

CIRCULAR INSTRUCTION Nº 1/2004, 20 MAY, REGARDING DESIGNATION OF SENAF.SON AS AN ELECTRONIC SYSTEM OF AIAF MERCADO DE RENTA FIJA.

Circular 2/2004, of 20 May, regarding the use of the Electronic System for trading securities on the AIAF Mercado de Renta Fija, is applicable to the listing, negotiating and trading of securities performed on the Systems designated by the Governing Body of AIAF. In Rule 2 of the aforementioned Circular, it has been established that the designation of an Electronic system to be used by AIAF Mercado de Renta Fija shall be done through Circular Instructions, which shall also develop and specify the particular characteristics of the same. AIAF Mercado de Renta Fija intends on designating the Organised Trading System SENAF as an Electronic System of the Market. In view of this, the Board of Directors of the AIAF Mercado de Renta Fija, S.A.U., at its meeting on 20 May 2004, under Circular 2/2004, 20 May, regarding the use of Electronic Systems on the AIAF Mercado de Renta Fija, and other and other similar provisions, approved this Circular Instruction.

Rule 1.- Designation.

The SENAF trading system is designated as an Electronic Trading System of the AIAF Mercado de Renta Fija.

Rule 2.- Application Scope.

This Circular Instruction shall apply to listing, negotiating and trading securities on the SENAF Trading System, with respect to the securities allowed to be traded on the AIAF Mercado de Renta Fija, or securities previously registered with the Spanish Securities and Exchange Commission (CNMV in Spanish and hereinafter referred to as such), including the intention of being listed on the AIAF Mercado de Renta Fija.

In this Circular Instruction we also call this System "the System", "The SON" or "SENAF.SON".

Provision 3.- Applicable regulation in SENAF.SON.

1.- The Organised Trading System (SON in Spanish) SENAF for the AIAF Mercado de Renta Fija is regulated by this Circular instruction, and, that which is not covered in said Circular Instruction, by Circular 2/2004, of

20 May, regarding the use of Electronic Systems on AIAF Mercado de Renta Fija, and by the following SENAF regulations:

- General Regulations of SENAF.SON.
- Operating Circular Instruction 3/2004, of 29 April, regarding the use of SENAF.SON in the AIAF Mercado de Renta Fija.
- Operating Circular Instruction 2/2002, of 28 February, regarding rules of conduct for SENAF.SON.
- Operating Circular Instruction 3/2002, of 28 February, related to the operating rules of SENAF.SON.
- Operating Circular Instruction 1/2003, of 19 June, regarding the adaptation and development of Operating Circular Instructions 2/2002, of 28 February, and 3/2002, of 28 February.

2.- Any modifications of the rule mentioned in the previous paragraph, or any other SENAF rules that may be applied to the System must be approved by the AIAF Mercado de Renta Fija before it can be applied to the System.

Rule 4.- Participants in SENAF.SON. Processing requests made by authorised entities to be added or cancelled.

Members of AIAF Mercado de Renta Fija who have been previously authorised may participate in the Organised Trading System SENAF.SON.

Authorisation request must be presented in the offices of AIAF Mercado de Renta Fija according to the model that figures in the appendix.

Processing requests, adding and cancelling authorised entities shall be done according to the procedure described in Circular 2/2004, of 20 May, regarding the use of the electronic Trading Systems in the AIAF Mercado de Renta Fija

Rule 5.- Access to the SENAF.SON System.

AIAF Mercado de Renta Fija shall allow entities to have access the System once SENAF.SON has informed the Governing Body of AIAF that the entity making the request meets all the technical requirements necessary to be authorised.

Rule 6.- Listing and Negotiable Securities Segments in the SENAF Organised Trading System.

1.- The Senior Management of the AIAF Mercado de Renta Fija shall select the securities that will be proposed to be added to SENAF.SON. The inclusion of securities in SENAF.SON must be promoted by the issuer of a given security or by any member of SENAF.SON.

2.- In general, in order for a security to be included in the SENAF Organised Trading System they must be listed on the AIAF Mercado de Renta Fija, or there is a notification of the issue project previously registered with the CNMV, including the intention of being listed on the AIAF Mercado de Renta Fija.

3.- Covered Bonds Segment. Those security issues that meet the following conditions may be included in this segment:

- If they are backed by mortgage assets, loans to the public sector or any other type of guarantee established in the regulation in effect at any given moment.
- If they have an issued volume, aggregate in terms of security code, of over € 1.0 billion.
- If they have a fixed and pre-established financial structure, through the payment of fixed coupons and with a final bullet payment.
- If they have an amortization term since the time of issue that is 3 years or more.
- If they have a credit rating that is equal to or greater than AA / Aa, given by an international prestigious credit rating agency.

4.- New issues segment.

New security issues that meet the following conditions shall be included in this segment:

- If they have an issued volume, aggregate in terms of security code, of over 200 million euros.

- o If the issuer of the securities has stated in his launch that the placement of said securities is aimed at institutional investors, Spaniards or foreigners, the latter understood to be as established in Royal Decree 291/1992, of 27 March, regarding Issues and the Public Offering of Securities.

These issues shall be excluded from the System one month after the payment date. This term could be extended upon the request of the participants.

Rule 7.- Characteristics of listing, negotiating and trading on SENAF.SON.

1.- The positions held by Members in SENAF.SON shall not be known by the rest of the Members during the quoting phase. Nevertheless, when the transaction is being made the participating members shall be identified. Furthermore, in extraordinary cases, and within 30 seconds, the members participating in the aforementioned transaction may reject said transaction, as long as the rejection is due to reasons stemming exclusively from the management of internal liquidation risks carried out by the entity rejecting the transaction.

2.- Transactions performed on SENAF.SON shall be of the simple cash trading type which, in accordance with that stipulated in Circular 3/2001, of 25 April, of the AIAF Mercado de Renta Fija, in which the rewritten text of the Circular regarding trading securities allowed to be negotiated on AIAF Mercado de Renta Fija, and for SENAF.SON, are those that consists of a single transaction in which the settlement date shall be less than the 5th business days after the trade date.

Rule 8.- Communication and dissemination of the transactions made in SENAF.SON.

1.- In order to report the main characteristics of the transactions made via the System, AIAF and SENAF shall create a procedure through which the latter shall report, in real time, the volumes, prices, yields, etc. of the securities that have been traded. Likewise, rejections, such as those described in Rule 7 point 1 of this Circular Instruction, shall also be reported.

2.- Every business day the transactions made on the Organised Trading System shall be published in the Daily Bulletin of the AIAF Mercado de Renta Fija.

The Daily Bulletin shall contain the aforementioned transactions that have been made between 13:00 of the day the Bulletin is published and 13:00 of the previous day.

3.- AIAF Mercado de Renta Fija shall use various electronic media, its own and that of third parties, to report the transactions made.

Final Provision.- Effective date.

This Circular Instruction shall become effective five business day after it is published in the General Information Bulletin of the AIAF Mercado de Renta Fija.

APPENDIX MODEL

AUTHORISATION REQUEST TO TRADE ON THE SENAF ORGANISED TRADING SYSTEM

Entity: _____

Main Delegate in the AIAF Mercado de
Renta Fija: _____

In my capacity as Main Delegate in the AIAF Mercado de Renta Fija we hereby request authorisation to trade on the SENAF Organised Trading System, and towards this end I declare that the entity I represent is a member of SENAF.SON or has already requested said membership.

I hereby designate the person below to be responsible for the entity's operations and acts performed by the Member in SENAF.SON.

Mr./Mrs. _____

Sincerely,

Signatures:

Main Delegate Representative

We are hereby informed of the following:

"In fulfilment of that which is stipulated in Organic Law 15/99, of 13 December, regarding Personal Data Protection, we hereby inform you that the personal data that you have provided us in this document shall form part of a file owned by AIAF Mercado de Renta Fija, S.A. (S.U.) which has taken the security measures necessary, in accordance with the laws in effect. The aforementioned personal data shall be computer processed in relation to the market and business relations that you maintain with us.

At any time you may exercise your right to access, rectify, cancel and oppose, at our offices in Plaza Pablo Ruiz Picasso, 1, Torre Picasso, planta,26, 28020 Madrid."

Likewise, by virtue of this document I give my full consent to transfer my data between companies that form part of the Financial Markets so that they may offer me better service as a member of the Market, or as a client of their services.