

CIRCULAR N° 2/2004, ON 20 MAY, ON THE USE OF ELECTRONIC TRADING SYSTEMS IN AIAF MERCADO DE RENTA FIJA.

In order to increase the services offered by AIAF Mercado de Renta Fija and improve the ability of Members to access and negotiate on the Market, we have developed and implemented an Electronic Trading Systems Segment to make transactions over fixed-income securities listed in AIAF. These transactions shall be regulated by Circulars such as this and by the subsequent Circular Instructions.

In view of this, the board of directors of the AIAF Mercado de Renta Fija, S.A., at their meeting held on 20 May 2004, in accordance with article 20 of the Regulations and other related provisions, approved this Circular.

Rule 1.- Application Scope.

This Circular regulates the use of the Electronic Securities Trading Systems (hereafter referred to as Electronic Systems) for the AIAF Mercado de Renta Fija. The Circular shall cover the listing, negotiating and trading of securities on the AIAF Mercado de Renta Fija via the Electronic Systems that are designated by the Governing Body of AIAF.

Rule 2.- Designation of Electronic Systems.

The designation of an Electronic System to be used by the AIAF Mercado de Renta Fija shall be done through a Circular Instruction.

Said Instruction shall contain the particular characteristics of the Electronic System in question.

Rule 3.- Users of the Electronic Systems.

AIAF Mercado de Renta Fija Members who have been authorised to do so may use the Electronic Systems. Members may be authorised to use all the Electronic Systems that are approved by the AIAF Mercado de Renta Fija, or one of the electronic systems in particular. Authorised members shall be able to perform the functions granted them by the Electronic Systems, or they may perform transactions either directly or indirectly through the mediating entities, in accordance with the pertinent regulations that the Electronic System has established for this purpose.

Rule 4.- Creation of a register of Members authorised in the Electronic Systems.

1.- Under Article 10 of the AIAF Mercado de Renta Fija Regulations, a Register of Members authorised to trade on the Electronic Systems shall be created.

2.- In order for Members to be authorised to trade on the Electronic Systems and be inscribed in the aforementioned Register, they must meet the following requirements:

- They must be a member of AIAF Mercado de Renta Fija.
- They must be a Member of the Electronic System for which they are requesting admission.
- They must respect the regulations that the Directing Company or the Electronic System establish as regards the use of the same.
- Comply with the provisions related to the clearing and settlement of transactions of the AIAF Mercado de Renta Fija Electronic Systems.
- Members must designate a person to be responsible for operating and performing transactions on the Electronic Systems.
- The AIAF Mercado de Renta Fija must receive confirmation from the Electronic System that all the technical requirements needed to operate on the Electronic System have been met by the Member entity.

Rule 5.- Procedure for requesting authorisation to use the Electronic System.

1.- Requesting authorisation to trade on an Electronic System must be presented at the offices of AIAF Mercado de Renta Fija, in accordance with the model described in the Instructions that are specified in this Circular.

2.- The Senior Management of the Governing Body of AIAF, after being informed by the Market Supervision Department, shall decide if the applicant meets the requirements and if, therefore, said applicant is eligible to trade on the Electronic System.

3.- Additionally, the Market Supervision Department or Senior Management, when appropriate, may request that the applicants send specific or periodic information about their activities.

4.- When new entries are recorded in or cancelled from the Register of Members authorised to trade on the Electronic Systems, it will be communicated to the interested parties, the Electronic System, the Spanish Securities Exchange Commission and the other members authorised to use said Electronic System.

Rule 6.- Qualification of the employees of the Member authorised to operate on an Electronic System.

Member entities that are authorised to use the Electronic System are responsible for the actions of their employees. Therefore, they must ensure that their employees have the proper education, training and skills to carry out the activities they have been entrusted to perform on the Electronic System. The Member entity shall be responsible for all the actions taken by the employees on the Electronic System.

Rule 7.- Access to the Electronic System.

AIAF Mercado de Renta Fija shall allow the entities recorded in the Register of Members authorised for the System in question.

Rule 8.- Revocation of authorisation to operate on an Electronic System

Members of AIAF Mercado de Renta Fija will have their authorisation to operate on an Electronic System revoked for the following reasons:

- a) When they are no longer Members of AIAF Mercado de Renta Fija.
- b) When they are no longer members of the Electronic System.
- c) Failure to comply with the regulations of AIAF Mercado de renta Fija or the Electronic System in connection with the System.
- d) Failure to comply with the provisions related to clearing and settlement in the AIAF Mercado de Renta Fija.
- e) Failure to meet the technical requirements necessary for an authorised member to properly carry out their activities on the System.

f) When the Electronic System in question is no longer used by the AIAF Mercado de Renta Fija.

g) Manipulation of market conditions or improper use of the Electronic System.

Rule 9.- Responsibilities of the Member entities authorised in the Electronic Systems.

The Member entities authorised in the Electronic Systems are responsible for the following:

a) Comply with and enforce the regulations applicable to each Electronic System.

b) Inform the Governing Body of AIAF in writing, as soon as possible, any changes that may arise in the following:

- o Name, business name, address etc., of the Member entity.
- o Telephone or fax numbers of their main offices or, when appropriate, the Member entity's place of business.
- o The employees responsible for the Member entity in the System.
- o Any other information that may be relevant to the activities performed by the Member entity on the System.

c) Immediately Inform the Governing Body of AIAF of any of the following circumstances when they occur or are foreseen:

- o Failure to comply with the economic conditions or failure to have the required minimum resources demanded, when appropriate, by the Board of Directors of the Governing Body of AIAF.
- o Cancellations, revocations, suspensions or changes that may arise in the working conditions that the Member entity has been granted by the clearance and settlement company.
- o Any changes in the specific conditions of the Member entity that may affect the compliance of the provisions under which it obtained authorisations to operate on the Electronic System, as well as any relevant circumstances that that may affect their responsibilities in the System.

d) Abstaining from supplying or demanding those buying or selling positions considered to be "out of market".

An issue traded at an "out of market" price is understood to be when the yield obtained by the possible buyer or seller is clearly out the possible yield obtained at that time according to the prices immediately crossed or, if no immediate reference exists, in relation to other emissions with the same characteristics.

e) Comply with the economic obligations stemming from their business activity conducted on the Electronic System.

Rule 10.- Rights of the Member entities authorised on the Electronic Systems.

As regards their activities in the Systems the Member entities have the following rights:

- o Operate on the Electronic System: quote prices and trade, in accordance with the pertinent regulations.
- o Access the information included in the order book of the Electronic Systems, in accordance with the pertinent regulations.
- o Receive information on the state of the transactions that the Member entity has made on the Electronic Systems.

Rule 11.- Securities allowed to be traded on the Electronic Systems.

1.- The Senior Management of AIAF Mercado de Renta Fija shall select the securities that will be included on each Electronic System.

2.- In general, and at the very least, in order for securities to be included in the Electronic Systems, issuers of said securities must state their intention of listing these securities on the AIAF Mercado de Renta Fija.

3.- The characteristics of the securities of the AIAF Mercado de Renta Fija that are likely to be traded on the Electronic Systems shall be determined in the Instructions given and specified in this Circular for each Electronic System.

Rule 12.- Characteristics of the listing, negotiating and trading on the Electronic Systems.

The characteristics of the listing, negotiating and trading securities on the Electronic Systems shall be established in the specific regulations that each Electronic System shall issue for the purpose of making transactions with the securities of the AIAF Mercado de Renta Fija.

The specific regulations of each Electronic System shall be detailed in the Instructions that are given and specified in this Circular.

In any case, the types of transactions that are likely to be made on the Electronic Systems must comply with that stipulated in Circular 3/2001, 25 April, which approved the rewritten text of the Circular on Trading Securities listed on the AIAF Mercado de Renta Fija, or whatever regulations replace it.

Rule 13.- Communicating and disseminating the Transactions made.

1.- The Electronic Systems will report to AIAF Mercado de Renta Fija all the transactions made, in accordance with the procedure established in the Instruction that regulates each one of the Electronic Systems.

2.- Every business day the transaction made in each Electronic System shall be published in the Daily Transaction Bulletin of the AIAF Mercado de Renta Fija.

The Daily Transaction Bulletin shall contain the aforementioned transactions that were made between 13:00 on the date of the Bulletin and 13:00 of the previous day.

3.- AIAF Mercado de Renta Fija shall use various electronic media, their own and that of third parties, for publishing the transactions made.

Final provision.- Effective date.

This Circular shall become effective five business days after being published in the General Information Bulletin of the AIAF Mercado de Renta Fija.