

OUTAGE PROTOCOL IN BME'S REGULATED EQUITY MARKETS TRADING SYSTEMS

Outage Protocols

2024

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0.1	May 2022	Initial version
0.2	December 2024	Update ESMA Final Report

The Governing Bodies of BME's regulated Equity Markets (hereinafter, the "BME regulated equity markets") have developed this document that summarizes the main protocols and procedures applicable in the event that an incident in the trading systems of the Stock Exchanges and in the Spanish Stock Exchange Interconnection System (SIBE) generates a precautionary interruption or a outage of the System.

BME's regulated equity markets will update and publish this document on their website.

1 Technical protocol of action in the event of an incident

In BME's regulated equity markets, the security and stability of technical structures is at the core of daily work. BME's regulated equity markets have developed several contingency procedures and lines of defense aimed at ensuring the continuity of trading. In this context, the technical architecture of the software and hardware is structured to prevent any dysfunction of the trading system:

- The regulated equity markets, in addition to this specific procedure for incidents in their Trading System, have a Continuity Plan (BCP) aimed at maintaining the activities of trading venues in the event of relevant incidents.
- BME's regulated equity markets have a robust back-up system that is regularly tested, in addition to two physically separate data centers (at the headquarters in Las Rozas and in the Palacio de la Bolsa building in Madrid).
- BME's regulated equity markets are grouped into segment-based partitions, which operate independently with proprietary hardware.
- In the event of an incident, the back-up system of the Equities segment is ready to be activated automatically.
- BME's regulated equity markets have two distinct energy suppliers with physically separate network cables to guarantee energy sources. In addition, BME's regulated equity markets have their own power generator.

2 Communications: external and internal

2.1 External communications

First warning: In the event of an incident, BME's regulated equity markets will notify all market members almost immediately. BME's regulated equity markets will inform market members about the state of the market in compliance with MiFID II (Article 54.2) through the usual means of communication such as email, website ("traffic light") and bilateral calls, as well as through the System's own public and private messaging. to the extent possible.

Likewise, BME's regulated equity markets will make this information public through their website for the general public.

On the occasion of this first notice, market members will be reminded that this incident management plan will apply and where they can consult it.

In addition, BME's regulated equity markets will provide in the aforementioned communications the contact provided to resolve the doubts of market members related to the reported incident.

BME's regulated equity markets will provide, as far as possible given the nature of the incidence and its scope, the estimated duration of the incident and the procedure for reopening the market that will be applicable.

During the incident: BME's regulated equity markets will provide regular updates on the state of the market until the market is resolved. Such updates shall take place, if possible depending on the nature and scope of the incident, at least every 60 minutes by the same means of information used to make the initial communication of the incident.

The regulated equity markets and BME will inform the members of the general status of the orders that were being traded on the market at the time of the incident to allow them to make decisions on their management. This information will be provided as soon as possible and, preferably, within 1 hour of the communication of the incident.

Final notice: When there is certainty that the market will reopen, BME's regulated equity markets will inform market members of the reopening hours on a case-by-case basis, using the same means of information used to make the initial communication of the incident and each of the information updates published. BME's regulated equity markets will allow a reasonable time frame, at least 15 minutes, for market members to react, depending on the duration and severity of the incident. This notice will inform of the time at which the market will open.

2.2 Internal communications

- Continuous communication between Technology and BME's Equity Surveillance Department.
- All communications will be coordinated by BME's Equity Surveillance Department.

3 Market Reopening

Depending on the severity of the incident, BME's regulated equity markets will try to restore the market in an orderly and controlled manner, trying to minimize the duration of the incident and, as far as possible, to ensure that the closing auction is affected by it. Times will be flexible and the market will be notified well in advance of reopening and at least 15 minutes in advance.

BME's regulated equity markets will contact market members and assess their readiness, but the decision on when to reopen will always be the sole responsibility of BME's regulated equity markets.

The communication of the reopening of the market will be made in accordance with the provisions of the External Communications section, on the final notice, indicating the time at which the market will

open. Members shall be informed of the rules applicable in the reopening of the market in application of this Plan.

The procedure for opening BME's regulated equity markets is set out below:

- **Pre-open:** BME's regulated equity markets will have a period of time in which market members may maintain or cancel their orders, but no trade will take place. The duration of this pre-open phase will depend on the duration and severity of the incident. BME's regulated equity markets will assess the readiness of market members.
- **Opening auction:** After an incident, BME's regulated equity markets will offer an opening auction of 10 to 30 minutes, depending on the severity of the incident. BME's regulated equity markets will provide sufficient time for liquidity to pool before instruments are traded on the continuous market.
- **Closing auction:** If the incident finally affects the closing auction, different scenarios may occur.
 - o In the event that the incident affects the closing auction, BME's regulated equity markets will assess the issue and decide when the closing auction should be held based on the duration and severity of the incident. If the regulated BME equity markets finally decide that the closing auction must be delayed with respect to the scheduled time (5:30 p.m.), they will inform Members well in advance, and at least 30 minutes in advance. Notwithstanding the foregoing, the deadline for holding the closing auction after an incident has been exceeded is 6:30 p.m. on the day on which the incident takes place.
 - o In the event that the incident makes it impossible to hold a closing auction, BME's regulated equity markets will follow the Market Model Protocol for determining the closing price of the session affected by the incident: if the volume traded is greater than 500 shares, the closing price will be the last one traded; otherwise, the closing price will be the reference price of that session.
 - o If the closing auction of the corresponding session is not carried out, and without prejudice to what has been stated above regarding the setting of the closing price for that session, the Trading at Last trading period will not take place either, and the session will be closed.

4 Reconciliation: Market Reset and Order Cancellation

BME's regulated equity markets will take measures to:

- Protect the authenticity of the order book and ensure the reliability and fairness of the trading system.

- Allow sufficient time for market members to cancel or modify open orders and, exceptionally, remove their orders from the order book on their behalf, upon written request.
- Identification of cancelled/executed orders, allowing such cancellations to be credited if requested by members.

Also, during an incident, orders are not allowed to come in. In this way, BME's regulated equity markets will restart the system with a pre-trading phase in which there will be no executions.

5 Protocol after the resolution

Following an incident, BME's regulated equity markets will conduct an analysis to detail every aspect of the incident and obtain a clear picture of the sequence of events, as well as assign "ownership" of the necessary improvements. The result of this exercise must be communicated to the CNMV, which in turn must report to ESMA.

BME's regulated equity markets will publish on their website a summary of the conclusions reached in the analysis carried out after the incident and communicated to the CNMV.

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