

INFORMATION FOR EXCHANGES INTERESTED IN JOINING THE SEE LINK

SCOPE

This document comprises information for exchanges who are not partners of the SEE Link yet but willing to become partner at some point in future. The intention of this document is to provide the interested exchanges with all necessary information about the current SEE Link setup, so they can start planning how to become a partner exchange of the SEE Link in the near future.

INTRODUCTION

SEE LINK is the name of the company established by three exchanges in 2014: Bulgarian Stock Exchange (Sofia), Croatian Stock Exchange (Zagreb) and Macedonian Stock Exchange (Skopje).

The goal of the cooperation and the system was to create a regional infrastructure for trading of securities listed on those three markets. The idea behind this cross border initiative is to integrate regional equities markets without merger or corporate integration, using only technology that will enable participating stock exchanges to remain independent yet complement and to allow investors an easier and more efficient approach to these markets through a local broker. If successful, it will increase turnover of the individual exchanges and potentially increase their economic value. It can also have important knock-on impacts in terms of stimulating further improvements (most notably regulatory harmonization – which remains one of the main impediments to further regional integration).

In order to facilitate the development the three exchanges applied for a grant from of the European Bank for Reconstruction and Development (EBRD). With the help of this financial aid the IT Platform of the company was developed along with the contract templates, rules and regulations, web-site of the company, and integration with member exchanges & broker systems was performed.

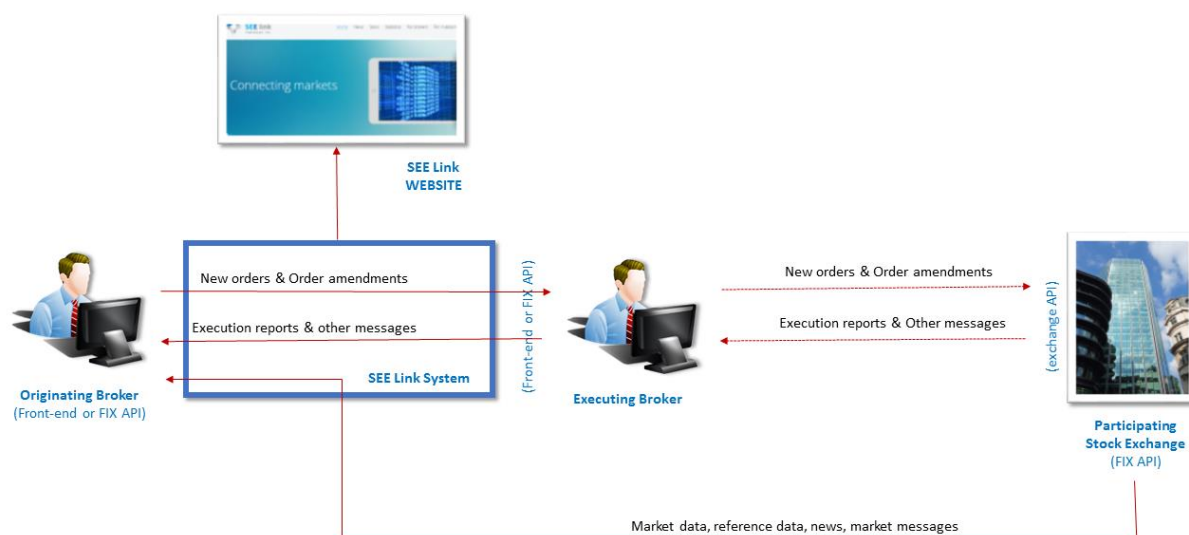
The project started early in 2014 and it is expected that the go-live of the IT system will happen in Q1 2016. A short history of the past events:

- The SEE LINK company was established in May 2104, as a joint stock company seated in Macedonia with three exchanges holding an equal share of ownership
- EBRD grant agreement was signed (2014)
- IT Platform Tender was successfully closed (July 2015)
- New web-site of the company was launched (November 2015)

UNDERSTANDING THE SEE LINK MODEL

SEE Link simplifies the trading on connected markets as much as possible. SEE Link is more than a simple order routing system. It makes possible to easily connect brokers & investment service providers to the SEE Link markets without acquiring the membership on the target exchange market and perform trading on these markets without having direct access to each of the markets.

The diagram below depicts the main concept of the model.



Executing brokers are financial service providers having trading rights on local markets of the SEE Link. They receive orders from Originating brokers via the system and – after performing the compulsory checks - forward these for execution to local exchanges. As soon as the execution of the order or any transaction is performed the Executing brokers feed back all relevant information into the SEE Link system. Settlement and clearing is provided through

the Executing brokers, too. Originating brokers receive real time market data via the system on behalf of the executing broker as long as the executing broker is connected to the system. From legal point of view the Originating and Executing brokers must sign an agreement with each other and with the SEE Link.

It is important to mention that SEE Link facilitates both automated and manual input, so it provides a FIX based API for applications to connect as well as a front-end application which can be used for manual trading purposes.

BECOMING A PARTNER EXCHANGE OF THE SEE LINK

Legal aspects

Brokers who are already trading members of one of the three exchanges can become contractual partners of the SEE Link and will become executing brokers (receiving order from originating brokers & providing access to the local market) or originating brokers (sending orders to other SEE Link members).

From legal point of view joining SEE Link means signing contracts between:

- SEE Link and exchanges
- SEE Link and executing brokers
- SEE Link and originating brokers
- Executing brokers and originating brokers

In case of exchanges the admittance (becoming a partner exchange of the SEE Link) is not automatic. The shareholders of the SEE Link preserve the right to accept or deny the application of a new exchange. In order to initiate a new partnership application of an exchange the respective exchange must issue a partnership request toward the SEE Link company. The exchange must declare the acceptance of the SEE Link model, the rules, and the existence of the personnel, IT and functional preconditions. The SEE Link will answer the request within 60 calendar days.

Financial aspects

SEE Link decided not to charge for its services in case of originating and executing brokers for the first two years of operation. The clear intention is to increase the turnovers and liquidity of the trading on the participating exchanges. A revision of the business model will take place at the end of the second year in operation and decision on fees will be made. Partners of the SEE Link such as originating and executing brokers will have the opportunity to cancel their contracts in case the situation becomes disadvantageous for any reason.

In case of new partner exchanges there are two fees which will have to be borne:

- One-off integration & connectivity fee
- A monthly recurring fee for covering the administrative operations & costs

These fees will be communicated in the response letter of the SEE Link to the applicant exchange.

IT Aspects

SEE LINK's system provides a single point of entry for routing messages between investment firms from different countries in connection with buying and selling of financial instruments on the partner exchanges.

Partner exchanges will have to develop their interfaces to the SEE Link, participate in the simulation.

From IT point of view a partner exchange will have to:

- Develop the interface to the SEE Link based on the available API specification (market data feed)
- Have an adequate trading API toward trading members. This API must be able to handle every type of the information & messages used by the SEE Link API.
- Have a proper connectivity for market data feed toward SEE Link
- Connect to SEE Link central servers (both simulation and production environment)
- Test the interface
- Join the simulation tests
- Report the problems found

EXPECTED ACTIONS FROM EXCHANGES WILLING TO JOIN

Exchanges are kindly required to:

- Check the rules available on our webpage
- Check the contracts available on our webpage
- Download the API specification and check the compliance of the messages & information with the trading API
- Check the compliance of the own securities trading rules against the SEE Link model (if there are any additional, special, local rule, product, market, order type, trading model, etc.)
- Check the local market demand: the interest of the local executing brokers, discuss the effort needed to become executing broker, etc.
- Apply for the partnership. If accepted:
 - Sign a contract with SEE Link
 - Install and configure the necessary infrastructure
 - Join the testing
 - Amend internal procedures
 - Prepare for go-live

CONTACT INFORMATION

Should you have any questions please visit our website or send an email to info@see-link.net.

This file can be found at the SEE Link original web-site, please visit <http://www.see-link.net/>.