



**CIRCULAR 9**

**SUPERVISION PROCEDURES AND CONFLICT  
RESOLUTION**

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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 14<sup>th</sup>. of July 2009.

#### **1. Supervision Procedures**

##### **1.1 Market abuse**

To determine whether the conduct of a Member of the System represents an abuse of the market, the Monitoring Committee and/or the Supervision Department has a number of internal protocols that are confidential in character to detect and analyse suspicious orders and transactions.

These protocols and any future modifications to them shall be notified to the Spanish National Securities Market Commission (CNMV).

The members of the Supervision Department and, ultimately, its Director, are responsible for the process of identifying and analysing the suspicious orders and transactions whilst guaranteeing the confidentiality of the information they use.

If the Supervision Department determines that there are indications of market abuse, or if it receives information from a Member indicating that such a situation may exist, they shall make this information available to the Monitoring Committee and the CNMV.

##### **1.2 Breaches of the regulations**

For cases in which it has been determined that there may have been a breach of regulations, the Supervision Department shall initiate the procedure established in the Regulations, in accordance with the following protocol:

- Inform the Member or operator affected at the time when the possible breach is detected.
- The Member or operator will have 24 hours to give any explanations, and if possible, put right the actions considered as constituting a breach.
- If after 24 hours the Supervision Department considers that the breach has not been resolved it shall inform the Monitoring Committee.
- The Monitoring Committee shall assess the importance of the breach and its consequences for the System, and decide on the need to take disciplinary measures as established by Title VIII of the SENAF Regulations.

- In those cases when it agreed to suspend temporarily the condition under which the Member participates in the System, AIAF will no longer have to comply with its obligations to the Member under the SENAF Regulations and Circulars and the contract with the Member in question.
- The Member who has been suspended shall have 5 working days from the date of suspension to resolve the breach. If the breach is not resolved within this time, the Monitoring Committee shall decide, on consideration of the explanations given by the Member, whether to concede a new term of 5 working days for the resolution of the breach, or whether to submit a report to the Board of Directors requesting that the entity in question lose its condition of Member.
- Any Member that has been expelled from the System must comply with all the commitments pending assumed with AIAF. If it wants to be readmitted into SENAF, it must submit an application for readmission, certifying that the grounds that gave rise to the expulsion have been fully resolved and that it once more meets all the requirements established in the regulations to become a Member.
- Any disciplinary measures adopted shall be communicated to the Board of Directors of AIAF and the CNMV.

## **2. Conflict resolution**

According to the SENAF Resolutions, the Arbitration Committee is responsible for resolving any conflicts that may arise with the Members of the System.

The Members have to make their claims in writing to the aforesaid Committee and describe in detail both their claims and the facts on which they are based.

The Arbitration Committee shall request all the information and documentation it may deem opportune from the Monitoring Committee and/or the Supervision Department and take its decision on the Member's claim in the shortest possible time, informing in writing the Member, the Monitoring Committee and the Supervision Department of its decision.

## **3. Entry into force**

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