

CIRCULAR 6/2017

AMENDMENT TO CIRCULAR 14/2016 OF 26 JULY ON THE REQUIREMENTS AND PROCEDURES APPLICABLE TO THE ADMISSION AND EXCLUSION ON THE ALTERNATIVE EQUITY MARKET OF SHARES ISSUED BY GROWTH COMPANIES AND SPANISH REAL ESTATE INVESTMENT TRUSTS (SOCIMIs)

On the strength of the experience acquired in the Growth Companies and SOCIMIs segments, and developments in these types of companies and in the various Market players, it was considered necessary to make a number of amendments to Circular 14/2016 for the sake of flexibility, without prejudice to maintaining major protection for investors, certain admission requisites such as the language used for presentation of the Information Document for Admission to the Market or past financial information to be furnished by issuers.

It was also considered advisable to amend the order of a number of points in the Annex to the aforesaid Circular for easier reading and analysis of the information therein.

Consequently, the Board of Directors of Bolsas y Mercados Españoles Sistemas de Negociación, S.A. has approved the amendment to Circular 14/2016 of 26 July on requirements and procedures applicable to the admission and exclusion on the Alternative Equity Market of shares issued by Growth Companies and Spanish Real Estate Investment Trusts (SOCIMIs) (hereinafter Circular 14/2016), in accordance with the details of this Circular.

One.- Amendment of the age of the audited financial information required for the necessity or non-necessity of presenting forecasts or estimates

An amendment has been made to point 1.5 of section Two of Circular 14/2016 concerning the age of the financial information required of companies for the necessity or non-necessity of presenting forecasts or estimates, in such a way that companies which, when applying for admission of their shares, do not have 24 consecutive months of audited information, must present forecasts or estimates as stipulated in the aforesaid section.

Consequently, point 1.5 shall now read as follows:

“1.5. Companies which, when applying for admission of their shares, do not have 24 consecutive months of audited information, must present forecasts or estimates in relation to the current year and the following year, which at least contain numerical information, in a format comparable to that of regular financial information, on income or sales, costs, general outlays, financial expenses, amortisation/depreciation and pre-tax profit. The Board of Directors must approve these forecasts or estimates and notify them to the market, where applicable stating in detail any directors' votes against. This information must be sent until

the company has been operating over three financial years.”

Two.- Possibility of drawing up the Information Document for Admission to the Market in a language commonly used in international financial circles

A new third paragraph has been added to point two of section Three of Circular 14/2016, to include the possibility of drawing up the Information Document for Admission to the Market, as the applicant chooses, in Spanish or in a language commonly used in international financial circles. In the latter case, a number of documents translated into Spanish must also be submitted, as stipulated in the aforesaid paragraph.

The new third paragraph shall read as follows:

“The Information Document for Admission to the Market shall be drawn up, as the applicant chooses, in Spanish or in a language commonly used in international financial circles. In the latter case, the applicant must submit a translation into Spanish of a summary, which shall at least contain the information stipulated in section 1 of the Annex to this Circular. The financial statements and their audit reports must also be submitted as translations into Spanish.”

Three.- Amendment to the Transitory Stipulation of Circular 14/2016

The Transitory Stipulation of Circular 14/2016 shall read as follows:

“For SOCIMIs joining the Market prior to 1 August 2017 and choosing to calculate, for the purposes of disclosure, the shares furnished to the liquidity provider to carry out such function, these must be disclosed within at least one year of joining the Market.”

Four.- Amendment to the Annex to Circular 14/2016

The wording of the Annex to Circular 14/2016 is amended in respect of the following aspects:

- a) A new section 1 has been added by way of a Summary of major information set out in the Document, which shall read as follows:

“1. Summary

A brief summary shall be added with the major information set out in the Document, containing at least the following information:

1.1. Responsibility concerning the Document

1.2. Information used to determine the benchmark share price.

1.3. Key risk factors.

1.4. Brief description of the company, of the issuer's business activities, and its strategy.

1.5. Financial information, significant trends and, where applicable, forecasts or estimates. It shall contain key figures summarising the issuer's financial position.

1.6. The issuer's directors and senior executives.

1.7. Shareholder structure.

1.8. Information concerning the shares.

1.9. Additional information."

b) The order of a number of points in the annex has been amended as follows, giving a new order to the rest as a result of the changes, and adding the new point 1 concerning the Summary:

- Point 1.11 becomes 2.8
- Point 1.12 becomes 2.11
- Point 1.19 becomes 2.12
- Point 1.10 becomes 2.14
- Point 1.18 becomes 2.15
- Point 1.15 becomes 2.17

c) The wording of the aforesaid point 1.19.1, which now becomes the new point 2.12.1, has been amended and shall read as follows:

"2.12.1. Financial information for the last three years (or for the shortest period of activity by the issuer), along with the audit report for each year. The financial statements must be drawn up in accordance with International Financial Reporting Standards (IFRS), national accounting standards or US GAAP, as the case may be, in accordance with the Circular addressing Admission Procedures and Requisites.

In this regard, the last year of audited financial information may not precede the date of the application by more than 15 months and, if this date is more than nine months after the end of the last financial year audited, interim financial information subjected to a limited review at a date no later than four months with respect to the date of the application for admission must be added. This interim financial information must include comparative statements for the same period the previous year, unless the requisite of

comparative balance sheet may be met with presentation of the final year-end balance sheet."

- d) The wording of the aforesaid point 1.10, which now becomes the new point 2.14, has been amended and shall read as follows:

"**2.14.** Main investments of the issuer in each of the years covered by the financial information furnished (see points 2.12 and 2.13), the current year and main future investments already committed at the date of the Document. If there is a share subscription offer prior to admission, description of its purpose and the use to which any funds obtained shall be put."

- e) The wording of the aforesaid point 1.15.1, which now becomes the new point 2.17.1, has been amended and shall read as follows:

"**2.17.1.** Characteristics of the management body (structure, composition, term of directorships), which must be a Board of Directors."

Five. Approval of a recast Text

For the purposes of placing the regulations applicable in this regard in a single text, the content of Circular 14/2016, with the amendments made by means of this Circular, shall be recast in a single Circular.

Six. Date of application

This Circular shall be applicable as of 1 January 2018.

Madrid, 20 December 2017

THE SECRETARY

Ignacio Olivares Blanco

***Important: In the event of discrepancy between the Spanish and the English versions, the Spanish version shall prevail**