

**ALTERNATIVE EQUITY MARKET  
GENERAL REGULATIONS**

## **CONTENTS**

### **Title I - General provisions**

- Article 1 - Purpose and scope of application
- Article 2 - Name
- Article 3 - Governing bodies
- Article 4 - Legal system

### **- Title II - Governing bodies**

- Article 5 - BMESN's Board of Directors
- Article 6 - Securities Admission and Coordination Committee
- Article 7 - Supervisory Committee
- Article 8 - Managing Director
- Article 9 - Arbitration Committee

### **- Title III - Members of the Market**

- Article 10 - Members and participating entities
- Article 11 - Requirements
- Article 12 - Rights
- Article 13 - Obligations
- Article 14 - Minimum content of agreements between the Market and its Members

### **- Title IV - Listing, information, suspension, interruption and delisting of marketable securities**

- Article 15 - Securities on the Market
- Article 16 - Listing of marketable securities on the Market
- Article 17 - Rights of the issuers
- Article 18 - Obligations of the issuers
- Article 19 - Registered Advisors
- Article 20 - Public information
- Article 21 - Relevant information
- Article 22 - Suspension of trading
- Article 23 - Interruption of trading
- Article 24 - Exclusion of marketable securities

### **- Title V - Trading**

- Article 25 - General rules
- Article 26 - Trading segments
- Article 27 - Types of transactions and other Market services and facilities
- Article 28 - Market makers
- Article 29 - Liquidity agreements
- Article 30 - Technical resources to carry out trades

-

### **- Title VI – Dissemination of information**

- Article 31 - General rules

- Article 32 - Dissemination of information prior to trading
- Article 33 - Dissemination of information to Members subsequent to trading
- Article 34 - General dissemination of information on Market trading

**- Title VII - Clearing and settlement of trades and registration of securities**

- Article 35 - Clearing of trades
- Article 36 - Settlement of transactions
- Article 37 - Registration of securities traded

**- Title VIII – Market Supervision**

- Article 38 - Supervision and control
- Article 39 - Supervision and control of Members
- Article 40 - Supervision and control of issuers
- Article 41 - Supervision and control of Registered Advisors
- Article 42 - Supervening situations affecting membership and participant status
- Article 43 - Grounds for default
- Article 44 - Suspension of Members, participants and operators
- Article 45 - Interruption of Members and operators
- Article 46 - Interim, disciplinary and supervisory measures

**- Title IX - Resolution of disputes**

- Article 47 - Submission to arbitration

**Final Provision**

## **REGULATIONS OF THE ALTERNATIVE EQUITY MARKET**

### **TITLE I GENERAL PROVISIONS**

#### **Article 1 - Purpose and scope of application**

These Regulations are designed to govern the functioning of a multilateral trading system for marketable securities that, given the specific legal framework to which issuers are subject and based on the size or special characteristics of the securities, require a specialised trading scheme.

These Regulations control the composition, functioning, trades and rules for action of the multilateral trading system, in accordance with the provisions of Title X of the revised Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, hereinafter also referred to as the "Securities Market Act", and its implementing provisions.

Rules that are complementary to these Regulations will be established in the Circulars and Operating Instructions that the multilateral trading system approves in accordance with these Regulations.

#### **Article 2 - Name**

The multilateral trading system governed by these Regulations is the "Mercado Alternativo Bursátil" (Alternative Equity Market - hereinafter referred to as "the Market").

#### **Article 3.- Governing bodies**

The Market is run and managed by Bolsas y Mercados Españoles Sistemas de Negociación S.A. (hereinafter, BMESN), through its Board of Directors.

The Market will have a Coordination and Admission Committee, and bodies specialised in the supervision and resolution of disputes, such as the Supervisory Committee and the Arbitration Committee.

The Market will also have a Managing Director tasked with daily management of the Market and the execution of the general guidelines established by the Board of Directors.

The Market, its governing body, Members and participants will be subject to supervision by the National Spanish Securities Commission, pursuant to the provisions of Title X, chapter II of Title VII and Title VIII of the revised Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October (hereinafter the "Securities Market Act").

#### **Article 4 - Legal system**

1. The Market will act in accordance with the following general provisions and their implementing regulations:

- Chapter II of Title VII and Titles VIII and X of the revised Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October;

- Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 governing markets in financial instruments, amending Regulation (EU) No 648/2012 (hereinafter "MIFIR");

- Regulation (EU) 909/No 2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, as well as the provisions of these Regulations and their implementing regulations.

- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014, relating to the markets in financial instruments and by which Directive 2002/92/EC and Directive 2011/61/EU are modified (hereinafter "MIFID II");

2. In addition to the aforementioned general provisions contained in the revised text of the Securities Market Act, and in its implementing regulations, these Regulations, the Circulars approved by the Board of Directors and the Operating Instructions of the Market will also apply.

Any amendments to these Regulations shall be subject to approval by the Spanish National Securities Commission.

Any Circulars and Operating Instructions must be communicated to the Spanish National Securities Commission.

## **TITLE II GOVERNING BODIES**

### **Article 5.- BMESN's Board of Directors**

1. The Board of Directors is the body responsible for directing and managing the Market and for setting the broad principles on which its strategy and operation will be based, which should be in keeping with the general rules on the structure and operation of Spanish securities markets.
2. Any appointments or removals of the members of the Board of Directors will be communicated to the Spanish National Securities Commission.
3. The following functions are entrusted to the Board of Directors:
  - a) Administer and manage the Market.
  - b) Approve and amend the General Market Regulations, subject to approval by the Spanish National Securities Commission.
  - c) Approve the Circulars that complement and implement the General Market Regulations.
  - d) Approve the fees that it will charge.
  - e) Approve the Market budgets.
  - f) List, suspend and delist securities on the Market.
  - g) Admit, suspend and exclude Market Members.
  - h) Sign the necessary agreements with the registration systems, central counterparties and settlement systems which register, clear and settle the securities traded on the Market, to establish the terms and conditions under which such activities take place.
  - i) Appoint the members of the Supervisory Committee.
  - j) Appoint the Managing Director of the Market.
  - k) Appoint the members of the Arbitration Committee and establish its operating rules and financial structure.

Any powers not expressly attributed to any other body will also correspond to the Board of Directors.

The Board of Directors shall inform the Spanish National Securities Commission of any resolutions adopted in the exercising of the responsibilities outlined in this section.

**Article 6.- Securities Admission and Coordination Committee**

1. The Securities Admission and Coordination Committee will have the following functions:
  - a) Propose the criteria applicable to select shares and other hedge fund securities, as well as securities and financial instruments issued by or referring to small-cap companies and other securities and financial instruments that may be admitted to the Market.
  - b) Analyse and accept proposals for the listing and delisting of other securities, to be referred to the Board of Directors.
  - c) Examine the initiatives proposed by the Members of the Market.
  - d) Examine the evolution of the marketable securities listed on the Market and raise to the Board of Directors any proposals necessary in this regard.
  - e) Analyse and propose to the Board initiatives and services which could help satisfy the demands of Market participants.
2. The Market's Managing Director and a representative of each of the Spanish Securities Markets will be full members of the Admission and Coordination Committee.
3. The Board of Directors may invite representatives of Market participants to the meetings of the Admission and Coordination Committee, but they will attend as observers, and may speak but not vote.
4. The Admission and Coordination Committee will be chaired by the Managing Director of the Market, with the position of its Secretary being filled by the Board Secretary or, where applicable, any of the Deputy Secretaries of the Board of Directors.
5. The Admission and Coordination Committee shall be convened by its Chairman, on his own initiative, or at the request of the majority of its members. The Committee shall meet with the frequency necessary for the exercising of the functions described in section one of this article, and at least quarterly.

### **Article 7.- Supervisory Committee**

1. The Supervisory Committee is the body responsible for inspecting and supervising the operations of the Market.
2. The Supervisory Committee will be appointed by the Board of Directors and will be composed of people of recognised skill and experience in the securities market, with a minimum of five members and a maximum of ten.
3. The Managing Director of the Market will hold the chairmanship of the Supervisory Committee, whose secretarial position will be held by the Secretary or, where appropriate, any of the Deputy Secretaries of the Board of Directors.
4. The Supervisory Committee will be convened by its Chairman, on his own initiative, or at the request of the majority of its members. The Committee shall meet with the frequency necessary for the exercising of the duties described in the next section of this article, and at least quarterly.
5. The Supervisory Committee shall have the following duties:
  - a) Verify that trading on the Market is being carried out in accordance with the applicable rules.
  - b) Supervise and control compliance with the applicable regulations concerning market discipline.
  - c) Check that the Members of the Market correctly use the technical resources made available to them.
  - d) Establish and manage the necessary procedures for the proper accreditation of the personnel appointed by the Members of the Market to carry out their trades on the Market (hereinafter, "operators").
  - e) Adopt and implement measures to prevent the carrying out, by parties involved in the Market, of behaviour constituting market abuse and, if this occurs, correct such behaviour.
  - f) Temporarily interrupt and suspend the trading of marketable securities in the cases specified in the Securities Market Act and its implementing provisions, and those set forth in these Regulations and their implementing rules.
  - g) As a precaution, suspend the activity of the operators and the Members of the Market in the cases set out in these Regulations and their implementing rules.



- h) Revoke operators' accreditation.
- i) Approve the Operating Instructions required to establish and apply the other rules of the Market concerning matters related to the Committee's scope of competence.

### **Article 8.- Managing Director**

The Managing Director shall be entrusted with the daily management of the Market and the execution of the general guidelines established by the Board of Directors.

The Managing Director shall be appointed by the Board of Directors.

The following responsibilities correspond to the Managing Director:

- a) Organise and coordinate the services of the Market.
- b) Direct and supervise the actions of the various parties providing services for the Market.
- c) Manage the economic regime of the Market.
- d) Coordinate the different technical resources required for the proper functioning of the Market.
- e) Chair the Admission and Coordination Committee and the Supervisory Committee.
- f) Channel the relationships and initiatives of the Market with the entities and institutions interested in its operation.
- g) Evaluate the procedures for the relationship between the Market and the issuers of marketable securities listed on it and prepare the appropriate suggestions for improvement, reconsideration and amplification.
- h) Approve the Operating Instructions required to specify and implement the Circulars of the Board of Directors and the Operating Instructions of the Supervisory Committee.
- i) Adopt the supervisory and disciplinary measures of written warnings and public notices.

The appointment and removal of the Managing Director shall be communicated to the Spanish National Securities Commission.

### **Article 9.- Arbitration Committee**

The Arbitration Committee is entrusted with resolving any disputes that may be referred to it by the Members of the Market.

In this sense it is responsible for handling any complaints and resolving any disputes that Members of the Market present in relation to their actions in the market, in accordance with the provisions of these Regulations and the other regulatory rules of the Market.

Arbitration shall be managed by the Market Arbitration Committee, which shall be appointed by the Board of Directors and shall be composed of a Chairman and five Members, chosen from among trading system experts.

The Board of Directors will appoint the Arbitration Committee Chairman and Secretary. The Chairman of the Arbitration Committee, who shall have the casting vote, will be one of the representatives of the Market and the Secretary, who will have the right to speak but not vote, will be the Secretary or Deputy Secretary of the Board of Directors, or any member of the legal advisors of the Market.

The Arbitration Committee shall be formed to resolve every dispute presented to it, with the assistance of its Chairman and two Members, chosen by lots from among the five members, and shall take decisions on a majority vote by members.

The Arbitration Committee will be convened at the initiative of the Chairman, or by the Chairman in response to a request from the majority of the members of that Committee.

Resolutions on matters within the competence of the Arbitration Committee shall be adopted by a majority. The resolutions of the Arbitration Commission will be final and may not subsequently be submitted to other bodies of the Market.

### **TITLE III MEMBERS OF THE MARKET**

#### **Article 10.- Members and participating entities**

1. Credit institutions and investment services companies that have the status of members of the Spanish securities markets may be members of the Market.
2. Similarly, those entities that, in the opinion of the governing company of the Market, satisfy the conditions of paragraph f) of Article 69.2 of the Securities Markets Act and perform special functions that are relevant for the operation of the market, may also become Members of the Market.
3. SICAVs and SGICs 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 services and facilities.
4. BMESN shall notify the CNMV of all applications to join, leave and amend membership by Members and Participating Entities, as well as of the decisions taken in this regard.

#### **Article 11.- Requirements**

Entities interested in becoming a Member or participating entity of the Market shall possess the technical and human resources required by Market rules to trade in the Market.

Market Members and participating entities shall meet all the requirements detailed in the Securities Market Act, depending on the status with which they participate in the Market.

Market Members and participating entities shall participate in the Market in adherence to the rules contained in the Market Regulations and any other applicable provisions. Market Members and participating entities must meet and maintain the necessary technical and human resources in order to participate in the Market, which shall be set and reviewed by the Board of Directors by way of the corresponding Circular, which shall regulate the specific regimes applied in accordance with the trading capacity attributable to each kind of Market Member. Particular emphasis shall be placed on the proper organisation and effectiveness of the supervision mechanisms, information systems, and computer equipment. These resources shall be appropriate given the volume of their trading, as well as the need to ensure the transparency, integrity and supervision of trading and to comply with the obligations relating to information systems set out in Article 114 of the revised text of the Securities Markets Act.

The Market may also offer services and operating facilities to ensure the improved performance of those functions that certain entities have been granted by law in relation to securities listed on the Market, as well as to assist in those activities that other entities have undertaken regarding securities in the Market and which are relevant for the improved functioning of the said Market.

Market Members and participating entities shall enter into the corresponding agreement intended by BMESN for this purpose. This agreement, which will be approved through a Circular, shall be accompanied by the information and documentation required in the Circulars implementing these Regulations.

Members of the Market must demonstrate that they fulfil the conditions for membership, including that of non-clearing member of the central counterparty with which the Market has agreed the clearing of the trades carried out in the multilateral trading segments.

If the applicant holds the status of participant in the system in which the trades traded on the Market are settled, it shall demonstrate this on presenting its application. If it does not hold this status, it will sign an agreement with one or more participants in this settlement system to cover the actions relating to its trades, and both the member and the participants shall have the technical resources that allow them to monitor compliance with their respective obligations.

#### **Article 12.- Rights**

1. Members of the Market are entitled to participate in the Market and carry out the trades on it that they are authorised to perform, in accordance with their specific status and on the basis of their trading capacity.

All Market Members have identical rights with regard to the receipt of information, access to the Market's various resources and use of its services.

2. The set of rules which shall be applied to the services and operating facilities offered by the Market to the participating entities shall define the latter's rights and powers.

Participating entities shall have the right to use the operating facilities provided by the Market for securities listed on the Market and the right over the securities they act upon by virtue of the responsibilities that they legally have or have undertaken.

#### **Article 13.- Obligations**

1. Members are subject to obligations as follows:

- a) Comply with the Regulations of the Market and other rules applicable to it.
  - b) Respect the codes of conduct in force in the Spanish securities market and draw up and comply with an internal code of conduct.
  - c) Inform the Market of any modifications or supervening circumstances that may affect their membership or due compliance with their obligations.
  - d) Perform trades in accordance with the rules of the Market and pay the fees that, fixed in the Market's fee schedule, apply to the trading carried out by it on the Market, and any other financial obligations arising from its membership of the Market, even after ceasing to be, for any reason, a member of the Market.
  - e) Constitute the guarantees established, where appropriate, in the rules of the Market to cover the trading activity carried out by the Member.
  - f) Follow the procedure for clearing trades of the central counterparties in which the trades carried out on the Market are cleared.
  - g) Follow the procedures for the registration and settlement of trades in the settlement and registration systems with which the Market has established an agreement.
  - h) In the event of incidents with the settlement of trades performed on the Market and not cleared in the central counterparties, including the buy-in and cash settlement procedure, follow the procedures and actions applied by the settlement and registration systems with which the Market has established an agreement.
  - i) Use the technical resources at their disposal in accordance with the rules and principles established by the governing bodies of the Market.
  - j) Comply with the decisions taken by these bodies.
  - k) Submit any disputes they may have with other Members to the decision of the Market's Arbitration Committee and accept and implement its resolutions.
  - l) Provide the information required for the information system referred to in Article 114 of the revised text of the Securities Market Act.
  - m) Provide the Spanish National Securities Commission and the governing bodies of the Market with the information they require for the exercising of their functions and responsibilities.
2. The services and operating facilities offered by the Market to the participating entities shall define their obligations and commitments.

3. Members may provide direct market-access services and will be responsible to the Market for any operations involving direct access to the market which they supply.

By means of a Circular, the Board of Directors may specify the obligations of Members providing direct market-access services for trading on the Market.

#### **Article 14.- Minimum content of agreements between the Market and its Members**

Agreements entered into between the Market and its Members shall include at least the following matters:

- a) The Member's right to act as such in the Market, in accordance with the Regulations of the Market, the Circulars and the Operating Instructions.
- b) Awareness and acceptance of the Regulations, Circulars and Operating Instructions, in relation to the Market's own regulations, as well as their application where not expressly set out in the agreement.
- c) The Member's obligation to communicate, immediately and in writing, to the Market any material amendment to its articles of association, its nature or legal structure or its financial position and, especially, anything affecting the conditions for membership.
- d) The Member's obligation to hold the position of member of the central counterparty with which the Market has agreed the clearing of the trades performed in the multilateral trading segments.
- e) The Member's obligation to hold the position of participant in the system in which the trading on the Market is settled or to appoint a participant in the aforementioned system to perform the settlement of the trades executed by the Member.
- f) The acceptance of the trading procedures and methods established by the Market for the securities admitted to trading on it.
- g) Acceptance that the trading of securities admitted for trading on this market can be carried out on the Spanish electronic trading platform, managed by Sociedad de Bolsas, and that such trading will be conducted in accordance with the principles and rules established by the Market, in coordination with the other Governing Bodies of the Spanish Securities Markets and within the bodies determined by Sociedad de Bolsas for this purpose. For this purpose, the Member agrees to comply with any technical and operational requirements determined by Sociedad de Bolsas.
- h) The clearing of the trades on securities admitted to trading on the Market through the procedures agreed by the Market and the central counterparty determined by it.
- i) The settlement of the trades duly cleared through the settlement system determined by the Market.

- j) The availability of the technical resources needed to use the Market's trading systems, maintaining the operational and technical relationships that are necessary with the systems for the clearing, settlement and registration of the trades executed on the Market and for securities admitted to trading on it.
- k) Acceptance by the Member of the supervisory functions performed by the Market, accepting and adopting the procedures the Market agrees and implements for that purpose, abiding by the decisions that the Market makes in such procedures.
- l) Acceptance of the procedures and actions applicable in the event of incidents in the settlement, including the buy-in procedure.
- m) Submission of any complaints that may arise in connection with the agreement to the arbitration established in the Regulations.

#### **TITLE IV LISTING, INFORMATION, SUSPENSION, INTERRUPTION AND DELISTING OF SECURITIES**

##### **Article 15.- Marketable securities on the Market**

Shares and other securities represented by book entries may be listed on the Market. They require a special scheme for trading, clearing, settlement, and registration, as established in the respective Market Circulars and any other applicable Market regulations. They may be admitted as long as said securities are not listed on any Market managed by companies belonging to the BME group.

Securities which may be admitted to the Market include, among others:

1. Shares and equity interests issued by a collective investment undertaking included in the public register of the CNMV.
2. Shares and marketable securities that are equivalent to shares or confer the right to buy shares or securities equivalent to shares issued by Spanish and foreign small-cap corporations or corporations with characteristics requiring them to be subject to a specific trading regime and that have fully paid-up capital and are not subject to any statutory legal restrictions prohibiting the trading or transfer of their shares.
3. Securities issued by venture capital companies governed by the general regime under the terms set forth in Act 25/2005 of 24 November, regulating venture capital companies and their management companies and previously included in the public register of the CNMV.

4. Shares and marketable securities that are equivalent to shares or confer the right to buy shares or securities equivalent to shares issued by listed real-estate investment trusts (SOCIMIs) subject to the regime laid down in Act 11/2009 of 26 October, regulating listed real-estate investment trusts, amended by Act 16/2012 of 27 December, adopting various tax measures aimed at shoring up public finances and promoting economic activity and by foreign companies whose corporate purpose and investment regime are comparable with those set forth in Spanish legislation for listed real-estate investment trusts.

#### **Article 16.- Listing of marketable securities on the Market**

The admission of securities to the Market shall be promoted by the issuer of the securities or any Market Member.

In the case of securities issued by small-cap companies, said companies shall have capitalisation lower than €500 million. These companies and the SOCIMIs shall appoint a registered advisor for the Market and enter into the relevant liquidity agreement designed to facilitate the liquidity of the securities they have issued.

The Market will establish, by way of Circulars, the requirements and procedure for listing marketable securities on the Market.

Agreements for the listing of marketable securities on the Market will be approved by the Board of Directors and communicated to the Spanish National Securities Commission.

#### **Article 17.- Rights of the issuers**

The issuers of securities listed on the Market are entitled to make use of the operating facilities that the Market makes available to them regarding the communication to it of public and relevant information.

#### **Article 18.- Obligations of the issuers**

Without prejudice to the other obligations under these Regulations, the issuers of securities listed on the Market shall have obligations as follows:

1. Post the public information indicated in these Regulations on which investors may base their decisions.
2. Report the relevant information pursuant to the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the revised Spanish Securities Market Act, this Regulation and its implementing provisions.



3. Notwithstanding the exceptions that may result from application by virtue of the provisions of Article 77.3 of the revised Spanish Securities Market Act, request the admission to trading on a regulated market in a term of nine months when the capitalisation of shares that are being traded exclusively in a multilateral trading system surpasses €500 million, for more than six consecutive months, pursuant to the provisions of Article 77.3 of the revised Spanish Securities Market and its implementing provisions.
4. Comply with these Regulations and the other implementing rules applicable to them.
5. Pay the fees established in the Market's fee schedule, even after ceasing, for any reason, to be an issuer in the Market.
6. Issuers of securities listed in the Growth Companies segment and SOCIMIs should appoint a Registered Advisor and maintain that designation.
7. Issuers of securities listed in the Growth Companies segment and SOCIMIs shall enter into the relevant liquidity agreement designed to facilitate the liquidity of the securities they have issued and maintain this agreement.
8. Respond to requests for information from the Market.

#### **Article 19.- Registered Advisors**

1. Issuers of securities listed in the Growth Companies segment and SOCIMIs shall appoint a Registered Advisor, who shall be responsible for providing specialist advice ensuring that such entities comply, both from a formal and substantive perspective with the relevant reporting obligations to the governing body and investors;
2. Registered Advisors may be legal entities that meet the following requirements:
  - a) Have experience in advising issuers on their conduct in the securities market, both in relation to the preparation and review of documentation on issuances of securities and compliance with obligations arising from the admission of securities to regulated markets and multilateral trading systems.
  - b) Have qualified staff;
  - c) Have at least 3 years' experience in the areas of activity mentioned. This experience shall be accredited through that of their directors and managers;
  - d) Establish the necessary measures of separation between their activities as Registered Advisor and the remaining activities they perform in the securities market.
  - e) Not belong to the same group as the issuer being advised; and,
  - f) Entities on which the CNMV has imposed a sanction for breach of its obligations as Registered Advisor or which are disqualified from performing any of the relevant advisory functions, may not be Registered Advisors.

3. To act as issuers of securities that are part of the Market, Registered Advisors shall first ensure that the Market registers them in the Market Register of Registered Advisors, providing the documentation and signing the declarations that accredit the aforementioned requirements pursuant to the procedures set out by the Market in the relevant Circular.

4. The Market shall notify the CNMV of all applications by Registered Advisors to join and leave.

5. The relationship of Registered Advisors with issuers shall take place within the framework of professional advisory services that shall refer to the obligations relevant to issuers pursuant to the Spanish Securities Market Act, these Regulations and their implementing provisions and also have regard for the market abuse precautions included in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, on market abuse and in the Securities Market Act.

Registered Advisors and their respective issuers shall agree to and comply with the terms of their reciprocal relationships in the manner and with the diligence necessary for full compliance with the reporting obligations relevant to those issuers. The agreements that issuers and their registered Advisors reach shall detail the obligations of issuers of making available to their Registered Advisors the information that they need for full compliance with the obligations attributed to them.

Registered Advisors shall have access to the technical systems that the Market uses to list securities and the resources that it places at the disposal of issuers and their Registered Advisors for full compliance with reporting obligations of issuers and the functions of their Registered Advisors.

6. In performing their specialised advisory functions to issuers, Registered Advisors shall be responsible for the following functions and obligations:

- As a result of listing securities on the Market:
  - a) Check that the issuer meets the necessary requirements to be able to admit its securities to trading on the Market in accordance with the applicable regulations and advise it on decisions and agreements that it should adopt for this purpose.
  - b) Assist the respective issuer in the preparation of information that it should present to the Market and review the information prepared, in order to ensure that it complies with the requirements of the applicable legislation and does not omit relevant information or give rise to the confusion of investors.
- Once the securities are listed:
  - a) Advise the issuer so that it fully complies with the regular and timely reporting obligations relevant to it, in order to list its securities on the Market.

b) Assist the respective issuer regarding the information that, if applicable, they must provide in exceptional situations that may arise in the evolution of price, trading volumes and other circumstances relevant to trading the company's securities.

c) The Registered Advisor shall check that the relevant information to be published by the issuer is consistent with the rest of relevant information published and the regular financial information; that the content of the report is clear and complete, that it is outlined in a neutral manner, without bias or value judgements that prejudice or distort its scope and, when required, its nature and that the content of the information is quantified.

d) Collaborate with the respective issuer in attending and responding to queries and requests for information that the Market directs to the issuer regarding compliance with reporting obligations.

7. The requirements, rights and obligations set out in this Article shall be performed by means of the relevant Circular.

#### **Article 20.- Public information**

1. At the time of the initial listing of securities issued by hedge funds, venture capital companies and any other issuers subject to similar supervisory regimes of the CNMV must provide the Market with the same information – including the prospectus issued and regular information – that they must provide to the CNMV to be registered.

2. At the time of the initial listing of securities issued by small-cap companies, said companies must provide the Market with a security sales prospectus or, if there is none, an information document on admission to the Market.

This information shall include a description of the type and nature of the business activities of the issuer.

Likewise, they shall provide, in keeping with the Market Circulars, as a minimum, the following information:

a) Periodic information

A half-yearly financial report and the annual financial statements prepared according to the International Financial Reporting Standards (IFRS), national accounting standards of the EEA or US GAAP, duly audited, and any further information required by Market Regulations regarding their activities.

b) Significant holdings and shareholders' agreements

Additionally, the issuers, as they become aware of them, shall immediately inform the Market of any acquisition or disposal of shares by any shareholder with a holding of

10%, or multiples thereof, of the issuer's share capital. This figure shall be 1% in the case of transactions performed by directors and executives of the issuing company. The same applies to the agreement, termination, or extension of the shareholder agreements that restrict the transfer of shares or that affect in any way the voting rights of shareholders.

3. The admission of securities issued by entities not listed in the two previous sections shall send the Market a prospectus of admission to the Market, as well as any financial or accounting information or additional similar information, as described in section 2 of this article.

4. Likewise, in relation to the securities already listed on the Market, the Market shall publish all information supplied by the respective issuers, either through Market channels or by way of setting up any other methods that allow access to the aforesaid information.

5. Well in advance, the issuer shall provide the Market with all information about corporate or financial transactions that affect the securities listed on the Market and the decisions and policies established for holders' rights or the exercise of the aforesaid rights, specifying the relevant dates for recognising, exercising, complying with and paying the relevant rights and obligations to holders of the securities in question. Issuers shall set such dates taking into consideration the legislation that governs trading, clearing and settlement of transactions with securities and the attribution of rights arising from them. The Market, by means of a Circular, shall specify the information that it should provide to the Market and the time limits in which this information should be reported.

6. The entity must also notify the Market of the details of the financial or corporate transactions in the terms in which it has been communicated to the Systems Company including at least the following information: the transaction type, the payment date, the date on which a determination will be made on the registered holders that may require that the issuer carry out the transaction for them and the date as of which the securities in question shall be traded without entitlement to participate in the transaction, the applicable amounts and withholdings, where applicable, and any other details necessary and relevant for same.

The issuer shall issue the report referred to in the previous paragraph in the shortest time possible. The Market, by means of Circulars, shall specify the information to be provided to the Market and the deadlines on which such information should be communicated.

7. Rights inherent to booked securities stemming from financial and corporate transactions must be exercised through the Systems Company and the participants in whose registers the securities in question are registered.

8. As from the initial listing, the Market shall make immediately available to all interested parties in the corresponding public registry the information relating to the issuers of listed securities provided by the issuers themselves or other sources set up for such purposes.

#### **Article 21.- Relevant information**

As soon as possible, issuers of securities are obliged to disclose all relevant information and disseminate it to the market in the terms and conditions established in the regulations.

Pursuant to Articles 228 and 323 of the revised Spanish Securities Market Act, all information that allows investors to form an opinion about instruments traded, the knowledge of which could reasonably induce an investor to purchase or transfer securities or financial instruments and may therefore significantly influence the price in a secondary market, is considered relevant information.

When the issuer is subject to the supervision of the CNMV, it shall send the same relevant information to the Market, in keeping with the applicable legislation.

Notwithstanding the foregoing, all information regarding the issuer that is deemed relevant based on its legal status, as well as acquisitions and disposals of significant shareholdings, shall be made available to the Market.

To this end, and to the degree that listed securities are affected, issuers shall report as relevant information, as a minimum, the following situations:

- a) Changes to the legal status of the issuing entity and the approval of decisions on the merger or split thereof.
- b) Changes to the issuer's articles of association arising from the governing body's decision to carry out a capital increase/reduction, stock splits or reverse splits or changes to the shares' face value.
- c) Decisions to adopt and carry out financing plans or restructuring of permanent resources, such as capital reductions or increases, loans or credits, bonds issuance, early redemptions or security offerings.
- d) Notice of General Shareholders' Meetings.
- e) The approval and payment of dividends or other funds to be distributed to the shareholders.
- f) The approval of policy decisions regarding the portfolio of treasury shares or plans for the acquisition of treasury shares.

- g) The approval of advance results, where appropriate, and final annual results.
- h) Information on and, where appropriate, correction of any possible qualification to or restrictions on the scope of the audit report or disclaimers of opinion.
- i) Acknowledgement of the final conclusions of the auditor in its review of the annual financial statements.
- j) Agreement for a request for delisting from the Market.
- k) Change in Registered Advisor or Liquidity Provider.

The Market may lay down guidelines in relation to situations that are deemed to be relevant information within the framework of the applicable regulation, taking into account for these purposes those criteria that have been established to enforce said regulation. It may also request any additional information that it deems appropriate for the purpose of promoting the transparency of the securities traded.

Notwithstanding the aforementioned information, the issuer shall send the Market all relevant information that it may be required to supply to the CNMV, where appropriate, in accordance with the legislation in force.

All relevant information pertaining to the securities and the issuers shall be recorded in the Market's website and be made available to all interested parties. Likewise, it shall be made public pursuant to the regulations by which it is governed, in accordance with its legal status.

#### **Article 22.- Suspension of trading**

Notwithstanding the decisions that the CNMV may adopt in this regard, the Board of Directors and in cases of emergency, the Supervisory Committee, may temporarily suspend trading in those securities that cease to comply with Market regulations. Under all circumstances, this decision shall be reported immediately to the CNMV and made public.

Additionally, the Board of Directors – and in cases of emergency, the Supervisory Committee – shall suspend trading of securities listed on the Market should these securities be suspended from trading in regulated markets where they are admitted for trading.

### **Article 23.- Interruption of trading**

In cases of emergency and for technical reasons, the Supervisory Committee may interrupt trading in the securities listed on the Market, reporting said decision immediately to the Board of Directors and the CNMV.

### **Article 24.- Delisting of marketable securities**

1. Notwithstanding any decisions that the CNMV may adopt in this regard, securities may be delisted from the Market if the Board of Directors decides to do so for one of the following reasons:

- a) Request by the issuer.
- b) Issuer fails to comply with the condition required of it for admission to the Market.
- c) Issuer fails to comply with the requirements or conditions for admission of securities it has issued for the corresponding Market segment.
- d) Serious and repeated breach of the duties incumbent on the issuer, especially with regard to the supply and publication of information.
- e) Admission to trading on an official Spanish market.
- f) In cases where the issuer is in a situation where the settlement phase has been opened in accordance with the Spanish Insolvency Act or the issuer is in the corporate settlement phase in accordance with the Spanish Companies Act.
- g) Furthermore, the Board of Directors shall delist securities admitted to the Market when they have been delisted from regulated markets where they are admitted to trading.

2. To these effects the following delisting procedure will be followed:

- The Managing Director shall inform the Spanish National Securities Commission of the cases where the delisting of securities is planned.
- The Managing Director will launch the proceedings and hold a hearing with the corresponding issuer in the cases provided for in sub paragraphs b), c) and d) of paragraph 1 of this article.

- Once the file is completed, it shall be transferred to the Coordination and Admission Committee which should submit the relevant proposal to the Board of Directors.
- Decisions adopted by the Market in this regard shall be immediately transferred to the CNMV and published in the Market Bulletin.

The obligations of issuers for the delisting of their shares will be implemented through Circulars. In any event, issuers that request delisting shall justify the adoption of the delisting agreement in a General Shareholders' Meeting. Such agreements shall be published as relevant events.

Issuers or Members of the Market who had requested the listing of the securities will be obliged to accept the delisting decisions taken by the Market.

They will also be required to pay the exclusion from trading fees set out in the fee schedule, even after ceasing, for any reason, to be an issuer of the Market.

3. In the event the CNMV agrees to delist a security from the Market, BMESN shall publish that agreement and shall execute the delisting.

## **TITLE V TRADING**

### **Article 25.- General rules**

Market trading shall comply with the general regulations governing the Spanish securities market, notwithstanding any special provisions applicable as a result of the characteristics of the securities traded on the Market.

Market trading shall be reserved for Members only, who must comply with the procedures and formats laid down for this purpose, and use the methods established by the Market in general terms.

The Board of Directors shall define the trading rules that are to be applied to each of the Market trading segments.

The trading rules will establish, as a minimum, the trading system, the regime governing trades, types of orders, price variation criteria, block trades and those made after trading hours, the framework for sessions and trading hours of the respective segment, liquidity mechanisms and the rules for suspension of trading and technical stoppages applicable to the segment, which will be detailed by means of the corresponding Operating Instructions.



The Market shall accept and process those transactions that arise as a consequence of the use of technical resources registered for each Market Member or participating entity, which shall bear full and exclusive liability for all transactions carried out in said manner, and for any operations reaching the Market's trading systems through the direct-market access services provided by the Members.

Market trading shall be carried out electronically, in accordance with the rules pertaining to the trading system defined for each one of the trading segments recognised by the Market, and may be carried out by way of a system of continuous trading, a system of auction price fixing, by way of a net asset value trading system, or by way of a combination of aforesaid systems, to be determined by the Market taking into account the special characteristics of securities which are listed on the Market.

Trades carried out on the Market involving any securities listed on it and carried out in the multilateral trading segments shall, of necessity, be cleared using the procedures agreed by and between the Market and the central counterparty designated by BMESN, to ensure orderly settlement and a satisfactory conclusion.

To that end, other trades may be included when, in view of their features, they are subject to clearing procedures involving the intervention of a central counterparty designated by the Governing Body.

Duly cleared trades shall be settled using the settlement system designated by BMESN and, accordingly, the movements of securities and cash resulting from the corresponding trades executed on the Market shall be registered, along with the confirmation of the change of ownership of securities resulting from the aforementioned trades.

Market trades that are not subject to clearing shall be settled using the settlement system designated by the Governing Body and, accordingly, the movements of securities and cash resulting from the corresponding trade executed on the market shall be registered, as well as the confirmation of the change of ownership of securities resulting from the aforesaid trade.

In the event that trades performed on the Market cannot be settled under the specified terms, the settlement and registration systems with which BMESN has established an agreement shall specify the procedures required for cash to be cleared in favour of the party adversely affected as a result of non-settlement of trades.

#### **Article 26.- Trading segments**

All marketable securities issued by entities of a similar legal nature and sharing the same features will be listed for trading in the trading segment created for this purpose by the Market.

The Board of Directors shall determine the existing segments and the rules applicable to each.

The rules governing each trading segment shall take into account the special characteristics of the issuers of the securities admitted, as well as the securities themselves, for the purpose of establishing which trading rules are applicable.

#### **Article 27.- Classes of transaction and other Market services and facilities**

The Market trading rules shall define the characteristics of the various types or formats of transactions that may be carried out on the Market, and shall describe the manner in which the corresponding offers ought to be formulated, any time or quantitative limits that will be imposed on them, and any possible differences in transactions by reason of the securities affected, minimum and maximum amounts required, applicable prices, or any other relevant factors.

Market trading rules may also regulate procedures for midpoint trading. This trading procedure allows operations to be carried out at the midpoint of the best buy or sell position at any given time in the order book for the most relevant market for each security, for liquidity purposes.

Market trading rules may regulate block trades or high-volume trades of securities which require special trading procedures and specific price-setting and price-review rules, provided the orders meet the requirements of volumes and prices established in the Market trading rules.

Market trading rules may regulate trades subject to conditions other than the current market price.

The Market trading rules may also include other classes of trades, depending on any liquidity and counterparty commitments that may be undertaken by Members with regard to all or certain marketable securities.

The Market trading rules shall take into account the relationship between the transactions carried out and the services and transactional facilities that the Market offers to participating entities which are legally assigned or which engage in activities involving securities admitted to trading on the Market. This relationship will include distribution information related to issuers of securities admitted to trading on the Market and the entities to which these securities refer.

The Market shall facilitate the information system, transmission and storage of information managed by the settlement system in which transactions on the market are settled, among others, the information on the identification of its members, securities on the Market and trading of these securities with details of the date and time of trading and the number assigned by the Market, including the information on members that participate in each trade.

### **Article 28. - Market Makers**

The Board of Directors will use Circulars to regulate the contents of market-making agreements which must be signed by Market Members pursuing a market-making strategy, as defined in the regulations applicable.

### **Article 29.- Liquidity agreements**

1. Notwithstanding the contents of Article 15 of these Regulations, where the characteristics of the issuers or of the securities listed on the Market should so require, the Board of Directors may make it compulsory to take the measures necessary in order to provide liquidity for the securities.

To this end, the issuer shall adopt the necessary measures to enhance the liquidity of the trades involving the marketable securities it issues, to ensure adequate trading frequency and reduce price variations caused by anything other than the market trend.

Small-cap companies and SOCIMIs shall, in any event, enter into the relevant liquidity agreement designed to facilitate the liquidity of the securities they have issued.

The rights and obligations of the Liquidity Provider and the methods for its supervision and monitoring, the causes for breach, precautionary, disciplinary and supervisory measures are described in the Circular.

2. Notwithstanding the foregoing, and in the event that the issuers or Market Members implement measures to provide the securities traded on the Market with liquidity, they shall inform the Market of said measures and of any undertakings they may entail, all of which shall be forwarded by the Market to the CNMV. These undertakings, as well as any amendments thereto and their termination, shall be made known by the Market in general terms.

### **Article 30.- Technical resources for the execution of transactions**

The Market shall establish – and where appropriate, may supply – the technical resources that Members will need to have in order to carry out transactions.

The trading systems envisaged on the Market shall use the suitable technological resources in order to ensure that prices are properly fixed, orders are properly executed, and that any information produced by the Market is published.

For this purpose the Members participating in the Market must have the resources to enable them to make use of that technology platform, and the resources necessary for their volume of activity, and necessary to ensure the transparency, integrity and supervision of trading on the Market.

The Members, providers of direct market-access services for trading on the Market, must also ensure that the proper technical resources are assigned to these services.

Members shall submit all information required from them concerning trades, using the resources prescribed by the communication, transfer and information storage system managed by the settlement system in which they settle trades performed on the Market, and shall be responsible for the integrity, accuracy and truthfulness of the information that they provide.

## **TITLE VI DISSEMINATION OF INFORMATION**

### **Article 31.- General rules**

The Market rules will be defined, by means of Circulars, to ensure the satisfactory dissemination of information related to trades carried out therein and, in this respect, they may include different regimes depending on the type of trade concerned, the existence of any liquidity and counterparty commitments assumed by some Members for all or certain marketable securities and other relevant factors.

All relevant information concerning listed securities and their issuers shall be made available by the Market to interested parties, reported to the CNMV, and published by way of the Market's electronic channels.

The Admission and Coordination Committee will propose the technical procedures necessary for the efficient provision by the Market of the relevant facts and their dissemination.

Separately, information prior to and subsequent to actual trading, referred to in Articles 32 and 33 below, shall be made available to the general public in commercially reasonable conditions and in a non-discriminatory fashion. Fifteen minutes after publication, information prior to and subsequent to actual trading shall be made available to the general public free of charge.

Members shall be informed of the trades executed through the Market's technical applications and shall be provided with the data required to proceed with the clearing and settlement of the corresponding trade, in accordance with the provisions set out in these Regulations, and so that they may comply with their obligations with regard to the information system as set out in Article 114 of the revised Securities Market Act.

### **Article 32.- Dissemination of information prior to trading**

Members will have access to information on the securities traded on the Market and the data necessary to carry out trades on the Market.

The aforementioned information provided to Members will include:

- Buy and sell prices generated at each moment of the Market trading session.  
Active positions at each moment on the Market.
- The depth of the trading positions at the existing buy and sell prices or those that have been introduced at all times during the Market trading session.
- Any other information that may be relevant for trading on the Market.

The contents of pre-trading information for dissemination referred to in the preceding section shall match the characteristics of each of the trading systems for securities traded on the Market.

The Board of Directors may apply any exemptions from the obligation to make public pre-trading information that have been authorised by the Spanish National Securities Commission.

The information that is the subject of this article shall be made available to Members and to the general public continuously during Market trading hours.

### **Article 33.- Dissemination of information to Members subsequent to trading**

Members will have access to information on all trades that have been carried out in each Market trading session.

The aforementioned information provided to Members will include:

- The prices at which each cross-trade has been carried out on the Market.
- Trading volume involved in each cross-trade.
- Date and time each trade was crossed.
- Any other information that may be relevant for trading activity on the Market.

The contents of post-trading information for dissemination referred to in the preceding section shall match the characteristics of each of the trading systems for securities traded on the Market.

The information referred to in this article shall be provided to the Members and to the general public in real time.

In relation to the type or volume of trades, the Market may publish deferred information on trades actually carried out in accordance with legal stipulations and with authorisation by the Spanish National Securities Commission.

#### **Article 34.- General dissemination of information on Market trading**

The Market shall report, on all days on which it is in session, the most significant data concerning the securities listed on the Market and the transactions that have been carried out with them.

Market Circulars may provide this information, which should at least include the following:

- The prices at which the transactions have been carried out during the corresponding session, in accordance with the regime applicable to the various kinds of transactions.
- Appropriate background relating to the prices of previous sessions.
- Trading volumes.
- Any Market indices that may be established.
- Approval of Market Circulars and Operating Instructions.
- Relevant information concerning the issuers of marketable securities incorporated into the Market.

With regard to the daily information that must be disclosed by the Market in relation to marketable securities, it shall provide this through its own resources or may make arrangements to allow access to this information.

Investment services companies that are obliged to publish their final price listings shall be given access to the information disclosure systems used by the Market, in reasonable economic conditions and in a non-discriminatory fashion, to enable this information to be published.

This information may be compiled in a Bulletin or an alternative written format, and shall be distributed electronically.

Additionally, the Market may reach the appropriate agreements with the regulated markets on which the securities admitted to the Market are traded, to distribute the information from the Market through the resources of these markets.

## **TITLE VII**

### **CLEARING AND SETTLEMENT OF TRADES AND REGISTRATION OF SECURITIES**

#### **Article 35.- Clearing of transactions**

1. Trades for shares and share subscription rights listed on the Market that are made in the multilateral trading segments must be cleared according to the procedure that BMESN has agreed with BME Clearing.

Accordingly, trades executed in the multilateral trading segments of the Market involving any shares and share subscription rights traded on the Market are subject to clearing.

In addition, block trades or high-volume trades on the aforementioned securities shall be cleared through the clearing procedure agreed between the Governing Body and BME Clearing.

To determine the corresponding clearing procedure, BMESN and BME Clearing have entered into an agreement setting out the principles and rules applicable to the clearing of trades, as well as how any special considerations would be introduced, if applicable, for the various classes of trades carried out on the Market, and the duties corresponding to the Market, to BME Clearing and to their respective members.

2. The clearing regime for trades executed on the Market shall be subject to the regime for collateral and liability specified by BME Clearing.

3. Similarly, other trades carried out on other securities admitted to trading on the Market may be cleared under the terms set out in the aforementioned agreement.

4. The Governing Body may enter into agreements with other central counterparties to clear trades executed on the Market, taking into account the features of the various types of marketable securities admitted for trading, the nature of trades that can be carried out on them and the requirements of the settlement and registration systems applicable to trades performed on the Market and to the securities admitted to trade on them.

These agreements shall be subject to supervision by the CNMV under the terms set out in the Securities Market Act and other general provisions, and shall set out the requirements expected from Members seeking to use them.

#### **Article 36.- Settlement of trades**

1. Trades executed on securities admitted to trading on the Market shall be settled according to the procedure established by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores.

In accordance with the aforementioned procedure, the settlement of each trade executed on marketable securities listed on the Market shall take place on the second business day following the trade date.

This procedure shall take account of any special considerations that may be required, as applicable, for the different classes of trades carried out on the Market and the duties corresponding to the Market, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, and their respective members.

2. This procedure shall be applicable to the settlement of trades performed on the Market, regardless of which Members participate or which entities are designated by them to settle the aforesaid trades.

3. BMESN may enter into agreements with other settlement systems for negotiable securities so that they may settle trades carried out on securities admitted to trading on the Market, taking into account the different features of the various types of negotiable securities admitted to trading, the nature of trades that can be carried out on them and the requirements of the clearing and registration systems applicable to trades performed on the Market and to the securities admitted to trade therein.

These agreements shall be subject to supervision by the CNMV under the terms set out in the Securities Market Act and other general provisions, and shall set out the requirements expected from Members seeking to use them.

4. In the event that a Member requests that its trades be settled through a settlement system other than that established for the Market, BMESN shall enter into the necessary agreements with the settlement system proposed by the Member, provided the proposed system meets all legal requirements for that purpose.

### **Article 37.- Registration of traded securities**

1. Securities admitted to trading on the Market shall be represented by book entries, which are subject to the general regime and procedures set out in the Securities Market Act and its implementing provisions.

2. The registration procedure shall take into account any special considerations that may be required, if applicable, for the various classes of trades performed on the Market and for the securities admitted to trade therein.

3. The registration of securities admitted to trading on the Market shall be carried out by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de



Valores, without prejudice to the right of issuers pursuant to Article 328 of the Securities Market Act, to have their securities registered in any central securities depository.

## **TITLE VIII SUPERVISION OF THE MARKET**

### **Article 38.- Supervision and control**

1. The Supervisory Committee is the body charged with supervising and controlling the functioning of the Market, and it shall perform its duties based on the activities carried out by the Members and participating entities on the Market, well as the issuers and any other participants in the Market.

2. The Supervisory Committee shall have the human and technical resources needed to enable it to monitor orders and trading, of any kind, in real time. Those resources shall enable varied reporting on trading history and incidents, for each type of security and all trading methods.

### **Article 39.-Supervision and control of Members**

1. With the aim of carrying out satisfactory inspection and supervision of the activities undertaken by its Members, the Market establishes:

a. The Members and participating bodies shall be under a duty to notify the Market of the existence of any indications or information that affects or may affect their status as members, or the conditions they are required to meet in order to qualify for membership, which may give rise to a breach of the rules governing the Market or any other applicable legal provisions relating to the prevention of market abuse.

b. The Market's internal procedures will incorporate any measures the Market considers necessary to detect firm indications of behaviours that may reasonably be suspected of amounting to market abuse in the following aspects:

- Trading activity that may lead to market distortion and price manipulation.
- The use of insider information in trades.

2. If the Market has firm indications or the information received by the Market gives reasonable grounds to suspect a possible breach of market abuse regulations by a participant, the Market will forward such information to the CNMV as the Spanish

securities supervisory authority and to any other supervisor having competence over Market members and securities.

In the event that the Market has consistent indicators or the one-off information obtained by the Market indicates the existence of a possible breach of the Market's regulations by any participant, but this cannot be satisfactorily demonstrated using the information held by the Market, the corresponding supervision procedure shall be initiated.

3. The supervision and control methods that the Market designs and implements for the effective enforcement of these Regulations and of the provisions of the Securities Markets Act and other regulations applicable to the Members and participants, especially with regard to the rules on market abuse, will involve the following:

- Use of the technical resources enabled by the Market for monitoring the prices and volumes traded, orders and their variations.
- Review of any communications by Members.
- Review of the publicly available information on them considering their status as regulated entities subject to prudential supervision.

4. BMESN shall provide details, in the form of a Circular, of the rules applicable to the supervision procedures described in these Regulations.

In addition, it shall draw up and update on a regular basis the internal supervisory protocols.

The procedures referred to in this section, and their updates, shall be forwarded to the Spanish National Securities Commission.

5. Communications from the Market to the Spanish National Securities Commission of the incidents or behaviour of its members that could constitute a breach of the Securities Markets Act or its implementing regulations or a breach of the rules contained in these Regulations shall be carried out in a way that demonstrates their receipt by the Spanish National Securities Commission and will include the CIFRADO procedure.

#### **Article 40.- Supervision and control of issuers**

1. BMESN supervises and controls the issuers or Market Members that have promoted the listing of securities, ensuring their compliance with the obligations set out in these Regulations and Market Circulars. Particularly, it ensures that they submit regular and timely information required of them.

2. The Market shall have internal procedures for monitoring price- or volume-distorting incidents that may arise from the absence or tardy reporting of relevant facts to the Market or from reporting of notoriously misleading information by issuers.

3. In the event that the audit report of the individual annual accounts and/or, where applicable, of the consolidated group of an issuer has reservations concerning or restrictions on the scope or lack of opinion of the auditor, the Market shall prove that it has notified, through a relevant event, the motives of that circumstance, the activities that lead to their correction and the time frame planned for it.

4. The methods of supervision and control that the Market designs and applies for the effective observance of these Regulations and the precepts of the Securities Market Act and other regulations applicable to issuers, especially regarding market abuse regulations, shall use the following resources:

- review of the preparation of informative or explanatory reports set out in these Regulations by issuers and that the content complies with the applicable Market regulations.
- review of information which, where applicable, facilitates the Registered Advisors' Market.
- use of technical systems enabled by the Market for monitoring prices and volumes traded, orders and their variations.

5. Market reports to the CNMV on incidents or conduct of its issuers that may constitute an infringement of the Securities Market Act or its implementing provisions or breach of these Regulations and reports set out in Article 324.2 of the Securities Market Act, shall be executed by means that permit proof of its reception by the CNMV and shall include the CIFRADOC procedure.

#### **Article 41.- Supervision and control of Registered Advisors**

1. The Market supervises and controls Registered Advisors, ensuring that they meet the requirements of and act in accordance with these Regulations and the Market Circulars.

To this end, Registered Advisors shall keep information about them appearing in the Market Register of Registered Advisors permanently updated. They shall inform the Market about any amendments that affect the information held in this Register, as soon as they occur.

If there are no amendments to this information during the previous year, Registered Advisors shall confirm annually to the Market that the information about them in the Market Register of Registered Advisors is current and has no changes.

2. The Market supervises and controls all information that issuers send to it, ensuring that its respective Registered Advisors have been involved in the terms established by these Regulations and the Market Circulars.

To this end, and on the occasion of listing securities on the Market, it is the responsibility of the latter to check that the Registered Advisor of the issuer in question has submitted to the Market:

- A declaration that it has performed, in relation to securities in question, the tasks set out in these Regulations and Market Circulars.
- A declaration that it has reviewed the information provided by the issuer of those securities and that it understands that it should comply with requirements of these Regulations and Market Circulars.

For the same purposes set out in this section and on the occasion of supplying regular or timely information that is required to issuers of securities listed on the Market, the Market shall enable the technical resources that enable the checking that all information provided to it by issuers has had the involvement of their respective Registered Advisors in the terms and conditions established by these Regulations and the Market Circulars.

3. The methods of supervision and control that the Market designs and applies for the effective observance of these Regulations and the precepts of the Securities Market Act and other regulations applicable to Registered Advisors, especially regarding market abuse regulations, are the review of issuing informative or explanatory reports by Advisors and that the content complies with the applicable Market regulations.

4. The Market shall have a separate register and differentiated from all reports issued by and received from Registered Advisors for compliance with market abuse regulations.

The Market shall review those reports together with those that it seeks from the remaining parties involved in each matter of that nature. If there are indications that they have breached the market abuse regulations, it shall transfer the matter to the CNMV.

5. Reports from issuers that should have the intervention of their Registered Advisors shall only be processed by the Market when they are accompanied by the declarations of these Advisors, set out in these Regulations and in the Market Circulars.

6. Market Circulars shall detail the contents of the supervisory and control mechanisms established in this Article and the manner in which the statements therein should be effected.

#### **Article 42.- Supervening situations affecting membership and participating entity status**

The following shall be deemed to be supervening situations affecting Market members or participating entities:

1. Loss, arising from the application of the pertinent administrative procedure by the relevant supervisory authority, of the status that was originally granted to the Member.
2. Loss of the requirements necessary in order to be granted the status of Member or participating entity as a consequence of the initiation of insolvency proceedings, or the intervention of the Market Member, or the adoption of a universal measure by a legal or administrative authority, which entails the liquidation or streamlining of the Member, a branch of its activities, or its parent company, or the implementation of other decisions or situations, the effect or significance of which is similar to the above.

#### **Article 43.- Situations of breach**

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

- a) Breach of obligations provided for in these Regulations and the implementing Circulars.
- b) Where a Member or participating entity, in a branch of its activities, or its parent company, should commit a breach of its duties in another market or settlement system, which could amount to a risk regarding its activities in the Market.
- c) 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.

The Governing Body considers that the following constitute breaches of requirements to obtain the status of Market Member:

- a) declaration of default of its corresponding obligations in its capacity as a member of the central counterparty with which the Market has established an agreement.
- b) declaration of default of its corresponding obligations in its capacity as a participant in the settlement and registration system with which the Market has established an agreement.

If a Market operator defaults on its obligations, this shall be considered grounds for default on the part of the Member on whose behalf it operates on the Market.

2. The following constitute situations of breach by an issuer:

- a) breach of the obligations specified in these Regulations and in their implementing Circulars, in particular those relating to referring and disseminating information;
- b) failure to comply with the requirements or conditions for admission of securities to the Market issued by it; and,
- c) non-payment of Market fees.

3. The following constitute situations of breach by a Registered Advisor:

- a) breach of the obligations specified in these Regulations and in their implementing Circulars;
- b) failure to comply with the requirements effected by the Market in the supervisory procedure of its activities as Registered Advisor; and,
- c) non-payment of Market fees.

#### **Article 44.- Suspension of Members, participating entities and operators**

The Supervisory Committee may, as a precaution, suspend the activity of Members, participating entities and operators in the event of breach of Market regulations, and shall inform the Board of Directors and the CNMV immediately of such decision.

In addition, the Supervisory Committee may, as a precaution, temporarily suspend the activity of Members of the Market when their central counterparty membership status is suspended.

Similarly, the Supervision Department may, as a precaution, suspend the Market activity of Members when their status as participants in the settlement and registration system is temporarily suspended.

#### **Article 45.- Interruption of Members and operators**

The Supervisory Committee may, as a precaution, interrupt the Market activity of Members and of their operators if the clearing member, with whom the Member has undertaken agreements to clear trades executed in the Market, has been suspended as a central counterparty, in accordance with the applicable rules.

The Supervisory Committee may, as a precaution, interrupt the Market activity of Members and of their operators if the participant, with whom the Member has undertaken agreements required for the settlement of trades executed on the Market, has been suspended from the securities settlement and registration system, in accordance with its rules.

#### **Article 46.- Precautionary, disciplinary and supervisory measures**

1. The breach of Members' and participating entities' own obligations in the Market shall permit the Market bodies to adopt any of the following measures:
  - a) A written warning, aimed at prompting corrective action to remedy the non-compliance
  - b) A public notice issued by the Market through its information distribution channels, disclosing the existence of the breach.
  - c) Loss or temporary suspension of the status with which the entity participates in the Market.
  - d) Permanent loss of Market membership or participation status.

The measures indicated above may be formalised by means of a corresponding Market Circular.

2. The disciplinary measures set out in the preceding paragraph may also apply to operators in the event of a breach of Market regulations.
3. The following measures may be taken when an issuer is in breach of its obligations:
  - a) A written warning, aimed at prompting corrective action to remedy the non-compliance;
  - b) A public notice issued by the Market through its information distribution channels, disclosing the existence of the breach;

- c) The temporary suspension of trading securities issued by the non-compliant issuer on the Market; or,
- d) The delisting from the Market of the securities issued by the non-compliant issuer.

4. The following measures may be taken when a Registered Advisor is in breach of its own obligations:

- a) A written warning, aimed at prompting corrective action to remedy the non-compliance;
- b) A public notice issued by the Market through its information distribution channels, disclosing the existence of the breach;
- c) The suspension of the possibility of being appointed a Registered Advisor by new issuers. This measure shall not affect the previous appointments effected, such that it can continue acting as a Registered Advisor in relation to such issuance; or,
- d) The de-registration of the entity from the Register of Registered Advisors.

5. The measure of a written warning and public notice may be adopted by the Managing Director or the Supervisory Committee.

The remaining measures shall be agreed by the Board of Directors after reporting to the Supervisory Committee and holding audience with the interested party. The meetings of the Board of Directors in which the imposition of a sanction will be proposed will be attended by the Chairman of the Supervisory Committee.

The CNMV shall be immediately informed of all measures adopted and, in the cases of decisions adopted by the Managing Director and the Supervisory Committee, the Board of Directors shall be informed.

The measures set out in subparagraph b), c) and d) of section numbers 1, 3 and 4 of this article shall be published on the Market's website.

## **TITLE IX DISPUTE RESOLUTION**

### **Article 47.- Arbitration**

1.- Merely by expressing their desire to belong to the Market and to carry out transactions therein, Members undertake to resolve any disputes that may arise



between them regarding their activities on the Market by way of arbitration, and to accept, abide by, and execute, in so far as this is incumbent on them, the resolution reached in this regard.

2.- The Arbitration Committee shall comply with the general rules governing arbitration, to which the following special provisions shall be added:

- a) The Committee shall pay special attention to the rules governing the Market.
- b) The maximum time limit for the resolution to be provided shall be three months, starting from the day after the day on which the request for arbitration was filed in the matter in question. This time limit may only be extended by the Committee for one additional month in exceptional cases where it is strictly unavoidable to attain the resolution of a specific dispute.
- c) Always with the utmost respect for the parties' right to a defence and to make allegations, and based on the principle of equal treatment of said parties, the Committee shall have the broadest possible powers to decide on the procedures to be followed, the evidence to be collected ex officio, and the duration of the various steps.
- d) Any resolutions of particular interest for the Market may be reported in the manner deemed necessary.

### **Final Provision**

These Regulations shall come into force on 3 January 2018.

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