Market Model Equity

BME Exchange

Index

1 Introduction

1.1 Institutional Composition of the Market

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 (hereinafter S.I.B. or the System) is managed by Sociedad de Bolsas, a company that is owned equally by the four Spanish Stock Exchanges. The market members can be broker-dealers, brokers and financial institutions. The main difference between these entities is that brokers may only trade on behalf of third parties, whereas broker-dealers and financial institutions can trade both on behalf of third parties and on their own account.

Broker-dealers, brokers and financial institutions are subject to supervision, inspection and monitoring by the CNMV, the Spanish Securities Market Commission, in all issues relating to their operations on stock markets. The CNMV is a state-owned enterprise with its own legal status whose purpose includes the regulation, supervision and inspection of the stock market and the activities of all individuals and legal entities on the same.

1.2 Market Model Structure

This document describes the Spanish market model for the official stock market managed by the Stock Exchange Interconnection System, which is characterized by being an order-driven market, with liquidity providers for certain shares. The market features real time information on its screens and automatic relaying of trading information.

Most shares listed on the S.I.B. are part of the General Trading system, which is an order-driven continuous market with an opening auction at the beginning of the session and a closing auction at the end, which is followed by a Trading At Last (TAL) phase. There is also a specific type of trading (trading of shares on the fixing system) whereby the listed securities are auctioned throughout the session, with two periods for allocation of the shares. This facilitates efficient price formation and reduces volatility.

2 Trading Systems

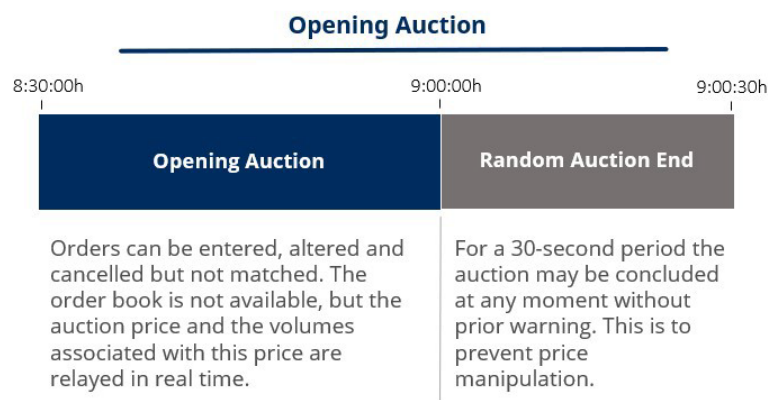## 2.1 General Trading System

2.1.1 Opening Auction

The session begins at 8:30 a.m. with the opening auction, during which the order book is partially visible, in other words, only the equilibrium auction price and the bid and ask volumes tradable at that price, along with the number of corresponding orders for those volumes are shown. If there was no auction price, the best bid and ask prices would be shown, along with the accompanying volumes and number of orders.

During this time, orders can be entered, altered and cancelled, but no trades can be executed. All previous days orders remaining in the order book and those orders entered during the opening auction participate.

This period lasts 30 minutes, with a 30-second random end period to prevent prices from being eventually manipulated. After the random end, the allocation period begins, during which the shares included in orders subject to execution at the fixed auction price are traded. During the allocation period, orders cannot be entered, altered or cancelled. On special ocasions, the opening auction may be extended (see section 7.5).

Once the shares are allocated, members receive information on the total or partial execution of their orders. All non-executed orders in the auction remain on the order book. The market is informed of the opening price, traded volume, and time of each trade. After this moment, the market is open.

Opening Auction

8:30:00h	9:00:00h	9:00:30h
Opening Auction	**Random Auction End**	
Orders can be entered, altered and cancelled but not matched. The order book is not available, but the auction price and the volumes associated with this price are relayed in real time.	For a 30-second period the auction may be concluded at any moment without prior warning. This is to prevent price manipulation.	

2.1.2   Open Market

During this period, orders can be entered, altered or cancelled, with trading taking place at the price fixed according to the open market's matching rules, generally in accordance with the price-time priority criteria (see section 6.1).

Trading hours for open market are from 9am to 5.30pm. The order book is open and available to all market members, 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.
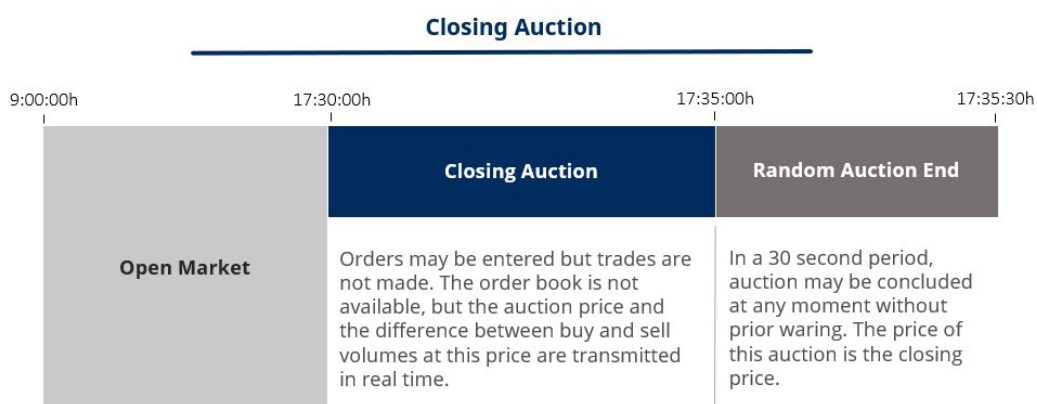
While the market is open, trades are made. However, this period can temporarily be interrupted if a volatility auction arises (see section 7).

2.1.3   Closing Auction

After the open market period, the session enters into a 5-minute auction, with the same characteristics as the opening auction, between 5:30pm and 5:35pm and a 30-second random end period. The price resulting from this auction shall be the closing price of the session. If there is no auction price or if fewer than 500 trading units are traded during the auction, the closing price shall be, amongst the price of the last 500 traded units, the closest to the weighted average price. If two prices have the same difference with respect to this weighted-average price, the closing price will be the last one executed. If 500 trading units have not been traded, the closing price will be the reference price of the session.

However, on special occasions the closing auction may be extended (see section 7.5).

The reference price will be the closing price of the previous session. In the event of financial transactions involving a security that may influence the reference price, it may be modified as deemed necessary.

Closing Auction

	9:00:00h	17:30:00h	17:35:00h	17:35:30h
	Open Market	**Closing Auction** Orders may be entered but trades are not made. The order book is not available, but the auction price and the difference between buy and sell volumes at this price are transmitted in real time.	**Random Auction End** In a 30 second period, auction may be concluded at any moment without prior waring. The price of this auction is the closing price.	

2.1.4 Trading At Last (TAL)

Once the closing auction has ended, all the market participants have the possibility to keep entering orders and generating trades at the closing price during the Trading At Last (TAL) phase. This phase will be available for all the instruments which traded at least 1 share during the closing auction, and that the price of such trade is coincident with the disseminated closing price of the instrument. If just one or none of the aforementioned conditions are met, the general trading session for that instrument will automatically end for that instrument. The TAL phase will start as soon as the closing auction ends for each instrument, and it will last until 17:45h for every instrument in it. This implies that there is a possibility that the TAL phase has different duration among several instruments depending on wether they went on a closing auction extension or not. If such an extension did not take place, the TAL phase will last the same for all the instruments for which the aforementioned conditions are met.

During the TAL phase, the market participants may enter, modify and cancel orders, and executions will be generated at the closing price according to the time priority criteria   (see section 6.1). All the trades will be disseminated instantaneously.

Trading At Last (TAL)

17:30:00h	17:35:00h	17:35:30h o 17:37:30h	17:45:00h
Closing Auction	**Random end of the auction**	**Trading At Last**	
Orders can be entered, but executions will not be generated. The order book is not visible, but the equilibrium price and the imbalance between buy and sell side are disseminated in real time.	Within a 30 seconds period, the auction can be ended at any time with no previous notice. This is done to avoid price manipulations. The resultant prices of this auction are considered the closing prices.	Once the closing auction (with or without extension) has ended, the market participants will be able to keep entering orders and getting trades at the closing price of each instrument.	

2.2 Fixing System

It is a trading system based on auctions. It is reserved for certain securities.

The decision about the securities to which this trading system will be applied will be adopted every six months, except in the cases of incorporation into the Stock Market Interconnection System and in those cases in which the market circumstances advise a special review on a specific previous date. In the cases in which such decision implies a change in the trading system of any security, it will be made public through an Operating Instruction.

Specifically, two auctions are held:

- First auction (opening auction): From the beginning of the session (8:30am) until 12:00pm (with a random 30 second end period).

- Second auction (closing auction): From the end of the allocation period of the first auction until 4:00pm (with a random 30 second end period).

Auctions in this trading system are not extended.

Market to limit orders and market orders will be traded at the auction price. If partially traded or not traded, market to limit orders remain as limit orders at the auction price and market orders remain in the book as market orders.

The same information as in the General Trading auctions is disseminated. During this period, orders can be entered, altered and cancelled. Market members receive information on the auction price and, if available, on associated bid and ask volumes (and number of orders) at that price. If there is no auction price, the best bid and ask prices are shown, along with the volumes (and number of orders). In this trading system, the depth of the order book is not made public.

These auctions are governed by the same price fixing rules generally applied in all auctions (see section 6.2).

The price resulting from the second auction shall be the closing price of the session. If there is no auction price or if fewer than 200 trading units are traded during the auction, the closing price shall be the price of the last 200 traded units closest to the weighted-average price. If two prices have the same difference with respect to this weighted-average price, the closing price will be the last one executed. If 200 units have not been traded, the closing price will be the reference price of the session.

2.3   Block System

This system is designed to allow market members to apply cross opposite-side orders or carry out trades previously agreed, provided that they meet the volume requirements established below.

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.

All securities that trade on the S.I.B. can be traded in this system. 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.

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

The System will allow the execution of trades with the following minimum turnover, in accordance with Commission Delegated Regulation (EU) 2017/587, of July 14, 2016:

		50.000<	100.000<	500.000<	1M<		5M<	25M<	50M<	
	ADT	ADT	ADT	ADT	ADT	ADT	ADT	ADT	ADT	
Average Daily Turnover (ADT) in EUR	<50.000	<100.000	<500.000	<1M	<5M	<25M	<50M	<100M	>100M	
Minimum Turnover in EUR	15.000	30.000	60.000	100.000	200.000	300.000	400.000	500.000	650.000	

The details of the executed trades will be disseminated through the System..

2.4 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. During these hours, operations related to the hedging of futures and options carried out in MEFF Market are executed; operations related to the execution of option contracts traded on MEFF Market; and operations related to the execution of option contracts outside a trading venue. In addition, trades that meet the minimum turnover for large in scale orders established for each security can be carried out during these hours.

2.5 Trading Hours

The following diagram shows, globally, what is the current schedule for general trading, fixing and block trading:

Market Model Equity

All auctions have a 30 seconds random end

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/from a certain price to be expressed.

- The execution of and order against existing orders in the market at a price no lower tan 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, 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. For securities that are traded in fixing system, market orders are negotiated at the price set in the auction. If they are partially traded or not traded, they remain on the book as market orders. For securities that are traded on the open market, 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 a market order is partially traded or not traded at the closing auction, it remains in the order book as a market order.

3.1.3 Market to Limit Orders

This type of orders can also be entered during auction periods. For securities that are traded in fixing system, the market to limit orders will be traded at the auction price. If they are partially traded or not traded, they will be positioned limited to the auction price. For securities that are traded on the open market, 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 a market to limit order is partially traded at the closing auction, the rest remains in the order book limited at the auction price. If there is no 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 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 orders[1] 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, but not in the fixing system. 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. Executed trades accumulate volume and compute for maximum price, minimum price, weighted average price, and closing price.

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

Examples of the functioning of the hidden orders:

Example 1:

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[1] Large in scale orders are understood to be orders that comply with the volume established in section 2.3. to access the block condition.

We have a market situation with this order book for a value whose average daily turnover is between one and five million euros (minimum turnover = € 200,000):

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
			18,00	100	
			18,20	500	

A buy hidden order of 15,600 shares at €18.20 is entered. 100 shares are traded at €18 and 500 shares at €18.20 and the order book is as follows:

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
15.000		18,20			

A sell limit order of 3,000 shares at €18.20 is entered. 3,000 shares are traded at €18.20 and the order book is as follows:

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
12.000		18,20			

A sell limit order of 2,000 shares at €18.10 is entered. 2,000 shares are traded at €18.20 and the rest of the volume in the buy side is not shown although its turnover is below the large in scale threshold (€200,000):

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
10.000		18,20			

A sell limit order of 10,200 shares at €18 is entered. 10,000 shares are traded at €18.20 and the other 200 shares remain in the order book.

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
			18,00	200	

Example 2:

We have a market situation with this order book for a value whose average daily turnover is lower than €50,000 (minimum turnover = € 15,000):

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1.000	12,00	12,50	3.500	
	5.000	11,90	12,50		2.500
			12,80	3.000	

In the order book there are two sales at €12.50, a limit order and a hidden order. They maintain price-visibility-time priority.

A buy market order of 10,000 shares is entered. 3,500 shares are traded at €12.50, the hidden 2,500 shares at €12.50 and 3,000 at €12.80 and the order book is as follows:

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1.000	OM			
	1.000	12,00			
	5.000	11,90			

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, while the nonvisible part (except in auctions) is large in scale[2], 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 price[3]) set in the order. When the non-visible part is lower than the minimum volume of LIS orders, 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. They cannot be entered in the fixing system. The visible part can trigger auctions. These trades will contribute to volume and price market statistics.

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[2] Large in scale orders are understood to be orders that comply with the volume established in section 2.3. to access the block condition.

[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.

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.

Examples of the functioning of the combined blocks orders:

Example 1:

We have a market situation with the following order book for a value whose Average Daily Turnover (ADT) is between one and five million euros (minimum turnover = €200,000).

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	100	16,00	17,00	200	

A buy combined blocks order of 15,600 shares at €16 is entered. Its second limit price is €16.50, 250 shares are shown and it has 300 shares of 'volume to show high'.

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
15.350	350	16,00	17,00	200	

A sell combined blocks order of 15,250 shares at €17 with second price limit €16.50 is entered, with 250 shares of 'shown volume' and 300 shares of 'high shown volume'. 15,000 shares are traded at €16.50 without being shown in the order book (since it is the midpoint of the spread €16-€17) and the order book results as follows:

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
350	350	16,00	17,00	450	

A sell limit order of 350 shares at €16 is entered. 350 shares are traded at €16 and a random volume of 276 shares is shown (between 250 and 300).

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
74	276	16,00	17,00	450	

A sell limit order of 350 shares at €16 is entered. 350 shares are traded at €16.

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
			17,00	450	

Example 2:

We have a market situation with the following order book for a security whose ADT is higher than 100 million euros (minimum turnover = €650,000).

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1.000	12,00	12,40	350	

A buy combined blocks order of 1,000,000 shares at €11,8 with second price limit €12 is entered with 1,000 shares are set in 'shown volume' and 1,500 shares in 'high shown volume'.

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1.000	12,00	12,40	350	
999.000	1.000	11,80			

A sell market order of 2,000 shares is entered. 1,000 shares are traded at €12 and 1,000 shares at €11.8 and a random volume unit of 1,320 shares is shown (between 1,000 and 1,500).

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
997.680	1.320	11,80	12,40	350	

A sell combined blocks order of 200,000 shares at €11,8 is entered with second price limit €11.5, 500 shares of 'shown volume' and 1,500 shares of 'high shown volume'. That order is fully traded at €11.8. The 500 shares of 'shown volume' are crossed with the 1,320 titles displayed from the purchase order, leaving 820 securities displayed.

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
798.180	820	11,80	12,40	350	

A sell market order of 820 shares is entered. It is fully traded and another random volume unit of 1,248 shares is shown (between 1,000 and 1,500).

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
796.932	1.248	11,80	12,40	350	

A sell combined blocks order of 800,000 shares at €12 is entered with second price limit €11.8, 1,500 shares of 'shown volume' and 2,000 shares of 'high shown volume'. The hidden part of the buy order is traded at €11.9:

BID			ASK		
HIDDEN VOL.	VOLUME	PRICE	PRICE	VOLUME	HIDDEN VOL.
	1.248	11,80	12,00	1.500	1.568
			12,40	350	

3.1.6 Midpoint Orders

They are orders that allow trades to be executed at the midprice[4] 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 main 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 or in the fixing system. They do not trigger volatility auctions. They enter the Double Volume Cap (DVC), so this type of orders will not be accepted if the security 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.

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

- Minimum volumen of each partial execution (Minimum Executable Size, hereinafter MES).

- Minimum volumen[5] 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 done this way will be part of volume and price statistics of the market.

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.

Example of the functioning of the midpoint orders:

Example 1:

We have a market situation with this order book:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	17,00	18,00	300

A buy midpoint order of 2,000 shares is entered, with a MAQ of 300 shares and a MES of 200 shares. It is shown below in another order book:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	17,00	18,00	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
2.000			

A buy midpoint order of 1,500 shares is entered, with a MAQ of 300 shares and a MES of 200 shares.

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[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.

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	17,00	18,00	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
2.000			
1.500			

A sell midpoint order of 1,000 shares is entered, with a MAQ of 200 shares and a MES of 100 shares. 1,000 shares are traded at €17.50 (midpoint between €17 and €18, without any rounding because the tick size for this value is 0.01) against the buy midpoint order of 2,000 shares, so that now the order of 1,500 shares has the priority as it has a higher live volume.

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	17,00	18,00	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.500			
1.000			

A sell midpoint order of 1,400 shares is entered, a MAQ of 200 shares and a MES of 100 shares. 1,400 shares are traded at €17.50 and the remaining 100 shares (of the 1,500 shares midpoint order) are cancelled because its MES is 200 shares.

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	17,00	18,00	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000			

A sell midpoint order of 1,200 shares with a MAQ of 300 shares and a MES of 300 shares is entered. 1,000 shares are traded at €17.50 and the remaining 200 shares are automatically cancelled.

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	17,00	18,00	300

Example 2:

We have a market situation with the following order book:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	12,00	12,50	350
5.000	11,90	12,80	300

A sell midpoint order of 450 shares is entered, with a MAQ of 300 shares and a MES of 200 shares.

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	12,00	12,50	350
5.000	11,90	12,80	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
			450

A buy midpoint order of 1,000 shares is entered, with a MAQ of 400 shares and a MES of 200 shares. 450 shares are traded at €12.30, which is the midpoint price rounded upwards because the tick size of this security is €0.1.

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	12,00	12,50	350
5.000	11,90	12,80	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
550			

Example 3:

We have a market situation with the following order book:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	10,00	12,50	350
5.000	9,90	12,80	300

The buy orders are in red because prices are out of the static range spread. A sell midpoint order of 450 shares with a MAQ of 300 shares and a MES of 200 shares is entered.

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	10,00	12,50	350
5.000	9,90	12,80	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
			450

A buy midpoint order of 1,000 shares is entered, with a MAQ of 400 shares and a MES of 200 shares. As there is no spread because the prices in the buy side are out of the static range spread, there will be no trading (although the resulting midpoint price would be inside the spread).

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	10,00	12,50	350
5.000	9,90	12,80	300

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000			450

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. They cannot be entered in the fixing system. These trades will not contribute to price market statistics.

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

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 execution 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, so they do not apply in the fixing system.

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 10,000 euros. 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 shares. 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 a security's 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 minimum execution condition and can be limit orders, market orders, market to limit orders or combined blocks orders.

Exemple 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 shares for which the displayed volume has been fixed at 250 shares when entered and the high displayed volume at 500 shares. 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 shares at €12.5). If prices are equal, the order entered previously takes first place.

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

Market Model Equity

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 shares are shown because no more shares 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 shares at €12.5 is entered. 50 shares are matched at €12.5 from the visible part of the iceberg order and 50 shares 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 shares have been displayed (new random volume unit between 250 and 500 shares), with only 3,700 remaining hidden, however, the order has lost its time of entry priority.

There is also another available condition, which is the validity of the order just for the closing auction (At the Close orders). The orders sent with this condition can be entered in the system during the whole session, and the system will assign a priority based on the price-time criteria (see section 6.1). However, these orders will not participate in the orderbook until the moment the closing auction starts, when these orders will become active and visible for the rest of participants.

The At the Close condition will be available for any kind of order (limited, market, market to limit) and it will contribute in the same way than the rest of orders to the price building process during the closing auction. The At the Close orders will be allowed for both general trading and fixing trading modalities. Furthermore, for orders with this condition, it will be verified that the order price meets the static range when the order is triggered, not when it is introduced.

For those At the Close orders in which there is remaining volume to fill after the allocation of the auction, the pending volume will be able to participate into the Trading At Last (TAL) phase. If there is still pending volume from these orders after the TAL phase, the remaining volume will be automatically cancelled by the system. Therefore, this kind of orders will only be valid for the ongoing session.

3.4   Validity of Orders According to the Stage of the Market in Which They Are Entered

The following table shows the orders that can be entered in the market depending on the trading phase.

	OPEN MARKET	VOLATILITY AUCTION	OPENING AUCTION	CLOSING AUCTION	TRADING AT LAST (TAL)
TYPES OF ORDERS					
Market order	YES	YES	YES	YES	YES
Market to limit order	YES	YES	YES	YES	YES
Limit order	YES	YES	YES	YES	YES
Hidden order	YES	YES	YES	YES	YES
Midpoint order	YES	NO[6]	NO	NO	NO
Combined block order	YES	YES	YES	YES	NO
VWAP order	YES	YES	NO	YES	NO
EXECUTION CONDITIONS					
Execute or Eliminate	YES	NO	NO	NO	YES
Minimum Execution	YES	NO	NO	NO	YES
Fill or Kill	YES	NO	NO	NO	YES
Iceberg orders	YES	YES	YES	YES	YES
At the Close (AtC) orders	YES	YES	YES	YES	NO

3.5   Combination of Order Types

The following table shows the posible combinations of the diffent types of order which can be entered:

	OM	OPLM	OL	OH	OAPM	BC	VWAP	EA	EM	TN	VO	AtC
Market order (MO)	-	NO	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES
Market to limit order (MTLO)	NO	-	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES

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[6] They cannot be entered in the volatility auctions, but if they were already entered before the auction they are not cancelled.

Limit order (OL)	NO	NO	-	NO	NO	NO	NO	YES	YES	YES	YES	YES
Hidden order (HO)	NO	NO	NO	-	NO	NO	NO	NO	NO	NO	NO	NO
Midpoint order (MPO)	NO	NO	NO	NO	-	NO	NO	NO	NO[7]	NO	NO	NO
Combined blocks order (VDO)	NO	NO	NO	NO	NO	-	NO	NO	NO	NO	YES	NO
VWAP order	NO	NO	NO	NO	NO	NO	-	NO	NO	NO	NO	NO
Execute or Eliminate (EE)	YES	YES	YES	NO	NO	NO	NO	-	NO	NO	NO	NO
Minimum Execution (ME)	YES	YES	YES	NO	NO	NO	NO	NO	-	NO	YES	NO
Fill or Kill (FK)	YES	YES	YES	NO	NO	NO	NO	NO	NO	-	NO	NO
Iceberg orders (IO)	YES	YES	YES	NO	NO	YES	NO	NO	YES	NO	-	NO
At the Close (AtC) orders	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	-

3.6 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 of 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.

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[7] The minimum volume in MPO is not considered as a restriction of execution, as it is explained in note 5.

3.7   Order Modifications

When an order is entered, the System will assign a number of order to it, 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.

3.8   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, trading is carried out with the following tick sizes.

Trading venues shall apply a tick size which is equal to or greater than the one corresponding to: (a) the liquidity band corresponding to the range of average daily number of transactions for that instrument; and (b) the price range in that liquidity band corresponding to the price of the order.

LIQUIDITY BANDS						
Price ranges	0≤Average Daily Number of Transactions <10	10≤ Average Daily Number of Transactions <80	80≤ Average Daily Number of Transactions <600	600≤ Average Daily Number of Transactions <2000	2000≤ Average Daily Number of Transactions <9000	9000≤ Average Daily Number of Transactions
0≤price<0,1	0,0005	0,0002	0,0001	0,0001	0,0001	0,0001
0,1≤price<0,2	0,001	0,0005	0,0002	0,0001	0,0001	0,0001
0,2≤price<0,5	0,002	0,001	0,0005	0,0002	0,0001	0,0001
0,5≤price<1	0,005	0,002	0,001	0,0005	0,0002	0,0001
1≤price<2	0,01	0,005	0,002	0,001	0,0005	0,0002
2≤price<5	0,02	0,01	0,005	0,002	0,001	0,0005
5≤price<10	0,05	0,02	0,01	0,005	0,002	0,001
10≤price<20	0,1	0,05	0,02	0,01	0,005	0,002
20≤price<50	0,2	0,1	0,05	0,02	0,01	0,005
50≤price<100	0,5	0,2	0,1	0,05	0,02	0,01
100≤price<200	1	0,5	0,2	0,1	0,05	0,02
200≤price<500	2	1	0,5	0,2	0,1	0,05
500≤price<1000	5	2	1	0,5	0,2	0,1
1000≤price<2000	10	5	2	1	0,5	0,2
2000≤price<5000	20	10	5	2	1	0,5
5000≤price<10000	50	20	10	5	2	1
10000≤price<20000	100	50	20	10	5	2
20000≤price<50000	200	100	50	20	10	5
50000≤price	500	200	200	50	20	10

In the fixing system the first liquidity band corresponding to an ADNT between 0 and 10 in the table will apply to all securities.

For subscription rights, the liquidity band corresponding to the shares from which they come will be applied, in accordance with the competent supervisory authority.

For those securities whose price is less than or equal to 0.01 euros, the requirement of trading a minimum lot of securities will apply. The minimum lot that is established for each affected security will be applied at the entry of orders in the System allowing, where appropriate, the breakdown by a lower number of securities in the post- trading phases. The change in trading by a minimum lot of securities will be published by Operating Instruction in advance.

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 criterio govern open market trading:

- Price-time priority of orders: orders with the best price (highest bid and lowest ask) 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.

- Preference for the Market orders: in general terms, a market order will always have a better price than a limit order, no matter the price, at both sides of the order book. That is the reason why the market orders are always placed above the limit orders. It happens the same with the market to limit orders, which will be considered as market orders to define their priority when enter in the orderbook.

- As an exception to the third rule, there must be taken into account that if any instrument has no orders on the buy side and the best sell side price equals the minimum tradeable price for the instrument, the system will not accept any additional market order on the sell side. This way, the instrument will remain as tradeable, while the market participants with limit sell orders at that price will not be disadvantaged. In these situations, the market participants may keep sending limit orders, while the market orders and market to limit orders will be rejected by the system until the orderbook and the price of the instrument are updated, and therefore the liquidity of the instrument gets improved.

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

To specify these general rules of open market trading with specific cases, see below the specific rules with their results (trades carried out):

Rule 1:

If an incoming order (limit, market, hidden or the visible part of a combined block) is on the opposite side of a limit order, the order that is in the book determines the price of the trade. The part not executed will be traded at the price of the next limit order

Rule 2:

If a market order is entered and on the opposite side there are only market orders, the trade will take place at the price of the last execution. If there is no last price or this is outside the static price range the last price will be the static price.

If the order is not fully executed, the non-executed part will be placed in the book as a market order.

Example 1:

The diagram shows the state of the order book and the characteristics of and order which has been entered.

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	OM	← MARKET ORDER FOR 500 SECURITIES	

In this case, 500 shares are traded at a price of 100.00€, and the resulting order book is:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
500	OM		

Example 2:

The diagram shows the state of the order book and the characteristics of an order which has been entered.

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	OM	← MARKET ORDER FOR 1.500	

1,000 shares are traded at a price of 100.00€, and the order book is as follows:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
		OM	500

Rule 3:

− If a market order is entered and on the opposite side of the book there are market and limit orders, the trade will take place at the last price or at the best limit order price

Example 1:

The diagram shows the state of the order book and the characteristics of an order which has been entered.

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	OM		
500	101,00	← MARKET ORDER DE 1.600 SECURITIES	
200	99,00		

In this example the following trades are madre: 1.000 shares at 101,00€, 500 shares at 101,00€ and 100 shares at 99,00€.

And the order book after the trades would be:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
100	99,00		

− If a limit order is entered and on the other side of the book there are only market orders the trade will take place at the last price or at the limit order price if this is better.

Example 2:

The diagram shows the situation of the order book and the characteristics of an order which has been entered.

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	OM	← LIMIT ORDER FOR 100 SECURITIES AT 99,00	

100 shares are traded at €100.00, and the order book will then be as follows:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
900	OM		

Example 3:

The diagram shows the state of the order book and the characteristics of an order which has been entered.

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	OM	← LIMIT ORDER FOR 100 SECURITIES AT 103,00	

100 shares are executed at €103.00, and the order book will then be as follows

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
900	OM		

- If a limit order is entered and on the other side of the book there are market and limit orders the trade will take place at the last price or at the best limit order price for the volume available at this price. The rest will be traded at the next best price

Example 4:

The diagram shows the state of the order book and the characteristics of an order which has been entered.

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	OM		
500	101,00	← LIMIT ORDER 1.600 SECURITIES AT 99,00	
200	99,00		

In this example the following trades are made: 1.000 shares at 101,00€, 500 shares at 101,00€ and 100 shares at 99,00€.

And the order book is as follows:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
100	99,00		

Example 4 Bis:

The diagram shows the state of the order book and the characteristics of an order which has been entered

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	ASK
1.000	OM		
500	99,00	← LIMIT ORDER FOR 1.600 SECURITIES AT 99,00	
200	98,00		

In this example the following tardes are madre: 1.000 shares at 100,00€ and 500 shares at 99,00€.

And the order book is as follows:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	98,00	99,00	100

In the three cases envisaged by rule 3, if there is no last executed price or this is outside the range of static range prices, the last price shall be the static price

Rule 4:

If a market to limit order is entered and on the other side of the book there are market and limit orders, the entered order will take either the price of the best opposite-side limit order, or the last traded price, whichever is better.

Example 1:

The diagram shows the state of the order book and the characteristics of an order which has been entered.

Last Price: 100,00

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
1.000	OM		
500	101,00	← MARKET TO LIMIT ORDER FOR 1.600 SECURITIES	
200	99,00		

In this example the following trades are madre: 1.000 shares at 101,00€ and 500 shares at 101,00€.

And the order book is as follows:

BID		ASK	
VOLUME	PRICE	PRICE	VOLUME
200	99,00	101,00	100

Rule 5:

All the above rules apply in the same way for hidden orders.

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 shares is executed.

- If there are two or more prices at which the same number of shares can be executed, the auction price shall be that 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 value is about to be traded is in the limit of the static or the dynamic price range.

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 shares allocation process begins (trades made at the resulting auction price). It should be stressed that volatility auctions are never extended; the only auctions that may be extended are opening and closing auctions.

It is however possible for a share 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 share allocation and, in these exceptional cases, the security 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. If the closing auction is extended, the System will carry out the allocation process automatically after the close of the two-minute extension period.

7.2 Price Ranges

Static and dynamic ranges are calculated on the basis of the most recent historical volatility of each security. 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, so that they accurately reflect the characteristics of the security at any given moment.

- 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)[8]. 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.

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

The dynamic ranges remain in force only while the market is open and during the closing auction, so they do not apply in the fixing system

However, although standard market practice will be to apply these ranges, in exceptional circumstances, the Trading and Surveillance Commission may adjust the range set for a certain security 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 stock tries to negotiate either at the upper or lower limit of the static price range (maximum variation in either direction in the static price).

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 shares 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.

Chart 1:
VOLATILITY AUCTION DUE TO BREACH OF STATIC RANGE
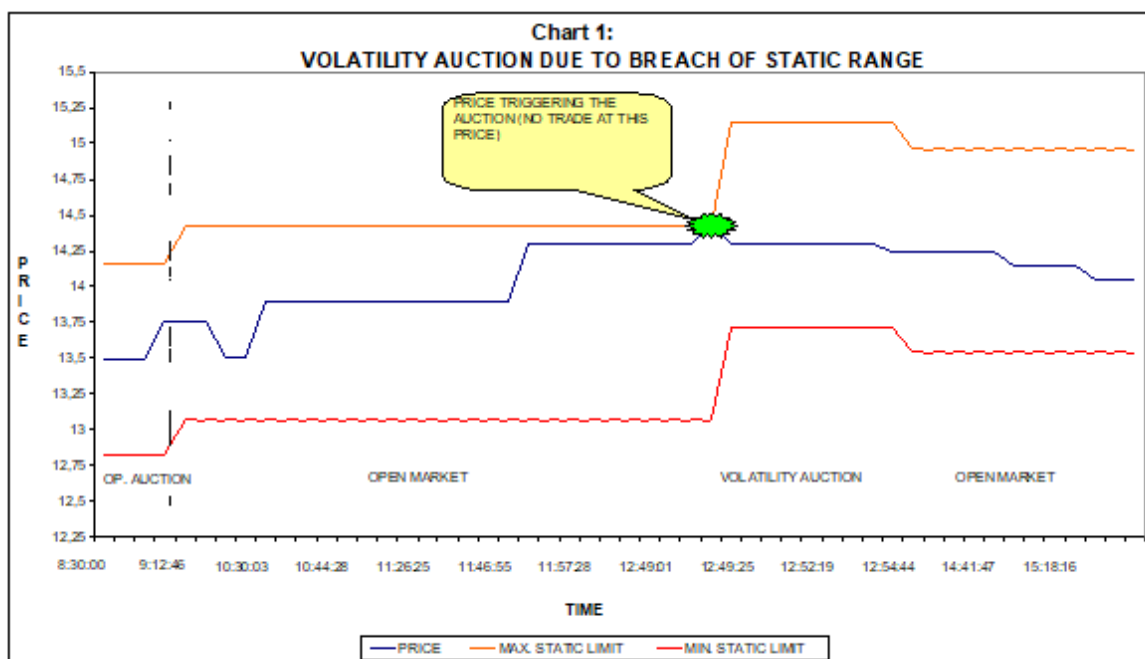
Source: Sociedad de Bolsas, S.A.

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 direction)[9].

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 of the security 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 security 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 shares were allocated at a higher price. This new static price is lower than the previous one, what causes a downwards movement of the static range.

Chart 2:
VOLATILITY AUCTION DUE TO BREACH OF DYNAMIC RANGE
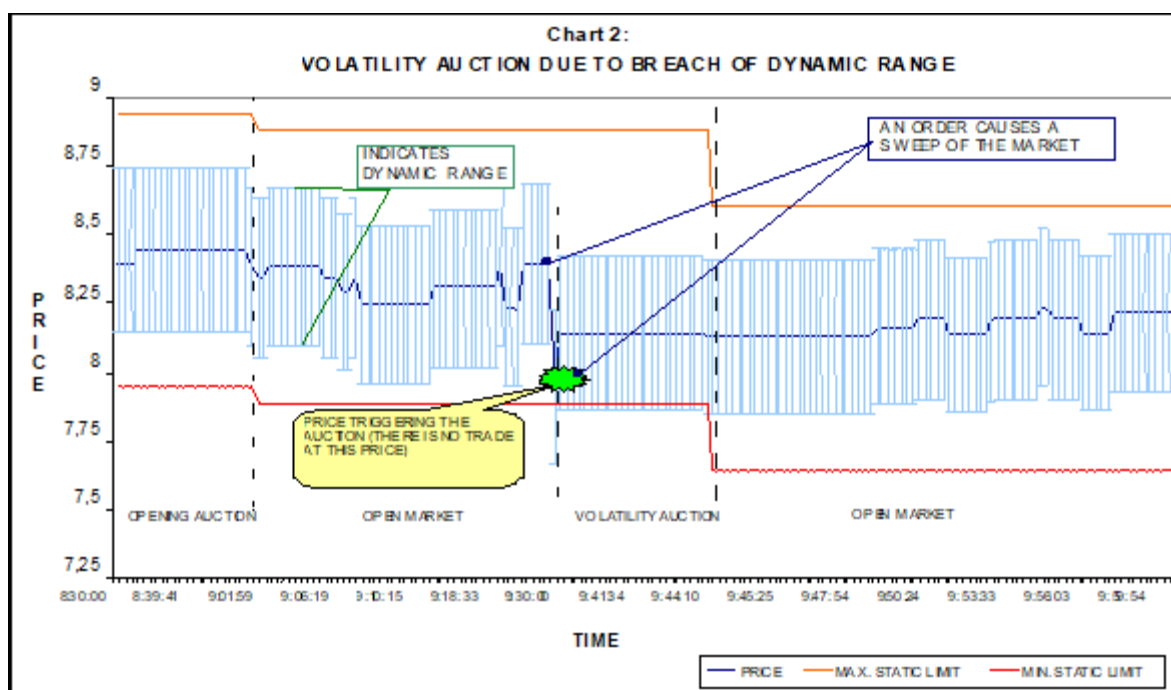
Source: Sociedad de Bolsas, S.A.

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[9] The dynamic price is the last price traded at any given moment (whether resulting from an allocation carried out in an auction, or simply, resulting from the last trade).

7.5   Extension of Auctions

Both the opening and closing auctions may be extended. These extensions last for two minutes plus a 30-second random end period. As mentioned above, volatility auctions are never extended.

In the case when, due to a breach of either the static or the dynamic range a volatility auction is triggered less than five minutes before the start of a closing auction, the volatility auction overlaps with the general closing auction.

If the price resulting from the opening auction is on the limits of the static range, the opening auction for the security in question is extended (by two minutes plus the random end).

If the price resulting from the closing auction is on the limits of the static range, or on the limits of or outside the dynamic range, the closing auction for the security in question is extended (by two minutes plus the random end).

Extensions to closing auctions always end with an allocation, regardless of whether market conditions are such that the volume of market orders, plus market to limit orders, is higher than the volume of opposite-side orders that may be allocated. However, if such conditions arise during an extension to an opening auction, the share 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.

8 Agents Involved in the Market

8.1 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 prices[10]; and trade on their own account at least one financial instrument in a trading venue, for at least 50% of the daily trading hours of the corresponding trading venue, excluding the opening and closing auctions, 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.

Sociedad de Bolsas has a market making plan for the liquid securities traded on the Stock Exchange Interconnection System, in accordance with the provisions of Article 5 of Delegated Regulation (EU) 2017/578, of the Commission.

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.

8.2 Liquidity Providers

Market members who have registered liquidity commitments with the issuers of shares traded in the market or with Sociedad de Bolsas according to regulation established in this respect, will be considered liquidity providers. They will have to comply with certain market parameters (mainly spread and volume parameters) and requirements at all time.

The Trading and Surveillance Commission is responsible for ensuring that liquidity providers comply with the commitments assumed.

The parameters that the Liquidity Provider must observe will be determined by means of the corresponding Operating Instruction.

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[10] 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.

8.3 Liquidity Providers for Retail Investors

Market members who are interested in accessing the status of liquidity providers for retail investors must sign a liquidity provision deal for retail investors with Sociedad de Bolsas, and adjust to the presence conditions determined by it.

Orders from liquidity providers for retail investors will only be tradable against orders from retail investors and they will not cross the best opposite side price. Orders from retail investors are executed at the best price that corresponds at all times, whether it comes from orders from liquidity providers or from other market members. Liquidity providers will serve the orders of retail investors according to the price-time priority.

9 Information Dissemination

S.I.B. includes a specialized information dissemination system, designed to distribute detailed information on how the market is performing, both in terms of trades actually being carried out on the market and the System's order book. The aim of this is to provide a service giving a true reflection of market transparency.

This flow of information provides all entities connected to the System with real time information on each trade carried out on the market, any change in the IBEX® indices and the status of the order book throughout the session.

The following contents are available:

- Trades: a message is issued each time a trade is carried out. The message details the time, price and volume.

- Order book (Market by prices): a message is issued each time there is a change in the five (5) or twenty (20) best bid and/or ask positions.

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