

CIRCULAR ON THE STATUS OF DEALER MEMBER AND BROKER MEMBER OF THE ELECTRONIC SYSTEM FOR TRADING IN FINANCIAL ASSETS (SENAF)

The Rule Book of the Electronic System for Trading in Financial Assets (SENAF) (hereinafter, the "Market"), sets out the general provisions applicable to Dealer Members and Broker Members of the Market.

In accordance with this provision, this Circular addresses aspects such as the admission procedure, the technical and human resources required of Market Members, the rules of conduct of Members and the cases for the suspension and exclusion thereof.

The Board of Directors of Bolsas y Mercados Españoles, Renta Fija, S.A.U. (sociedad unipersonal), in its meeting on 27 November 2018, within the scope of its competence, approved this Circular setting out the rules relating to the acquisition of the status of Dealer Member and Broker Member in the Market.

One. Dealer Members of the Market

1. Entities meeting the requirements set forth in the Rule Book can become Dealer Members and execute trades in the Market.
2. Entities acquiring the status of Dealer Member of the market shall enjoy the rights and obligations stipulated in the Rule Book and must comply with the obligations laid down therein.

Two. Requirements for the acquisition of status of Dealer Member of the Market

1. To obtain Dealer Member status, applicants must meet the following requirements:
 - a) To state their desire to acquire Member status of the market, in accordance with their trading capacity, in an application addressed to the Governing Company.
 - b) To sign the membership agreement in duplicate for the acquisition of status of Dealer Member of the market, according to the model attached in Annex I of this Circular, and:
 - specific conditions (Annex III, Appendix A)
 - request for trader approval (Annex III, Appendix C)
 - request for trader approval (trader with a power of attorney granted by the Dealer Member) (Annex III, Appendix D)
2. They must also attach the following documentation to the membership agreement:
 - a) Documentation accrediting that the entity meets the conditions necessary to acquire the status of Dealer Member of the market.

- b) Documentation proving status as participant in the Spanish Central Securities Depository (CSD) which manages the transactions done in the Market with the Settlement System. In the event that the applicant is not a participant in the mentioned CSD, it must designate a participant in the CSD with whom it would act in the Market.
- c) If applicable, the documentation certifying its status as a Clearing Member of the central counterparty (CCP) with which the Governing Company has entered into clearing agreements for trades in the Market. In the event that the applicant is not a participant of the CCP, the entity must designate a Clearing Member of the CCP to clear the transactions of the entity acquiring status as a Dealer Member of the Market.

3. If the Governing Company considers that the applicant meets the initial conditions, it shall be admitted as a Dealer Member by agreement of the Board of Directors of the Governing Company.

Three. Broker Members

1. Entities meeting the requirements set forth in the Rule Book may become Broker Members of the Market and place orders on the Market on behalf of Dealer Members.
2. Entities acquiring the status of Broker Member of the Market shall enjoy the rights and obligations stipulated in the Rule Book and must comply with the obligations laid down therein.

Four. Requirements for the acquisition of status of Broker Member

1. To obtain Broker Member status, applicants must meet the following requirements:
 - a) To state their desire to acquire the status of Broker Member of the Market, in accordance with their operating capacity, in an application addressed to the Governing Company.
 - b) To sign the membership agreement in duplicate for the acquisition of status of Broker Member of the market, according to the model attached in Appendix II of this Circular, and:
 - specific conditions (Annex III, Appendix B)
 - request for trader approval (Annex III, Appendix C)
 - request for trader approval (trader with a power of attorney granted by the Broker Member) (Annex III, Appendix D)

2. In addition, a document accrediting that the entity meets the conditions necessary to acquire the status of Broker Member of the Market must be attached to the membership agreement.

Five. Technical resources for trading

1. The Dealer Members and Broker Members of the Market must have the technical and IT resources determined by the Market as necessary to access the trading of instruments on the Market.

For this purpose, Dealer Members and Broker Members of the Market shall have the trading resources, either proprietary or third party, which meet the technical requirements determined by the Market to access and operate on the electronic trading systems used by the Market.

They shall also have adequate information systems to meet their reporting obligations with regard to trades carried out on the market in their capacity as a Dealer Member or Broker Member of the Market.

2. The resources of the Dealer Members and Broker Members must ensure the transparency, integrity and supervision of their trading activity on the Market.

3. Dealer Members and Broker Members shall be obliged to cooperate in such a way that the Governing Company may at any time carry out proper checks of the compliance with their obligation to have the technical means necessary to properly carry out activities in the Market.

Six. Market Traders

1. Dealer Members and Broker Members of the Market shall possess the human resources duly authorised by the Governing Company to properly carry out their activities in the Market. Accordingly, pursuant to the powers vested in them, Dealer Members and Broker Members of the Market may request that the Governing Company authorise certain individuals to exercise the necessary powers to accede to trading in the Market in the name and representation of the Dealer Member and Broker Member.

Such requests must be made in writing addressed to the Governing Company, in accordance with the request models included in the particular conditions of the membership agreement for the acquisition of the status of Dealer Member or Broker Member of the Market attached as Appendix I of this Circular.

2. The requests for authorisation must refer to persons fulfilling the following requirements:

- a. To be of legal age and have the legal capacity to trade.
- b. To possess the appropriate training and professional experience and be the holder of the certificate issued to operate on the Market, as necessary.
- c. To form part of the workforce or hold a power of attorney to trade for and on behalf of the Dealer Member or Broker Member of the Market.

3. With regards to the traders appointed by a Dealer Member or Broker Member of the Market that meet the aforementioned conditions, they:

- a. Must be aware of the current regulations of the Market, the Rule Book, Circulars and Operating Instructions of the Governing Company, and any other the latter considers applicable to trading in the market. They must also accept the decisions made by the Head of the Supervision Department during trading sessions with a view to improving

performance and operation.

- b. Must know how to use the trading means provided by Dealer Members and Broker Members and authorised by the Market. For these purposes, they will be provided with a Terminal Instructions Manual and training by the Market (if necessary), and a user name and password to identify the user or application in the Market.
- c. Must go through a certification process in case they wish to use an application to connect to the Market. In this certification process, the Market shall verify the capacity of the Member's application to correctly communicate with the Market through the SAPI. Any SAPI update implies that the Member must undergo a new certification process. Once the certification process has been completed, the Market shall provide credentials (user and password) for the connection of the Member's application, with the latter being responsible for the control of the traders that use this connection.

4. Dealer Members and Broker Members must inform the Market of changes of authorised traders so that the Supervision Department may activate or deactivate the relevant user names and passwords. Each Member shall be responsible for the correct use of such user names and passwords in order to prevent access to the Market by traders that have not been duly authorised by the Market.

5. The acquisition and loss of Market trader status is conditioned upon meeting the requirements and complying with the operating restrictions set forth in the Rule Book and in this Circular or other provisions implementing the foregoing.

6. Dealer Members and Broker Members shall be obliged to cooperate in such a way that the Governing Company may at any time carry out proper checks of the compliance with their obligation to have the human resources necessary to properly carry out activities in the Market.

Seven. Market Making Agreements

1. Dealer Members, who follow a Market Making strategy according to the conditions established in the Regulations in force at any time, must inform the Market in order to subscribe the corresponding Market Making Agreement.

2. The financial instruments envisaged in this agreement will be those that have been established, at each moment, by the corresponding issuer of the securities so that the Dealer Member may access the status of Market Maker of said instruments.

3. The minimum requirements to be met in terms of presence, size and price spread for those instruments shall be applied subject to the same requirements as those established by the corresponding issuer of the securities and in accordance with the Regulation in force.

4. The Market may release market-makers from their obligations in the case of the occurrence of any of the exceptional circumstances within the principles of conduct of the market-makers set forth in the applicable regulation.

5. The Dealer Members of the Market that have signed a market-making agreement will be able to interrupt their presence on the market when the Supervision Department authorises it for just cause in accordance with the regulation in force at any time.

6. The Market shall inform, through the usual means of communication, of the procedures for the resumption of normal trading after the exceptional circumstances have come to an end, including the time of recommencement.

7. Without prejudice to the above, the Market may establish market-making agreements with Dealer Members with which it reaches such an agreement, even when the conditions established in the regulations in force at any time are not met.

Eight. Supervision of Dealer Members, Broker Members and Market Traders

1. The Market Supervision Department is the body responsible for monitoring and supervising the activities carried out by the Dealer Members, Broker Members and Market traders.

2. This supervision and control will respond to the principles contained in the Rule Book, with the provisions set forth in it, being applicable with regard to the causes of non-compliance and suspension of Dealer Members, Broker Members and trader, as well as the disciplinary and supervisory measures applicable thereto.

Nine. Repeal provision

This Circular repeals Circulars 2/2009, of 22 July 2009, on categories and requirements of SENAF members, 3/2009, of 22 July 2009, on the rights and obligations of SENAF and AIAF members, and 4/2009, of 22 July 2009, on models of SENAF contracts.

Ten. Application date

This Circular shall enter into force on the day following its publication.

Madrid, 3 December 2018

APPENDIX I CONTRACT OF ADHESION FOR ACQUISITION OF STATUS OF DEALER MEMBER OF THE ELECTRONIC SYSTEM FOR TRADING IN FINANCIAL ASSETS, SENAF

..... (Member), holding Tax ID number, entered in the Companies House Register of, Volume.....Book....., Folio..... and in Register.....Register of the Bank of Spain/CNMV Register Number, with corporate address at and for and on behalf of, holding national identification document number, authorised to execute this contract by virtue the power of attorney granted before the Notary Public, on number of his protocol, a copy of which is attached,

RECITALS

I. It belongs to one of the categories of entities mentioned in the Securities Market Act and in the Rule Book of the Electronic System for Trading in Financial Assets, SENAF (hereinafter "the Rule Book") approved by the Governing Company of the Electronic System for Trading in Financial Assets, SENAF (hereinafter, the "Market") to acquire the status of Dealer Member of the Market (hereinafter "Member").

II. It wishes to acquire such status, in accordance with its trading capacity, for the purposes of trading on the Market using its electronic trading systems.

III. It has the aforementioned capacity for trading on the Market, by way of proof it provides the document accrediting the suitability of the applicant to become a Dealer Member of the Market.

IV. It has the status of participating entity on the system in which the trades traded on the Market are settled or has appointed a participating entity on the system which holds this status and which will perform the settlement of the Dealer Member's trades which are communicated by the Market to the central securities depository with which it has signed the corresponding agreement for the settlement of trades on negotiable securities on the market, and as a result of the foregoing,

DECLARES

1. It has decided to obtain the status of Dealer Member.
2. It understands, accepts and undertakes to comply with all the terms of the Rule Book and Circulars and Operational Instructions and Procedures and that it undertakes to accept successive versions of the Rule Book and Circulars and Operational Instructions of the Market in force at any

time, and further undertakes the duty to fully familiarise itself with all the aforementioned Rule Book.

3. It understands and accepts that the status of Dealer Member is personal and non-transferable, and undertakes not to assign its position, or to transfer to any third party its rights or obligations as a Dealer Member.

4. It understands and accepts its obligation to communicate to the Market, immediately and in writing, any material amendment to its articles of association, its nature, legal structure or its financial position and, in particular, anything affecting the conditions to become a Dealer Member of the Market.

5. It understands, accepts and undertakes to comply with the trading procedures and methods established by the Market for the securities admitted for trading thereon.

6. It knows and accepts that trading in securities admitted to trading in the Market shall be carried out in accordance with the criteria and rules set by the Market. For these purposes, the Dealer Member agrees to fulfil the technical and operating requirements determined by the Market.

7. It understands, declares and undertakes that the trades executed on securities admitted to trading on the Market and which, in accordance with the Market rules, must be cleared, shall be using the procedures of the central counterparty entity with which the Market has entered into the corresponding agreements for the clearing of such trades.

8. It is familiar with, accepts and undertakes to settle trades of securities admitted for trading on the Market in accordance with the settlement procedures of securities applied by settlement systems with which the Market has entered into the relevant settlement agreements.

9. It understands, accepts and undertakes that in relation to those trades communicated by it to a participating entity of a central securities depository with which the participating entity has entered into an agreement for the settlement of trades and securities admitted for trading on the Market, it shall facilitate said entity with all the relevant data so that the participating entity may settle the aforementioned trades.

10. It declares that it possesses the technical means necessary to use the trading systems of the Market and to maintain the necessary operating and technical relationships with the clearing, settlement and registration systems of the transactions executed through the procedures established by the Market and on securities admitted to trading therein. It further declares that such means are those required for the activity carried out by the Dealer Member, and necessary to ensure the transparency, integrity and supervision of trading in the Market.

11. It understands, accepts and undertakes to use duly accredited traders for trading on the Market, taking full responsibility for and undertaking any consequences arising from action taken by such traders.

12. It understands the supervisory functions that the Market performs and undertakes to accept and follow the procedures approved and applied by the Market for this purpose. It further undertakes to abide by the decisions and agreements that the Market adopts in the application of such procedures, without prejudice to raising concerns regarding the challenges and revisions set out in the Rule Book and in the Circulars and Operating Instructions of the Market.

13. It knows and undertakes to accept and observe the applicable procedures and actions in the event of failed settlement. In the case of trades communicated by it to a participating entity for settlement in the corresponding central securities depository, it understands, accepts and undertakes to inform the Market of such fails.

14. It undertakes the Specific Membership Conditions attached, and further undertakes to notify the Market in writing of any changes thereto.

15. It undertakes the responsibility for any of its decisions and actions as a Dealer Member.

16. It knows and accepts that this Contract is governed by Spanish legislation, and that it shall be interpreted and applied pursuant to such legislation.

17. The Parties, expressly waiving any other forum or venue to which they may be entitled, agree that any disputes or issues arising in relation to the performance, interpretation or termination of this Contract that cannot be resolved by mutual agreement shall be resolved in accordance with the Spain's Arbitration Law of 23 December 2003. Arbitration shall be carried out by the Civil and Commercial Court of Arbitration (CIMA) and the parties undertake to abide by the arbitration decision and comply with it, and they further declare that they know the Laws and Rules of Procedure of the CIMA.

---- (month) ----- (year) -----

(Name and signature of the representative of the Dealer Member)

(Name and signature of the representative of the Market)

APPENDIX II CONTRACT OF ADHESION FOR ACQUISITION OF STATUS OF BROKER MEMBER OF THE ELECTRONIC SYSTEM FOR TRADING IN FINANCIAL ASSETS, SENAF

..... (Member), holding Tax ID number, entered in the Companies House Register of, Volume.....Book....., Folio..... and in Register.....Register of the Bank of Spain/CNMV Register Number, with corporate address at and for and on behalf of, holding national identification document number, authorised to execute this contract by virtue the power of attorney granted before the Notary Public, on number of his protocol, a copy of which is attached,

RECITALS

I. It belongs to one of the categories of entities mentioned in the Securities Market Act and in the Rule Book of the Electronic System for Trading in Financial Assets, SENAF (hereinafter "the Rule Book") approved by the Governing Company of the Electronic System for Trading in Financial Assets, SENAF (hereinafter, the "Market") to acquire the status of Participant of the Market (hereinafter "Member").

II. It wishes to acquire such status, in accordance with its trading capacity, for the purposes of placing orders on the Market.

III. It has the aforementioned capacity in order to place orders on behalf of Dealer Members for the trading of marketable securities on the Market, proof of which is provided in the corresponding document attached hereto and which details the suitability of the applicant to be Broker Member of the Market.

DECLARES

1. It has decided to obtain the status of Broker Member.

2. It understands, accepts and undertakes to comply with all the terms of the Rule Book and Circulars and Operational Instructions and Procedures and that it undertakes to accept successive versions of the Rule Book and Circulars and Operational Instructions of the Market in force at any time, and further undertakes the duty to fully familiarise itself with all the aforementioned regulations.

3. It understands and accepts that status as a Broker Member is personal and non-transferable, and

undertakes not to assign its position, or to transfer to any third party its rights or obligations as a Participant.

4. It understands and accepts its obligation to communicate to the Market, immediately and in writing, any material amendment to its articles of association, its nature, legal structure or its financial position and, in particular, anything affecting the conditions to become a Broker Member of the Market.

5. It understands, accepts and undertakes to comply with the trading procedures and methods for placing orders established by the Market for the securities admitted for trading thereon.

6. It knows and accepts that placement of orders for trades in securities admitted to trading in the Market shall be carried out in accordance with the criteria and rules set by the Market. For these purposes, the Broker Member agrees to fulfil the technical and operating requirements determined by the Market.

7. It declares that it possesses the necessary technical means for using the Market systems for placement of orders for trading of securities admitted to trading therein. It further declares that such means are those required for the activity carried out by the Broker Member and necessary to ensure the transparency, integrity and supervision of trading on the Market.

8. It understands, accepts and undertakes to use duly accredited traders for placing orders, taking full responsibility for and undertaking any consequences arising from action taken by such traders.

9. It understands the supervisory functions that the Market performs and undertakes to accept and follow the procedures approved and applied by the Market for this purpose. It further undertakes to abide by the decisions and agreements that the Market adopts in the application of such procedures, without prejudice to raising concerns regarding the challenges and revisions set out in the Rule Book and in the Circulars and Operating Instructions of the Market.

10. It undertakes the Specific Membership Conditions attached, and further undertakes to notify the Market in writing of any changes thereto.

11. It undertakes the responsibility for any of its decisions and actions as a Broker Member.

12. It knows and accepts that this Contract is governed by Spanish legislation, and that it shall be interpreted and applied pursuant to such legislation.

13. The Parties, expressly waiving any other forum or venue to which they may be entitled, agree that any disputes or issues arising in relation to the performance, interpretation or termination of this Contract that cannot be resolved by mutual agreement shall be resolved in accordance with the Spain's Arbitration Law of 23 December 2003. Arbitration shall be carried out by the Civil and Commercial Court of Arbitration (CIMA) and the parties undertake to abide by the arbitration decision and comply with it, and they further declare that they know the Laws and Rules of Procedure of the CIMA.



ELECTRONIC SYSTEM FOR TRADING IN FINANCIAL ASSETS CIRCULAR 02/2018

---- (month) ----- (year) -----

(Name and signature of the representative of the Dealer Member)

(Name and signature of the representative of the Market)

ANNEX III. APPENDIX A. SPECIFIC CONDITIONS OF THE DEALER MEMBER OF MARKET

PERSONAL DATA

(1) Name		(2) Type of Member (company, agency or credit institution)	
(3) Dealer Member Code			
(4) BIC code			
(5) LEI code			
(6) Tax residence (stating city, post code and country)			
(7) Tax number ("NIF")		(8) VAT number	
(9) Participating Entity Code			
(10) Designation of Broker Member to act on behalf of Market Member		LEI of Broker Member	
-		-	
-		-	
-		-	
-		-	

CONTACTS

(11) Name and surnames of contact person			
(12) Address		(13) E-mail	
(14) Post code	(15) Province	(16) Tel.	(17) FAX

(18) Name and surname of the Cash Department Manager			
(19) Address		(20) E-mail	
(21) Post code	(22) Province	(23) Tel.	(24) FAX

(25) Name and surname of the Front Office Manager			
(26) Address		(27) E-mail	
(28) Post code	(29) Province	(30) Tel.	(31) FAX

(32) Name and surname of the Back Office Manager			
(33) Address		(34) E-mail	
(35) Post code	(36) Province	(37) Tel.	(38) FAX

(39) E-mail for receiving Circulars, Instructions and Notices (one per Dealer Member)			

---- (month) ----- (year) -----

(Name and signature of the representative of the Dealer Member)

ANNEX III. APPENDIX B. SPECIFIC CONDITIONS OF THE BROKER MEMBER

PERSONAL DATA

(1) Name		(2) Type of Member (company, agency or credit institution)	
(3) Broker Member Code			
(4) BIC code			
(5) LEI code			
(6) Tax residence (stating city, post code and country)			
(7) Tax number ("NIF")		(8) VAT number	
(9) Code of the Market Member on behalf of which it acts			
(10) Participant code			

CONTACTS

(11) Name and surnames of contact person			
(12) Address		(13) E-mail	
(14) Post code	(15) Province	(16) Tel.	(17) FAX

(18) Name and surname of the Front Office Manager			
(19) Address		(20) E-mail	
(21) Post code	(22) Province	(23) Tel.	(24) FAX

(25) Name and surname of the Back Office Manager			
(26) Address		(27) E-mail	
(28) Post code	(29) Province	(30) Tel.	(31) FAX

(32) E-mail for receiving Circulars, Instructions and Notices (one per Broker Member)			

---- (month) ----- (year) -----

(Name and signature of the representative of the Broker Member)

ANNEX III. APPENDIX C. REQUEST FOR TRADER APPROVAL (DEALER MEMBER/BROKER MEMBER)

Dear Sirs,

Acting as the legal representative of (**Name of Dealer Member/Broker Member**), I hereby state that the entity I represent seeks approval of the list of traders authorised to trade in the Electronic System for Trading in Financial Assets, SENAF.

Furthermore, I hereby declare that:

1. (**Name of Member/Broker Member**) takes full responsibility for and undertakes any consequences arising from action taken by each and every one of the traders whose approval is requested.

2. (**Name of Member/Broker Member**) hereby declares that the referred to traders form part of the workforce of this entity and undertakes to inform the Market as soon as is possible of the termination of the employment relationship between both parties.

<u>NAME AND SURNAMES</u>	<u>POSITION</u>	<u>DEPARTMENT</u>	<u>TELEPHONE</u>	<u>E-MAIL</u>	<u>NOTIFICATION (1)</u>	<u>(*) Identification Document No.</u>

(1) ADDITION; REMOVAL; MODIFICATION.

- (*) It is recommend to attach a photocopy of the Identification Document (ID number, Social Security number, passport, etc...) of the Legal Representative of the Dealer Member/Broker Member and the authorised traders.

..... of ---- (month) ----- (year) -----

Name and signature of the representative of the Member/Broker Member.

ANNEX III. Appendix D. APPLICATION FOR TRADER APPROVAL (TRADER WITH A POWER OF ATTORNEY GRANTED BY THE MEMBER/ BROKER MEMBER)

Dear Sirs,

Acting as the legal representative of **(Name of Dealer Member/Broker Member)**, I hereby state that the entity I represent seeks approval of those listed in this Annex, Mr./Ms. **(Name of concerned party)** as (a) trader(s) authorised to trade in the Electronic System for Trading in Financial Assets, SENAF.

Furthermore, I hereby declare that:

1 **(Name of Dealer Member/Broker Member)** takes full responsibility for and undertakes any consequences arising from action taken by each and every one of the trader(s) whose approval is requested.

2 **(Name of Dealer Member/Broker Member)** states that the referred to traders do not form part of the workforce of this entity, subsequently **(Name of Dealer Member/Broker Member)** has granted each one a power of attorney authorising them, so that in the performance and fulfilment of the professional relationship that each one has with **(Name of Dealer Member/Broker Member)**, **(Name of concerned party)** may access and trade on the Electronic System for Trading in Fixed Assets, SENAF, solely and exclusively for and on behalf of **(Name of Dealer Member/Broker Member)**, without these powers extending to any actions performed by the representative on their own behalf.

3 **(Name of Dealer Member/Broker Member)** hereby undertakes to inform the Electronic System for Trading in Financial Assets, SENAF as soon as is possible, of any changes that may affect its relationship with the trader to whom the power of attorney has been granted (revocation of powers, termination of professional relationship, changes of location, etc.).

4 As accredited by the power of attorney attached as an annex, the latter is exclusively linked to **(Name of Dealer Member/Broker Member)**.

5 Each trader is obliged to understand and follow all the codes of conduct, orders and discipline of the market to which **(Name of Dealer Member/Broker Member)** is subject as a Market Member.

6 Each trader undertakes to accept and follow the supervision and monitoring procedures and actions performed by the Market, to facilitate and collaborate in their timely and orderly application and to abide by the decisions and agreements finally adopted.

<u>NAME AND SURNAMES</u>	<u>POSITION</u>	<u>DEPARTMENT</u>	<u>TELEPHONE</u>	<u>E-MAIL</u>	<u>NOTIFICATION (1)</u>	<u>(*) Identification Document No.</u>

(1) ADDITION; REMOVAL; MODIFICATION.

Attached to this document:

- Power of attorney for each of the traders granted by (**Name of Dealer Member/Broker Member**) and a photocopy of the Identification Document (ID number, Social Security number, passport, etc...) of the Legal Representative of the Dealer Member/Broker Member and the authorised traders.

..... of ---- (month) ----- (year) -----

(Name and signature of the representative of the Dealer Member/Broker Member)