

# OPERATING RULES

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## TABLE OF CONTENTS

1. General provisions .....	4
1.1 Definitions .....	4
1.2 General presentation .....	6
1.3 Missions of NowCP .....	6
1.4 Privacy .....	6
1.5 Applicable law .....	6
2. Admission of Members .....	6
2.1 Admission .....	7
2.2 Eligibility of Members .....	7
2.3 Admission procedure .....	7
2.4 Bonds .....	8
2.5 Responsibility for settlement of Transactions .....	8
2.6 Withdrawal .....	8
2.7 Suspension .....	8
2.8 Exclusion .....	9
3. Admission of Financial Instruments .....	9
3.1 Categories of Financial Instruments .....	9
3.2 Suspension and withdrawal of a Financial Instrument from trading .....	9
4. Orders .....	10
4.1 Characteristics of the Orders .....	10
4.2 Timestamp .....	11
Any Order recorded in the Central Order Book is time-stamped with an accuracy of one millisecond .....	11
4.3 Prohibition of high frequency or algorithmic <i>trading</i> .....	11
4.4 Prohibition of direct electronic access .....	11
4.5 Individual identification code .....	11
4.6 Modification or cancellation prior to matching .....	11
4.7 Conditions for rejecting Orders .....	11
5. Trading Rules for Financial Instruments .....	11
5.1 General conditions of negotiation .....	11
5.2 Methods of meeting buying and selling interests .....	12
5.3 Transactions .....	12
5.4 Suspension of Transactions .....	12
5.5 Withdrawal of Financial Instruments from trading .....	12
5.6 Confirmation of Transactions .....	13

5.7	Settlement of Transactions .....	13
6.	Cancellation of Transactions .....	13
6.1	Cases of cancellation .....	13
6.2	Cancellation conditions .....	13
6.3	Formalism of the cancellation request .....	13
6.4	No warranty and no liability .....	14
7.	Transaction and Order Reports .....	14
7.1	Reporting of market data .....	14
7.2	Regulatory reporting .....	15
8.	Sanction Policy .....	15
8.1	Monitoring of negotiations and control of Members .....	15
8.2	Suspected breach of System Rules .....	15
9.	Monitoring of market abuse .....	15
9.1	Monitoring of trading activities .....	15
9.2	Declaration to the competent authorities .....	16
9.3	Cooperation with the competent authorities .....	16
10.	Modification of the System Rules .....	16
10.1	Amendment procedure .....	16

## 1. General provisions

### 1.1 Definitions

"Domiciliary Agent".	Means the person designated by the Issuers to domicile their Financial Instruments.
"AMF"	Means the Autorité des marchés financiers.
"Central Order Book"	Means the central order book as defined in Article L. 420-7 of the French Monetary and Financial Code in which all Orders are entered or modified by Members, maintained by NowCP.
"Individualized Order Book".	Means the order book specific to each Member, representing a part of the Central Order Book, allowing each Member to view the Orders it has registered and the Orders for which it can function as counterparty.
"Risk Committee"	Means the Risk Committee established by NowCP for the purpose of monitoring and controlling risks on the NowCP NMS, including risks presented by trading.
"User Committee"	Means the committee established by NowCP, composed of Members, whose operation and duties are described in an Information Memorandum.
"Admission Agreement"	Means the agreement referred to in Article 522-7 of the AMF General Regulation entered into between NowCP and each Member.
"Financial Documentation Issuer"	Means the financial documentation for an Issuer's securities program. Means issuers of Financial Instruments admitted to trading on the SMN NowCP.
"Financial Instrument"	Covers NEU CP and Euro-CP belonging to the C2 category - money market instruments
"Financial intermediaries"	The intermediary puts an issuer and an investor in contact with each other and has the status of a credit institution or investment firm.
"ISIN"	Means the code assigned to Financial Instruments ( <i>International Securities Identification Number</i> ) according to the ISO 6166 standard.
"Negotiation Handbook".	Means the manual containing provisions for the functionality of the NowCP NMS and certain technical rules applicable to it.
"Member"	Means a legal entity that has been accepted by NowCP to transmit Orders on the NowCP NMS Central Order Book and has an Individualized Order Book.
"MiFIR"	Means Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

<b>"Information Note"</b>	Means decisions of general application made by NowCP under the System Rules or the Trading Manual.
<b>"Order"</b>	Means a firm buy or sell instruction recorded in the NowCP NMS Central Order Book.
<b>"RCSI"</b>	Means the person designated by NowCP as the compliance officer for investment services, as defined in Article 22(3) of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.
<b>"Applicant"</b>	Means a legal entity that applies to NowCP for admission as a Member of the NowCP NMS.
<b>"Applicable Regulations"</b>	Means all legal, regulatory, and administrative provisions applicable to each Member.
<b>"System Rules"</b>	Means these rules.
<b>"Rules"</b>	Means the System Rules, the Trading Manual, and the Information Notes.
<b>"SMN NowCP"</b>	Means the multilateral trading facility operated by NowCP.
<b>"SMN"</b>	Means a multilateral trading facility as defined in Article L. 424-1 of the Monetary and Financial Code.
<b>"Transaction"</b>	Means a Transaction between two Members of the NowCP NMS involving a Financial Instrument, entered into within the NowCP NMS.

## **1.2 General presentation**

- 1.2.1 NowCP manages, within the meaning of Article L. 424-1 of the Monetary and Financial Code and Book V, Title II of the AMF's General Regulations, the NowCP SMN, which is designed to enable the conclusion of Transactions in short term securities.
- 1.2.2 As an MNC, NowCP is subject to the rules set out in the French Monetary and Financial Code, the AMF General Regulation, and directly applicable European regulations.
- 1.2.3 The NowCP NMS is also governed by the System Rules, the Trading Manual, and Information Notices. Depending on their individual or general nature, Information Notes are emailed to Members or posted on the NowCP NMS website.

## **1.3 NowCP Missions**

- 1.3.1 NowCP NMS brings together, within the system and according to non-discretionary rules, multiple buying and selling interests expressed by Members in Financial Instruments admitted to trading on its system, in order to conclude Transactions. It ensures fair and orderly trading.
- 1.3.2 As manager of the NowCP NMS, NowCP may take several actions to maintain the orderly operation of the system, including:
  - (a) Suspending a Member ;
  - (b) Suspend or restrict the operation of the NowCP NMS.
  - (c) Cancel Transactions entered into on the NowCP NMS.
- 1.3.3 These actions may also be implemented at the request of the AMF or a Member.
- 1.3.4 These actions may result in one or more Members entering into Transactions on the NowCP NMS.

## **1.4 Privacy**

- 1.4.1 Any information relating to Members or Applicants obtained or received by NowCP is treated as confidential information and may only be disclosed to a third party with the express written consent of the Member or Applicant.
- 1.4.2 Without prejudice to clause 1.4.1 above, NowCP may disclose confidential information about Members and Applicants without their written consent for the purposes of operating the NowCP NMS, subject to disclosure to a person who is bound by professional secrecy. Under these circumstances, confidential Member information may be disclosed to:
  - (a) To the Central Securities Depository acting in connection with a Transaction entered into on the NowCP NMS.
  - (b) To the AMF ;
  - (c) Any other competent authority.

## **1.5 Applicable law**

The provisions of these System Rules are governed by French law.

## **2. Admission of Members**

## 2.1 Admission

Membership in NowCP NMS is strictly voluntary. It is open to any legal entity that meets the eligibility requirements set out in section 2.2 below.

## 2.2 Eligibility of Members

2.2.1 Any Applicant wishing to become a NowCP NMS Member must meet the following requirements:

- (a) To be :
  - (i) A legal entity established in the European Economic Area, Switzerland, or the United Kingdom; or a Central Bank established in the European Economic Area, Switzerland, the United Kingdom as well as in certain countries qualified as equivalent third parties within the meaning of Directive 2004/109/EC: Japan, China, Canada, South Korea.
  - (ii) Authorized as a credit institution under CRD IV or as an investment firm under MiFID II; or
  - (iii) Failing to be authorized to provide banking or investment services, a legal entity meeting the conditions mentioned in Article L. 424-5 of the Monetary and Financial Code, which :
    - it is licensed, authorized, or empowered by the relevant Competent Authority or other authority to engage in trading activity on the market or can establish that such licensing, authorization, or empowerment is not required.
    - Is of good character ;
    - Presents a sufficient level of negotiating ability, skill, and experience.
    - Has an appropriate organization ;
    - Has sufficient resources to meet its obligations, given the mechanisms in place to ensure settlement and delivery of Transactions on the NowCP NMS.
- (b) Sign the Admission Agreement ;
- (c) Follow the admission procedure described in section 2.3 below.
- (d) Obtain a positive assessment of the risks it presents to the NowCP NMS.

## 2.3 Admission procedure

2.3.1 To become a Member, the Applicant must submit a complete application, including all relevant documents, in the standard form provided by NowCP, available on the NowCP NMS website.

2.3.2 NowCP reserves the right to request additional information and documentation from the Applicant as it deems necessary.

- 2.3.3 Upon receipt of a complete application NowCP will evaluate whether or not the Applicant meets the requirements set forth in Section 2.2.1 above.
- 2.3.4 NowCP will notify the Applicant directly of its response by email within one (1) month of receiving the request.

## **2.4 Bonds**

- 2.4.1 Each Member represents and warrants that, during the entire period in which it is a member:
- (a) To act on the SMN NowCP (i) in its own name, and for its own account, (ii) if it has the necessary authorizations, including the freedom to provide services or the freedom of establishment, to act on behalf of third parties, in the capacity of credit institution, investment firm or any other regulated institution authorized to act on behalf of third parties or (iii) in the capacity of management company;
  - (b) Act in a professional and appropriate manner. NowCP reserves the right to restrict or limit a member's access if it considers that the Member is not making appropriate use of the NowCP NMS. Such a decision will be notified to the Member in writing together with the basis for the decision.
  - (c) Under all circumstances, protect the integrity of the NowCP NMS operation and abide by its Rules.
  - (d) To respect the Applicable Regulations and in particular those relating to market abuse.
  - (e) Comply with the obligations imposed on it by the Admission Agreement.

## **2.5 Responsibility for settlement of Transactions**

Each Member is responsible for the settlement and delivery of Transactions entered into on the NowCP NMS.

## **2.6 Withdrawal**

- 2.6.1 Any Member may withdraw from the NowCP NMS subject to one month's notice of withdrawal by registered letter with acknowledgement of receipt to NowCP stating the desired effective date of withdrawal.
- 2.6.2 The withdrawal of a Member will not affect the withdrawing Member's rights and obligations with respect to Transactions entered into on the NowCP NMS prior to the effective date of withdrawal.

## **2.7 Suspension**

- 2.7.1 NowCP reserves the right to suspend any Member if:
- (a) The Member no longer meets the admission requirements.
  - (b) The Member does not respect the Rules.
  - (c) The AMF has suspended or instructed NowCP to suspend the Member's operations.
  - (d) The Member alters or disrupts, in any way, the proper functioning of the NowCP NMS, including its transparency or liquidity.
  - (e) The Member does not comply with the Applicable Regulations.



2.7.2 Any unexecuted Order of the Member so suspended is immediately cancelled in the Central Order Book.

2.7.3 Any decision to suspend is:

- (a) Taken by the Risk Committee, or by NowCP's Executive Director in an emergency.
- (b) Notified to the Member by email.
- (c) Made known to other Members on the SMN NowCP website.

## **2.8 Exclusion**

2.8.1 NowCP reserves the right to expel any Member once the Member has been suspended from trading for a period of two (2) months.

2.8.2 Any decision to remove a Member from the list of Members shall be taken by the Risk Committee, or by the Chief Executive of NowCP in an emergency and notified to the Member by email and made known to other Members on the NowCP NMS website.

## **3. Admission of Financial Instruments**

### **3.1 Categories of Financial Instruments**

3.1.1 NowCP only admits to the NowCP NMS financial instruments that:

- (a) Are issued in accordance with applicable regulations and admitted to trading in a central securities depository; and
- (b) Are subject to Financial Documentation

3.1.2 For the NEU CP, the Banque de France is the national authority responsible for the supervision of the negotiable debt securities market. In this capacity, it may suspend or prohibit the issuance of an Issuer that does not comply with the legal and regulatory provisions relating to negotiable debt securities.

3.1.3 The full list of Financial Instruments available for trading on SMN NowCP is available, in its most recent version, on the trading platform itself and on the SMN NowCP website.

### **3.2 Suspension and withdrawal of a Financial Instrument from trading**

3.2.1 In particular, NowCP may suspend or exclude from trading on the NowCP NMS Financial Instruments:

- (a) At the request of the AMF or ESMA; and/or
- (b) When the Financial Instruments no longer meet the admission criteria; and/or
- (c) When the Banque de France has suspended or prohibited an issue of Financial Instruments.

3.2.2 An Information Memorandum will provide for the suspension or withdrawal of a Financial Instrument and the date on which such suspension or withdrawal will become effective.

## **4. Orders**

### **4.1 Characteristics of the Orders**

- 4.1.1 Members must transmit their Orders in accordance with the Rules and the Trading Manual.
- 4.1.2 Before filling in the characteristic fields of each Order, Members have the possibility to select among the Members those they authorize to be their potential counterparty. This selection functionality is specified in the Trading Manual.
- 4.1.3 Orders are entered into the Central Order Book in accordance with the specifications set forth in the Trading Manual.
- 4.1.4 The Individualized Order Book allows each Member to view :
- (a) The Orders he registered ;
  - (b) The Orders for which he can be a counterpart.
- 4.1.5 Any Order entered in the Central Order Book has a validity determined by the ordering Member between one minute and the end of the trading period of the day of registration of this Order.
- 4.1.6 All Orders must be entered for a size respecting :
- (a) The minimum amount defined in the Financial Document of each Issuer; and
  - (b) The maximum amount set forth in the Financial Documentation of each Issuer or by the Domiciliary Agent.
- 4.1.7 Orders registered in the Central Order Book must have the following characteristics filled in:
- (a) Name of Issuer ;
  - (b) Market Type ;
    - (i) Primary ;
    - (ii) Secondary ;
  - (c) ISIN code if available ;
  - (d) Value date ;
  - (e) Currency ;
  - (f) Maturity date ;
  - (g) Minimum and maximum amount ;
  - (h) Rate Type :
    - (i) Fixed rate :
      - Pre- or post-counted ;
      - Fixed rate value ;

- (ii) Variable rate :
  - Index (EONIA/Ester, etc.) ;
  - Value of the *spread*.

## **4.2 Timestamp**

Any Order recorded in the Central Order Book is time-stamped with an accuracy of one millisecond.

## **4.3 Prohibition of high frequency or algorithmic *trading***

Members may not use any high frequency or algorithmic method of placing Orders.

## **4.4 Prohibition of direct electronic access**

Members agree not to provide direct electronic access to any of their third-party clients to NowCP.

## **4.5 Individual identification code**

4.5.1 In accordance with Delegated Regulation (EU) No. 2017/580, NowCP assigns an individual identification code to each order.

4.5.2 This code is unique per trading day and per Financial Instrument.

## **4.6 Modification or cancellation prior to matching**

Any unexecuted portion of an Order entered in the Central Order Book may be modified or cancelled if it has not been matched.

## **4.7 Conditions for rejecting Orders**

NowCP will reject any Order that meets any of the following conditions prior to any entry in the Central Order Book:

- (a) When the amount of the Order is less than the minimum issue amount defined in the Issuer's Financial Documentation.
- (b) When the rates or spreads of the Order registered by the Member vary by more than 20 bp from the last traded levels. However, NowCP may cancel the rejection of such an Order when the evolution of the financial markets justifies it (for example, in the case of an increase in European Central Bank rates leading to a significant variation in market rates).

# **5. Trading Rules for Financial Instruments**

## **5.1 General conditions of negotiation**

5.1.1 Trading date

The Trading Days for each calendar year will be announced in an Information Statement by NowCP in the December preceding each calendar year.

#### 5.1.2 Negotiation hours

The opening and closing times of the trading sessions as well as the schedule of trading sessions are defined in an Information Memorandum.

#### 5.1.3 Trading currency

Orders to buy or sell Financial Instruments admitted to trading are formulated in the currency of the Financial Instruments.

### 5.2 How to meet buying and selling interests

5.2.1 Buy and Sell Orders are met when two opposing Orders registered in the Central Order Book are matched.

5.2.2 The conditions for matching Orders are specified in the Trading Manual.

5.2.3 Orders can also meet following a bilateral negotiation between Members. In this case, the Transaction is concluded as soon as each of the Members registers an Order that is identical in all respects, except for the direction, by selecting the other Member as the sole counterparty.

### 5.3 Transactions

5.3.1 Members act on the NowCP NMS (i) in their own name and for their own account, (ii) if they have the necessary authorisations, including under the freedom to provide services or the freedom of establishment, on behalf of third parties, as a credit institution, investment firm or any other regulated institution authorised to act on behalf of third parties or (iii) as a management company.

5.3.2 Transactions entered into on the NowCP NMS are governed by the law as defined in the program of issuance.

### 5.4 Suspension of Transactions

5.4.1 In addition to the events of suspension of Transactions set out in clause 3.2 above, NowCP may suspend or exclude from trading at any time a Financial Instrument:

- (a) Following a written and motivated request from one or more Members.
- (b) If there are no Transactions in this Financial Instrument for a significant period of time determined in an Information Memorandum.
- (c) If the proper functioning of the negotiations of this Financial Instrument on the SMN NowCP cannot be ensured.

5.4.2 An Information Memorandum will provide for the suspension or withdrawal of a Financial Instrument and the date on which such suspension or withdrawal will become effective.

### 5.5 Withdrawal of Financial Instruments from trading

5.5.1 A Financial Instrument may be removed from trading if:

- (a) It has reached its maturity date.
- (b) If fully repaid by the Issuer.

- 5.5.2 The withdrawal of a Financial Instrument and the date on which such withdrawal will become effective are provided for in an Information Memorandum.

## **5.6 Transaction Confirmation**

NowCP sends an anonymous Transaction confirmation to all its members, including Issuers, through the platform. Each Member involved in a Transaction receives a nominative confirmation for that Transaction.

## **5.7 Settlement of Transactions**

- 5.7.1 For the NEU CP, NowCP has implemented in December 2020 a connection to Euroclear France to provide NowCP Members with the ISIN code in a few minutes. Transactions are settled via Euroclear France.
- 5.7.2 For EURO-CP, the connection to Euroclear Bank is completed since the beginning of 2021.
- 5.7.3 Settlement of Transactions takes place at a central securities depository for delivery of Financial Instruments, and at a central bank or commercial bank for cash settlement.
- 5.7.4 Each Member is responsible for the settlement of Transactions executed on the NowCP NMS.
- 5.7.5 Each Member must have the capacity to settle its Transactions, including from a legal and regulatory standpoint.

## **6. Cancellation of Transactions**

### **6.1 Cases of cancellation**

- 6.1.1 NowCP is authorized to cancel a Transaction recorded in the Central Order Book when:
- (a) The Transaction does not comply with the Rules or Regulations.
  - (b) The Transaction would have been entered into under exceptional circumstances.
  - (c) The Member has not provided NowCP with the information related to the allocation of the Transaction within the time and conditions set out in the Trading Manual
  - (d) At the request of any Member in the event of an outlier or obvious error as determined by NowCP. If a transaction submitted to NowCP's NMS is cancelled, the cancellation may extend to all transactions entered into at the same price.

### **6.2 Conditions of cancellation**

NowCP may authorize the cancellation of a Transaction subject to the following conditions precedent:

- (a) The Transaction must not have been unwound. A Transaction is considered settled for the purposes of the cancellation procedure once the settlement instructions have been sent.
- (b) If cancellation is requested on the basis set forth in Section 6.1 (d) above, the Members party to the Transaction consent to the request for cancellation.

### **6.3 Formalism of the cancellation request**

- 6.3.1 Any request to cancel a Transaction must be made to NowCP no later than one hour after the conclusion of that Transaction.

- 6.3.2 The request must be sent by email in an explicit manner (an Information Note with a standard cancellation request template is available on the NowCP website).
- 6.3.3 Any effective cancellation of a Transaction shall be charged to the Member who initiated or caused the cancellation.

#### **6.4 No warranty and no liability**

All requests to cancel Transactions are subject to review by NowCP. In any event, making a cancellation request does not guarantee the Member an effective cancellation.

Cancellation of Transactions in accordance with this section 6 shall not, unless NowCP has failed to comply with its obligations, give rise to any liability on the part of NowCP for any reason whatsoever.

### **7. Transaction and Order Reports**

#### **7.1 Reporting of market data**

- 7.1.1 Orders registered in the Central Order Book will be visible to Members provided they are registered in their Individual Order Book.
- 7.1.2 Each Member will have real-time access to his Individualized Order Book.
- 7.1.3 NowCP will be able to make public, the following data:
- (a) Outstanding amounts by Member category
  - (b) The average rate by Member category.
  - (c) The average distribution of emissions by Member category.
  - (d) The rate by *rating* category.
  - (e) Average maturity by *rating* category.
- 7.1.4 Any Issuer may make public to other Members data concerning their issues such as:
- (a) Breakdown of the Issuer's outstanding amount by maturity category.
  - (b) Volumes underwritten by maturity category.
  - (c) Average rates for outstanding loans by maturity category.

## **7.2 Regulatory reports**

Each Member is responsible for any *reporting* obligations relating to orders and Transactions recorded in its Individualized Order Book resulting from Applicable Regulations.

## **8. Sanction policy**

### **8.1 Monitoring of negotiations and control of Members**

8.1.1 In accordance with Articles 523-1 et seq. of the AMF General Regulation, NowCP applies a sanction policy overseen by the Head of Trading Supervision and Member Control, in collaboration with the Risk Committee.

8.1.2 The operation of the monitoring and control system, as well as the composition and duties of the Risk Committee, are specified in an Information Memorandum.

### **8.2 Suspected breach of System Rules**

8.2.1 If NowCP suspects, either by its own means or on the basis of information transmitted by an intermediary acting in the chain of settlement and delivery of Financial Instruments, a breach of the Rules of the System or of the applicable Regulations, it shall notify the Member suspected of such breach in writing.

8.2.2 The Member receiving such notice shall demonstrate in writing, within fifteen (15) days of receipt of the notice, that it has complied with the Rules and Applicable Regulations.

8.2.3 Based on this and any other evidence related to the potential breach, NowCP may forward this evidence to the Risk Committee for consideration for a decision by the Risk Committee.

8.2.4 The Risk Committee notifies the Member, upon receipt of the file, that it has been referred to it and indicates the elements that have been transmitted to it.

8.2.5 On the basis of all relevant information brought to its attention, including the egregiousness and impact of the breach on the SMN NowCP, if any, the Member's history, and after hearing from the Member on this information, the Risk Committee may:

- (a) Send a warning letter ;
- (b) Decide to suspend the Member; or
- (c) Terminate the Member's Admission Agreement.

8.2.6 The decision of the Risk Committee may be published on the SMN NowCP website, if necessary, in anonymous form.

8.2.7 If NowCP fails to forward to the Risk Committee the material received in accordance with Article 8.2.3 above, the RCSI of NowCP shall inform the Risk Committee at its next scheduled meeting of the material that has been brought to the attention of NowCP. If the Risk Committee considers that the matter should be referred to it, then it shall inform the Member as provided in Article 8.2.4 above and may impose a sanction as provided in Article 8.2.5.

## **9. Monitoring of market abuse**

### **9.1 Monitoring of trading activities**

9.1.1 NowCP monitors the behaviour of Members during trading hours and verifies compliance with the Applicable Regulations, in particular with regard to market abuse.

- 9.1.2 For the purposes of such monitoring, NowCP may request that the Member promptly provide an explanation of any matter that it considers relevant.

## **9.2 Declaration to the competent authorities**

NowCP shall report to the AMF or other relevant authority any reasonable suspicion of market abuse occurring on the NowCP SMN.

## **9.3 Cooperation with the competent authorities**

In the event of an investigation by the AMF or any other competent authority into market abuse on the NowCP NMS, NowCP shall co-operate with that authority and, if necessary, require the Member(s) concerned to assist the authority.

## **10. Modification of the System Rules**

### **10.1 Modification procedure**

- 10.1.1 NowCP may amend the System Rules as it deems appropriate or as regulations require.
- 10.1.2 Any changes to the System Rules are subject to prior approval by the AMF.
- 10.1.3 Before submitting the draft amendment to the AMF, NowCP communicates this draft to the Members gathered in a Users' Committee who have a period of one (1) month to submit their observations.
- 10.1.4 Comments received from the User Committee are not binding on NowCP.
- 10.1.5 Any changes will be communicated to Members by way of an Information Notice indicating the effective date.