



REGULATIONS GOVERNING THE SENAF MULTILATERAL TRADING FACILITY



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REGULATIONS OF THE SENAF MULTILATERAL TRADING FACILITY (Electronic Financial Assets Negotiation System).

TITLE I

GENERAL PROVISIONS

Article 1 - Object

The purpose of the SENAF, Multilateral Trading Facility (Electronic Financial Assets Negotiation System) (hereinafter, "SENAF" or "System"), is the electronic trading of financial instruments linked to fixed income, public or private, and in general, to interest rates.

Article 2 - Scope of application

1. This Rule Book regulates the composition, functioning, operations and working rules of the SENAF, pursuant to the provisions set forth in the Securities Market Act.
2. The regulations supplementing this Rule Book shall be established in the Circulars that the SENAF approves in accordance with this Rule Book.

Article 3 - Governing bodies

1. The SENAF will be directed and managed by BME Renta Fija Sociedad Anónima Unipersonal (hereinafter, BME RF, acting as Governing Company), through its Board of Directors.
2. The SENAF will also have supervisory bodies and bodies to settle disputes, such as the Monitoring Committee and the Supervision Department, which shall have the duties defined in Title II of this Rule Book.

Article 4 - Applicable Law

1. The SENAF will be subject to the provisions relating to multilateral trading systems set forth in the Securities Market Act and also its implementing provisions. It shall also be subject to this Rule Book, the Circulars and the decisions approved by the competent governing bodies.
2. Any amendments to this Rule Book shall be subject to approval by the Spanish National Securities Market Commission [Comisión Nacional del Mercado de Valores] (hereinafter CNMV).

3. The Governing Company may adopt complementary regulations to this Rule Book that will be defined in the relevant Circulars. This regulation shall be published and mandatory for all those Market service users.
4. Circulars shall be notified to the CNMV.
5. The System and its Members shall be subject to the supervision of the Spanish CNMV.

TITLE II

GOVERNING BODIES

Article 5 – The BME RF’s Board of Directors

1. The Board of Directors of BME RF directs and manages the SENAF, setting the broad principles which govern its strategy and operation, in accordance with the general regulations concerning the Spanish securities markets. In this regard, it will also be assigned the following duties:

- a) Prepare the SENAF Rule Book and its modifications, which must be authorised in both cases by the CNMV.
- b) Approve the Circulars that supplement and implement this Rule Book.
- c) Define the criteria that will govern the admission, suspension and exclusion of Members of the SENAF.
- d) Decide on the admission and exclusion of Members of the SENAF and be aware of the precautionary suspension of any of the Members of the System.
- e) Regulate the specific regime of each Member’s category.
- f) Admit financial instruments into the System, whether these are the result of initiatives promoted by the System itself or after examining the initiatives presented by Issuers and System Members.
- g) Agree the exclusion of financial instruments traded on the System.
- h) Agree the signing of the necessary agreements with the registration, clearing and settlement systems which register, clear and settle the financial instruments traded on SENAF, to establish the terms and conditions under which such activities will take place.
- i) Approve the fees to be applied.
- j) Be aware of the measures adopted by the Monitoring Committee by virtue of Article 6 of this Rule Book and adopt, where relevant, the appropriate disciplinary measures in accordance with Article 37 of this Rule Book.
- k) Ratify the decisions of the Monitoring Committee or the Supervision Department with regard to the temporary suspension of trading in financial instruments.

- l) Appoint the members of the Monitoring Committee and the director of the Supervision Department.

2. The Board of Directors shall inform the CNMV of any resolutions adopted in the exercising of the responsibilities outlined in this section, as well as the proposed modifications to this Rule Book.

3. The Board of Directors may decide that temporary or permanent working groups or special committees should be created to address issues of particular interest or importance for the SENAF. Their composition shall be established according to the issue to be tackled, with representatives being invited from any entity or institution deemed appropriate.

Article 6 – The Monitoring Committee

1. The Monitoring Committee is responsible for the monitoring, inspection and auditing of the functioning of the SENAF. The Committee will therefore have the following duties:

- a) Supervise and control the compliance with the applicable legislation with regard to market supervision and discipline in accordance with the provisions of the Securities Market Act.
- b) Monitor the functioning of the SENAF and the incidents that may arise, preparing the relevant reports and statistics.
- c) Verify that trading on the SENAF is being carried out in accordance with the applicable rules.
- d) Adopt and implement measures to detect the practice of behaviour constituting market abuse by parties involved in the System.
- e) Check that Members of the SENAF correctly use the technical resources made available to them.
- f) Adopt the appropriate measures in the case of a breach of the regulations of the SENAF by any of its Members; in particular, it may as a precaution suspend the activities of breaching members, reporting such decision to the Board of Directors and to the National Securities Market Commission, as provided for under the terms established in articles 34 to 37 of this Rule Book.
- g) Temporarily suspend trading in financial assets under the circumstances provided for in the SENAF regulations, reporting such decision to the Board of Directors and to the National Securities Market Commission.
- h) Perform consulting and interpretation duties regarding the rules of the System.

2. In any event, the Monitoring Committee shall inform the CNMV as soon as possible regarding any incident or behaviour concerning members of the System that constitute a breach of the regulations of the System or the rules on market abuse.

3. The Monitoring Committee shall be appointed by the Board of Directors and shall consist of a maximum of five and a minimum of three people.

4. The Board of Directors will appoint the Committee Chairperson and Secretary. The Chairperson of the Monitoring Committee shall have a casting vote in the event of a tie. The Secretary of the Committee, who will have the right to speak but not to vote, will be the Secretary or Deputy Secretary of the Board of Directors, or a member of the legal advisory services.

5. Likewise, the Chairperson of the Monitoring Committee may invite to its meetings any person whose participation and experience in the financial system may be of interest when examining the issues to be addressed.

6. The sessions of the Monitoring Committee shall be convened at least quarterly. Sessions may also be convened, at any time, at the initiative of the Chairperson, or by the Chairperson in response to a request made by the majority of the members of that Committee.

7. The Monitoring Committee may adopt agreements in writing and without convening a session provided that none of the components of the Committee oppose this procedure.

8. Resolutions on matters within the competence of the Monitoring Committee shall be adopted by a simple majority.

The resolutions of the Monitoring Committee in supervisory procedures will be final and may not subsequently be submitted to other bodies of the System.

9. For operational purposes, the Monitoring Committee may delegate duties to the Supervision Department so that the latter may adopt the measures deemed necessary until the aforementioned Committee may convene and consider the situation.

Notwithstanding, the duty of applying disciplinary measures for any breach of the regulations in force on the SENAF cannot be delegated.

10. The Supervision Department shall immediately inform the Monitoring Committee, the Board of Directors and, where relevant, the National Securities Market Commission, of any measures adopted in fulfilment of its duties that may affect the normal functioning of the market.

Article 7 - Supervision Department

1. The Supervision Department reports to the Monitoring Committee.

2. The Supervision Department will be formed by specifically qualified personnel to ensure the proper functioning and continuity of the System. It shall have a Director appointed by the Board of Directors who shall attend the meetings of the Monitoring Committee with a right to speak but no to vote.

3. This Department, in addition to the duties delegated to it by the Monitoring Committee in virtue of the preceding article, this department shall have the following duties:

- a) Study and resolve, as soon as possible, any incidents that may arise during trading.
- b) Ensure compliance with the market regulations.
- c) Any other duties assigned to it by the Monitoring Committee at any time.
- d)

TITLE III

MEMBERS

Article 8 - Members of the System

1. Credit entities and firms providing investment services which comply with the provisions of the Securities Market Act and which are interested in acquiring membership status may acquire Membership Status of the SENAF provided that they fulfil the requirements established in this Rule Book and detailed in the System's Circulars.

2. The General Directorate of the Treasury and Financial Policy, the General Treasury of the Social Security and the Bank of Spain [Banco de España] may become Members of the System.

3. Likewise, those entities that, in the opinion of the Board of Directors, comply with the conditions set forth in the Securities Market Act and perform special functions that are relevant for the operation of the market, may also become Members of the System.

4. Moreover, those entities that without belonging to the classes of financial intermediaries envisaged in the preceding paragraphs have attributed to them by law the status of Member or the power to become a Member, may also apply for membership of the System.

5. Members of the System must possess and maintain the necessary technical means and human resources as may be required for their participation therein. Such requirements shall be established and reviewed by the Board of Directors generally and across the board for all Members through the corresponding Circulars, with particular attention paid to suitable organisation, computer systems and computer equipment.. Such means and resources must be appropriate with respect to their dealing capacity and volume of business, and also as regards the need to ensure dealing transparency, integrity and supervision of their trading activity.

6. The System shall notify the CNMV of the incorporation, exclusion or any change in their Members.

Article 9 - Categories and requirements

1. The System shall comprise the following two categories of Members for which the corresponding Circulars shall establish a regulatory regime, namely:

- a) Broker Members, those authorised to mediate on the System. These Members cannot place positions on their own account but rather act for and on behalf of the Dealer Members, receiving orders from the latter and transmitting them to the System for execution.
- b) Dealer Members, those authorised to deal in the System. These may carry out trades on the system acting directly or through Broker Members, and shall be obliged to comply with the legal requirements established by the entity responsible for the clearing and settlement of the trades performed on the System.

2. Any entity that wishes to acquire the status of Broker Member in the System shall be bound to fulfil the following conditions:

- a) Demonstrate that it is one of the entities provided for under article 9 of this Rule Book with limited capacity to trade on behalf of others.
- b) Have signed a contract with the System, in accordance with the draft model detailed in the corresponding Circular.
- c) Comply with all the requisites that the System may additionally establish at any time in its Circulars for this category of Member.

3. Any entity that wishes to acquire the status of Dealer Member in the System shall be bound to fulfil the following conditions:

- a) Demonstrate that it is one of the entities provided for under article 9 of this Rule Book with capacity to deal on its own account.
- b) Be a Member or a holder, have access to or comply with the requirements of the registration, clearing and settlement procedures applicable in each segment of the System, as defined in Article 23 of this Rule Book.
- c) Fulfil at least one of the following conditions:
 - Have own funds equal to or in excess of €100 million;



- Constitute a guarantee of €10 million in favour of BME RF to respond to the successful completion and adequate settlement of the trades performed in the System.

d) Have signed a contract with the System in accordance with the draft model detailed in the corresponding Circular.

e) Comply with all the additional requirements that the System may establish at any time in its Circulars for this category of Member.

4. The Members of the SENAF that only participate in segments that are incorporated to a Central Counterparty, must be Members of this Counterparty and shall not be subject to the requirements established in letter c of this section, but rather to the conditions and guarantees required by the Central Counterparty in order to obtain the status of participant in such entity, pursuant to its own Rule Book.

Article 10 - Rights

1. SENAF Members are entitled to participate in the System and carry out the trades they are authorised to perform in accordance with their specific status and on the basis of their trading capacity.

2. Members of the System shall enjoy the same rights in relation to receiving information, access to the various System media and the use of its services.

3. Thus, the System Members may:

- a) Enter positions and perform trades in the System, in accordance with its trading capacity and under the same conditions as all other members.
- b) Receive information from the System under the same conditions.

c) File claims before the Governing Company in accordance with the provisions of this Rule Book and of the governing regulations thereof.

Article 11 - Duties

1. Without prejudice to the special obligations that may derive from the specific regime applicable to them by virtue of the category to which they belong, SENAF Members are subject to the following obligations:

- a) To respect the general rules of conduct of the Spanish securities market and the specific rules governing the system, especially any in relation to market abuse.
- b) To comply with this Rule Book and any other regulations applicable to the SENAF, as well as the resolutions adopted by the governing bodies.

- c) To execute the trades in accordance with the provisions set forth in the SENAF regulations.
- d) To duly comply with the registration, clearing and settlement procedures of the System, which are regulated under Title VII of this Rule Book.
- e) To use the technical means made available by the System in accordance with the regulations and principles established by the competent governing bodies.
- f) To submit any dispute that they may have with the Market to the rules on settling disputes and claims established in this Rule Book and implementing rules.
- g) To provide the governing bodies of the SENAF and the supervisory bodies with the information they request in the performance of their duties and responsibilities.

TITLE IV

NEGOTIABLE SECURITIES AND FINANCIAL INSTRUMENTS: INCORPORATION, INFORMATION, SUSPENSION, INTERRUPTION AND EXCLUSION

Article 12 - Negotiable financial instruments

1. Any fixed income securities represented by book entries that are issued by any public or private entity, whether or not resident in Spain, and have been listed for trading in any regulated market in a Member State of the European Union may be traded in the System.
2. Furthermore, other fixed income financial instruments issued by any national, regional or local entity, public financial institution, or any other Spanish or international public body of a similar nature, which are treated in a similar manner by applicable legislation in force as at the date of issue thereof, may also be traded in the System.

Article 13 - Incorporation of financial instruments

1. The listing of financial instruments on the SENAF must be requested by the System itself, by the issuer thereof, or by any other Member of the SENAF, provided that they comply with all applicable legal requirements and with the provisions of this Rule Book and the corresponding Circulars.
2. The financial instruments issued by the public entities indicated in Article 13 of this Rule Book shall be understood as admitted to trading merely by virtue of the request of the issuing entity of the corresponding instruments, which shall be accompanied by the legal provision by virtue of which it is agreed to admit the issue subject of the request made by the issuing entity to trading.
3. The financial instruments issued by the private entities, for the purposes of being admitted, must have already been admitted to trading on a regulated market or the projected issue must

be previously forwarded to the CNMV, where the intention to trade on a regulated market must be stated.

4. Agreements for the listing of financial instruments on the SENAF will be approved by the Board of Directors and communicated to the CNMV.

Article 14 – Relevant public information

1. Prior to their listing on the SENAF, the System will ensure that all public and relevant information that the issuers of financial instruments have disseminated and facilitated so that these may be admitted to trading on a regulated market is immediately available on the SENAF or accessible via the System's resources.

2. After the admission of the financial instruments onto the System, this shall provide its Members with the access to the distribution channels of the regulated market in which such instruments are admitted to trading and through which all public and relevant information provided by the respective issuing entities is disseminated. In the cases in which such access is not possible, the System shall provide its Members with other means that allow access to this information from the issuing entities, including those provided by the issuing entities or members promoting the admission of the corresponding financial instruments to the System.

3. The System may lay down guidelines in relation to situations that are deemed to be relevant information in accordance with the provisions of the Securities Market Law, its developing regulations and the criteria of the CNMV. It may also request any additional information that it deems appropriate for the purpose of promoting the transparency of the securities traded.

Article 15 - Temporary suspension of trading

1. The Monitoring Committee, and the Supervision Department on behalf of the former, will be able to suspend the trading of financial instruments admitted on the System under the circumstances provided for in the Securities Market Law.

2. The Monitoring Committee, and the Supervision Department on behalf of the former, will also be able to temporarily suspend the trading of the affected financial instruments for the minimum time necessary, under the circumstances provided for in the Securities Market Law.

3. The suspension shall be immediately reported to the Board of Directors for ratification and to the CNMV, and shall be made public.

4. Likewise, the lifting of the suspension must be reported immediately to the CNMV, and made public.

Article 16 - Interruption of trading

For technical reasons, the Monitoring Committee, and the Supervision Department on behalf of the former, may interrupt the trading of financial instruments, immediately reporting this decision to the Board of Directors and the CNMV.

Article 17 - Exclusion of financial instruments

1. The Board of Directors, and the Monitoring Committee on behalf of the former, shall be able to exclude the trading of financial instruments admitted on the System under the circumstances provided for in the Securities Market Law.

2. Financial instruments may also be excluded from trading on the SENAF by the Board of Directors for the following reasons:

- a) At the request of the issuer.
- b) At the request of the Member of the System that promoted the inclusion of the concerned instrument in the SENAF.
- c) If the concerned financial instrument has been excluded from trading in the regulated market in which it was listed for trading.
- d) At the instance of the Monitoring Committee due to serious and repeated breaches of the obligations assumed by the Members of the System that promoted the incorporation of the concerned financial instruments.
- e) At the instance of the Monitoring Committee due to failure by the entity that issued the concerned financial instrument to comply with the requirements laid down for the incorporation and trading of such instrument in the System.

3. The Board shall notify any such decision to the CNMV.

4. Resolutions for exclusion must be announced immediately and they shall state the grounds upon which the adoption of such a measure has been based. In those cases in which current commitments are outstanding that affect the liquidity of the financial instrument subject to exclusion, any such decision must be accompanied by a specific statement concerning the obligations assumed by the corresponding entities that have undertaken such commitments.

TITLE V

TRADING

Article 18 - General provisions

1. Trading in the System shall comply with the general regulations governing the Spanish securities market, without prejudice to such specific rules arising from the characteristics of the financial instruments traded in the system.
2. The System will accept and process trades, placed using the technical means registered for each Member, that comply with the provisions of this Rule Book and other applicable rules.
3. Members of the System shall assume total and exclusive liability for all operations undertaken in the aforementioned manner.
4. The Board of Directors shall determine, by means of the corresponding Circulars, the trading rules that will be applicable to each of the trading segments of the System, subject to the criteria established in article 20 of this Rule Book.

Article 19 - General trading criteria

1. The trading of financial instruments in the System shall be subject to the following criteria:
 - a) Trading in the System shall be carried out electronically.
 - b) Orders shall be executed automatically in the System.
 - c) All orders entered in the System shall be incorporated into a single Order Book, from which they will be channelled sequentially.
 - d) Orders will be executed in the System on the basis of the best price principle, or, in the case of matching prices, on a first-in-time basis.
 - e) All orders entered in the System are placed in order of arrival, with different volumes aggregated at equal prices.
 - f) For all orders or cancellation to be valid, these must have been expressly accepted on the System.
 - g) Trading sessions shall take place according to a timetable established by the System in the corresponding Circular.
2. Orders shall be entered automatically in the System in two manners:
 - a) Directly by a Dealer Member.

b) By a Broker Member on the instructions of a Dealer Member.

3. In the moment in which two orders for the same financial instrument exist, at the same price and in the opposite direction, these orders will be executed automatically, giving rise to a trade.

Once the trade has been executed, the System shall confirm it immediately and inform the involved Members.

4. Notwithstanding the foregoing, a trade between orders pertaining to the same Dealer Member will not be executed. Instead, the System will remove them immediately and notify the Dealer Member, or where relevant, the involved Broker Member.

5. Buy and Sell positions entered onto the System may be cancelled at any time, provided that they have not been previously executed.

6. In the case that a trade takes place in a segment of the System in which the Members have no knowledge of the counterparty of such trade, and with the aim of minimising the risk that this trade poses to these members, a procedure shall be established in which there is a daily Mark to Market adjustment of the prices of the corresponding trades.

Article 20 - Entities authorised for trading

Trading will be reserved to SENAF Members, who must comply with the procedures and rules established for that purpose, as well as they must use the means provided by the System.

Article 21 - Technical resources for trading

Trading shall be performed with the technical support of the System. This System must guarantee an adequate transparency, integrity and supervision of all trading undertaken in the System.

Article 22 - Trading segments

1. All financial instruments issued by entities of a similar nature and sharing the same features will be listed for trading in the corresponding trading segment created for this purpose by the System.

2. The rules governing each trading segment shall take into account the special features both of the issuers of the financial instruments that are to be incorporated and of the financial instruments themselves, for the purpose of establishing in the corresponding Circular such additional trading rules that should be applied, in addition to the general rules contained in this Title V.

Article 23 - Liquidity agreements

1. When required by the characteristics of the issuing entities or the financial instruments admitted onto the System, the Board of Directors may establish the obligation for the issuing entities or where applicable, the Members requesting the admission of a financial instrument, to adopt the necessary measures to provide liquidity to the security.
2. Notwithstanding the foregoing, and in the event that the issuers or, where applicable, the requesting Members agreed to adopt measures to provide the instruments traded on the System with liquidity, they shall inform the System of said measures and of any undertakings they may entail. These undertakings, as well as their amendments and termination, shall be disclosed by the System and communicated to the CNMV.
3. Depending on the prevailing legislation, there may be some Members that have the obligation to enter into a market making agreement as per the model contract which will be supplied by BME RF.

Article 24 - Types of transactions

Transactions involving financial instruments traded in the System shall be undertaken both on the spot market and on the forward market. Within these markets they may be traded on maturity or with buy-back agreements.

The System's trading rules and regulations, as established in the corresponding Circulars, shall set out the characteristics of the various different categories or types of operations that may be carried out in the System. Furthermore, they shall specify the manner in which the corresponding bids should be formulated, the limits in quantity and time to be applied, the possible spreads of transactions according to the financial instruments involved, the maximum and minimum amounts required, applicable prices and other relevant factors.

TITLE VI

DISSEMINATION OF INFORMATION

Article 25 - General provisions

1. The adequate dissemination of information in relation to trades carried out in the System will be stipulated in a Circular which may include different systems depending on the type of trade involved, and any commitments as to liquidity and/or counterparties that Members may have assumed.

2. Members shall be informed via the System's technical applications of the transactions they have carried out. They will be furnished with the corresponding data in accordance with the provisions of these Regulations and with the Circulars issued in that respect.

Article 26 - Dissemination of information to Members of the System prior to trading

The information that the SENAF shall make available to its Members prior to trading operations effectively carried out shall comprise at least the following:

- a) The current buy and sell prices quoted at any time in the System.
- b) The active positions of each Member at any time in the System.
- c) The depth of the trading positions at the existing buy and sell prices or those that have been introduced at any time in the System during the corresponding trading session.
- d) Any other information that may be relevant to trading in the System as well as that established by the corresponding Circular.

Article 27 - Dissemination of information to Members of the system prior to trading regarding trades made

1. Irrespective of the status in which they participate in the System, Members of the System shall have access to information regarding all the operations performed in the course of each trading session in the System.

2. The information in this regard that is provided to Members shall comprise at least the following:

- a) The closing price for each crossed transaction carried out in the System.
- b) The volume of trading involved in each cross transaction, which shall be provided both individually for each Member and in an aggregate manner.
- c) The date and time of each crossed transaction.
- d) Any other information that may be relevant to trading in the System as well as that established by the corresponding Circular.

Article 28 - General dissemination of information on System activity

In accordance with the prevailing regulation and with the corresponding Circular, the SENAF shall publish the following information:



- i. Pre-trade information
 - a) The SENAF shall publish the buy and sell prices and the depth of trading positions at those prices in accordance with the terms provided for in the corresponding Circular of this Rule Book.
 - b) The SENAF shall apply the waivers to the pre-transparency information requirements that it has been authorised at any time.
- ii. Post-trade information
 - a) As a general rule, the SENAF will publish the trades executed on the system with the details established in the corresponding Circular.
 - b) The Market can defer the publication of such trades when authorised to do so by the CNMV.

**TITLE VII
CLEARING AND SETTLEMENT OF TRADES AND REGISTRATION OF MARKETABLE SECURITIES
AND FINANCIAL INSTRUMENTS**

Article 29 - Clearing and settlement of trades

1. The trades performed on the System shall be settled and cleared using the procedure agreed with Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (hereinafter, "Iberclear") and with the Central Counterparty Clearing House (hereinafter, "BME Clearing") for the agreed segments.

2. This procedure shall adapt to those which the aforementioned entities apply, in general terms, to the clearing and settlement of fixed income trades and shall take into account of any special considerations that may be required, if relevant, by the different classes of trades performed on the System.

The collateral and liabilities applicable to the settlement of the trades on the System shall be those provided for in the regime for collateral established by Iberclear and BME Clearing for the agreed segments.

3. The System may reach potential agreements which may be necessary with markets, other multilateral trading systems, clearing and settlement systems and entities, and central

counterparty clearing houses for specific segments, with the aim of settling the trades performed in the System or the specific segments thereof through procedures offered by such entities.

4. These agreements, which must include the regime of collateral and liabilities that will be applied to the settlement of the trades included in the mentioned agreements, shall be subject to the prior authorisation of the CNMV.

Article 30 - Registration of financial instruments

1. The financial instruments admitted to trading on the System shall be represented by book entries, which are subject to the general regime and procedures set out in the Securities Market Act and its implementing provisions.

2. The registration of the financial instruments is performed through the different registration systems agreed by the Board of Directors, which shall take into account the characteristics of the different classes of financial instruments admitted to trading in the System, and shall be able to reach potential agreements which, in this case, are necessary with markets, other multilateral trading systems, registration systems and central counterparty entities, all with the prior authorisation of the CNMV.

TITLE VIII

SUPERVISION

Article 31 - Inspection and Supervision

The Monitoring Committee, in accordance with the provisions of this Rule Book, is the body responsible for the inspection and supervision of the operation of the System, and undertakes its tasks in relation to the activities of the Members of the System as well as the issuers and of any other parties involved in it, in compliance with the applicable law concerning market supervision and discipline.

Article 32 - General principles

1. With the aim of carrying out a satisfactory inspection and supervision of the activities undertaken by its Members, the System establishes:

- a) The obligation of its Members and participants to inform the System of any indication or information that affects or may affect its status as Member, or its

compliance with the requirements originally imposed upon it to attain that status, as a result of which it may be in breach of the regulatory standards of the System and of any other applicable laws relating to the prevention of market abuse.

- b) The incorporation into the System's internal procedures of all those measures that the System considers necessary to detect any conduct that could constitute market abuse.

2. In the event that the System should receive any indication or information to the effect that a breach of the rules on market abuse may have been committed by any participant therein, the Department of Supervision or, as the case may be, the Monitoring Committee shall notify that fact to the CNMV and to any other supervisory body with authority over the Members and financial instruments of the System. In the event that the System should detect or receive information indicating the existence of a possible breach of the regulations concerning market abuse, by any party involved, the Supervision Department or, where applicable, the Monitoring Committee, shall submit this information to the National Securities Market Commission or any other supervisor with authority over the Members and financial instruments of the System.

3. For any other situations of breach, once the Supervision Department or, as the case may be, the Monitoring Committee has analysed the situation and has come to the conclusion that a breach of regulations may have occurred, the corresponding supervision procedure shall be initiated.

4. This procedure shall ensure:

- a) The communication to the affected Member or operator of the System, of all the circumstances that the System deems to constitute a breach.
- b) The practice of allegations by the affected Member and trader and if possible of suitable periods to correct those actions that are considered by the System to constitute a breach.
- c) The evaluation of the actions deemed to be breaches taking into account their implications and the consequences for the system.
- d) If the indication or information as to possible breach tends to refer to a Member of the System, the circumstances and the case may be, the commencement of the corresponding supervision procedure shall be notified to all those parties that took part in the conduct or acts concerned, in the name or on behalf of the System..
- e) The severity and repetition of the behaviour that constitutes a breach shall be taken into account for the purposes of imposing disciplinary measures.

5. The System shall provide details, in the form of the corresponding Circular, of the rules applicable to the supervision procedures described in this Article. Furthermore, the Supervision Department shall prepare and update the internal mechanisms and supervision protocols, as well as the communication procedures established between the System and the CNMV on a regular basis. These procedures and their updates shall be communicated to the CNMV.

Article 33 - Supervening grounds affecting membership

The following are considered supervening situations that affect the membership status of the System:

- a) Loss, arising from the application of the pertinent administrative procedure by the relevant supervisory authority, of the status that was originally granted to the Member.
- b) Loss of the requisites of solvency necessary for obtaining the status of Dealer Member of the System, as a result of the institution of insolvency proceedings against the System Members concerned, or placing the Member under the care of an administrator, or the adoption of any generic measure by judicial or administrative body that entails the restructuring or winding-up of the Member or any branch of its activities or of its holding company, or any other order or event of a scope and significance similar to the foregoing orders or events.

Article 34 - Grounds constituting breach

The following constitute situations of breach by a Member, or those persons appointed and authorised to carry out trades on the System (hereinafter, "traders"):

- a) Breach of the obligations provided for in this Rule Book and in the corresponding Circulars.
- b) The concurrence of breaches, on the part of a Member, of its holding company or in any branch of its activities, of the Member's obligations in other markets, clearance and settlement systems or central counterparty chambers that might entail a risk with respect to its conduct and activities in the System.
- c) Breach of the rules of conduct applicable to Members of the System and their traders, pursuant to the provisions of the Securities Market Law.

Article 35 - Precautionary suspension measures

The Monitoring Committee and, the Supervision Department on behalf of the former, may suspend on a precautionary basis the activities of the Members of the System and the traders, in the event that it possesses or receives indications or information regarding the situations or behaviour provided for in articles 34 and 35 of this Rule Book, as well as any other that may indicate a breach of the governing regulations. In such a case the Board of Directors and the CNMV shall be notified immediately of the decision adopted.

Article 36 - Disciplinary and supervisory measures

1. In any of the circumstances contemplated in Article 34 above or in the event of any breach as provided for in Article 35 of these Regulations, the Board of Directors or, as delegated by it, the Monitoring Committee shall have the power to adopt any of the following measures:

- a) A written warning for the purpose of producing corrective action to rectify the conduct causing breach.
- b) A public notice issued by the System through its information distribution channels, disclosing the existence of the breach.
- c) Suspension of the status with which the entity participates on the System.
- d) Loss of the status with which the entity participates on the System.

2. The disciplinary measures detailed in the foregoing section can also be applied to traders appointed by Members to operate in the System in the case of a breach of its governing rules, and such shall be immediately reported to the Board of Directors.

3. The written warning, public communication and suspension measures will be adopted by the Monitoring Committee and immediately reported to the Board of Directors.

The measure concerning the loss of the condition with which the entity participates in the System may only be agreed by the Board of Directors following a report from the Monitoring Committee.

All of the above measures, once adopted, shall immediately be reported to the CNMV.

TITLE IX

RESOLUTION OF DISPUTES

Article 37 - Claims from Members.

1. In the event that a Member wishes to lodge a claim against the Governing Company, it shall submit it to the Supervision Department in writing, with a detailed description of the claim, and the facts on which it is based.

2. If the Member disagrees with the decision taken by the Supervision Department, it may begin arbitration proceedings as provided for in this Rule Book within thirty (30) calendar days counting from the notice of the Supervision Department's decision.

Article 38 - Submission to arbitration

1. The very fact of stating their wish to qualify as and to keep the status of Members and to trade in the Market, Members undertake, waiving any other jurisdiction that applies, to submit any disputes that arise in relation to their trading activities on the Market to arbitration at law, which will be subject to arbitration legislation in force, and to accept, to comply with and to enforce, where applicable, the rulings passed.

2. An arbitrator shall be appointed by common agreement between the two parties and, if this is not possible, each one of the parties shall appoint an arbitrator and these arbitrators, in turn, shall appoint a third party, which shall act as Chair. In the event that one of the parties does not designate an arbitrator within fifteen (15) calendar days following the Governing Company's notice of the initiation of arbitration proceedings, the arbitrator appointed by the party which has done so shall be deemed to be accepted as the arbitrator by the party which has failed to designate its own, and therefore arbitration shall be conducted by a single arbitrator. The designation shall be communicated by some means that leaves a record of its reception to the arbitrator or arbitrators, for its acceptance. If the arbitrator or arbitrators had not accepted in writing, before the person who appointed them, within a period of fifteen (15) calendar days from the date following their notification thereof, they shall be deemed not to accept the appointment. Therefore, in the event that any of the parties having appointed an arbitrator who has not accepted his/her appointment, the relevant parties shall have a final fifteen (15)-calendar day period to appoint a new arbitrator. Once the arbitrator or arbitrators has/have accepted the appointments, they shall have a period of thirty (30) calendar days to issue their arbitral award.

3. The arbitration proceedings shall take place in Madrid and in Spanish, and the parties expressly undertake to abide by the arbitral ruling passed. Each party shall bear its own expenses, and the fees and costs of the arbitrator shall be shared in halves, unless the award stipulates otherwise.

4. For all questions which, for legal reasons, cannot be submitted to arbitration, or, where applicable, for the legal formalisation of the arbitration, the parties, renouncing all other rights to which they may be entitled, submit themselves to the courts and tribunals of the city of Madrid. The Governing Company shall keep an orderly record of claims received, including



information on: the name of the Member filing the claim; a description of the nature of the claim; the progress thereof, and the date on which the claim was resolved.

FINAL PROVISION. ENTRY INTO FORCE

This Rule Book shall enter into force on the day following its publication.