

CIRCULAR 6/2020

BME MTF EQUITY SUPERVISION PROCEDURES

Title VIII of the BME MTF Equity Operating Regulations sets out the applicable supervision regime. Article 39.4 of these Operating Regulations establishes that the Market will detail the rules applicable to the supervision procedures provided for in the Rules and Regulations through a Circular.

This article also establishes that internal supervision protocols will be drawn up and regularly updated, and that these and their updates will be reported to the National Securities Markets Commission through the established communication procedures.

This Circular develops the rules applicable to supervision procedures and reporting to the National Securities Markets Commission.

ONE. SUPERVISORY PROCEDURES

1. Supervision methods

In respect of the technical resources, Supervision Department personnel shall at all times have the tools needed to assess the situation of the order book, its changes, cancellations and trades, and to analyse the concentration of trades and their repetitions, prices, volumes and amounts, by value, terminal, trader and Member, and other relevant parameters for monitoring the positions, prices and volumes of the securities traded on the Market.

Through the IT applications at its disposal, the Supervision Department will establish configurable real-time alarms that enable the identification of unusual behaviour and auditing of actions in the Market for each session, security and member, as part of its monitoring of operations and in compliance with the regulations applicable to trading. IT applications will also facilitate the detection of spreads and volumes by specialists in segments where this is possible.

The Supervision Department will use its judgement, resources and procedures to avoid and prevent behaviour that might contravene market regulations and, in particular, practices that constitute market abuse, and to react appropriately if such behaviour does occur.

2. Opening of supervision procedures

As soon as there is evidence of, or information is received relating to, a possible breach of Market regulations by any party that cannot be satisfactorily demonstrated using the information held by the Market, the Supervision Department will initiate appropriate supervision procedures.

3. Requirement

The Supervision Department shall request all information and circumstances that it considers relevant from the party to evaluate the existence of a breach of the Market regulations.

The party is obliged to provide the Market with the information required within the period established by the Supervision Department in light of the specific circumstances.

4. Grounds and arguments

The party may file its arguments within the period established in the information request, and can also provide any documents and evidence it considers relevant.

5. Correction of actions

The party may proceed to correct the actions identified in the supervision activity within the period established in the information request, if possible, as well as any related actions of which it is aware.

The Supervision Department must be informed of this corrective action, with all relevant supporting and explanatory documentation.

6. Implementation of supplementary actions

The Supervision Department will assess the information and documentation provided by the affected party or parties and implement any supplementary actions it considers necessary for the resolution of the procedure.

7. Report

Upon receipt of the information and documentation required and, where applicable, the arguments presented and the corrective measures implemented, and when any supplementary actions have been implemented, the Supervision Department will prepare a report evaluating the existence of non-compliance with the Market regulations, reporting to the party involved on this.

This report will be sent to the managing director and the Board of Directors.

TWO. COMMUNICATIONS WITH THE SPANISH NATIONAL SECURITIES MARKET COMMISSION

1. Purpose of the communication

The Supervision Department will send the National Securities Markets Commission all signs and specific information obtained by the Market in each case where there are reasonable grounds for suspicion of the existence of a possible breach of market abuse regulations. These communications will be made as soon as it is concluded that any signs or information comply with the principle of reasonable suspicion of a breach.

The National Securities Market Commission will also be notified immediately of any disciplinary measure adopted or to be adopted by the Supervision Department in relation to breaches of Market regulations.

2. Communication procedure

Communications to the National Securities Markets Commission will be by means that allow for proof of their receipt, in accordance with the applicable administrative legislation, including the CIFRADOC procedure.

THREE. DATE OF APPLICATION AND REPLACEMENT OF THE PREVIOUS REGULATION

This Circular will apply from 1 October 2020, inclusive, at which time it will void and replace Circular 11/2016, of 5 February, on Supervision Procedures for the Alternative Stock Market (MAB).

Madrid, 30 July 2020

THE SECRETARY

Ignacio Olivares Blanco