

ETFs Market Model

BME Exchange



Index

1 INTRODUCTION	4
1.1 Institutional composition of the Market	4
1.2 Market model structure	4
2 TRADING SYSTEMS	5
2.1 General trading system	5
2.2 Block system	6
2.3 Trades outside the General Trading hours	6
3 ORDERS	7
3.1. Types of orders	7
3.4 Quote Order	13
3.5 Order validity periods	13
3.6 Order modifications	13
3.7 Self-match prevention	13
4 TICK SIZE	14
5 TRADING CAPACITY	15
6 BASIC TRADING RULES	16
6.1 Basic trading rules in open market	16
6.2 Rules for setting the auction equilibrium price	16
7 VOLATILITY AUCTIONS AND PRICE RANGES	17
7.1 Volatility auctions	17
7.2 Price ranges	17
7.3 Volatility auctions due to breach of static range	18
7.4 Volatility auctions due to breach of dynamic range	19
7.5 Extensions of auctions	20

8 AGENTS INVOLVED IN THE MARKET	21
8.1 Specialists	21
8.2 Market makers	21
9 INFORMATION DISSEMINATION	22

1 Introduction

1.1 Institutional Composition of the Market

Exchange Traded Funds (hereinafter ETFs) are traded in the corresponding segment of the SIBE-SMART platform. SIBE-SMART is the BME's current trading platform that is able to satisfy the new needs of the markets: quality, security, scalability, maximum capacity and minimum latency. The Stock Exchange Interconnection System is managed by Sociedad de Bolsas, a limited company that is owned equally by the four Spanish Stock Exchanges.

ETFs are traded and settled exactly like stocks, therefore, they are investment instruments that combine the diversification offered by the basket of securities that make up an index fund and the flexibility of being able to buy and sell shares of that fund with a simple operation on the Stock Market at any time during the session.

We can find ETFs that follow the evolution of the market, inverse ETFs that replicate the behavior of an inverse index or leveraged ETFs that replicate the index in a certain proportion (for example, in a x2 leveraged ETF the gains or losses of the underlying index are doubled). They can be indices of variable income, fixed income, commodities, currencies, as well as any other underlying that the CNMV expressly authorizes.

1.2 Market Model Structure

This document describes the market model for the SIBE-SMART ETFs segment. This segment is characterized by having some of its own functionalities, such as the calculation and dissemination of the indicative net asset value¹, the substitution of the closing auction by the midpoint of the best buying and selling position available at the time of closing the session, and the functionality of combined orders (quotes) for specialists.

The ETF trading segment incorporates the figure of the specialist. The presence and performance of specialists in this segment is essential to promote the liquidity of ETFs as well as to favor their dissemination and price formation process. Each security traded in this segment must have at least one specialist.

¹ The net asset value is the ratio between the total value of the fund's portfolio, net of expenses, and the number of units. It is calculated after the close of the session. The indicative net asset value is disseminated by Sociedad de Bolsas throughout the session so that the investor can compare it and make decisions.

2 Trading Systems

2.1 General Trading System

2.1.1 Opening Auction

The session begins at 8.30 a.m. with the opening auction. During this period orders can be entered, altered and cancelled, but no trades can be executed. All orders from previous days that remain in the book and those entered during the opening auction participate in it. The order book shows only the equilibrium auction price, the bid and ask volumes subject to trading at such price, and the number of corresponding orders. If there is no auction price, the best bid and ask prices are shown, along with the accompanying volumes and number of orders.

This period lasts for 30 minutes, with a 30-second random end period. After the random end, the allocation period begins, during which the units included in orders subject to execution at the fixed auction price are traded. If, exceptionally, the equilibrium price resulting from the auction would fall at the limit of the static range, it will remain in an auction and the Surveillance Department of Sociedad de Bolsas will adopt and announce in advance all appropriate measures to allow the resolution of the auction (see section 7.5).

Once the volume is allocated, members receive information on the total or partial execution of their orders. All non-executed orders in the allocation period remain on the order book. The market is informed of the opening price, trading volume and time of each trade. After the allocation, the open market period starts.

2.1.2 Open Market

The open market's schedule for exchange traded funds is from 9.00 a.m. to 5.35 p.m. During this phase, orders may be entered, modified or canceled, carrying out negotiations at the price that in each case is set according to the price-time priority criteria of the orders (see section 6.1). During this phase volatility auctions may occur (see section 7.1). The order book is known to the members of the market, although it is a blind market, in the sense that the buyer and seller members of each of the positions are not identified, as well as of the trades.

The open session ends without auction at 5.35 p.m., being the **closing price** of the session the midpoint of the best bid and ask positions, rounded up. In absence of any of those positions or if the closing price was out of the static range of the security, or if the security was suspended, the closing price would be the last traded price in the session. In absence of the previous ones, the closing price would be the reference price for the session.

The **reference price** will be the closing price of the previous session.

2.2 Block system

It is a trading system that allows market members to execute, outside the order book and without the possibility of interacting with it, previously agreed trades, provided that the turnover exceeds 3,000,000 euros, in accordance with the Commission Delegated Regulation (EU) 2017 / 587, of July 14, 2016, modified by the Commission Delegated Regulation (EU) 2023 / 944, of January 17, 2023.

Only orders valid for the day and coming from a single originator can be entered, considering as such those received from a natural or legal person with the capacity to decide about the whole order, groupings are not allowed.

Trading hours for this system are from 9:00am to 5:30pm. However, when a security is in a volatility auction, no block trading can be executed. The details of the executed trades will be disseminated through the System.

These orders are covered by a waiver from pre-trade transparency obligations for **large in scale orders**.

2.3 Trades outside the General Trading Hours

This trading system allows market members to execute trades in the System outside the General Trading hours between 5:40 p.m. and 8:00 p.m. Trades with a minimum turnover of 3,000,000 euros can be entered.

3 Orders

3.1 Types of Orders

3.1.1 Limit Orders

They are orders to be executed at their limit price or better. Buy orders are executed at this price or at a lower price on the opposite side of the order book. Sell orders are executed at the limit price or at a higher price on the opposite side of the order book. Once placed in the order book, the limit order is always executed at its limit price (except if it is included in an auction and the auction price is more favorable than its limit price).

These orders allow:

- The wish to trade up to/ from a certain price to be expressed.
- The execution of an order against existing orders in the market at a price no lower than the limit price with the rest being left on the market at the limit price.

These orders can be entered both in the open market and during auctions.

It is not allowed to enter orders with prices that are above the upper limit of the static range for buy orders, or below the lower limit of the static range for sell orders. On the other hand, it is allowed to enter orders with prices that are below the lower limit of the static range for buy orders, or above the upper limit of the static range for sell orders.

3.1.2 Market Orders

They are orders entered without a specific price limit and which are traded at the best opposite-side price at the time of entry. If the order is not fully executed against the first opposite-side order, it will continue to be executed at as many opposite-side prices as necessary until it is completed. If there is no counterparty for a market order or the opposite side volume is not enough, it will be placed in the order book awaiting counterparty.

These orders can be entered both in the open market and in auctions. In the case of placing it in an auction, the order will be positioned at the best price respecting the time priority of the orders. If in the opening auction the volume of market orders plus market to limit orders is higher than the volume of orders on the opposite side that may be assigned, the security will continue to be in auction (see section 7.5).

3.1.3 Market to Limit Orders

They are orders without a price which are limited to the best opposite-side price on the order book. In the case of not being fully negotiated, the rest will remain in the book limited to the price of the execution. If the security is on the open market and there is no order on the opposite side of the order book, the order is rejected.

This type of orders can also be entered during auction periods. If in the opening auction the volume of market orders plus market to limit orders is higher than the volume of orders on the opposite side that may be assigned, the security will continue to be in auction (see section 7.5). If there is not auction price, the order is rejected.

If a market to limit order is entered when there are only market orders in the opposite side, they will trade at the price of the last trade. If the stock has not been traded in that session or if this price is outside the static range, the order will take the static price.

Market to limit orders cannot activate volatility auctions (see section 7).

Both market and market to limit orders have priority over limit orders.

If in the open market there were only sell orders and these orders were all at 0.0001 euros, the introduction of market sell orders or market to limit sell orders would not be allowed.

3.1.4 Hidden Orders

They are large in scale orders² not visible for the rest of the market although they are partially executed. After a partial execution, the remaining amount will not be cancelled even if it does not reach the large in scale size. They are traded at their limit price or at a better price, according to the price-visibility-time priority. At the same price, visible orders have priority. These orders can be entered in the open market, including the auction periods. They can cause volatility auctions. During the auction periods they participate with all their volume and, where appropriate, they will be executed at the price resulting from the auction.

These orders are covered by a waiver from pre-trade transparency obligations for large in scale orders.

3.1.5 Combined Blocks Orders

They are large in scale orders with a visible part and another one non-visible. The visible part works as an iceberg order with two volumes on it called "Volume to show" and "Volume to show high". These characteristics allow setting the order with a random number between these two volumes, which will be executed at its limit price or better. This part always has priority over the non-visible part at the same price. On the other hand,

²Large in scale orders are understood to be orders that comply with the volume established in section 2.2. to access the block condition, that is 3,000,000 euros.

while the non-visible part (except in auctions) is large in scale, it can be directly executed with the hidden part of other orders of the same kind at the midprice of the best bid and ask in the order book if it is inside the price range (price - second price³) set in the order. When the non-visible part is lower than 1,000,000 euros, it can only be executed in the visible order book according to the iceberg orders rules. The executions in the non-visible part are made according to the price-time priority that will be determined by the visible part of the order. These orders can be entered in the open market, including auction periods, when they participate with their total volume. The visible part can trigger auctions.

These orders are covered by a waiver from the obligations of pre-trade transparency for orders held by an order management facility and for large in scale orders.

3.1.6 Midpoint Orders

They are orders that allow trades to be executed at the midprice⁴ of the best bid or ask position at any time in the order book. If the order is not executed immediately when entering the market, and as long as it is not canceled, it will adjust its price to the midpoint reference price of each moment. If it is not negotiated during the session, the order or the remaining not traded volume will be automatically deleted at the end of the session. If there is no spread, they can be entered but they will not be negotiated.

Midpoint orders will be traded outside the principal order book, and may not interact with other orders that are in the aforementioned order book. They will only be traded amongst them.

Priority in these new orders will be set according to volume-time characteristics. Orders with higher live volume will have better priority, and in case the volume is the same, the oldest order will have priority. They can be entered in the open market, but not in the auction periods. They do not trigger volatility auctions. They enter the Double Volume Cap (DVC), so this type of orders will not be accepted if the value has the "DVC exceeded" flag marked and the existing ones will be cancelled.

Minimum amount allowed for this kind of orders will be published in an Operating Instruction.

There is the option to enter the following information:

- Execution limit price
- Minimum volume of each partial execution (Minimum Executable Size, hereinafter MES)

³ This second limit price is not used for price formation but it serves as an upper or lower limit for the execution of the order. It must be "worse" than the main limit price (higher for purchase orders and lower for sell orders), otherwise the System will not allow its introduction.

⁴ If necessary, the rounding will be upwards, taking into account the tick size of each security.

- Minimum volume⁵ for the first execution of the order (Minimum Acceptable Quantity, hereinafter MAQ). MAQ must always be equal to or greater than MES.

Once the pending volumen is lower than MES, the order will be cancelled.

The trades of this type of trading are covered by a waiver from the obligations of pre-trade transparency for operations carried out under a reference price.

3.1.7 Weighted Average Price Trades (VWAP)

The weighted average price trades (VWAP) are transactions previously agreed by the market members at the weighted average price in the time interval used as reference and for a volume equal or lower than those that the market member has executed during the session in the same value, side and client. These orders can be entered as bilateral traded operations, in the open market and up to 15 minutes after the publication of the closing price. The market member shall inform the Surveillance Department of the weighted average price and the time interval considered so that the transaction can be verified and accepted.

These orders enjoy a waiver from the obligations of pre-trade transparency for trades negotiated under conditions other than the current market price.

⁵ This minimum volume does not make that the order is cancelled if at the time it is entered that minimum amount is not traded, but the order will be entered and it will wait until the minimum volume can be traded.

3.2 Restrictions to Order Execution

Limit, market to limit and market orders can have the following execution restrictions:

- **Immediate or Cancel:** this order is executed immediately for the amount possible and the System rejects the rest of the order volume.
- **Minimum Execution:** this order, when entered on the market, should execute a specified minimum volume. If this minimum amount is not executed, the order is rejected by the System.
- **Fill or Kill:** this order should be fully executed when entered or be rejected before it is traded. This is a special type of minimum volume order for which this minimum volume is equal to the total volume of the order.

These are immediate execution conditions and cannot be entered at auctions. Orders with Immediate or Cancel and Fill or Kill restrictions cannot activate volatility auctions and will be rejected by the System in such a case. Minimum Execution orders can activate volatility auctions if the minimum volume established in the order has been executed before the trigger price at which trading is interrupted is reached.

3.3 Order Conditions

Iceberg orders allow market participants to enter orders without revealing the full volume to the market. This possibility is especially interesting for large orders, being the minimum volume at the moment of its introduction of 10,000euros. In this way traders can avoid adverse price movements.

When the order is entered, the trader must display part of the order volume (displayed volume) which will be a minimum of 250 securities. This displayed volume is included in the order book according to its time of entry.

The entry of new displayed volumes of an iceberg order only has priority in terms of price and not in terms of time of entry. Once the displayed volume has been traded, another unit of volume will be displayed. It will have a random volume inside the interval “Displayed volume”- “High displayed volume” if the “High displayed volume” is informed (see example).

If there are a number of different iceberg orders on the order book, the displayed volumes are entered on the order book in accordance with price-time of entry priority.

In addition, it is important to point out that iceberg orders take part in auctions with their total volume. Iceberg orders can have the execution condition Minimum Execution and can be limit orders, market orders, market to limit orders or combined blocks orders.

Example showing how the iceberg order works:

In our example, the order book is as follows:

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1,000	12.00	12.50	250	4,000
	5,000	11.90	12.50	100	

There is an iceberg sell order of 4,250 securities for which the displayed volume has been fixed at 250 securities when entered and the high displayed volume at 500. This takes first place in the order book because of its time of entry priority (in other words, it was entered before the existing sell order for 100 securities at €12.5). If prices are equal, the order entered previously takes first place.

A buy order of 200 securities at €12.5 is entered and traded against the shown volume of the iceberg order at €12.5.

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1,000	12.00	12.50	50	4,000
	5,000	11.90	12.50	100	

Only 50 securities are shown because no more securities are displayed until the whole of the displayed volume has been traded (no other displayed volume unit will appear on the market).

A buy order of 100 securities at €12.5 is entered. 50 securities are matched at €12.5 from the visible part of the iceberg order and 50 securities are traded at 12.5 from the limit order below.

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1,000	12.00	12.50	50	
	5,000	11.90	12.50	300	3,700

A further 300 securities have been displayed (new random volume unit between 250 and 500 securities), with only 3,700 remaining hidden, however, the order has lost its time of entry priority.

3.4 Quote Order

The quote order allows the specialist to carry out his activity more easily and efficiently.

The quote order is made up of two individual orders of opposite side, each one with its identification. Quote orders are attackable at all times, can attack single orders, and may activate auctions just like any other order.

3.5 Order Validity Periods

Orders may be valid for the following periods of time:

- **Valid for one day:** these orders are valid until the end of the session in progress. If not executed during the session the order or that part of it which has not been executed is automatically eliminated.
- **Valid until a specific date:** the operator enters a specific date for these orders (at most 90 calendar days). At the close of the session on the date entered by the operator, the order or that part of it which has not been executed is automatically eliminated.
- **Valid until cancelled:** these orders are valid for 90 calendar days, after which the order or that part of it which has not been executed is automatically eliminated.

Orders with a validity of more than one day maintain their priority in the System in accordance with their price and time of entry with respect to orders generated during the course of the session. Midpoint orders are valid just for the day.

3.6 Order Modifications

When an order is entered, the System will assign it a number of order, which remains invariable during the whole life of the order. To every order modification a new number of history will be generated (consecutively to be able to follow the evolution of the order). If the modification of an order has an impact on its priority, a new number of priority will be generated.

3.7 Self-match Prevention

Market members may prevent their orders from being matched with other orders of their own, of the opposite side, by identifying them as **not self-matching**. When an incoming order thus identified, whose counterpart in the order book is another order from the same member, also identified as not self-matching, the System will reject the incoming order, the order positioned in the book or both, depending on the instructions established by the market member, so that such orders are not crossed. This functionality will not be available in auctions and in orders with the fill or kill restriction.

4 Tick Size

According to Commission Delegated Regulation 2017/588 of 14.7.2016, ETFs trading is carried out with the following tick sizes, being the minimum price for a given ETF 0.01 euros.

PRICE RANGES	TICK SIZE
$0 \leq \text{price} < 0,1$	0,0001
$0,1 \leq \text{price} < 0,2$	0,0001
$0,2 \leq \text{price} < 0,5$	0,0001
$0,5 \leq \text{price} < 1$	0,0001
$1 \leq \text{price} < 2$	0,0002
$2 \leq \text{price} < 5$	0,0005
$5 \leq \text{price} < 10$	0,001
$10 \leq \text{price} < 20$	0,002
$20 \leq \text{price} < 50$	0,005
$50 \leq \text{price} < 100$	0,01
$100 \leq \text{price} < 200$	0,02
$200 \leq \text{price} < 500$	0,05
$500 \leq \text{price} < 1000$	0,1
$1000 \leq \text{price} < 2000$	0,2
$2000 \leq \text{price} < 5000$	0,5
$5000 \leq \text{price} < 10000$	1
$10000 \leq \text{price} < 20000$	2
$20000 \leq \text{price} < 50000$	5
$50000 \leq \text{price}$	10

These variations will only apply to ETFs whose underlying instruments are only shares or a basket of shares.

5 Trading Capacity

Orders can be submitted by the member or participant of the trading venue trading on their own account (DEAL), matched principal trading (MTCH), or in any other trading capacity (AOTC). In addition, they can be presented within the framework of a market making strategy or liquidity provision activity based on the deal that the members have signed and marking a specific indicator in the order.

6 Basic Trading Rules

6.1 Basic Trading Rules in Open Market

Several basic criteria govern open market trading:

- **Price-time priority of orders:** orders with the best price (highest buy and lowest sell) have priority in the book. When prices are the same, those orders entered first have priority.
- **Best opposite side price:** orders entered in the System are executed at the best opposite side price. In other words, a buy order which can be executed will be executed at the price/s of the first order/s on the sell side of the order book. Equally, a sell order entered in the System which can be executed at that moment will be executed at the price/s of the first order/s on the buy side of the order book.

In addition, according to section 3.1. there are some types of orders in which priority is also marked by visibility and live volume.

Orders may be fully executed (in one or several executions), partially executed or not executed. Accordingly, each new order can generate several trades.

6.2 Rules for Setting the Auction Equilibrium Price

There are four rules for fixing the auction price:

- The price at which the largest volume of securities is executed.
- If there are two or more prices at which the same number of securities can be executed, the auction price shall be that one which leaves the smallest surplus. The surplus is the difference between bid and ask volumes susceptible of being negotiated at the same price.
- If the two conditions stipulated above are the same, the price of the side with the largest volume (the largest weight) shall be taken.
- If the three conditions stipulated above are the same, the price which is closest to the last executed price shall be taken. If this price is within the range of potential auction prices (upper and lower limit), the last executed price is taken. If there is no last executed price or it is outside the range of static range prices, the price shall be the last static price.

7 Volatility Auctions and Price Ranges

7.1 Volatility Auctions

Volatility auctions take place when the price at which a security is about to be traded is in the limit of the static or the dynamic price range. In addition, when the difference between the price of the security and its corresponding indicative net asset value is significant, the Surveillance Department of Sociedad de Bolsas may apply a volatility auction, so that the price of the security adjusts to the indicative net asset value.

Volatility auctions last five minutes, plus a 30-second random end, during which the auction may close at any moment without prior warning and the securities allocation process begins (trades made at the resulting auction price). In the event that the volatility auction is activated within the last five minutes of the session, the end of the auction will coincide with the closing of the Market.

It should be stressed that volatility auctions are never extended. It is however possible for a value to remain under auction once the volatility auction is over (i.e. if the Opening Auction has been extended). This is the case if, at the time of the allocation and following the five minutes auction and random end, market conditions are such that the volume of market orders, plus market to limit orders, is higher than the volume of opposite-side orders which may be allocated. In such situations, the System does not carry out the allocation and, in these exceptional cases, the instrument remains under auction, leaving the allocation decision in the hands of the Trading and Surveillance Commission who (through the Surveillance Department) will make the decision to go ahead with the allocation, provided that the situation is corrected.

7.2 Price Ranges

Static and dynamic ranges are calculated on the basis of the most recent historical volatility of each value. Each security has a unique static and dynamic range, reflecting its specific characteristics and in line with its most recent performance. These ranges are publicly available and are updated on a regular basis in Operating Instructions from Sociedad de Bolsas.

- **Static range:** The static range defines the maximum permitted variation around the static price (in either direction) and it is expressed as a percentage. The static price is the price fixed at the last auction (the auction allocation price)⁶. The static range remains in force throughout the entire session.
- **Dynamic range:** The dynamic range defines the maximum permitted variation around the dynamic price (in either direction) and it is expressed as a percentage. The dynamic price is the price fixed in the last trade, and may be the result either of an auction (in which case it will be the same as the static price) or of a trade made on the open market. In ETF trading, dynamic ranges will only be active in the open market.

⁶ The static price at 8:30h is the reference price.

However, although standard market practice will apply to these ranges, in exceptional circumstances the Trading and Surveillance Commission may adjust the range set for a certain ETF or segment, or, where applicable and when prevailing market conditions so require, for the whole of the market.

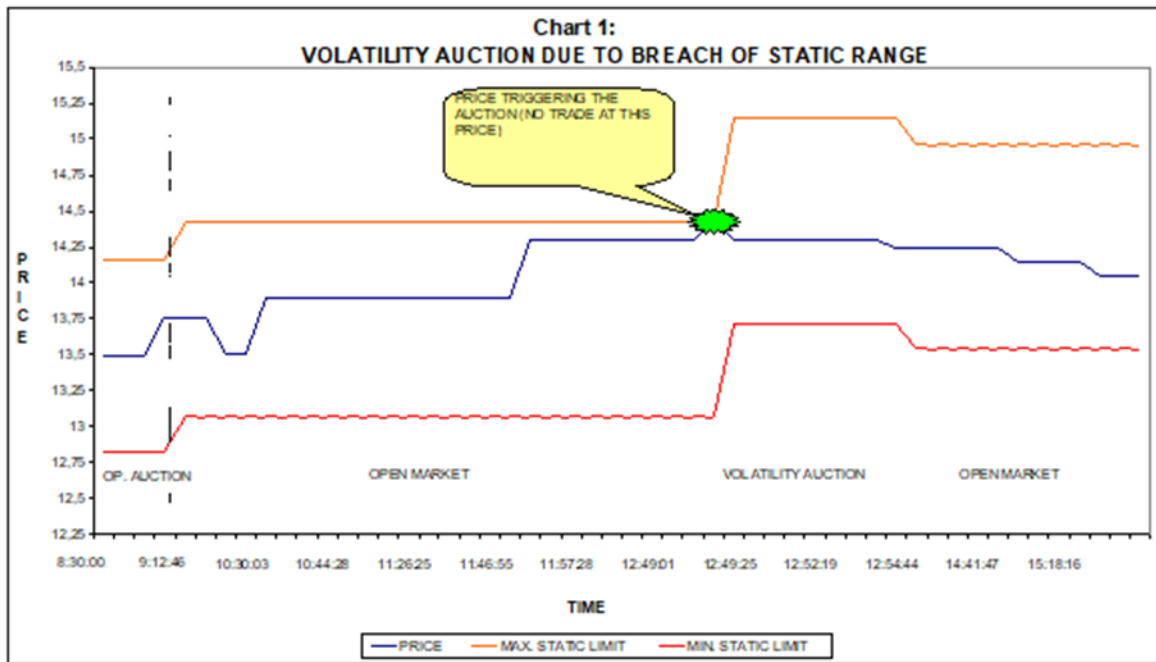
It should be noted that dynamic ranges are, by definition, less than or equal to static ranges.

7.3 Volatility Auctions Due to Breach of Static Range

Volatility auctions due to breaches of the static range are triggered when a security tries to negotiate either at the upper or lower limit of the static price range (maximum variation in either direction in the static price⁷).

For example, see the following Chart, showing movement in the security in question throughout most of the session. This chart plots both trading prices on the open market and the (non-traded) indicative price during auction. The static range of this security is 5%. As the chart shows, a volatility auction is triggered when the price reaches a level (static price +5%) which causes an upswing in volatility. In the example given here, movement during the volatility auction is as follows: during the five minutes of the auction, the trigger price was perceived to be too high by all market participants, since in the volatility auction securities were allocated at a lower price. This new static price, which is higher than the previous one, causes an upwards movement of the static range.

⁷ The static price is defined as the price resulting from the last auction (volatility or opening).



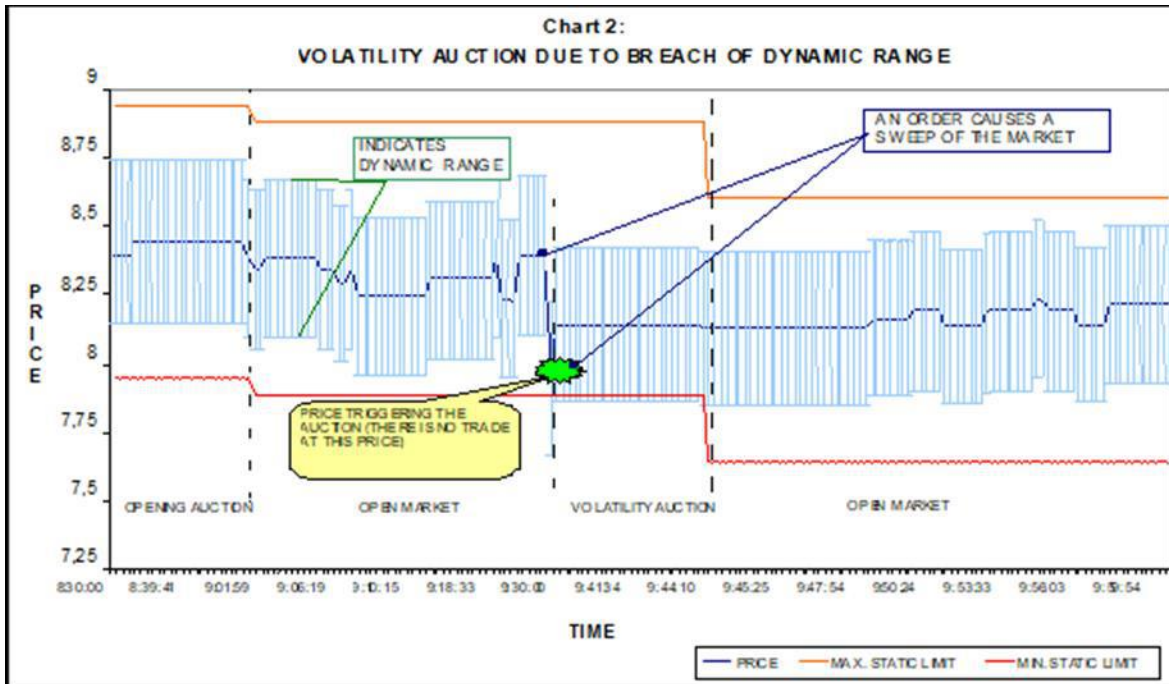
Source: Sociedad de Bórsas, S.A.

7.4 Volatility Auctions Due to Breach of Dynamic Range

Volatility auctions due to breaches of the dynamic range are triggered when a security tries to negotiate either at or out the upper or lower limit of the dynamic price range (maximum variation in the dynamic price in either direction⁸).

As an example of a volatility auction triggered by a breach of the dynamic range, the following Chart plots the performance of a security (using real data) in the first hour and a half of the trading session. This chart plots both trading prices on the open market and (non-traded) equilibrium auction prices. The static range is 6% and the dynamic range is 3.5%. The trigger price initiating the volatility auction due to breach of the dynamic range was, in fact, a price at which the market was going to trade. Therefore, trading took place until the price of the ETF threatened to breach the dynamic price range on the downside (dynamic price -3.5%). In this case, during the five minutes of the auction, the trigger price was perceived as too low by all market participants and was corrected in the auction, when the ETF was allocated at a higher price. This new static price is lower than the previous one, what causes a downwards movement of the static range.

⁸ The dynamic price is defined as the last price negotiated at any given moment (be it the result of an assignment made in an auction or, simply, resulting from the last negotiation).



Source: Sociedad de Bolsas, S.A.

7.5 Extensions of Auctions

Opening auctions may be extended two minutes plus a 30-second random end period. As mentioned above, volatility auctions are never extended.

If the price resulting from the opening auction is at the limit of the static range, such security goes to the opening auction extension with a duration of 2 additional minutes of auction plus the random closing.

In addition, the security may continue in the auction situation after the extension of the Opening Auction ends. This is the case if, at the time of the allocation, the volume of market orders, plus market to limit orders, is higher than the volume of opposite-side orders which may be allocated. In such situations, the System does not carry out the volume allocation and, in these exceptional cases, the security remains under auction, leaving the allocation decision in the hands of the Trading and Surveillance Commission, which (via the Surveillance Department) will make the decision to go ahead with the allocation, provided that the situation is corrected.

8 Agents Involved in the Market

8.1 Specialists

The specialists help boost liquidity by undertaking the commitment of providing bid and ask prices at all times throughout the session. Both the differential between the two prices (spread) and depth, or the volume of securities offered or demanded, must remain within the established parameters. The Trading and Surveillance Commission publishes these parameters in an Operating Instruction. Each ETF has at least one specialist. Through an Operating Instruction, this minimum may be raised for certain categories of securities in which the convenience of a greater number is appreciated.

The market members who register the agreements concluded with the managing entities or with the entities designated by them, assuming certain obligations of presence in the Market, will accede to the consideration of specialists of the corresponding securities.

8.2 Market Makers

Market members who, during half of the trading days of a month, publish simultaneous quotes for buying and selling whose magnitude does not differ by more than 50% and at competitive prices⁹; and trade on their own account at least one financial instrument in a trading center, for at least 50% of the daily trading hours of the corresponding trading venue, excluding the opening auction, they must sign a market making deal with Sociedad de Bolsas.

Furthermore, those market members who, without developing algorithmic trading to apply a market making strategy, want to hold the status of market maker must also sign a market making agreement with Sociedad de Bolsas.

Market members that have signed a market making deal will have to comply with spread and turnover parameters, which will be set by Operating Instruction.

The Trading and Surveillance Commission will permanently supervise the effective compliance of the market making agreements by the relevant members.

⁹ Competitive prices are those that are within the range of purchase and sale prices established by Sociedad de Bolsas by means of an Operating Instruction.

9 Information Dissemination

The Exchange Traded Funds' segment has an information dissemination system in real-time of what happens in the market, including the trades that occur, the system's order book and the valuation of the ETFs, net asset values, and indicative net asset values.

In this way, this information flow informs the recipient institutions of each trade that is taking place on the market in real time and of the order book evolution during the session.

The following contents are available:

- Trades: a message is issued each time a trade is carried out. The message details the price, volume and time of the trade.
- Order book: a message is issued each time there is a change in the five (5) or twenty (20) best buy and/or sell positions.
- Net Asset Value: messages will be issued including the daily net asset value of all exchange traded funds.
- Indicative Net Asset Value: calculated during the trading session.

The information about trades and net asset value for each exchange traded fund in the market can be found in the webpage <https://www.bolsasymercados.es/bme-exchange/es/Home> along with factsheets and other statistical information.

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