

## **Pilot Program designated for Market Makers registered for shares**

- the update valid as of 01.02.2023 -

### **I. General terms**

- the shares eligible for the program: shares from the regulated market and MTF
- the program is addressed to all BVB Participants, who fulfill the requirements to be registered as Market Makers, according to the specific provisions of the BVB rules
- it is applied for all Market Makers which registered on the envisaged share, exclusively for the operations performed on the House account and is based on the qualitative quoting parameters (minimum quoting period, minimum volume, maximum spread)

### **II. Specific terms applied to the Market Maker activity**

#### **1. Base terms**

The base terms envisage that the daily fulfillment of the quotation parameters for a share (minimum quoting period, minimum volume, maximum spread) will imply granting the standard Market Maker fees for the trades performed by it on the House account.

<b>A.</b>	<b>Quoting parameters applicable to Market Makers</b>
a)	<b>Minimum volume corresponding to the firm buy and sell offer per share</b> <i>according to item II.2</i>
b)	<b>Maximum spread between the bid and ask prices displayed by a Market Maker:</b> 3%
c)	<b>Minimum period of time for maintaining the bid and ask offer during one trading session:</b> <i>60% of the trading session or if the symbol was suspended from trading, of the period when it was traded during the trading session</i>
d)	<b>Minimum period of time for which a Market Maker must have this status</b> <i>6 months</i>

<b>B.</b>	<b>Market Maker trading fees</b>
	<ul style="list-style-type: none"> <li>- 0.009%, on the buy side</li> <li>- 0.024%, on the sell side</li> </ul> <p>applied on the buy and sell side of the trades carried out on the House account by the Market Maker registered on that share, depending on the fulfilment of the quoting obligations, according to the <i>Procedure regarding the application of the trading fees for the Market Makers registered for shares, depending on the fulfilment of the conditions set - Annex 1</i></p>

## 2. Quoting parameters for Market Maker - maximum spread and minimum volume (corresponding to the base terms)

- **Maximum spread: 3%**
- **Minimum volume corresponding to the firm buy and sell offer per share:** is determined in line with the principles described at the item II.3
- The specific details related to the quoting parameters are as follows:
  - Minimum volume corresponding to the firm buy and sell offer
  - Maximum spread between the bid and ask prices displayed by the Market Maker  

$$= [(AskMM - BidMM) / BidMM] * 100$$

*BidMM = Price of the buy order from the firm buy-sell offer, that fulfils the applicable requirements (symbol, account indicated, minimum volume, etc.)*  
*AskMM = Price of the sell order from the firm buy-sell offer, that fulfils the applicable requirements (symbol, account indicated, minimum volume, etc.)*
  - If a BVB Participant has in the market, simultaneously, several buy and sell orders on the indicated account, that fulfil all the applicable conditions, firm buy offer, respectively firm sell order corresponding to the maintaining of the liquidity is built from the buy order with highest price among the buy orders, respectively from the sell order with the lowest price among the sell orders administered by the BVB Participant on the indicated account.
  - During the trading session, minimum period for maintaining the bid and ask offer during one trading session is determined by reference to trading period corresponding to the Continuous Trading (Open stage of the market), considering the total trading period from the Continuous Trading where the financial instrument was available for trading and the fact that the obligations of the Market Maker were not suspended during that period.

### **3. Principles to determine the minimum volume corresponding to the firm buy and sell offer per share („minimum volume”)**

- a) In order to determine the quoting parameter „minimum volume corresponding to the firm buy and sell offer” (further named „minimum volume”) for a share, an indicator represented by *free float* will be considered as a benchmark, to which the percentual quotes are applicable, considering the specific elements.
- BVB aims to register, on a daily basis, a constant minimum trading volume per a share at the level of 0.06% (6 bps) of the tradeable free float corresponding to the respective share, meaning the equivalent of the annualized of 15% tradable free float corresponding to that share. Based on this benchmark, BVB established that the minimum volume corresponding to a quote („minimum volume”) for a share, applicable within this program, to represent 10% of the threshold previously mentioned.
- b) BVB will envisage to ensure a relevance level for the quoting parameter indicated at the letter a), taken into account also factors having a potential impact with regard to the respective share (such as: the possibility to update the *free-float*, the corporate events etc.).
- c) BVB can envisage to carry out the periodical assessments regarding the quoting parameter „minimum volume” (inclusive based on possible updates of the *free float* corresponding to the envisaged share, that can be carried out quarterly), in order to analyse the opportunity to update this parameter.
- d) In the situation where it identifies aspects related to the potential update of the quoting parameter „minimum volume”, BVB will carry out the following operations:
1. will publicly inform with regard to the update „minimum volume” corresponding to the envisaged share, as well as with regard to the date from which the measure is applied
  2. will inform the Market Maker registered for the envisaged share with regard to the proposal to update the „minimum volume”, so that the Market Maker of the envisaged share to be able to carry out the diligences to align with the respective update, with the mention that the formal request/ confirmation of the update is carried out by the respective Participant in conformity with letter f).
- e) In the situation where the corporate events with the impact on the market price of the envisaged share (*having the type as follows: split, consolidation, bonus share issue, the right to subscribe to new shares at a lower price than the market price*) occurs, BVB will carry out the following operations:

1. will publicly inform with regard to the update of the „minimum volume” corresponding to the envisaged share, as well as with regard to date from which the measure is applied (if not stipulated otherwise, an indicative term of 3 working days from ex date will be considered)
  2. will inform the Market Maker registered for the envisaged share with regard to the proposal to update the „minimum volume”, so that the Market Maker of the envisaged share to be able to carry out the diligences to align with the respective update, in conformity with letter f) (if not stipulated otherwise, an indicative term of 3 working days from ex date will be considered)
- f) The request, as the case, the confirmation of the Participant that act as the Market Maker for the envisaged share regarding the update of the quoting parameter „minimum volume” will be sent in writing to BVB and it will represent the basis for the conclusion of the additional act/s with BVB and for further development of the contractual framework between BVB and the respective Participant regarding the Market Maker activity for the envisaged shares.
- g) By way of exception from letter a), for the shares from the International Tier, BVB can establish another method to determine the minimum volume.
- h) BVB will publicly disseminate the information with regard to the „minimum volume” corresponding to the envisaged shares in a distinct document.

### **III. Other considerations to be taken into account regarding the Market Maker activity**

- a) The Participant that acts as the Market Maker for the envisaged share:
1. administrate the buy and sell order within BVB, according to the principles of conduct, professional experience, diligence, having in view the objective of the specific activity to provide liquidity, according to the commitments assumed by him;
  2. envisage to ensure an adequate level of efficiency in carrying out the activity to provide liquidity, according to the commitments assumed;
  3. envisage to have internal mechanisms/ systems to monitor and control, as well as adequate processes/ procedures to ensure that the activity carried out related to providing liquidity is in line with the incident rules, as well as with the commitments assumed.

b) BVB has no responsibility regarding the situation where the Participant that act as the Market Maker does not comply with the commitments assumed.

#### **IV. Transitional and final provisions**

- a) BVB has no liability for any damage that may arise because of application of the information from this document, respectively of the steps taken considering this document.
  
- b) The updated form of the program will be applied until December 31, 2023, inclusive.