

MTS FRANCE S.A.S

REMUNERATION POLICY

MARCH, 2021



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1. DOCUMENT SUMMARY



Document Summary

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2. VERSION CONTROL



Version Control

Date	Version	Summary of changes
08/02/2016	0.1	Board of Directors remuneration policy approval
23/03/2017	0.2	Board of Directors remuneration policy approval
28/03/2018	0.3	Board of Directors remuneration policy approval
20/09/2019	0.4	Board of Directors remuneration policy approval
30/03/2020	0.5	Board of Directors remuneration policy approval
25/03/2021	0.6	Board of Directors remuneration policy approval

3. CONTENTS



3.1 Regulatory Framework

The remuneration policy has been finalized for the purposes of the Board of Directors, in accordance with the provisions of the European Parliament and Council Directive 2013/36/EU of 26 June 2013 (CRD 4), of the "Arreté du 3 Novembre 2014 du Ministère des Finances et des Comptes Publics" (chapter 8 of the title 4), of the articles L.511-71 à L.511-88 of the French Monetary and Financial Code and of European Banking Authority's (EBA) guidelines on sound remuneration policies (EBA/GL/201/22), about which the Autorité de Contrôle Prudentiel et de Résolution (ACPR) – Banque de France - states its compliance . In defining the remuneration policy the Regulations Officer (EU) 604/2014 of the Commission of 4 March 2014, supplementing the CRD 4, was also taken into account with specific consideration to the Regulatory Technical Standards (RTS) relating to the appropriate qualitative and quantitative criteria useful to identify the categories of staff whose professional activities have a material impact on the institution's risk profile.

MTS France SAS is part of the London Stock Exchange Group and MTS S.p.A. is the majority shareholder owing the 100% of the MTS SAS France shares.

MTS France S.A.S. runs a specific business as an investment firm however it is different in scope and structure from the other financial institutions, in particular for the following reasons:

- MTS France S.A.S is authorized to operate a multilateral trading facility targeted at professional investors (such as primary dealers) trading all euro-denominated securities issued by the French government, with maturities ranging from 0 to 50 years, and the regulators are the Autorité des Marchés Financiers (AMF) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR)
- with reference to the principle of proportionality and the total assets of the company it is considered as a small investment firm.

MTS France S.A.S., through a number of intra-group outsourcing agreements, has outsourced most of its core functions (such as technology, operations, monitoring, etc) to other companies belonging to the Euronext plc.. Therefore the current number of employees is 2.

In this regulatory framework MTS France S.A.S intends to be compliant to the regulation for banking institutions implementing its requirements and, where not requested as a small investment firm, to be aligned with the principles consistent to the specific business run by the company.

3.2 Scope

The MTS France S.A.S remuneration policy is designed to attract, to recruit and to retain talented individuals and high caliber senior management in line with LSE Group guidelines and remuneration policy and in compliance with any relevant legal and regulatory requirements, while ensuring the delivery of MTS France S.A.S business strategy and plans, and maximizing return for shareholders.

Remuneration policy and practices should be:

- consistent in terms of responsibilities, competencies and performance;
- able to promote sound, effective and prudent risk management, to prevent conflicts of interests and to avoid creating incentives to relax risk standards;
- aligned with the external market reference packages in the international financial sector;
- fair and equitable to all the staff guaranteeing that failure is not rewarded;
- motivating and rewarding in relation to the achievement of individual contribution in line with company strategy, objectives, values and results in the short and in the long terms;
- financially sustainable over time.

3.3 Governance

3.3.1 Corporate bodies

- **Board of Directors**

The Board of Directors may establish the individual basic fee for each Director, according to the framework of delegated powers in force within the Company, and may determine the remuneration of those Directors appointed to special offices or who have been entrusted with special powers with regards to the ordinary management of the Company.

The Board of Directors in its supervisory function is responsible for adopting and maintaining the remuneration policy, reviewing it annually and overseeing its implementation to ensure it is fully operating as intended.

The Board of Directors, as supervisory function of the management body, taking into account the proportionality principle, appropriately fulfils the duties and role of the Remuneration Committee.

To ensure a proper consultation/advisory process on remuneration matters to be submitted to the Board, without prejudice to the role and responsibility of the Board of Directors, the HR functions will provide the Board of Directors with related remuneration policies, papers, information and any other compensation matters of the Company for its approval.

3.3.2. Internal Control Functions

The approval process of the Remuneration policy requires the involvement of the internal control functions if any within the company. They should have appropriate authority in carrying out their activities. In particular:

- The Risk Department is responsible for identifying the risks that potentially affect and may affect the company business, contributing to the development of key risks indicators, ensuring consistency between the remuneration policies and the company risk appetite framework and consistency between the remuneration practices and the risk KPIs.
- The Compliance function is responsible for ensuring the compliance of the remuneration policy to the company rules and to the relevant regulation and for submitting a compliance report to the Board of Directors.
- The Internal Audit Department is responsible for verifying on an annual basis the compliance of the remuneration practices to the remuneration policy and to the relevant regulation and for submitting an independent audit report to the Board of Directors.
- The Human Resources Department is responsible for drawing up the remuneration policies, supporting the governance, putting forward recommendations on the remuneration practices, coordinating the input from the other control functions to the extent of their responsibilities, ensuring alignment among the remuneration policy and practices, the group remuneration framework and the regulatory requirements on remuneration.

3.3.3 Other Corporate Functions involved

□ The definition of the remuneration policy requires also the involvement of other Corporate Functions which should have appropriate authority in carrying out their activities: The Finance Department is responsible for ensuring alignment between the remuneration practices and the short and long term financial objectives of the company and the group as well as the sustainability of the remuneration practices in a multi-year period.

3.3.4 Authority

The Board of Directors, with the abstention of any director having a conflict of interest from voting and from attending the relevant discussion, will approve:

- the MTS France S.A.S **annual variable compensation pool**, taking into consideration the group remuneration framework and policies;
- the fixed and variable remuneration of the person “effectively running” the investment firm (**“Dirigeant Effectif”**)
- the fixed and variable remuneration of **the Internal Control Functions**, where employed by the company.

The distribution of **the fixed and variable remuneration** to the **other individuals**, according to the level of individual performance, will be under the responsibility of MTS France SAS Executive Chairman in accordance with MTS S.p.A. Chief Executive Officer.

3.4 Identification of “the most relevant staff”

The Commission Delegate Regulation (EU) No. 604/2014 of 4 March 2014 defined the Regulatory Technical Standards (RTS) concerning the CRD 4 Directive criteria to identify categories of staff whose professional activities have a material impact on the risk profile of the company.

A summary of the qualitative criteria stated by article 3 of the Delegate Regulation, the “most relevant staff”, if employed by the company, is summarized as follows:

1. Directors;
2. the senior managers of the most important business lines;
3. the internal control functions;
4. other risk takers with binding powers for the Company.

Applying the quantitative criteria “the most relevant staff” is summarized as follows:

1. people rewarded with a remuneration equal or superior to €500.000;
2. people part of the 0.3% of the staff more rewarded;
3. people who receive a compensation equal or higher than the lower one received by a senior manager.

Five clusters of roles with the relative most relevant staff have been identified as follows:

CLUSTER	MTS France S.A.S Staff
Directors	Board of Directors Chairman Company Executive Chairman
Business senior management	Person “effectively running” the company” “Dirigeant effectif”
Other Risk takers consistent with regulatory qualitative and quantitative criteria	na
Senior internal control functions	Head of Compliance Head of Risk Head of Audit : na Head of HR : na
Relevant Corporate functions	Head of Finance: na

Based on the fact that some staff are not directly operating in MTS France S.A.S.. but in Borsa Italiana (i.e Head of HR, Head of Audit and Head of Finance), in EuroMTS Ltd.(Company Executive Chairman), the number of “identified staff” equals to n.1 individual, corresponding to the Person “effectively running” the investment firm “Dirigeant Effectif”.

In MTS France S.A.S staff there is no external distribution network (i.e. financial advisors).



3.5 Directors' remuneration

BoD Non-executive and Executive Directors: The Directors' remuneration, where so decided by the Board of Directors, is composed by a basic fee. Those Directors members of specific committees or to whom specific powers have been delegated may receive an additional fee for their attendance or for the specific office. No provision is made for incentives linked to performance or for benefit and pension schemes. Directors may renounce the membership or attendance fees related to the directorship or to the specific offices. If they are employed in a Company owned by the LSE group, in agreement with the guidelines of the Group they are asked to renounce their fees.

Person "effectively running" the investment firm ("Dirigeant Effectif"): The "Dirigeant Effectif"'s remuneration is usually composed by a fixed fee and a variable component based on annual cash remuneration.

Chairman of the Board of Directors: The Chairman as non Executive Director with a specific appointment may receive a chairmanship flat fee, where so decided by the Board of Directors. No provision is made for incentive linked to performance or for benefit and pension schemes. If he/she is employed in a Company owned by the LSE Group, in agreement with the guidelines of the Group, he/she is asked to renounce to the fees.

The Chairman may renounce to the chairmanship fee.

Company Executive Chairman: The Chairman is as an Executive Director with a specific appointment may receive a chairmanship flat fee, where so decided by the Board of Directors. No provision is made for incentive linked to performance or for benefit and pension schemes. If he/she is employed in a Company part of the Euronext group, in agreement with the guidelines of the Group, he/she is asked to renounce to the fees.

3.6 Executives and employees' remuneration

The main elements of remuneration of MTS France S.A.S.. in line with Euronext guidelines and policies and with national collective agreement requirements are the followings:

- Fixed Remuneration:
 - a. Base Salary
 - b. Benefits
- Variable Remuneration
 - a. Discretionary Bonus scheme (cash)

They are harmonized internally within the Group and aligned to external best practices.

The following table summarizes the elements of remuneration by category of employees:

	Fixed Remuneration	Discretionary Bonus scheme
Executives/Managers (Manager/Cadres)	X	X
Employees (Cadres/Employes)	X	X

The weight of the fixed and variable components expressed as a percentage of remuneration, the “pay-mix”, is properly differentiated with respect to the various categories of personnel, in order to adequately reflect the level of impact on risk and performance. An appropriate portion of the package is fixed so as not to incentivize inappropriate risk.

In order to ensure that the remuneration is consistent with the financials of the company and with the regulatory capital requirements (in terms of profitability, sustainability and liquidity MTS France S.A.S. oversees gate conditions strictly related to the business of the company. For example, no reward may be awarded and paid if at least two of the following conditions are not met:

- 1 Operating profit in comparison with the budget (max variance < 50%);
- 2 Maintain at least 50% market share for traded volume in French DMO designated electronic trading platforms;
- 3 Maintain at least half of the SVTs as the platform of choice for such obligations.

3.6.1 Fixed Remuneration

A. The level of **fixed remuneration** provides a core element of remuneration which reflects the responsibilities of the role. Base salaries are:

- reviewed annually against wider market and economic levels;
- determined by the professional specialization and reflecting managerial skills and experiences, in accordance with the provisions of the Collective National Contract for levels and grades, and against consistent comparison with similar roles within the organization and the external market benchmark;
- aligned with performance of the Group and of the individuals and respecting the level of increases cascading by the Group.

There is no defined maximum salary. Increases are solely at the company discretion except where mandated by law and/or by the national contract and are generally adequate within the other employees range. More significant increases may be awarded in certain circumstances such as where there is a significant change in the scale, scope or responsibility of the role, development within role and/or significant market movement.

B. The **benefits** provide local market competitive benefits and support the wellbeing of employees. They are aligned for roles according to the same level of responsibilities in the company and in the Group. Benefits are reviewed periodically to ensure they remain affordable and competitive.

Executives are covered by the Director's and Officers' insurance and indemnification.

3.6.2 Variable Remuneration

The variable remuneration will be based on performance. The metrics are reviewed annually and are considered both challenging and achievable by the Board of Directors. The overall company performance will be measured on the basis of the achievement of the strategic objectives and on the basis of the achievement of financial targets. Successful risk management is a key component of Group and MTS France S.A.S. objectives. Individual performance will be assessed against the level of contribution to the strategic objectives, including risk objectives, and against the level of achievement of role-related goals and expected behaviors. The contribution for the achievement of these three categories of objectives will be measured through 5 ratings from "Significantly exceeds the expectations" to "Requires significant development in the role".

Variable remuneration will be recognized accordingly on a discretionary basis, reduced or withheld completely where there is poor performance or where the employee is subject to a disciplinary warning.

MTS France S.A.S. considers maximum level for variable remuneration is 100% of base salary.

Employees will be eligible to be considered for a bonus if they remain employed by the Company on the date bonus is paid and have not given or received notice on or by that date. As a general principle, individual bonuses are not directly or formulaically linked to individual revenue generation.

Taking into account the activity of MTS France and its risk profile, no part of the variable remuneration is deferred and no part of it will be paid in the form of securities or equivalent instruments.

Discretionary Bonus scheme

Purpose

The bonus is discretionary and is designed to reward and incentivize employees by reference to maximizing shareholder value and aligning individual contribution and behaviours to the achievement of short term financial and long-term strategic objectives.

Form of awards

Awards are made in cash.

Participation

All MTS France S.A.S. employees are eligible.

Performance measures

Achievement of expected company results, maintenance of conditions of company stability, compliance to risk appetite framework and achievement of individual objectives and expected behaviors.

Specific conditions

Guaranteed bonuses are not typical and allowed only for the first year of employment by the company and not more than one time per employee to attract them to join the company.

3.6.3 Other Conditions

No non-competition agreement or individual supplementary pension scheme is provided.

Where severance payments are awarded to an employee who ceases employment, the company undertakes to ensure that such termination payments shall be determined in such a way as to establish no reward for failure and compatibility with the financial situation of the company and with external best practice.

3.7 Internal Control Functions' remuneration

While the employees' remuneration policy applies entirely to the Internal Control Functions, the performance criteria for this category will be independent of the financial performance of the company and linked to the achievement of the company sustainability objectives, in particular regarding risk management, and of specific individual role-related goals.

This is intended to avoid control functions being exposed to conflicts of interest. However the level of remuneration shall be adequate in terms of responsibility as well in comparison to the level of remuneration in the business area.

3.8 Disclosure

MTS France S.A.S., on its website, shall make available to the public the key elements of the remuneration policy.

However, due to the few number of employees, no quantitative information will be disclosed to preserve anonymity.

The results of the independent audits will be made available to the competent Authority, if and when required.

3.9 Effectiveness

The remuneration policy will be effective from the financial year which commenced on the 1st of January 2021.

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