



CIRCULAR 2 SENAF M.T.F. MEMBER CATEGORIES AND REQUIREMENTS

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In exercise of the powers conferred upon the Board of Directors of AIAF Mercado de Renta Fija, S.A.U. (hereinafter referred to as "AIAF") under the General Regulations on the Electronic Financial Assets Negotiation System, Multilateral Trading Facility (hereinafter "SENAF" or the "System"), AIAF has approved this Circular by means of a resolution adopted in its meeting held on the 14th of July 2009.

1. Categories of Members

Title II of the SENAF Regulations establishes two categories of Members:

1.1 Broker Members

- They may only issue orders to the System on behalf of Dealer Members.
- They may act in all the trading segments.

1.2 Dealer Members

These members are authorised to issue orders to the System directly or through Broker Members, but may not act in the System on behalf of third parties.

There are two types of Dealer Members:

- a) With full capacity: They are authorised to issue orders in all the segments of the System, without any limitation in terms of quoting offer and bid prices.
- b) With restricted capacity: They may only give orders to quote offer and bid prices in trading segments for which they are authorised.

2. General requirements for admission of Members

Members must meet the requirements under Title II of the SENAF Regulations, and also the following:

- 2.1** They must request access to Membership of SENAF in writing, including the category and segments they wish to access.
- 2.2** They must sign the corresponding AIAF contract and the order requesting the technical resources that will be supplied by AIAF, which is included as Annex 1 to the contract.
- 2.3** Technical resources required:
 - Data lines with SENAF.

- The equipment (servers, routers, etc.) for connecting to the System via the data lines.
- SENAF terminals for receiving information from the System and for issuing orders. As an alternative or complement to the terminals, a SAPI connection allows Members to obtain all the information from the System and issue orders to it via a server.
- To use SAPI, the Member must obtain a certification from the System Development Department and comply with the requirements and protocols established in the technical specifications current at any time.
- Under the contract signed between AIAF and the Member, the Member is obliged to collaborate with AIAF to help it carry out any checks required on compliance with the technical resources.

2.4 Members should have sufficient organisational and personnel resources for their operating capacity:

- Members shall designate the operators they wish to provide with access to the System using the model form issued to them by AIAF as Annex 2 to the contract.
- These operators shall have a username and password provided by the Supervision Department. They must know the current SENAF rules and understand how to use the trading terminals, for which they will be given a Terminal Manual.
- AIAF will communicate to the Members any change to its rules or the Terminal Manual. Access to this information will also be available on the SENAF website.
- Members must communicate any replacement of authorised operators to AIAF in order that the Supervision Department may replace the corresponding usernames and passwords in the System. The Members shall be responsible for the correct use of these usernames and passwords to ensure that any operators that have not been authorised by the SENAF Supervision Department may not access the System.

2.5 The Board of Directors of AIAF may, on a non-discriminatory basis and under the provisions of the MTS regulations and circulars, deny admission to any given entity, giving the grounds for such a denial, when acceptance of the said entity could be detrimental to the proper operation of the System.

3. Additional requirements for Dealer Members who trade in the Bonds and Debentures, Strips, Treasury Bills, Switches and Sell-buyback Trading segments

- Dealer Members must be holders of a Securities Account in their own name. This must be applied for from the Bank of Spain's Operations Department.
- They must be holders of a cash account associated with the Bank of Spain's Settlement System. This should be applied for from the Bank of Spain's Systems Department. If the entity is "non-resident", it must reach an agreement with a settlement entity that is a treasury account holder at the Bank of Spain.
- The entity must send a letter to the payment Systems Department of the Bank of Spain signed by the applicant, authorising the Bank to act as its settlement entity for cash movements in the transactions it carries out in SENAF.
- Once the entity has complied with these requirements, the Bank of Spain will submit the documentation to the General Directorate for the Treasury, which will issue it the category of Securities Account Holder in its own name in Iberclear by publication in the *Boletín Oficial del Estado* [Official Spanish State Gazette].
- The Member must communicate the treasury account number which it will use in the Bank of Spain to AIAF by letter, fax or e-mail, together with the code assigned as Securities Account Holder. In the case of non-resident entities using a settlement entity, the name of the settlement entity and the latter's corresponding treasury account must be included.
- Dealer Members must be members of Iberclear.
- The Member must sign the corresponding authorisation for SENAF to communicate the transactions, in accordance with the model established by Iberclear.
- Dealer Members operating in the Repo Simultaneous Trading segment must also be members of Meffclear and comply with Meffclear requirements.

4. Additional requirements for Dealer Members operating in the AIAF Securities segment

- They must be members of the AIAF Fixed-Income Market and comply with its requirements.

- Members must sign the corresponding authorisation for SENAF to communicate the transactions, in accordance with the model established by Iberclear.

5. Procedure for admission

- Submit to AIAF the contract signed by its legal representative applying for the condition of member of the System.
- Submit the document accrediting the powers of the signatories to the contract to act in the name of and on behalf of the Member.
- The entity must attach the appropriate documentation to the contract in accordance with the Regulations and these Circulars. In any event, the Member must present a document showing its condition of participant in the corresponding settlement system.
- The Board of Directors of AIAF will examine the application and take a decision of a general character within 30 days following receipt of the contract and complete documentation as explained in the above paragraphs. The decision will be communicated to the Member, together with the date on which the entity may begin to trade in the System if it has been admitted.

6. Withdrawal by Members

6.1 Due to a decision of the entity itself

If the Member decides unilaterally to terminate the contract it has with AIAF, it must communicate the decision in writing to AIAF with a minimum of fifteen (15) days' notice of the effective termination date. In any event, until such effective termination date, all the mutual obligations of the parties shall remain in force.

6.2 Due to a modification of the SENAF Rules

The Member may oppose any modification to the SENAF Rules by expressly communicating such opposition in writing to AIAF at least ten (10) days before the entry into force of the new Rules. In this case, the Member shall be deemed have repudiated the contract signed with AIAF and shall thus lose its condition as participant from the date of entry into force of the modifications.

6.3 Due to changes in the fees

The Member may oppose any modification to the AIAF fees by expressly communicating such opposition in writing to AIAF at least ten (10) days before the entry into force of the new fees. In this case, the Member shall be deemed to have repudiated the contract signed with AIAF and shall thus



lose its condition as participant from the date of entry into force of the new fees.

7. Entry into force

This Circular shall be binding on Members unless they communicate their opposition to AIAF expressly and in writing before the date of its entry into force.

If a Member expresses such opposition, it shall be deemed to have repudiated the contract signed with AIAF and shall thus lose its condition of Member from the date of entry into force of the Circular.

This Circular shall be notified to all Participating Members and shall enter into force at the same time that the Regulations Governing the SENAF.