

**CIRCULAR 5/2016**

**MERCADO ALTERNATIVO BURSÁTIL TRADING REGULATIONS FOR SICAV  
SHARES, VENTURE CAPITAL COMPANIES (VCC) SECURITIES, AND HEDGE FUND  
AND FUNDS OF HEDGE FUNDS SECURITIES**

Section V of the Market Regulations deals with trading and allows for the creation of Trading Regulations for the Market which are established in this Circular.

The Mercado Alternativo Bursátil model for SICAVs combines trading through a price setting system based on bids and offers during an auction period with a trading system at net asset value.

The first system (trading through prices set at an auction, or “fixing”) enables investors and shareholders to place orders which are limited by price or by the market. In this case, the free interaction of supply and demand determines the trading price. For companies which are sufficiently well known, this system ensures efficient price setting. It will also be useful for investors wishing to estimate the net asset value before it is made public, particularly for SICAVs with international portfolios. Furthermore, it may be used for executing transactions among shareholders to avoid commissions or discounts that the managing company of the SICAV itself might apply to the transaction at net asset value when offering a counterparty.

The at-net-asset-value trading system guarantees investors and shareholders the possibility to buy or sell at the net asset value of the trading session during which the order was placed. With this system, the SICAV itself guarantees the purchase and sale of shares for each order placed and offers the necessary counterparty. Therefore, the orders are placed without indicating the price as the SICAV will deal with them at the net asset value. This system is an important instrument that provides liquidity to these companies' investments. Additionally, it makes it possible for the managing company and the SICAV to apply any established commissions and discounts to the net asset value. It also guarantees the investor that no party shall be able to benefit from the schedule for entering orders and for reporting net asset value.

The two contracting systems are combined by using the technological trading platform for securities, harnessing its capacity for dissemination and its algorithms for price setting and the order in which orders are placed.

Regarding the aforementioned, the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación has approved the following Circular, which includes the Trading Regulations for the segment of SICAV shares, VCC securities admitted to the Market, and securities issued by hedge funds and funds of hedge funds within the Mercado Alternativo Bursátil.

**One. Trading Regulations for SICAV shares, VCC securities and hedge fund and funds of hedge fund securities on the Mercado Alternativo Bursátil.**

The Trading Regulations are approved for SICAV shares, VCC securities and hedge fund and funds of hedge fund securities on the Mercado Alternativo Bursátil (henceforth the “Market”).

**INDEX**

- 1. APPLICABLE REGIME**
- 2. REGIME FOR TRANSACTIONS**
- 3. SESSIONS AND HOURS**
  - 3.1. Calendar of sessions and hours**
  - 3.2. Regime for the sessions**
- 4. ORDERS, APPLICATIONS AND TRADING UNITS**
- 5. PRICES AND PRICE VARIATIONS**
  - 5.1 Benchmark price and net asset value**
  - 5.2 Static Range**
  - 5.3 Closing price**
  - 5.4 Minimum price variation**

- 6. SICAV SHARES TRADED DURING THE AUCTION PERIODS**
- 7. SPECIAL TRANSACTIONS**
  - 7.1. Schedule**
  - 7.2. Reported Transactions**
    - 7.2.1 Price**
    - 7.2.2. Minimum amount**
    - 7.2.3 Notice of transactions**
  - 7.3 Special transactions requiring authorisation from the Market Supervisory Committee**
  - 7.4 Reporting of transactions**
- 8. TRANSACTIONS ISSUING AND REDEEMING SICAV SHARES AT NET ASSET VALUE**
- 9. INTERRUPTION AND SUSPENSION OF TRADING**
- 10. INFORMATION PROVIDED TO MEMBERS PRIOR TO AND FOLLOWING TRADING**
  - 10.1 Information prior to trading transactions**
  - 10.2 Information following trading transactions**
- 11. REPORTING OF INFORMATION**

## **1. APPLICABLE REGIME**

Share trading in the SICAV segment of the Mercado Alternativo Bursátil shall be governed by these Trading Regulations.

These regulations will also govern the VCC securities and hedge fund and funds of hedge fund securities, according to the terms defined in Articles 73 and 74 of the implementing Regulation of the Law 35/2003, approved by Royal Decree 1082/2012 on 13 July.

In the case of shares or units issued by the hedge funds, the market members or participating entities shall establish the necessary controls so that, during the subscription or acquisition by the bidder, the minimum initial payout of 100,000 euros shall be respected, as laid down by Article 73 of the hedge fund Regulations.

## **2. REGIME FOR TRANSACTIONS**

Transactions will be deemed valid when they are carried out using the technical instruments or resources registered for each Market member or participating company, which assume total and exclusive responsibility for all transactions carried out in this form.

Transactions carried out in this way shall be confirmed definitively and will be fully effective. By way of an exception, transactions may be cancelled with prior authorisation from the Market Supervisory Committee, should any transaction be affected by a manifest error and with the consent of the trading parties. Market members are the participating entities which shall be able to place buy and sell orders and execute the related trades.

## **3. SESSIONS AND HOURS**

### **3.1. Calendar of sessions and hours**

The Market shall be open on working days from Monday to Friday, as established in the official calendar, with the opening hours set by an Operating Instruction.

### **3.2. Regime for the sessions**

The trading session shall consist of an opening auction, a closing auction and a Special Operations period.

#### **4. ORDERS, APPLICATIONS AND TRADING UNITS**

For the purposes of the Market, every position entered by the Market members and participating entities with an indication of the security to be traded, whether it is a sell or buy order, the amount and price, shall be deemed to be orders, in accordance with the provisions of the Dealer's Manual.

Given the exclusively ask or bid nature of each order, applications shall only arise insofar as the opposing orders from the same member can be matched, and as such fitting within the best ask and bid prices available at the time they are entered, with no preference over those of other dealers.

The trading unit shall, in general, be a unit of the security listed on the Market. However, a different trading unit may be established, through an Operating Instruction, in the case of specific securities where this is deemed necessary.

#### **5. PRICES AND PRICE VARIATIONS**

##### **5.1 Benchmark price and net asset value**

###### **5.1.1 SICAV Activities**

At the beginning of each session, the benchmark price shall be set at the last net asset value reported by the Managing Company of each SICAV or the SICAV itself. The Operating Instruction shall set the maximum period these entities have to report the net asset value of the SICAV shares in question.

The Market shall establish mechanisms for automatically accepting the net asset values reported by managing companies as the benchmark price for the session.

###### **5.1.2 VCC Securities**

The benchmark price for the start of each day's session shall be the closing price of the previous session, see section 5.3.

When a security that has not been previously listed on another market is admitted to trading on the MAB, the benchmark price shall be determined according to firm bid and sale positions.

When a security has been listed on another market, the benchmark price shall be the closing price on the market where the security was listed most recently.

###### **5.1.3 Hedge fund and funds of hedge fund securities**

The benchmark price for the start of each day's session shall be the closing price of the previous session, see section 5.3, unless the latest net asset value of each hedge fund or fund of hedge fund has been reported, in which case this shall be the benchmark price.

When a security that has not been previously listed on another market is admitted to trading on the MAB, the benchmark price shall be determined according to firm bid and sale positions.

When a security has been listed on another market, the benchmark price shall be the closing price on the market where the security was listed most recently.

## **5.2 Static range**

The static range in the opening auction is the maximum variation permitted with respect to the benchmark price. The Operating Instruction shall set the static range.

If a price is set for a security in the opening auction, this may become the new static price, on which the static range will be based, for the closing auction.

## **5.3 Closing price**

### **5.3.1 SICAV Activities**

The price from the closing auction shall be the session's closing price. Should there be no auction price or fewer than 200 units are auctioned, the closing price shall be the closest to the average weighted price of the last 200 units traded and, in the event of two prices being the same as the weighted price, the price shall be the last price traded. In the event that 200 units are not traded in one session, the closing price shall be the net asset value or benchmark price.

### **5.3.2 VCC Securities**

The price from the closing auction shall be the session's closing price. Should there be no auction price or fewer than 200 units are auctioned, the closing price shall be the closest to the average weighted price of the last 200 units traded and, in the event of two prices being the same as the weighted price, the price shall be the last price traded. In the event that 200 units are not traded in one session, the closing price shall be the closing price of the previous session.

### **5.3.3 Hedge fund and funds of hedge fund securities**

The price from the closing auction shall be the session's closing price. Should there be no auction price or fewer than 200 units are auctioned, the closing price shall be the closest to the average weighted price of the last 200 units traded and, in the event of two prices being the same as the weighted price, the price shall be the last price traded. In the event that 200 units are not traded in one session, the closing price shall be the closing price of the previous session or the net asset value, if it is not received following the close of the session.

#### **5.4 Minimum price variation**

The minimum price variation shall be 0.01 euros.

### **6. SHARES TRADED DURING AUCTION PERIODS**

During the opening and closing auction periods, orders may be entered, modified and cancelled. Transactions are not executed during the auction period, but at the end of the auctions, based on the single price for each auction.

The auctions may end at any time within a maximum period of thirty seconds with a random end, from the time of the end of the auction. The duration of auction periods may be modified as dictated by circumstances. Such changes may apply to a particular security, a group of securities, or all trading.

Once the first price setting has taken place with the corresponding assignment of trading units, the securities shall once again be in a new auction period until the second price setting, during which there will be a new assignment of trading units and the close of the session for securities covered by this form of trading.

With regard to the distribution of information, classes or orders, price setting and assignment of title, the Market's auctions shall comply with the general regulations applicable for such purposes to the Spanish securities market.

### **7. SPECIAL TRANSACTIONS**

#### **7.1 Hours**

The schedule for carrying out special transactions shall be from the close of the session (17:35 hours) until 20:00 hours.

#### **7.2. Reported Transactions**

Market members may apply opposing orders, or conclude trades without formulating them publicly, outside the normal operating hours of the market, provided that they meet the following requirements:

#### **7.2.1 Price**

The limit of variations on the benchmark prices or net asset value shall be 5%. Transactions may be carried out at any price within the spread resulting from applying the percentage detailed above.

In the case of VCC securities, the benchmark price shall be set at that indicated in section 5.1.2 of these Trading Regulations.

In the case of hedge fund and funds of hedge fund securities, the benchmark price shall be set at that indicated in section 5.1.3 of these Trading Regulations.

#### **7.2.2. Minimum amount**

The effective amount of the transaction must be, as a minimum, 150,000 euros.

#### **7.2.3. Notice of transactions**

Transactions shall be reported by 20:00 hours, in accordance with the procedure described in the Dealer's Manual.

### **7.3 Special transactions requiring authorisation from the Market Supervisory Committee**

Market Members may apply opposing orders or conclude transactions without formulating them publicly, outside the price limits established in point 7.2.1. of these Regulations, provided that they receive the appropriate authorisation, which may only be agreed to if some of the following circumstances arise:

1. That the amount is greater than 300,000 euros.
2. That some of the following circumstances relating to the company arise:
  - Transfers directly related to a merger or disposal.
  - Transfers arising as a result of agreements for the reorganisation of a business group.



3. That they relate to the execution of the following complex trading contracts:

- Buy or sell resulting from settlements or agreements aimed at putting an end to disputes.
- Buy or sell that are part of transactions including a multitude of special inter-related agreements.

4. Any other cause which, in the opinion of the Market Supervisory Committee, sufficiently justifies the authorisation of the transaction.

The authorization application shall be filed in accordance with the procedure described in the Dealer's Manual, and must be included on the Market sufficiently in advance so as to allow the authorisation process to be performed before 20:00 hours.

The authorisation of the transaction, where appropriate, will be granted by the Market Supervisory Committee and shall be communicated to the applicant using the procedure described in the Operating Manual, and shall be executed from the moment at which it is authorised.

#### **7.4. Reporting of transactions**

Prior to the start of the opening auction for the session following that in which the transactions have been carried out, details of all transactions executed shall be published on the System trading screens.

### **8. SUBSCRIPTION AND REDEMPTION TRANSACTIONS AT NET ASSET VALUE.**

#### **8.1 SICAV Activities**

The Market shall provide a system to carry out transactions to issue and redeem SICAV shares at net asset value. The SICAV managing company or the SICAV itself must have previously sent the net asset value and the transaction must be performed at this price. Market members and participating entities shall be able to participate, by admitting volumes of shares to be bought or sold.

These transactions shall be processed according to the procedures established in the Operating Instruction.

#### **8.2 VCC Securities**

This section shall not be applied to VCC securities.

### **8.3 Hedge fund and funds of hedge fund shares and units**

The Market shall provide a system to carry out subscription and redemption transactions for shares and units of hedge funds and funds of hedge funds at net asset value. The hedge fund or fund of hedge fund must have previously sent the net asset value and the transaction must be performed at this Price.

The SGIIC or, where appropriate, the hedge fund or fund of hedge fund, shall have previously implemented the necessary controls to ensure that the special provisions are respected. These provisions, according to Articles 73 and 74 of the Hedge Fund Regulations, may be established in the hedge fund prospectus regarding the notification period for subscriptions and redemptions, minimum amount of time for being a shareholder or unitholder, maximum limits on the amount of redemptions in one day or an extension of the deadline for payment of redemption.

These transactions shall be processed according to the procedures established in the Operating Instruction, which may include the necessary special provisions to consider the circumstances applied to subscription and redemption in each case.

## **9. INTERRUPTION AND SUSPENSION OF TRADING**

### **9.1. Interruption of trading**

The Supervisory Committee may interrupt trading in cases of emergency and for technical reasons.

The interruption notice shall be transmitted by way of the Market terminals and shall be reported immediately to the Board of Directors and the CNMV.

During the interruption period, bids may not be entered or executed, although inquiries to the Market may be made.

Once the suspension has ended, the trading shall recommence and be subject to the remaining sections of these Regulations.

The length of the session may be extended where there has been a prior interruption, depending on the circumstances of each case.

### **9.2 Suspension of trading**

The Board of Directors – and in cases of emergency, the Supervisory Committee – may temporarily suspend trading in those securities that cease to comply with Market regulations. Under all circumstances, this decision shall be reported immediately to the CNMV and made public.

Additionally, the Board of Directors – and in cases of emergency, the Supervisory Committee – shall suspend trading of securities listed on the Market should these securities be suspended from trading in regulated markets where they are admitted for trading.

Notice of suspension shall be communicated through the Market's terminals, and shall be distributed to inform market participants and investors.

During the period of suspension, it is not permitted to enter proposals or to execute them, although it is possible to make inquiries to the Market.

Once the suspension has ended, the trading shall recommence and be subject to the remaining sections of these Regulations.

## **10. INFORMATION PROVIDED TO MEMBERS PRIOR TO AND FOLLOWING TRADING**

### **10.1 Information prior to trading transactions**

Members shall have access to the information concerning the securities traded on the Market and the data needed in order to carry out the transaction within the Market.

#### **The information shall include the following:**

- The buy and sell prices at all times during the Market trading session.
- The active positions at each moment on the Market.
- The depth of the trading positions at the existing buy and sell prices or those that have been introduced at all times during the Market trading session.
- The notices and extremes that the system distributes regarding aspects detailed in the Trading Regulations.

## **10.2. Information following trading transactions**

Members shall have access to the information relating to all transactions that have been carried out throughout each Market trading session, which shall include:

- The prices for which each one of the cross trades on the Market has been completed.
- The trading volume affected in each cross trade.
- The date and time at which each trade has been crossed.
- Any other information that may be relevant for trading on the Market.

## **11. REPORTING OF INFORMATION**

Every day on which a session is held, the Market shall report the most significant data on the securities listed in this segment and on the transactions carried out, which shall include:

- The prices at which the transactions have been carried out during the corresponding session, in accordance with the regime applicable to the various kinds of transactions.
- The pertinent background prices compared to previous sessions.
- Trading volumes.
- Indices established.
- The net asset values for hedge fund shares and other financial instruments.

This information may be contained in the Market Bulletin or any other written format, and may be reported by way of electronic means.

In addition, the Market may reach suitable agreements with those regulated markets where the securities listed on this segment are traded, in order to publish segment information using the means of the said markets.

### **Two. Date of application and replacement of Circular 6/2010**

This Circular shall be applicable starting 9 March 2016 inclusive, from which time it shall repeal and replace Circular 6/2010 of 4 January 2010.

Madrid, 5 February 2016

THE SECRETARY

Ignacio Olivares Blanco

*The English translation is for the convenience of English-speaking readers. However, only the Spanish text has any legal value. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion. Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., expressly disclaims all liability for any inaccuracy herein.*