

OPERATING RULES OF THE SPANISH STOCK EXCHANGE INTERCONNECTION

The aim of this Circular is to incorporate in a single regulatory text the rules governing trading in the Stock Exchange Interconnection System, following their adaptation to the standards of Directive 2014/65/EU and for the sake of greater clarity.

In view of the foregoing, the Board of Directors of Sociedad de Bolsas has approved the following Circular, which recasts and updates the Operating Rules of the Spanish Stock Exchange Interconnection System, replacing and cancelling the previous Circular of Sociedad de Bolsas 1/2017, of December 18th, Circular 1/2018, of September 17th, Circular 2/2019, de November 27th, and Circular 1/2020, de April 15th.

FIRST. Operating rules of the Stock Exchange Interconnection System

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1. SCOPE OF APPLICATION

Stock Exchange Interconnection System shall be governed by these Operating Rules without prejudice to the outcome of the application of Stock Market Regulations and other general provisions. The rules included in the Traders' Manual and the Circulars and Operating Instructions approved by the board of directors, the Trading and Control Committee and the various governing bodies shall also be applied.

These Rules have a general nature as regards the operating of Stock Exchange Interconnection System SIBE, shall be directly applicable to main trading and, as regards other trading types and segments, shall be applicable in all cases which are not the object of specific regulations governing each of these.

2. OPERATING REGIME

Trades shall be deemed valid when they take place as a result of the use of the technical instruments or media registered for each member, who will assume full and exclusive responsibility for all trades carried out in this way, without exception.

Trades carried out in this way shall be definitively confirmed with full obligatory enforceability. Exceptionally, an operation may be cancelled, altered or corrected with the consent of the contracting parties, always provided the appropriate authorisation has been granted by the Supervision Department or the Trading and Control Committee.

3. SESSIONS AND TRADING HOURS

3.1 SESSIONS

SIBE shall be open on all business days from Monday to Friday which figure in the legally established calendar and at the times given below.

3.2 TRADING HOURS

3.2.1 Trading hours for main trading

Securities included under main trading shall have the following trading hours:

3.2.1.1. Opening auction

From 8:30 to 9am, when orders can be entered, modified and cancelled but no trades can be made.

The auction shall end at any time, within a maximum 30 seconds random end, from 9am.

On special occasions, as indicated in section 6.2.4.2, the opening auction may be extended for two minutes, ending at random within a maximum additional period of 30 seconds.

3.2.1.2. Open sesión

From 9am to 5.30pm when continuous trading is carried out. This may be interrupted by volatility auctions.

3.2.1.3. Volatility auctions

When the circumstances described in section 5.5 arise during the open session, a volatility auction will be activated with a duration of five minutes ending at random within a maximum additional period of 30 seconds.

During this period, orders can be entered, altered and cancelled but no trades can be made. Once the auction ends, the open session will restart.

If a security's volatility auction overlaps the closing auction, the security will remain under auction with the conditions of the closing auction.

3.2.1.4. Closing auction

From 5.30pm to 5.35pm, when orders can be entered, altered and cancelled but no trades can be made.

The auction shall end at any time within a random period of at most 30 seconds from 5.35pm.

On special occasions, as indicated in section 6.2.4.4, the closing auction may be extended for two minutes, ending at random period within a maximum additional of 30 seconds.

The duration of the auction periods may be altered when circumstances make this advisable and these alterations may affect a particular security, group of securities or all the trading activity.

3.2.2 Trading hours for the fixing market

The fixing market shall have the following trading hours:

- First auction period 8.30am to 12.00 noon.
- First assignment of prices 12.00 noon.
- Second auction period 12.00 noon to 4.00pm.
- Second assignment of prices 4.00pm.

Fixing market auctions will end within a maximum additional period of 30 seconds with a random ending.

3.2.3 Schedule for transactions carried out outside the general trading hours

The trades included in section 7 of these Rules that, according to the established hours, may be executed in the System but outside the General Trading hours must be carried out between 17:40 h and 20:00 h.

In addition to those indicated above, the trades that meet the minimum effective amount for high volume orders established for each security may be executed during these hours.

3.2.4 Exceptional trading hours

In the event of important news or events or particularly significant incidents arising during SIBE sessions, the usual duration of trading hours may exceptionally be altered in accordance with the provisions of section 12 of these Operating Rules.

For the same reasons, the start of a session may be brought forward. This shall be properly announced, and it will be disseminated through the technical means of the Stock Exchange Interconnection System as soon as possible.

4. ÓRDERS, CROSS OPPOSITE-SIDE ORDERS AND TRADING UNITS

For purposes of the System, an order is defined as each position entered by a member indicating the security to be traded, whether the operation is buy or sell, the amount and the price in accordance with the provisions of the Trader's Handbook.

Given the exclusively buy or sell nature of each order, cross opposite-side orders will only take place if a member's opposite-side orders are matched, due to these being among the best ask and bid prices at the time the orders are entered. No preference shall be given to these over those of other operators.

Market Members can avoid the self-execution of their orders, with opposite sign, due to the identification of them as non-self-tradable. When an identified order enters the system, whose counterparty in the order book will be another order from the same Market Member, also identified as non-self-tradable, the system will reject the entering order, the order positioned in the orderbook or both of them, depending on the instructions established by the Market Member, and therefore avoiding those orders being traded. This functionality shall not be available during auction periods or for orders entered with the All or Nothing restriction.

Orders admitted in any market periods and market types shall be valid for the length of time indicated for these, with a maximum limit of 90 calendar days from their entry in the System. Those for which no period is indicated shall only be valid for the session in which they were entered.

As a general rule, the trading unit shall be one unit of the corresponding security included in the System. However, via an Operating Instruction, a different trading unit may be established in the case of specific securities where this is considered necessary.

5. PRICES AND PRICE VARIATIONS

5.1 Reference price for the session

At the start of each session, the closing price of the previous session shall be taken as the reference price. The closing price will be established in accordance with section 5.6 of these Rules.

When a security is included in SIBE for the first time, the reference price shall be the official closing price of the Stock Exchange on which it has most recently been traded, and in the case of different prices among various Stock Exchanges, the price of the market in which the highest trading volume has been recorded in the preceding fifteen sessions.

When a security is included in the System for the first time without having been traded previously on the Spanish Stock Exchanges, the reference price shall be that which corresponds to certain ask or bid positions.

When it is difficult to arrive at a reference price, either for the reasons indicated in the two preceding paragraphs or because other exceptional circumstances arise, the reference price may be fixed on the basis of other parameters.

In the event of financial trade on a security which could affect the reference price, this may be altered as considered necessary.

5.2 Static price and range

The static price is the price arising from the last auction or the price limiting the static range if a volatility auction is held because of a breakout from the static range. At the beginning of the session, the static price is the same as the reference price.

The static range is the maximum variation permitted in the static price at any given moment. The static range is calculated on the basis of the historical volatility of each security. The static range will be in force throughout the session.

The System will not accept purchase limited orders which price is over the maximum of the static range or selling limited orders which price is lower than the minimum of the same range.

5.3 Dynamic Price and range

The dynamic price is the last traded price of a security either from an auction or from the execution of an incoming order in an open session. This price is continually updated during the session.

The dynamic range is the maximum variation permitted in the dynamic price. It is calculated on the basis of the historical series of price fluctuations of each security during the session.

The dynamic range will be in force during both the open session and the closing auction. However, it will not be in force during the opening auction, the volatility auctions, nor during the extensions to the opening and closing auctions.

5.4 Ranges and their publication

The static and dynamic ranges for each security will be published in Operating Instruction and revised on a regular basis. They may exceptionally be modified at other times. Appropriate information will be provided on these measures and they will be disseminated through the technical means of the Stock Exchange Interconnection System as soon as possible.

5.5 Volatility auctions

During an open session, immediately before a trade at the limit price of the static range (breakout from the static range) or at the limit price of the dynamic range or outside this last one (breakout from the dynamic range), a volatility auction will automatically be generated on the security in question.

If a volatility auction is activated due to a breakout from the dynamic range, the static price prevailing at that moment will be maintained throughout the auction. However, if a volatility auction is activated due to a breakout from the static range, the price responsible for the breakout will become the new static price.

Volatility auctions will last for five minutes and end at any time within a maximum additional 30-second period with a random ending. During these auctions, orders can be entered, altered and cancelled but no trades can be made until the auction has ended, in accordance with the stipulations of section 6.2.4.3 to these Rules. The price resulting from these auctions will be the new static and dynamic price of the corresponding security.

5.6 Closing Price

The session ends with a 5-minute auction, between 17:30 and 17:35, which will end at any time within a maximum additional 30-second period with a random ending. In accordance with the stipulations of section 6.2.4.4, 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 that price of the last 500 traded units

closest to the weighted average price. If two prices have the same difference with respect to this weighted price, the price will be the last executed. If 500 units have not been traded, the closing price will be the price of the previous session.

In the Fixing system, closing prices shall be based on 200 trading units.

5.7 Minimum price variation and trading by lots of shares

Securities can be traded with the tick sizes established below, being the minimum price 0.01 euros.

A minimum price variation will be applied and will be equal or greater than the corresponding to:

- a) The liquidity band corresponding to the range of the average daily number of trades for each instrument in the most relevant market in terms of liquidity; and
- b) The price threshold of that liquidity band corresponding to the order price,

This minimum price variation shall be applied in accordance with the table below:

Price ranges	Liquidity Bands					
	0≤Average daily number of trades <10	10≤Average daily number of trades<80	80≤Average daily number of trades<600	600≤Average daily number of trades<2000	2000≤Average daily number of trades <9000	9000≤Average daily number of trades
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	100	50	20	10

For the fixing system the first liquidity band, corresponding to an ADNT between 0 and 10 in the table above will apply, in accordance to what has been published by the supervisory competent authority.

For those instruments whose trading price is below 0.01 euros, it will be of application the requirement of trading by lots of shares. The minimum lot established for each instrument will apply in the entry of orders to the System. Allowing when needed the breakdown of such lot in the post trade phases.

An Operating Instruction will be published with the list of those instruments for which, based on their trading price value, the requirement of trading by lots of shares is established, the minimum lot for each instrument and the moment from which this trading requirement will be of application.

6. MAIN TRADING

6.1 DEFINITION

In SIBE this is the type of trading for which priority in executing trades is determined by price and, if prices are equal, by the timing of order entry.

6.2 Auctions periods

6.2.1 Definition

Periods of time during which orders can be entered, altered and cancelled but no trades can be executed.

During this period, the System will show the indicative prices that would be determined if, at that moment, the auction were to end.

6.2.2 Types of order

During auction periods, the following types of order shall be admitted according to price:

- **Limit orders:** Orders executed at the maximum purchase price or minimum sale price.
- **Market orders:** Orders entered without price limit and so they are executed at the auction price. If the volume of market orders is not covered by the total volume to be traded, the security remains in the opening or volatility auction. If a market order is partially traded or not traded in the closing auction, it remains in the order book as a market order.
- **Market to limit orders:** Orders introduced without a price limit, so they are executed at the auction price. Once the open session starts, the orders are limited to the auction price. If there is no auction price, the orders are rejected. If the volume of best bid orders is not covered by the total volume to be traded, the security remains in the opening or volatility auction. If a best bid order is partially traded in the closing auction, the remainder remains in the limit order book at the auction price.
- **Hidden orders:** Orders that comply with the minimum effective amount requirement for large orders (Section 7.1.4), are not visible and are executed at the best buy or sell price. These orders are covered by a waiver of pre-trade transparency obligations for large in scale orders.
- **Combined Blocks:** They are orders with a visible part and another part not visible. The visible part works as an iceberg order (section 6.2.3.). The non-visible part has to fulfil the turnover requirement of section 7.4. (Blocks). The non-visible part will be able to cross against the non-visible part of other orders if it has been if so indicated. In auctions they participate with the whole volume. These orders are covered by a waiver of pre-trade transparency obligations for orders held in an order management facility and a waiver for large in scale transactions.

6.2.3 Orders conditions

Orders may have hidden volumes (iceberg orders). These orders are entered in the system displaying only part of the volume to be traded but take part in the auctions for the total volume. Only the displayed volume has priority in terms of time whilst both the displayed and hidden volumes have priority in terms of price. The entire volume is shown during auctions. At the time of introduction, they must have a minimum size of EUR 10,000.

6.2.4 Determination of the auction price

6.2.4.1. General rules for determining the auction price

The price for orders introduced during the auction period shall be the one which allows the maximum volume of orders to be executed.

If there are two or more prices at which the same order volume can be executed, the auction price shall be the one which leaves the smallest surplus (the difference between bid and ask volumes that could be traded at the same price).

If there is no surplus or if the surpluses are the same, the price of the side with the larger volume shall be taken.

If the three conditions stipulated above are the same, the auction price shall be that one which is closer to the last executed price with the following exceptions:

- If the last executed price is within the range of the two possible auction prices, then this shall be the auction price.
- If there is no last executed price or this is outside the static range of prices, the auction price shall be the one closest to the static price.

If, at the end of the auction period, ask and bid volumes are unequal, the security may be traded during the session as soon as buy and sell prices coincide.

6.2.4.2. Resolution of the Opening Auction

The auction shall be resolved in accordance with the rules developed in section 6.2.4.1.

However, if, once the auction period has ended, the resulting price for a certain security is within the static range limit or the volume of Market orders and Market to Limit orders is not covered by the total volume to be traded, the System will not make an allocation for this security and the auction period will be extended.

If at the end of the auction extension period, regardless of the price fixed, the volume of Market and Market to Limit orders has been covered by the total volume to be traded, trading units will be allocated in accordance with section 6.2.5, and the security will go into open session. If the volume of Market and Market to Limit orders exceeds the total volume to be traded, the security will remain under auction, which will end as established in section 6.2.4.5.2. of these Rules.

6.2.4.3. Resolution of Volatility Auctions

The auctions shall be resolved in accordance with the rules developed in section 6.2.4.1.

However, if at the end of the volatility auction, regardless of the price that has been fixed, the volume of Market orders and Market to Limit orders has been covered by the total volume to be traded, trading units will be allocated in accordance with section 6.2.5, and the security will go into open session. If the volume of Market orders and Market to Limit orders exceeds the total volume to be traded, the security will remain under auction, which will end as established in section 6.2.4.5.2. of these Rules.

6.2.4.4. Resolution of the Closing Auction

The auction shall be resolved in accordance with the rules developed in section 6.2.4.1.

However, if once the auction period has ended, the resulting price for a certain security reaches or exceeds the dynamic range, or is at the static range limit, the System will not make the automatic allocation and the security enters the closing auction extension period.

Once the two-minute closing auction extension period has elapsed and the corresponding random ending has taken place, the system will make the allocation in accordance with section 6.2.5.

6.2.4.5. Other special circumstances

6.2.4.5.1. Incorporation of securities to the Stock Exchange Interconnection System,

If, during the auction period, special circumstances arise concerning a particular security because this is being included in SIBE, the following measures may be taken, singly or cumulatively, with the Comisión Nacional del Mercado de Valores being notified of the measures adopted:

1. A reference price may be chosen from real supply and demand positions or that it seems reasonable in view of the circumstances, so that, it is real supply and demand factors which establish, in accordance with the stipulations of section 6.2.4.1. of these Rules, the first price. This first price may be the reference price for the whole session.
2. Static ranges for the reference price may be altered as required.

6.2.4.5.2. Exceptional market situations .

When special circumstances affect a security, either because trading in it has been suspended or because the volume of Market orders and Market to Limit orders is not covered by the total volume to be traded or due to any other circumstance in which the reference price or the static price prevent normal trading, the following measures may be taken, singly or cumulatively, with the Comisión Nacional del Mercado de Valores being notified of the measures adopted:

1. The security may be provisionally maintained in auction until the situation normalises, with the possibility of this being extended until the closing auction.

2. Static ranges for the static price may be altered as required.

Appropriate information regarding the application of these measures shall be provided and disseminated through the System as soon as circumstances allow.

6.2.5 Allocation of trading units in the auction

Once the auction price has been fixed, shares shall first be allocated to market and market to limit orders (without distinction, on the basis of when they entered the market), then to limit orders with higher prices than the auction price and, finally, to other limit orders at the auction price, as far as possible, according to the order in which these were introduced in the System.

6.3 Open session

6.3.1 Definition

Period of time during which orders may be traded, as well as entered, altered and cancelled.

6.3.2 Types of orders

- **Limit orders:** orders executed at the maximum bid price or minimum ask Price.

- **Market orders:** orders introduced without a price limit and executed at the best opposite-side price at the time of introduction. If a market order is partially traded or not traded, the order or the non-executed part remains as Market order.

- **Market to limit orders:** orders introduced without a price limit so they are executed at the best opposite-side price at the time of introduction. If, at the best price, there is no sufficient volume to satisfy the order, this shall be partly satisfied, with the rest being limited to that price. If there is no tradeable price on the opposite side of the market, the order is eliminated from the System.

- **Hidden orders:** orders that meet the requirements for block size (section 7.1.4) and are not visible. They are traded at the best buy or sell price. They benefit from a waiver of pre-trade transparency for large in scale transactions.

- **Combined blocks:** orders with a visible part and another part not visible. The visible part works as an iceberg order (section 6.3.4). The non-visible part has to fulfil must meet the block volume requirement (section 7.1.4). The non-visible part will be able to cross against the non-visible part of other orders of the same type. The visible part has priority over the non-visible part. They benefit from a waiver of pre-trade transparency for orders held in an order management facility and a waiver for large in scale transactions.

6.3.3 Restrictions on the execution of orders

- **Minimum execution:** these are orders which specify a minimum trading volume to be executed when they are introduced in the System. After this, the rest is treated as an order without restrictions. If there is not sufficient volume to meet the minimum amount specified, these orders shall be automatically excluded by the System without any amount being traded.

- **Immediate or Cancel:** these are orders which have to be totally executed immediately or rejected. This is a special type of minimum execution order for which the said minimum execution is equal to the total of the order.

- **Execute or Eliminate:** these are orders which are executed immediately with the non-executed part being eliminated from the System.

6.3.4 Conditions of the order

Orders may be of hidden volume, which are those that are entered by showing only part of the volume to be traded to the System, meeting the requirement of a minimum cash amount of 10,000 euros. When the volume shown has been executed, the rest shall be considered for all purposes as newly entered hidden volume orders, losing its time priority.

6.3.5 Allocation of trading units in the open session

In the open session, orders executing trades shall be matched to orders on the opposite side of the market according to price and, if prices are equal, to time priority.

The orders from retail liquidity providers will only be executable against orders from retail investors. The orders from retail investors will execute at the best price that corresponds at any given moment, regardless if it comes from liquidity providers' orders or from other market members. Liquidity providers will fulfill retail investors' orders according to the price-time priority.

6.3.6 Trading in securities at times of high volatility during the open session

If imbalances were to arise between supply and demand which prevented usual trading in a security, trading in that security could be temporarily suspended giving rise to an auction at which the provisions of section 6.2.4.5.2 would come into effect.

Appropriate information regarding the application of these measures shall be provided and disseminated through the technical means of the Stock Exchange Interconnection System as soon as circumstances allow.

7. TRANSACTIONS EXEMPT FROM TRANSPARENCY OBLIGATIONS PRIOR TO TRADING

7.1 BLOCK TRADING

7.1.1 Definition

This modality allows members to carry out previously agreed trades out of the order book and without any possibility of interacting with it, 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.

These orders benefit from a pre-trade transparency waiver for large in scale transactions.

7.1.2 Information about trades

Details of the executed trades will be disseminated through the technical means of the System.

The dissemination of these trades may be deferred because of their high volume. The deferral requirements, if necessary, will be established by Operating Instruction, according to legal provisions and after Comisión Nacional del Mercado de Valores authorization.

7.1.3 Included securities

All the securities traded on the Stock Exchange Interconnection System, may be traded in this system.

7.1.4 Minimum amountm

The System will allow trading with the following minimum turnover, according to the legal provisions published by the competent supervisory authority

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

7.1.5 Trading hours

Trading may take place during open session trading hours except during auction periods.

The execution of transactions under this trading mode may also be carried out during the hours established in section 3.2.3 of this Circular for the execution of transactions outside General Trading hours.

7.2 VOLUME WEIGHED AVERAGE PRICE TRANSACTIONS

7.2.1 Definición

Transactions previously agreed by the market members at the weighted average price in the time interval used as reference and for an amount of shares equal to or lower than those that the market member has executed during the session in the same security. These orders benefit from a pre-trade waiver for negotiated transactions subject to conditions other than the current market price

7.2.2 Information on trades

Details of trades that have gone through will be disseminated through the System.

7.2.3 Securities included

Securities traded in the general trading system of the Stock Exchange Interconnection System may be traded this way. However, securities traded in the Fixing system cannot be traded this way.

7.2.4 Price

The price will be the weighted average price in the time interval used as reference and will take into account the maximum and the minimum prices in that time interval. The price and the time interval taken into account will be those of the trades executed by the market member in the order book.

7.2.5 Trading hours

VWAP trading can be done during the open session trading hours and up to 15 minutes after the publication of the closing price.

7.3 MIDPOINT ORDERS

7.3.1 Definition

This trading modality allows trades to be executed at the average price of the best buy or sale position in force at any time in the most relevant market order book for each security, in terms of liquidity.

The orders directed to an operation at a medium price in accordance with this trading, will be executed outside the order book of the trading venue and will not be able to interact with other orders that are in the aforementioned order book.

The operations of this trading modality benefit of a pre-trade transparency waiver for transactions carried out under a reference price. The regulatory mechanisms for volume limitation will be applied to these trades.

The volume limitation mechanisms provided by law will be applied to these trades, if trading under the exemption from pre-trading transparency obligations exceeds the respective threshold.

7.3.2 Trading operation

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

7.3.3 Included securities

Transactions may be executed under this modality of trading on securities traded in the Stock Exchange Interconnection System within the general trading system and without being able to be made, on the contrary, on securities that are trading in the Fixing system.

7.3.4 Price

The transactions executed under this trading modality will be at the average price of the best purchase or sale position in force, at any time, in the order book of the trading venue, which is the most relevant in terms of liquidity.

In this trading modality, volume and time will be applied as a priority criterion, in such a way that higher volume orders will be given priority and, in the case of orders with the same volume, priority will be given to the oldest order.

In the case there is no spread in the order book of the reference trading venue, trades under this modality cannot be carried out.

The execution of trades under this modality may be subject to a minimum amount. This amount will be communicated through an Operating Instruction.

When the order is not executed immediately upon entering the order book and, as long as it has not been canceled, it will adjust its price to the average reference price of each moment, establishing an additional upper and lower price limit that will mark the price level to which the order can be executed.

7.3.5 Trading hours

The execution of trades under this trading modality may be carried out during the open session hours of the general trading system, excluding the auction periods.

7.4 OPERATIONS RELATED TO THE HEDGING OF FUTURES AND OPTIONS CARRIED OUT IN MEFF, SOCIEDAD RECTORA DEL MERCADO DE PRODUCTOS DERIVADOS

7.4.1 Definition

This trading modality enables market members to communicate for negotiated transactions involving securities traded on the Spanish Stock Exchange Interconnection System providing that the trades are linked to negotiated combined trades reported to the MEFF, Sociedad Rectora del Mercado de Productos Derivados, consisting of two simultaneous trades with opposite deltas.

The counterparties in share trades communicated to the Spanish Stock Exchange Interconnection System, as a result of the communication to the MEFF, Sociedad Rectora del Mercado de Productos Derivados, in linked trades, must be the same as in the options and futures trades agreed, with opposite deltas.

These operations are exempt from pre-trading transparency obligations for trades carried out under conditions other than current market prices.

The Supervision Departments of Sociedad de Bolsas and MEFF, Sociedad Rectora del Mercado de Productos Derivados will establish the technical and operational procedures to ensure the trades meet the requirements of this section and the Operating Instruction implementing it.

7.4.2 Information on trades

Details of the trades executed will be communicated through the System.

7.4.3 Securities included

Trades may be executed in this form on shares that are traded in the Spanish Stock Exchange Interconnection System, within the general trading system, providing that derivatives have been issued on them in the MEFF, Sociedad Rectora del Mercado de Productos Derivados market.

7.4.4 Price

The price of the trades reported must be between the maximum and minimum for the share in the Spanish Stock Exchange Interconnection System, at the time that the members communicate the linked options and futures trade to the MEFF, Sociedad Rectora del Mercado de Productos Derivados market.

The volume will match the notional volume to which the option or futures trade refers, multiplied by the reverse delta.

Trades executed using this system do not contribute to the formation of market prices.

7.4.5 Trading hours

The execution of trades under this trading modality trading system may ne carry out during the hours for trades outside the General Trading hours set out in section 3.2.3 of this Circular.

7.5 OPERATIONS RELATED TO THE EXECUTIONS OF OPTIONS CONTRACT TRADED ON MEFF, SOCIEDAD RECTORA DEL MERCADO DE PRODUCTOS DERIVADOS

7.5.1 Definition

This trading modality Enables market members to communicate for negotiated transactions involving securities traded on the Spanish Stock Exchange Interconnection System providing that they have executed a options contract traded on the MEFF, Sociedad Rectora del Mercado de Productos Derivados market, from which the trade being communicated results.

The counterparties in trades involving securities traded on the Spanish Stock Exchange Interconnection System must be the same as those in the execution of the options contract, provided that derivatives have been issued on these in the MEFF, Sociedad Rectora del Mercado de Productos Derivados market.

These operations are exempt from pre-trading transparency obligations for trades carried out under conditions other than current market prices.

7.5.2 Information on trades

Details of the trades executed will be communicated through the System.

7.5.3 Securities included

This trading system may be used to execute trades involving securities traded on the Electronic Trading Platform under the General Trading system.

7.5.4 Price

The price of the reported trades must correspond to the price agreed (strike price) in the options contract, at which the buyer of the option can buy or sell the underlying asset (shares).

The volume will match the notional volume referred to in the option contract.

Trades executed using this system do not contribute to the formation of market prices.

7.5.5 Trading hours

The execution of trades under this trading modality trading system may ne carry out during the hours for trades outside the General Trading hours set out in section 3.2.3 of this Circular.

7.6 OPERATIONS RELATED TO EXECUTION OPTIONS CONTRACT OUT OF A TRADING VENUE

7.6.1 Definition

This trading modality allows market members to report trades involving securities traded on the Spanish Stock Exchange Interconnection provided that an options contract has been executed outside a trading system from which the trade being reported results.

The counterparties to trades involving securities traded on the Spanish Stock Exchange Interconnection must be the same as those involved in the execution of the options contract.

These operations are exempt from pre-trading transparency obligations for trades carried out under conditions other than current market prices.

7.6.2 Information on trades

Details of the trades executed will be communicated through the System.

7.6.3 Securities included

This trading system may be used to execute trades involving securities traded on the Electronic Trading Platform under the general trading system and single-price trading (fixing) system.

7.6.4 Price

The price of the reported trades must correspond to the price agreed (strike price) in the options contract, at which the buyer of the option can buy or sell the underlying asset (shares).

The volume will match the notional volume referred to in the option contract.

Trades executed using this system do not contribute to the formation of market prices.

7.6.5 Trading hours

The execution of trades under this trading modality trading system may ne carry out during the hours for trades outside the General Trading hours set out in section 3.2.3 of this Circular.

8. TRADING OF SECURITIES ON THE FIXING MARKET

8.1 OPERATING PROCEDURES

Auction periods, order entry and the fixing of prices shall be carried out in accordance with the general rules established in section 6.2.4.1, with a single price for each security traded on this market being fixed at the end of each auction period, assigning to each price the corresponding trading units in each case.

Following the first price fixing stage, and the corresponding assignment of trading units, another auction period shall be held until the second price fixing stage, when a new assignment of trading units shall take place and the session shall be closed for the securities traded on this market. Both auctions shall end within a random 30-second period.

This market segment does not have dynamic ranges, but it does have static ranges. Auctions for this market segment do not have extensions.

Other specificities of this trading modality are the trading hours, established in section 3.2.2 and the setting of the closing prices, for which 200 trading units will be taken into account, as indicated in section 5.6. Likewise, regarding the minimum price variation, the liquidity band corresponding to the average daily number of transactions between 0 and 10 of the table in section 5.7 will apply.

8.2 TYPES OF ORDERS

- **Limit orders:** order executed at the maximum purchase price or minimum sale price.

- **Market orders:** order introduced without a price limit, so it is executed at the auction price. If a market order is partially traded or not traded at the auction, it remains as market order.

- **Market to limit orders:** order introduced without a price limit, so it is executed 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.

8.3 SELECT OF SECURITIES

The main criterion taken into account in assigning securities to this market shall be liquidity. To measure this, the size and stability of the following variables shall be taken into account:

- Effective daily total traded in ordinary operations, excluding those that are large in volume relative to the total and do not increase the market's liquidity.
- Number of daily operations.
- Range of best bid and ask prices.
- Annualised rotation index: Number of trading units traded in ordinary trades divided by the number of listed shares.
- Trading frequency: Percentage of sessions in which the security has traded.

Other variables can also be used as necessary to establish the liquidity of each security.

In the case of securities traded through Stock Exchange Interconnection System, their inclusion in the fixing market shall depend on the market capitalisation, the size of the free float and other distinctive features of the securities in question and of their issuers' standing on the stock market.

8.4 REVIEW OF SECURITIES

The decision regarding which securities are to be traded on the fixing market shall be taken every six months, other than in the case of new securities added to trading via Stock Exchange Interconnection System or in cases where market conditions call for a special review before the six-month period has elapsed.

In those cases where such a decision implies a change in the modality of trading of a security, it shall be made public a security, this shall be made public by means of an Operational Instruction.

Likewise, the Trading and Supervision Committee may assess the consideration of a security as highly illiquid for those securities which, in accordance with the provisions of this section, at the time of switching to the general trading mode in Stock Exchange Interconnection System require a period of adaptation and, without prejudice to whether or not these securities have or do not have a liquidity contract under the fixing mode. The adaptation period shall be six months from the effective incorporation to the general trading.

9. MARKET MAKERS

9.1 CONSIDERATION OF MARKET MAKER

Market members that carry algorithmic trading to follow a market making strategy or those who do not carry algorithmic trading strategy but wish to have market making status, must sign a market making agreement with Sociedad de Bolsas, for the purposes of compliance with articles 48.2.d) and 48.3 of Directive 2014/65/EU of the European Parliament and of the Council.

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

However, Sociedad de Bolsas may establish liquidity provision contracts with those members with which Sociedad de Bolsas agrees to do so, even though they are not obliged under the first paragraph above, and under the conditions of presence determined by Sociedad de Bolsas through Operating Instruction.

9.2 ACTION REGIME

Market members that have signed a market making agreement with Sociedad de Bolsas must fulfill the following action limits regarding the securities to which the contract applies:

9.2.1 Market presence

In the open session they must fulfil the following obligations:

- Spread: The market maker must enter positions in the market with a maximum bid-ask spread.
- Turnover: The market maker must post firm, two-way quotes of comparable size for which a minimum effective amount may be established.
- Presence: The market maker must be present during the period of the session established and enter simultaneous bid and ask orders

Taking into account the different characteristics of the securities and the applicable rules, the Trading and Supervision Committee will establish in Operating Instruction, the presence parameters applicable to each security.

Considering the trading data and the securities, the aforementioned market presence parameters may be modified by the Trading and Supervision Committee in order to promote greater liquidity of each security.

9.2.2 Activity supervision

The Trading and Supervision Committee will permanently monitor the effective compliance of the market making agreements by the members.

Sociedad de Bolsas will supply to the market members information about their activity as Market Makers in which it will be detailed the evolution of their activity under that condition.

9.2.3 Non-compliance with presence parameters

Market members with the status of Market Makers will lose this status if they do not comply with the minimum presence parameters established by Sociedad de Bolsas in the appropriate Operating Instruction, for three consecutive months.

If a Market Maker ceases to comply with the minimum conditions incumbent upon it, Sociedad de Bolsas will notify that Member in writing that they have lost their status as a Market Maker.

9.3 STRESS MARKET CONDITIONS

By the means of an Operating Instruction, Sociedad de Bolsas will determine the situations that must be considered as stressed market conditions, with respect to the activity of market makers.

9.4 EXCEPTIONAL CIRCUMSTANCES

In order to exonerate market makers from their obligations, they will be considered exceptional circumstances in the regime of action of the market makers, those established in the Article 3 of Delegated Regulation (EU) 2017/578, of the Commission.

The Trading and Supervision Committee shall establish, taking into account the different exceptional circumstances that may arise during the trading session, the necessary measures for the resumption of the normal trading activity after the end of the specific exceptional circumstances, including the time of that resumption. The measures will be published, sufficiently in advance, through the System.

9.5 TEMPORARY EXORENATION

Market members that have signed a market making contract may interrupt their presence in the market when the Supervision Department authorizes it because of any justified cause established in section 9.4 of this Circular.

In the cases in which they interrupt their activity without communicating it in a timely manner, the Trading and Supervision Committee may suspend them in their market makers' status.

If the causes that led to this interruption are not clarified or corrected, the Trading and Supervision Committee will exclude them from the regime established in this Circular and in its complementary rules and decisions.

The exoneration, the suspension and the exclusion of the status of market maker will be communicated to Comisión Nacional del Mercado de Valores.

9.6 PUBLICATION OF ITS STATUS

The status of market maker for the market members that have signed the appropriate contract, the market making plans foreseen by Sociedad de Bolsas and the list of financial instruments that are the object of the market making plans will be disseminated through the technical means of the System and in the studies and reports prepared by Sociedad de Bolsas.

9.7 RETAIL LIQUIDITY PROVIDERS

9.7.1 Consideration of retail liquidity providers

Market members that, without being obliged to subscribe a market making agreement as per section 9.1 of these Rules, are interested in acquiring the condition of retail liquidity providers, must subscribe a retail liquidity provision contract with Sociedad de Bolsas and adjust to the parameters of presence determined by Sociedad de Bolsas.

9.7.2 Action regime

Retail liquidity providers will perform during the full open market session, excluding the auction periods.

Liquidity providers' orders will be introduced in the order book.

Orders introduced in the System by retail liquidity providers will only be executable against other orders introduced in the market on behalf of retail investors.

Liquidity providers' orders will not cross the best price of the opposite side.

Orders introduced on behalf of retail investors will always execute at the best available price at any given moment of the trading session, regardless if the price comes from retail liquidity providers' orders or from any other market member.

Retail liquidity providers will fulfil orders according to the priority, price and time criteria.

Trades will be executed according to the trading rules contained in this Circular.

10. ALTERNATIVE PROCEDURES

In the event of partial failure of the Market that excludes a limited group of operators, the Board of Directors has alternative systems in place to enable the operators to place their orders.

If the Market failure affects all operators and is attributable to an entity in such a way that trading is not likely to commence or resume within a reasonable period of time, the Board of Directors shall be notified of this fact immediately to enable it to make the necessary arrangements for the procedures in the System's contingency plans required for the affected securities to be traded and for the market to function again normally.

The alternative systems put in place for situations of market failure are intended to resolve technical contingency situations and enable operational continuity in the trading systems, enabling orders to be entered in the Market and safeguarding information relating to trading to guarantee the continuity and organisation of trading.

11. MEASURES TO CONTROL THE ORDER FLOW ENTERED DURING THE TRADING SESSION

1. The technical resources registered by each Market member for the trading of Securities must include the technical measures determined by Sociedad de Bolsas that are required to control the volume and price conditions the trade orders have to comply with, in accordance with the thresholds determined by the Market in application of the provisions of Directive 2014/65/EU, relating to markets in financial instruments, as published through the corresponding Operating Instruction.

2. The Market has technical measures in place for controlling the volumes and prices of orders sent to it prior to their entry into the Market. By applying these technical measures, Sociedad de Bolsas prevents the entry of orders whose volumes or prices could result in trading errors.

However, the Trading and Supervision Committee may, exceptionally, authorise a specific order or series of orders that exceed the volume and price thresholds published by the Market, in accordance with the provisions in the first paragraph.

3. The Market will also calculate the proportion of orders executed and not executed at the end of each session, in accordance with Article 3 of Delegated Regulation (EU) 2017/566 of the Commission, of 18 May 2016. The Market will publish a procedure for calculating the ratio between non-executed orders and trades (OTR ratio) through an Operating Instruction, in compliance with this provision.

12. EXCEPTIONAL PRECAUTIONARY INTERRUPTION OF TRADING, EXTENSION OR RESUMPTION OF THE TRADING SESSION AND SYSTEM SHUTDOWNS

12.1 PRECAUTIONARY INTERRUPTION OF TRADING

If important news or events or particularly significant incidents arise in the course of the Stock Exchange Interconnection System session and could affect the normal performance of the same or the satisfactory operation of the System's technical support, trading may be interrupted as a precautionary measure for the time required to assess the full implications of the news, event or incident.

Notification of the interruption of trading shall be given through the Stock Exchange Interconnection System terminals and shall immediately be brought to the attention of the stock markets and the Comisión Nacional del Mercado de Valores.

During the precautionary interruption period, orders may not be entered or executed, although the System may be consulted.

Following the end of the precautionary interruption period, an auction period shall be held, with subsequent resumption of trading, to which all other sections of these Rules shall be applicable.

If such news, events or incidents arise in the final moments of the session, and as a result trading cannot be interrupted on a precautionary basis, the session may be exceptionally

resumed even when it would previously have been concluded in accordance with the normal timetable established in section 3 of these Rules.

This resumption or the possibility of resumption shall be announced via the Stock Exchange Interconnection System terminals in the period between the publication of the end of session message and the publication of the closing price announcement. The communication of the possible resumption of the session shall expressly indicate that the last prices fixed at the end of the session are provisional.

In the event that the session is in fact resumed following the above-mentioned announcement, this resumption may be preceded by a special auction period or comprise a period of this type, with the setting of prices that this entails.

The length of time for which the session is resumed or extended in the context of a precautionary interruption of trading shall be determined on the basis of the prevailing circumstances in each case.

Both the exceptional resumption of a session previously concluded and the extension of a session due to a precautionary interruption shall be restricted to the absolute minimum length of time required. The resulting prices shall be subject to the general rules relating to closing prices.

12.2 SYSTEM SHUTDOWNS

If some or all members of a Stock Exchange are unable to trade, Stock Exchange Interconnection System's trades could be shut down for an appropriate period.

In the event that the market shutdown affects the auction period or the last 30 minutes of the open session, the Supervision Department may extend the auction period or the open session period, for as long as it deems necessary, though the extension may not exceed the interruption that justifies it, nor be for a period of less than 5 minutes.

SECOND. Replacement of the previous regulation of the Operating Rules of the Stock Exchange Interconnection System,

This Circular contains all the Operating Rules of the Stock Exchange Interconnection System and, therefore, replaces and invalidates the previous Circular of Sociedad de Bolsas 1/2017, of December 18th, Operating Rules of the Stock Exchange Interconnection System, ; Circular 1/2018, of September 17th, modification in the Operating Rules of the Stock Exchange Interconnection System, regarding the minimum Price variation rules; Circular 2/2019, de November 27th, of modification in the Operating Rules of the Stock Exchange Interconnection System, regarding the of a retail liquidity provider scheme and Circular 1/2020, de April 15th, of modification in the Operating Rules of the Stock Exchange Interconnection System, regarding the inclusion of self-match prevention rules.

THIRD. Date of application

The entry into force of the current Circular will be established with the corresponding Operating Instruction.

Madrid, 17th March 2021

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