



# Pre-trade transparency waivers applied by Budapest Stock Exchange

Extract from Resolution No. 466/2017 of the Chief Executive Officer  
of the Budapest Stock Exchange Ltd.

19 December 2017, Budapest

In accordance with the authorization granted in Section 3.2 ss) of Chapter 3 of Part I. of the Book Five of the General Terms of Service (hereinafter: „Rules”) of the Budapest Stock Exchange Ltd. (hereinafter: BSE) titled Regulations on and by the Regulation No 600/2014/EU of the European Parliament and of the Council (hereinafter: „Regulation”) BSE will apply the following pre-trade transparency waivers for both Equity like and Non-equity like instruments from 03 January, 2018.

## 1. Pre-trade transparency waivers for Equity like instruments

- 1.1. The rules set out in this point shall apply only to Equity-like instruments specified by paragraph 1 of Article 3 of the Regulation, which are shares, depository receipts, exchange-traded funds, certificates and other similar financial instruments traded on BSE.

Under this Regulation: Market operators operating a trading venue shall disclose the bid and ask prices and belonging quantity entered to the trading venue in respect of shares, depository receipts, exchange-traded funds, certificates and other similar financial instruments. Market operators and investment firms operating a trading venue shall keep this information publicly available during the regular trading hours.

- 1.2. In accordance with Article 4 of the Regulation the Hungarian Competent Authority waived the obligation for BSE by its own request to make public the information referred to section 1.1 when certain types of orders and conditions are met:

- 1.2.1. In case of Negotiated Transaction specified by section 22 of Chapter 6 of Part II of the Rules based on section b) of paragraph (1) of Article 4 of the Regulation which refers to **the formalization of a pre-negotiated transaction**.

- 1.2.2. In case of **orders held in an order management facility** based on section d) of paragraph (1) of Article 4 of the regulation, which refers to the following type of orders on BSE:

- a) Orders entered with Stop restriction in accordance with section 11.1.1. of the Rules until they get triggered.
- b) Iceberg orders (total non-visible quantity) in accordance with section 10.14-10.21 of the Rules.

- 1.3. While Negotiated Transaction indicated in section 1.2.1 never appear at the public orderbook of BSE, in case of orders indicated in section 1.2.2 becomes visible in the public orderbook of BSE when a pre-defined event will occur that is specific to the particular order type

- 1.4. BSE provides continuous data service to European Securities and Markets Authority (hereinafter:ESMA) in accordance with Article 5 of the Regulation, who continually monitors the turnover of Negotiated Transaction generated



according to waiver indicated in section 1.2.1 in a given instrument. If this turnover exceeds a predefined limit specified by the ESMA then they may suspend the usage of the pre-trade transparency waiver for an Equity-like instruments with liquid market. In this case BSE will suspend the possibility of the conclusion of Negotiated Transaction in that given instrument within 2 trading days right after the ESMA notification.

## 2. Pre-trade transparency waivers for Non-equity like instruments

- 2.1. The rules specified by this point apply only to non-equity like instruments defined by paragraph 1 of Article 8 of the regulation, which are bonds, structured finance products, emission allowances and derivatives.

Under this Regulation: Market operators operating a trading venue shall disclose the bid and ask prices and belonging quantity entered to the trading venue in respect of bonds, structured finance products, emission allowance and derivatives. Market operators and investment firms operating a trading venue shall keep this information publicly available during the regular trading hours.

- 2.2. In accordance with Article 9 of the the Regulation the Hungarian Competent Authority waived the obligation for BSE by its own request to make public the information referred to Section 2.1 when certain types of orders and conditions are met:

- 2.2.1. In case of **orders held in an order management facility** based on section a) of paragraph (1) of Article 9 of the Regulation, which refers the following type of orders on BSE:

- a) Orders entered with Stop restriction in accordance with Section 11.1.1., 25.1.3 and 25.1.4 of the Rules until they get triggered.
- b) **Exclusively for non-equity financial instruments traded on the Cash Market** in the case of Iceberg orders (total non-visible quantity) in accordance with Section 10.14-10.21 of the Rules.

- 2.2.2. Exclusively for **non-equity financial instruments not having liquid market** (as specified by section c) of paragraph 1 of Article 9 of the Regulation) traded on the Cash Market in the case of Negotiated Transactions in accordance with section 22 of the Rules

- 2.3. While Negotiated Transaction indicated in section 2.2.2 never appear at the public orderbook of BSE, in case of orders indicated in Section 2.2.1 becomes visible in the public orderbook of BSE when a pre-defined event will occur that is specific to the order type
- 2.4. ESMA reviews, defines and makes public the list of non-equity financial instruments not having a liquid market. BSE also publishes on its website the types of financial instruments that can be concluded within a Negotiated Transaction in accordance with section 2.2.2.

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