

CIRCULAR 3/2014

**MEMBERS AND PARTICIPATING ENTITIES OF THE MERCADO ALTERNATIVO
BURSÁTIL**

Following the Spanish stock exchanges' recent acceptance of the category of trading non-settling member, it has been decided to include this category in the Mercado Alternativo Bursátil

To this end, paragraph one of this Circular now includes the regime applicable to these trading non-settling members, leaving the remaining provisions of previous Market Circular 1/2010 unchanged. However, below is the single integrated text of the full regime applicable to members and participants of the Mercado Alternativo Bursátil.

Therefore, this Circular constitutes the Board of Directors of Bolsas y Mercados Españoles, Sistemas de Negociación, S.A.'s approval of the regime applicable for all members and participants of the Mercado Alternativo Bursátil.

1. Market members and participating entities

Banks and investment services companies that are members of the Spanish securities markets may be members of the Mercado Alternativo Bursátil.

Likewise, those entities which, in the opinion of the Market governing body, meet the conditions laid down at section f) of article 37.2 of the Spanish Securities Market Act and perform special functions that are relevant to the functioning of the Market may also be Market Members.

The SICAVs and SGIICs may be participating entities, by virtue of their legal powers regarding shares and securities listed on the Market and those for which the Market offers informational, transactional, and other similar type of services and facilities.

Entities may become either a member or a trading non-settling member of the Mercado Alternativo Bursátil.

In particular, entities wishing to become a trading non-settling member must expressly appoint a participant in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (hereinafter "IBERCLEAR"), who shall

assume all the registration, clearing and settlement commitments arising from the trades carried out by the trading non-settling member, pursuant to IBERCLEAR's regulations

The trading non-settling member and its settlement entity must both have the technical resources to fulfil their respective obligations.

Market Members and participating entities shall enjoy the rights, and shall be required to comply with the duties, contained in the Market Regulations.

2. Legal requirements, technical and human resources which members and participating entities must possess

Market members and participating entities must comply with the requirements set out in the Spanish Securities Market Law and implementing provisions.

In particular, Market members shall have the IT systems required by the Market to access it. These systems must be adapted according to the volume of member activity. Members shall also have IT systems adapted to comply with applicable disclosure obligations, as well as proper organization that permits it to act as a Market Member, complying with the Rules and their implementing Circulars. These measures shall guarantee transparency, integrity and oversight of trading operations.

Staff dedicated to trading activities must pass the corresponding training course set up for this purpose by the General Manager with the participation of the Supervisory Committee.

3. Admission procedure

Anyone wishing to become a Market member or participating entity must apply accordingly. The General Manager must inform the CNMV of all applications, confirm that the corresponding entity meets all the requirements and submit the request to the Board of Directors.

If the Board of Directors believes that admission criteria are met, the applicants shall be admitted pursuant the resolution of the Board of Directors, which shall be sent to the Spanish Securities & Exchange Commission (CNMV).

The Board of Directors shall have a maximum period of three months within which to decide on the application for admission. If, after this time, no decision has been taken, admission shall be denied.

4. Title of member and participating entity

The applicant shall be deemed a member or participating entity once the Board of Directors has ruled on the matter. In order to ensure transparency, all applications shall be recorded in the Market Registry and published in the Market Bulletin according to an Operating Instruction approved by the Supervisory Committee. Details of the member or participating entity and the date on which they shall commence operations shall be included.

5. Conduct of members and participating entities

Members and participating entities must at all times act in accordance with the rules contained in the Market Regulations and any other provisions.

6. Inspection and supervision of Members and participating entities

The Supervisory Committee is the body responsible for the inspection and supervision of Member and participating entities activities. Said inspection and supervision shall be based on the principles contained in article 33 of the Market Regulations.

7. Supervening situations affecting membership and participating entity status

Supervening situations affecting membership and participating entity status shall be deemed to be any circumstances affecting the criteria pursuant to which the Member was allowed to attain membership status, or the solvency requirements, in accordance with the provisions of article 34 of the Regulations.

8. Situations of breach and disciplinary and supervisory measures.

The following constitute situations of breach of a Member, participating entity, or the dealers designated by a Member to act in the Market:

1. The breach of duties established in the Regulations.
2. Where a Member or participating entity, in a branch of its activities, or its parent company, should incur in a breach of its duties in another market or settlement system, which could amount to a risk regarding its activities in the Market.
3. Failure to comply with the code of conduct applicable to Market Members and participating entities, in accordance with the provisions of the Securities Market Act.

Failure to comply with the duties incumbent on Market Members and participating entities shall entitle the Market bodies to impose any of the following measures:

- a) Written warnings, to obtain corrective measures to remedy the breach.
- b) Public notification issued by the Market through its publicity mechanisms, placing the existence of the breach in the public domain.
- c) Loss or temporary suspension of the status with which the entity participates in the Market.
- d) Permanent loss of the status with which the entity participates in the Market.

The aforementioned disciplinary measures may also be applied to Market dealers in the case of breach of Market regulations. The Board of Directors and the CNMV shall be notified immediately of such measures.

All measures imposed shall be reported the same day to the CNMV, and the measures established in sections b), c), and d) shall be published on the Market's website.

9.- Application date and derogation of Circular 1/2010

This Circular shall come into effect the day following its publication in the Market Bulletin, rendering null and void Circular 1/2010, of 4 January 2010.

Madrid, 24 January 2014

THE SECRETARY

Ignacio Olivares Blanco

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