

Circular-2/2013, of 18 July, on members and intermediaries of the Alternative Fixed Income Market.

The General Regulations for the Alternative Fixed Income Market (the "Market" or "MARF") set forth the regime applicable to its Members and Intermediaries. Article 10 of these Regulations stipulates that the regime applicable to each type of Member may be set forth through Circulars.

This Circular covers aspects such as admission procedures, the principles of conduct applicable to Members and Intermediaries, suspension and exclusion, and the technical and human resources that Members and Intermediaries are required to have.

At its meeting on 17 July 2013, the Board of Directors of AIAF Mercado de Renta Fija, S.A.U., within its remit as the Market's governing body and pursuant to Article 3 of AIAF Mercado de Renta Fija regulations, approved this Circular setting forth the rules applicable to Members and Intermediaries.

ONE. Market Members.

Entities meeting the requirements set forth in Chapter III of the Market Rule Book may become Members of the Alternative Fixed Income Market ("MARF" or the "Market"), and therefore execute and settle trades on the Market in accordance with MARF regulations.

Entities that become Market Members shall enjoy the rights set forth in the Market Rule Book and must comply with the obligations set down in the same.

To become a Member the following requirements must be met:

- a) A specific membership application must be submitted to the Market, using the form attached as Annex 1 to this Circular.
- b) Applicants must be a Member of a Settlement or Registration system or have charged the functions corresponding to said system, in relation to the procedures and system applied to the clearing and settlement of trades carried out, to a participating member of the corresponding clearing and settlement system.
- c) The aforementioned application must be authorized by the Board of Directors of the Governing Body.
- d) Applicants must be registered in the Market Members Register.

The Market's Governing Body shall inform the Comisión Nacional del Mercado de Valores ("CNMV") of the Members authorised to participate in the Market.

Prior notice of 10 working days shall be given to the Governing Body by Members wishing to leave the Alternative Fixed Income Market, after which time their removal shall be considered effective.

A Member may also be asked to leave by the Board of Directors of the Governing Body or, by delegation, the Supervisory Committee, in the event of failure to comply with the obligations established in the Rule Book and Circulars and Instructions issued by MARF, with immediate effect once notification has been received.

The Market Governing Body shall inform the CNMV of any Members leaving the Market, indicating the reason for this move.

The Governing Body shall inform Members of any changes in its regulations or Operators' Manual, also providing access to this information through the Market website.

TWO. Market Members' Rights.

Market Members shall have the following rights:

1. To enter buy and sell orders on securities admitted for trading on the Market.
2. Market Members may trade through Intermediaries in accordance with the provisions of the Rule Book and this Circular. To do this, Market Members must provide the Market with a list of their Intermediaries, using the form attached as Annex 2 of this Circular.
3. All Market Members have the same rights to receive information, access the various features of the Market and use Market services, specifically in relation to:
 - a) Posting orders and executing trades on the Market under the same conditions as other entities.
 - b) Receiving Market information under the same conditions as other entities.
 - c) Submitting claims to the Market Governing Body.

THREE. Members' obligations.

Market Members shall have the following obligations:

1. To comply with Market regulations as established in the Market Rule Book, Circulars and Market Instructions, and the Operators' Manual.

2. To have the necessary technical and human resources in place, made available by the Market or authorised to carry out their activities on the Market.
3. To designate the intermediaries they wish to use to trade on the Market using the form attached as Annex 3 of this Circular.
4. With regard to designated operators:
 - a) These operators shall be supplied with a user name and password by the Market and must be aware of Market regulations and how to use the trading channels made available to Members or authorised by the Market. An Operators' Manual shall also be provided and training given by the corresponding Market departments.
 - b) Members shall inform the Market of any changes of authorised operators so that the Supervisory Department can make the appropriate changes to usernames and passwords. Each Member shall be responsible for using these usernames and passwords correctly to prevent access by Operators who have not been duly authorised by the Market.
5. Members shall be obliged to collaborate with the Governing Body in carrying out spot checks to ensure they are meeting their obligations in regard to the necessary technical and human resources to correctly carry out their activities on the Market.
6. Members shall submit any discrepancies that may arise between themselves, with Market Members or with the Market itself, to the conflict resolution procedures established in the Market Rule Book.

FOUR. Intermediaries.

Intermediaries are entities authorised to offer professional investment services on financial instruments to third parties, in compliance with Securities Market Law.

Market Members may act through Intermediaries which, and in their name and on their behalf may post buy and sell orders on tradeable securities on MARF and execute these trades on the Market.

Intermediaries must indicate the name of the Members on whose account they operate in trading and post-trading systems.

Intermediaries may only post orders and execute trades in the name and on behalf of Market Members. Under no circumstances may they post orders or execute trades on the Market in their own name.

Additionally, under no circumstances may they reveal to third parties other than Market Governing Bodies, the identity of the Members in whose name they are trading on the Market and must not provide services for Entities which are not Market Members.

Intermediaries shall act on the Market in accordance with the Rule Book, Circulars and other Market regulations.

To become an Intermediary the following requirements must be met:

- a) The interested party must submit an application using the form included as Annex 4 of this Circular.
- b) The application must be approved by the Market Governing Body.
- c) They must be registered in the Market Intermediaries' Register.

Intermediaries must also register all operators authorised to trade on MARF, using the form included as Annex 3.

These operators shall adhere to the provisions set down in Rule 3, point 3, relating to Members' operators.

All applications submitted by Intermediaries to be removed from the Register shall be reported to the Market 10 working days prior to the event, after which this removal shall be deemed effective.

A Member may also be asked to leave by the Board of Directors of the Governing Body or, by delegation, the Supervisory Committee, in the event of failure to comply with the obligations established in the Rule Book and Circulars and Instructions issued by MARF, with immediate effect once notification has been received.

The Market Governing Body shall inform the CNMV of any additions and removals of Intermediaries authorised to trade on the Market.

The Governing Body shall inform Intermediaries of any changes in its regulations or the Operators' Manual, also providing access to this information through the Market website.

Intermediaries shall submit any discrepancies that may arise between themselves, with Market Members or with the Market itself, to the conflict resolution procedures established in the Market Rule Book.

FIVE. Inspection and supervision of Members and Intermediaries.

The Supervisory Committee is the body responsible for inspecting and supervising the

activities carried out by Members and Intermediaries. These inspection and supervisory activities shall be governed by the principles set forth in Article 32 of the Market Rule Book.

SIX. Supervening situations affecting Member and Intermediary status.

Supervening situations affecting the status of Market Members and Intermediaries shall be deemed to be any circumstances affecting the criteria pursuant to which the Member or Intermediary has been permitted to obtain this status, or their solvency requirements, in accordance with the provisions of Article 34 of the Rule Book.

SEVEN. Situations of default and disciplinary and supervisory measures.

The following constitute causes of default by a Member, Intermediary or operator appointed by these:

1. Default on the obligations established in the Rule Book.
2. Where a Member or Intermediary (through a branch of its activities or its parent company) defaults on its obligations in other market or settlement systems that could be construed as a risk in respect of its activities on the Market.
3. Failure to comply with the code of conduct applicable to Market Members and Intermediaries, in accordance with the provisions of the Securities Market Act.
Failure to comply with the obligations incumbent on Market Members and Intermediaries shall entitle the Market

bodies to impose any of the following measures:

- a) Written warnings, leading to corrective measures to remedy the situation.
- b) A public notice issued by the Market through its dissemination mechanisms, putting the existence of the default in the public domain.
- c) Loss or temporary suspension of the status with which the entity participates in the Market.
- d) Permanent loss of the status with which the entity participates in the Market.

The aforementioned disciplinary measures may also be applied to Market operators in the case of breach of Market regulations. The Board of Directors and the CNMV shall be notified immediately of such measures.

All measures imposed shall be reported the same day to the CNMV, and the measures established in sections b), c), and d) shall be published on the Market's website.

FINAL PROVISION. Implementation.

This Circular shall enter into force on 18 July 2013.

ANNEX 1**APPLICATION FORM FOR MEMBERSHIP OF THE ALTERNATIVE FIXED INCOME MARKET (MARF)**

_____ representing _____, certifies;

1. That the entity complies with the conditions and requirements stipulated by Securities Market Law in relation to its participation in the Alternative Fixed Income Market.
2. That the entity represented is authorised to settle transactions under the terms established in the regulations governing the clearing and settlement of trades made on the Market.

And, in virtue of the above, hereby applies to become a Member of the Alternative Fixed Income Market and expressly states:

1. That the entity represented agrees to comply with the organisational and operational rules of the Alternative Fixed Income Market and the rules governing the clearing and settlement of trades executed thereon.
2. That the entity represented agrees to trade on the Alternative Fixed Income Market.

For these purposes we hereby enclose the following documents:

- MARF membership application form.
- List of operators authorised to trade on the Market.
- Application form for technical resources to access MARF

Yours faithfully,

On behalf of the entity
(Signatory with sufficient power)

ANNEX 2**FORM USED BY MARF MEMBERS TO DESIGNATE INTERMEDIARIES**

_____ representing the Entity (member of the Alternative Fixed Income Market), and for the purpose of trading on said market, hereby authorises (*insert name of Intermediary*) _____, to trade on its own account on this Market and directly accept these trades in its accounts in addition to the corresponding charges and deliveries of securities and cash generated through the settlement of trades executed on the Market.

In _____, on

On behalf of the entity
(*Signatory with sufficient power*)

ANNEX 3

LIST OF OPERATORS AUTHORISED TO OPERATE ON MARF

DATE:

ENTITY:

<u>NAME AND SURNAME</u>	<u>POST</u>	<u>DEPARTMENT</u>	<u>TEL:</u>	<u>E-mail</u>	<u>NOTIFICATION (1)</u>

(1) ADDITION; REMOVAL; MODIFICATION.

We hereby submit the above information and certify that: "In compliance with Organic Law 15/99, of 13 December, on Personal Data Protection, we hereby inform you that the personal data you provide us through these forms shall be included in a file owned by AIAF Mercado de Renta Fija equipped with the necessary security measures required under current legislation, and shall be subject to the electronic treatment derived from the market and commercial relations maintained with us".

You may exercise your rights of access, rectification, cancellation and objection through our headquarters at Palacio de la Bolsa, Plaza de la Lealtad, 1 28014 Madrid.

ANNEX 4

APPLICATION FORM FOR INTERMEDIARIES ON THE ALTERNATIVE FIXED INCOME MARKET (MARF)

_____ representing the Entity _____, certifies;

- That the entity represented is authorised to carry out intermediation activities on the financial markets in accordance with Securities Market Law.

And in virtue of the above, hereby applies to become an Intermediary on the Alternative Fixed Income Market and expressly states:

- That the entity represented agrees to comply with the organisational and operational rules of the Alternative Fixed Income Market.

For these purposes we hereby enclose the following documents:

- Intermediary application form for the Alternative Fixed Income Market.
- List of operators authorised to trade on the Market.
- Application form for technical resources to access the Alternative Fixed Income Market

Yours faithfully,

On behalf of the entity
(Signatory with sufficient power)

ANNEX 5

APPLICATION FORM FOR TECHNICAL RESOURCES

ENTITY NAME:

REGISTERED OFFICE:
.....

TAX ID.:

TECHNICAL RESOURCES REQUIRED	<i>Please indicate</i>	NUMBER
• DATA LINES	YES / NO	(two lines minimum)
• SEND TERMINALS	YES / NO	
• API	YES / NO	
• NUMBER OF OPERATING CONNECTIONS TO THE API	=	

INSTALLATION ADDRESS: *(Building, floor, etc.)*

.....
.....

CONTACT PERSON FOR THE INSTALLATION

.....

Phone number:

SIGNATURE
<p>Full name:</p> <p>Post:</p> <p>Date:</p>