (without ATX)	5 bp *)	

\*) The variable transaction fees for trading in the above groups are calculated using basis points (bps), each bps representing 1/10,000th of the trading volume per trade and side in EUR

The cut-off date for considering an instrument as belonging to a group is the first exchange trading day of the observation month.

-> Further details are regulated in the [fee schedule of the Vienna Stock Exchange!](#)

### 5.3 Issuer Contribution

An issuer has the option of making a financial contribution to the trading participant that will be assuming the Specialist or Market Maker function in its stock. Wiener Börse AG does not prescribe the amount to be provided, as this money is contributed exclusively on a voluntary basis.

### 5.4 Transparency Regarding the Fulfillment of the Obligation to Place Quotes

- The rates for Specialist or Market Maker obligations fulfilled by the responsible institution for a security in a given month are published in the following media:
- Website of Wiener Börse AG
- Wiener Börse AG's electronic newsletter E-Monitor

## 6 Surveillance of Specialists and Market Maker

As the Market Makers also the Specialists will be continuously monitored as to whether or not they fulfill their obligations as stated in the terms of the tender (maximum spread and minimum size).

### 6.1 Method of surveillance and Information

Market Makers and Specialists are monitored ex post on every trading day. The results of the performance ratio will be compiled into reports after the close of the trading session and then sent to the Specialists and Market Makers at the latest by the next trading day.

Notices regarding the performance of obligations during the trading day may be obtained by telephone from the exchange operating company.

### 6.2 Performance ratio and sanctions in cases of noncompliance

In the event that a Specialist or Market Maker fails to meet its obligations, the exchange operating company has a series of sanctions that in extreme cases may result in the Specialist losing its right to function as Specialist. The limits to be observed and the respective sanctions may vary from one market segment to the next.

As the Specialist is a special type of Market Maker, the same method is used to determine compliance with quotation obligations.

A trading participant who has assumed an obligation

- as Specialist or Market Maker shall be considered to have fulfilled its obligations in an instrument if in the course of one calendar month, it meets at least a certain percentage of its quotation obligations (Minimum Size and Maximum Spread) during the daily observation period:

market segment	percentage to be used to measure fulfillment
<u>equity market</u> - prime market - standard market - direct market plus - direct market	at least $\geq 80\%$
<u>equity market</u> - global market	at least $\geq 50\%$ OR at least $\geq 25\%$ provided that the share of the market maker turnover in the total turnover in double counting is at least $\geq 40\%$ in the relevant instrument
<u>structured products</u> - exchange traded funds	at least $\geq 50\%$ OR at least $\geq 25\%$ provided that the share of the market maker turnover in the total turnover in double counting is at least $\geq 40\%$ in the relevant instrument
<u>bond market</u>	at least $\geq 80\%$

- as “MiFID Market Maker” shall be considered to have fulfilled its obligations in an instrument if in the course of one calendar month, it meets at least  $\geq 50\%$  of its quotation obligations (Minimum Size and Maximum Spread) during the daily observation period

The daily observation period is the time between 09:00 and 17:30.

If a Specialist fails to fulfill its obligations within an observation month, Wiener Börse AG has the following measures at its disposal:

- to reverse amounts booked for transactions concluded in the relevant month on the basis of principal fees;

If a specialist persistently fails to comply with the obligations, Wiener Börse AG will exercise the right to revoke the concerned trading participant's status as Specialist for the relevant securities and start a new tender procedure for this Specialist function. The concerned trading participant must nonetheless continue to meet its obligations as a Specialist for the duration of the tender procedure.

The Specialist who has defaulted shall not be permitted to submit a bid in the new tender. If it is not possible to find a market participant to assume the function as Specialist, the stock concerned may be transferred to the next lower market segment.

Example 1:

*The period of observation (April 2015) has 21 trading days. The penalty period on any individual trading day is from 09:00 to 17:30 hrs. (8 hours and 30 minutes = 510 minutes).*

*A Specialist or Market Maker would therefore be complying with its obligations in cases the quotation obligations are fulfilled at least for 8.568 minutes (= 510 min. x 80 % x 21 days) during the relevant observation month.*

Example 2:

*The stock xy is included in the segment **prime market**. Apart from Bank A who has agreed to act as a Specialist, no other trading participants are willing to act as Market Makers for the stock concerned. Bank A is removed from the function as Specialist by Wiener Börse AG due to a lack of compliance with quotation obligations and a tender is held again for the Specialist function. As the new tender does not result in a new Specialist, the stock xy is downgraded to the market segment **standard market auction**.*

## 6.3 Temporary suspension or reduction of quote obligations

### 6.3.1 „Fast Market Regulation“

When the ATX changes by +/- 3% versus the closing price of the ATX on the preceding day, the fast market rule is triggered for trading members who have assumed specialist and market maker commitments

- in the market segments
  - Prime Market
  - Standard Market Continuous
  - Direct Market Plus Continuous

- Direct Market Continuous
- Global Market (Continuous),

which means that the applicable quotation requirements are cancelled by Wiener Börse AG and any failures to meet the requirements on the trading day concerned are not considered.

### 6.3.2 Exceptional Market Conditions (EMC)

In the case of Exceptional Market Conditions (EMC) pursuant to Art. a to e Delegated Regulation (EU) 2017/578 the obligation to provide liquidity is cancelled to trading participants committed as specialist and / or market maker.

The beginning and end of EMC are announced by the exchange operating company through the trading system (Newsboard).

An exceptional circumstance (= Exceptional Market Condition - EMC) is for instance:

- Extreme volatility - Trigger for EMC if > 50 % of shares and ETFs tradeable in Continuous Trading with Market Making are in a volatility interruption at the same time
- War, industrial action, civil unrest, cyber sabotage
- Disorderly trading conditions (Significant delay performance of trading system or Multiple erroneous orders/transactions)
- Trading Participant has problems to maintain prudent risk management practices (eg Technological issues, Problems risk management or Short selling restrictions)
- For non-equity instruments, if FMA temporarily suspends the pre-trade transparency requirements (MiFIR Art. 9(4))

### 6.3.3 Stressed Market Conditions (SMC)

In the case of Stressed Market Conditions (SMC) in one or more continuously traded liquid shares (MiFIR Article 2 (1) (17)) or liquid investment funds (ETFs), the exchange operating company will set temporarily according to Art. 6 Delegated Regulation (EU) 2017/578 for the purpose of improving liquidity, a different quote obligation regarding Size and Spread:

	Normal Market Phase			Stressed Market Phase		
	Specialist	Market Maker	MiFID Market Maker	Specialist	Market Maker	MiFID Market Maker
Continuous Trading	80%	80%	50%	80%	80%	50%
Spread	Y - committed spread	Y	Y	(Y - committed spread)*2	Y * 2	Y * 2
Size	A + committed size	A	A	(A + committed size) / 2	A / 2	A / 2
Incentive	No Trading Fees & Kick Back	1 bp	3 bp (Prime Market Fee)	No Trading Fees & Kick Back	1 bp	1 bp

The maximum spread applicable to meet the relevant quotation obligation will be doubled and the applicable Minimum Quotation Quantity will be halved.

The beginning and end of SMC are announced by the exchange operating company through the trading system (Newsboard).

The Exchange Operating Company has set out the parameters to identify stressed market conditions (SMC) in terms of significant short-term changes of price and volume:

- Condition 1 (short-term changes in price) is met if the price of the potential trade is outside the double bandwidth for an "Extended Volatility Interruption".
- Condition 2 (short-term changes in volume) is met if the volume of the potential trade is at least 5 times higher than the average amount of a trade of the last year in the respective instrument.

SMC occurs as soon as both market conditions - short-term price and volume changes - are met within an "extended volatility interruption": market condition 1 when the "extended volatility interruption" is triggered and market condition 2 at the time the "extended volatility interruption" ends.



*Figure: Market conditions for SMC*

If both market conditions occur, an SMC phase is triggered in the respective instrument and takes one hour. If both market conditions are met repeatedly within this hour, SMC starts again.

## 7 Revocation of a commitment as Specialist or Market Maker

### 7.1 Resigning from the Market Maker-Commitment

The termination of a commitment on the part of a Market Maker is only possible at the end of the month upon one month's notice; the obligation as market maker must be met in any case until the expiration of the termination period.

### 7.2 Resigning from the Specialist Function

The Specialist is obligated to carry out its function for the entire for the entire duration of the period. Should unforeseen circumstances arise during this period, the trading participant must submit a request stating the reasons why it wishes to resign from the Specialist function on Wiener Börse AG. If Wiener Börse AG grants the request, so the following procedure for determining a new Specialist is applied:

- first, if there can be evaluated a participant, who has submitted solely the second best bid for the respective stock in the previously tender for the specialist function, this participant has the pre-emptive right to assume this function as a Specialist with the conditions of his second best bid for the remaining period.
- otherwise, a new tender is held for the Specialist function.

An institution which resigns from its Specialist function prematurely must reckon with the following sanctions:

- If applicable retroactively invoicing the transaction fees for preceding observation periods (refers to calendar months).
- It shall be prohibited from participating in the next tender in that particular security.

In the event of special and unpredictable circumstances - such as the occurrence of events affecting the shares (extraordinary adjustment of the liquidity bands, capital measures, etc.) - the exchange operating company can determine a different procedure.

### 7.3 Termination by Wiener Börse

An agreement with a market maker or specialist may be terminated by the exchange operating company in any case at the end of a month by giving one month's notice; the obligation as market maker must be met in any case until the expiration of the termination period.

Further the agreement with a market maker or specialist may be terminated by the exchange operating company at any time with immediate effect for material reasons. A material reason that would entitle the exchange operating company to terminate a market maker or a specialist commitment shall be deemed given if, among other things, the exchange member persistently fails to meet its market maker or specialist commitments for a security. A persistent breach of the market maker or specialist commitment shall be deemed given in any case if the exchange member fails to meet its commitments for at least six months within the preceding eight months in the securities for which it has assumed market maker or specialist commitments.

If the exchange operating company has terminated an agreement with an exchange member for a market maker or a specialist commitment for any material reason whatsoever, said exchange member shall only be permitted to assume a market maker or a specialist commitment for the concerned security again at the earliest one year after termination by the exchange operating company.

Further measures under statutory provisions shall not be affected.

The determination of a new Specialist is carried out according to the method described in Chapter 7.2.

#### 7.4 Retroactively invoicing the transaction fees

In the event a Market Maker commitment is revoked and such Market Maker fails to meet its market making commitments until the end of the period of notice, the exchange operating company shall retroactively invoice and collect principal fees for such trades concluded through the market making account in the respective securities during the last three months preceding the notice of revocation of the market making commitment.

In the event a Specialist commitment is revoked and such Specialist fails to meet its Specialist commitments until the end of the period of notice agreed on with the exchange operating company, the exchange operating company shall retroactively invoice and collect principal fees for all trades concluded through the Specialist account in the respective equities during the last three months preceding the notice of revocation by said Specialist.

In special cases, the exchange operating company may refrain from retroactively invoicing the transaction fees.

The following shall be deemed special cases:

- Merger of the companies of the trading participants
- Insolvency of the listed company or of a company whose stock serves as an underlying
- Takeover with the expected delisting of a company

## 8 Disclaimer

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