



# BME MTF Equity Operating Regulations

Version number	Approval date	Changes description
1	30/07/2020	Approval of BME MTF Equity Operating Regulations.
2	22/07/2022	Modification of articles 16 and 18 to adapt them to the new wording of the Securities Market Law and thus refer to the fact that the companies that join BME Growth Segment must have a market capitalization that does not exceed one thousand million euros, or any another limit established by the applicable regulations, instead of five hundred million euros that appeared previously.

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## OPERATING REGULATIONS FOR BME MTF EQUITY

### TITLE I GENERAL PROVISIONS

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

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

These Rules and Regulations regulate the composition, operation, transactions and rules of action of the multilateral trading facility, in accordance with the provisions of the revised text of the Spanish Securities Markets Law, as approved by Royal Legislative Decree 4/2015, of 23 October, hereinafter also referred to as the "Securities Market Law" and its implementing provisions, Title II of Royal Decree-Law 21/2017, of 29 December, on urgent measures for the adaptation of Spanish law to EU regulations in relation to stock markets, and regulations that complement or replace the previous versions.

More specifically, these Rules and Regulations provide for the existence of a trading segment (BME Growth) set up as a market for expanding SMEs in accordance with the provisions of article 45 of Royal Decree-Law 21/2017, of 29 December. In particular, the issuing entities, Registered Advisors and Market members must bear in mind and reflect in their actions that investors are assuming higher risk than when investing in the Stock Market, due to the nature of the issuing entities to be traded in this segment, and their size, characteristics and the liquidity of their securities.

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

Complementary rules for these Rules and Regulations will be established in Circulars and Operating Instructions approved by the multilateral trading facility in accordance with these Rules and Regulations, which must be reported to the National Securities Markets Commission.

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

The multilateral trading facility governed by these Rules and Regulations will be known as BME MTF Equity ("the Market").

## Article 3 - Governing bodies

The Market will be administered and managed by Bolsas y Mercados Españoles, Sistemas de Negociación, S.A. (BMESN).

The Market will have a Market Coordination and Admission Committee, a Supervision Department, a Head of Supervision and an Arbitration Commission.

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.

## Article 4 - Liability regime

### 1. Actions of BMESN

BMESN, in the exercise of its management and administration functions for the Market, must take decisions and be involved in actions, on its own initiative or at the request of Members, issuers, Registered Advisors or a competent authority, such as, but not limited to:

- a) Suspension or restriction of access to trading in any Market segment due to suspension or interruption of trading or for precautionary reasons.
- b) Interruption or termination of a trading session for any period and Market segment due to its closure or for precautionary reasons.
- c) Cancellation of trades in any Market segment.
- d) The supervision procedures and methods for Members, issuers and Registered Advisors, developed in accordance with the provisions of Title VIII of these Rules and Regulations.
- e) Suspension and exclusion of Members, issuers and Registered Advisors and the adoption of any of the measures provided for in these Rules and Regulations in relation to them.

These decisions and actions taken in the exercise of its management and administration functions may make it impossible for Market members to execute trades in the Market, on their own account or on behalf of others.

2. Unless otherwise expressly provided for in these Rules and Regulations or in the contracts it signs with Members, issuers and Registered Advisors, BMESN will only be liable to them in the event of gross negligence or malicious conduct.

The liability regime for BMESN indicated above also applies to its governing bodies, employees, collaborators and representatives.

### 3. Information on issuers

Under the provisions of section 1 of article 42 of Royal Decree-Law 21/2017, of 29 December, on urgent measures for the adaptation of Spanish law to EU regulations in relation to stock markets,

responsibility for the preparation of public information relating to the issuers of marketable instruments rests, at least, with the issuer and the members of its governance body, who will be liable for any damage that may be caused to holders of the financial instruments if the information does not provide a true image of the issuer, in accordance with the commercial legislation applicable to the issuer.

The documentation and information provided to the Market by the issuing entities, Market members and Registered Advisors on the listing of the securities on the Market, or the registration of Members or Registered Advisors, and updates to these, are prepared and provided under the exclusive responsibility of the issuing entities and their administrators, the Market members and their Registered Advisors.

The content of the information documents for the listing of securities and the registration of Market members and Registered Advisors is determined by the regulations implementing these Rules and Regulations. The Market limits itself to checking that the information is complete, consistent and understandable.

## TITLE II GOVERNING BODIES

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

1. The Board of Directors is responsible for overseeing and managing the Market.
2. Any appointments or removals of the members of the Board of Directors will be communicated to the Spanish National Securities Markets Commission.
3. The following functions are entrusted to the Board of Directors:
  - a) Approve and amend the Market's operating Rules and Regulations, subject to approval by the Spanish National Securities Markets Commission.
  - b) Approve Circulars that complement and implement the Market's operating Rules and Regulations.
  - c) Approve the market fees.
  - d) Approve the Market budgets.
  - e) List, suspend and exclude marketable securities in the Market.
  - f) Admit, suspend and exclude Market members.
  - g) Sign the necessary agreements with the registration systems, central counterparties and settlement systems which register, clear and settle the securities traded on the Market, establishing the terms and conditions under which such activities take place.
  - h) Appoint the members of the Market Coordination and Admission Committee.
  - i) Appoint the Managing Director of the Market.
  - j) Appoint the Head of Supervision for 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 correspond to the Board of Directors.

The Board of Directors may delegate the functions indicated in sections e) and f) to other Market bodies.

The Board of Directors shall inform the Spanish National Securities Markets Commission of any resolutions adopted in the exercise of the responsibilities stipulated in point 3 in this section.

## **Article 6 - Market Coordination and Admission Committee**

1. The Market Coordination and Admission Committee is responsible for examining applications for the listing of securities, Registered Advisors and Market members.
2. The Market Coordination and Admission Committee will have the following functions:
  - a) Analyse and accept proposals for the listing and exclusion of marketable securities, Registered Advisors and Members, for submission to the Board of Directors.
  - b) Review compliance with the provisions of article 11 of these Rules and Regulations in relation to the procedures for becoming a member of a stock exchange and the Stock Market Interconnection System.
  - c) Monitor compliance with the performance requirements of Registered Advisors.
  - d) Monitor the public dissemination of insider information on issuers of securities, under the provisions of article 20 of these Rules and Regulations.
  - e) Review whether the other material information on issuers is complete, consistent and understandable, under the provisions of article 21 of these Rules and Regulations.
  - f) Examine the initiatives submitted by the Market's issuing entities, Members and Registered Advisors and propose the resulting actions to the Board of Directors.
  - g) Approve the Operating Instructions required to implement and apply the other rules of the Market concerning matters related to the Committee's responsibilities.
2. The Market Coordination and Admission Committee will be appointed by the Board of Directors and will be composed of people of recognised competence and experience in the securities market, with a minimum of five members and a maximum of ten. The Market Coordination and Admission Committee may issue invitations to attend its meetings to executives and employees of the Operating Company and other companies of the BME Group and to third-party experts. Such invitees will attend as observers who may speak but have no vote.
3. The Market Coordination and Admission Committee will be chaired by the Market's Managing Director, with one of its members acting as its Secretary.



4. The Market Coordination and Admission Committee will be called by its Chairman, on their initiative or at the request of the majority of its members. The Committee shall meet with the frequency required for the performance of its duties.

## **Article 7 - Supervision Department and Head of Supervision**

1. The Supervision Department is responsible for supervising the operation of the Market and will carry out its duties in relation to the actions of the Market members.
2. The Supervision Department shall:
  - a) Examine the performance of the marketable securities listed on the Market and raise to the Board of Directors any proposals necessary in this regard.
  - b) Verify that trading in the Market is being carried out in accordance with the applicable rules.
  - c) Supervise orders issued, including cancellations and transactions undertaken by Members, to detect any breaches of Market rules, anomalies in trading conditions, indications of conduct prohibited by law or Market disruption in relation to a listed security.
  - d) Adopt and implement measures to prevent behaviour by Market members constituting market abuse and correct such behaviour if it occurs.
  - e) Interrupt trading of the securities traded on the Market, In the event of an emergency or for technical reasons.
  - f) Approve Operating Instructions on matters within its competence.
3. The Board of Directors will designate a Head of Market Supervision, who will be the Head of the Supervision Department.
4. The Head of Supervision shall:
  - a) Coordinate and manage the supervisory functions of the Market, as indicated in Title VIII of these Rules and Regulations.
  - b) Adopt supervisory and disciplinary measures through written warnings and public communications.
  - c) Interrupt and suspend the trading of marketable securities in the cases specified in the Spanish Securities Markets Law and its implementing provisions, and as set forth in these Rules and Regulations and their implementing rules.
  - d) As a precaution, suspend the activity of Market members in the cases set forth in these Rules and Regulations and their implementing rules.
  - e) Interrupt trading in the cases provided for in article 23 of these Rules and Regulations.

## Article 8 - Managing Director

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

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

The Managing Director shall:

- a) Organise and coordinate the services of the Market.
- b) Direct and supervise the actions of the parties providing services for the Market.
- c) Manage the financial regime of the Market.
- d) Coordinate the technical resources required for proper functioning of the Market.
- e) Preside over the Market Coordination and Admission Committee.
- f) Channel the Market's relationships and initiatives with 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, preparing suggestions for improvements, reconsideration and enhancements.
- h) Approve the Operating Instructions required to further specify and apply the Board of Directors' Circulars.
- i) Issue certificates of the prices and volumes traded on the Market and the listing of securities on the Market.

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

## Article 9 - Arbitration Committee

The Arbitration Committee is responsible for resolving any disputes that may be referred to it by the Market members.

It is responsible for handling any complaints and resolving any disputes that Market members present in relation to their actions in the market, in accordance with the provisions of these Rules and 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 have a Chairman, a secretary and two members, chosen from experts in trading systems.

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 Market's legal services.

The Arbitration Commission shall be responsible for resolving all disputes submitted to it and shall adopt decisions by a majority of its members.

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 be subsequently submitted to other Market bodies.

## TITLE III MARKET MEMBERS

### Article 10 - Members

1. Credit institutions and investment services companies that are members of the Spanish securities markets may be members of the Market.
2. Other entities that, in the opinion of the governing body of the market, satisfy the conditions of paragraph f) of Article 69.2 of the Spanish Securities Markets Law and perform special functions that are important for the operation of the market may also become Market members, providing that they are members of the Spanish stock markets.
3. The Market shall notify the National Securities Markets Commission of any Members that join, undergo changes or leave.

### Article 11 - Requirements

Entities interested in becoming Market members shall possess the technical and human resources required by Market rules to trade in the Market.

Market members shall participate in the Market in accordance with the rules contained in the Market's Rules and Regulations and any other applicable provisions.

The Market Coordination and Admission Committee will ensure that the procedure for obtaining the status of a member of a Stock Exchange and the Stock Market Interconnection System, managed by Sociedad de Bolsas, includes verification that the Member has and maintains adequate technical and personnel resources for their Market activity. It will also oversee the transparency, integrity and supervision of trading and compliance with obligations related to the information system under article 114 of the Spanish Securities Markets Law. The specific regimes

that are applied based on the trading capacity of each type of Market members will be regulated by the corresponding Circular.

The Market may also offer services and operating facilities to ensure improved performance of those functions that certain entities have been granted by law in relation to securities listed on the Market. It may also assist in activities undertaken by other entities involving securities in the Market that are relevant for the improved operation of the Market.

Market members must sign the contracts that BMESN has established for that purpose. This contract, which will be approved through a Circular, shall be accompanied by the information and documentation required in the Circulars implementing these Rules and Regulations.

## **Article 12 - Rights**

Market members 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 receiving information, access to the Market's resources and use of its services.

## **Article 13 - Obligations**

1. Members shall:
  - a) Comply with the Rules and Regulations of the Market and other rules applicable to it.
  - b) Inform the Market of any modifications or unforeseen circumstances that may affect their membership or compliance with their obligations.
  - c) Perform trades in accordance with the rules of the Market and pay the fees set in the Market's fee schedule that apply to its trading on the Market, and any other financial obligations arising from its membership of the Market, even after ceasing to be a Market member, for whatever reason.
  - d) Consider the possible classification of securities traded in the BME Growth segment that are not very liquid as complex financial products, assessing their appropriateness for retail investors, who they must advise in writing about the potential investment risks of such securities.
  - e) Only qualified investors may invest in securities or trading segments intended for such investors.
  - f) Deposit the necessary collateral under the Market's regulations, as appropriate, to cover the Member's trading activity.
  - g) Follow the procedure for clearing trades of the central counterparties in which the trades carried out on the Market are cleared.

- h) Follow the procedures for the registration and settlement of trades in settlement and registration systems with which the Market has established an agreement.
  - i) In the event of settlement fails in the Market that are not cleared in 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.
  - j) Use the technical resources made available by Sociedad de Bolsas in accordance with the rules and principles established by the Market's governing bodies.
  - k) Comply with the decisions taken by these bodies.
  - l) Submit any disputes with other Members to the decisions of the Market's Arbitration Committee and accept and implement its resolutions.
  - m) Provide the information required for the information system referred to in Article 114 of the Spanish Securities Markets Law.
  - n) Provide the Market's bodies with the information they request for their responsibilities and duties.
2. 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.

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

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

Contracts between the Market and its Members shall include the following, at least:

- a) The Member's right to act as such in the Market, in accordance with the Market's operating Rules and Regulations, Circulars and Operating Instructions.
- b) Awareness and acceptance of the Rules and Regulations, Circulars and Operating Instructions in relation to the Market's own regulations and in their application, where not expressly set out in the contract.
- c) The obligation of the Member to notify the Market, immediately and in writing, of any change to their status as a stock exchange member or anything that affects its membership requirements.
- d) Acceptance of the trading procedures and methods established by the Market for the securities admitted to trading on it.
- e) 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. The Member agrees to comply with the technical and operational requirements determined by Sociedad de Bolsas, including those related to accreditation of the

personnel designated by the Member to carry out its trades in the Market (the "operators"), and their suspension and revocation.

- f) The clearing of trades involving securities admitted to trading on the Market through the procedures agreed by the Market and the central counterparty determined by it.
- g) Settlement of trades duly cleared through the settlement system determined by the Market.
- h) The availability of the technical resources needed to use the Market's trading systems, maintaining the operational and technical relationships required for the clearing, settlement and registration systems for trades on the Market and for securities admitted to trading on it.
- i) Acceptance by the Member of the supervisory functions performed by the Market, whether directly or through Sociedad de Bolsas, accepting and adopting the procedures the Market agrees and implements for that purpose, abiding by the decisions that the Market makes in such procedures.
- j) Acceptance of the procedures and actions applicable in the event of settlement fails, including the buy-in procedure.
- k) Submission of any complaints that may arise in connection with the contract to the arbitration established in the Rules and Regulations.

## TITLE IV LISTING, INFORMATION, SUSPENSION, INTERRUPTION AND EXCLUSION OF MARKETABLE SECURITIES

### **Article 15 - Marketable securities in the Market**

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

Marketable securities which may be admitted to the Market include:

1. Shares and marketable securities comparable to shares or that give the right to acquire shares or securities equivalent to shares, issued by Spanish and foreign corporations, other than those listed in sections 2 and 3 below.

The shares and securities described in this section 1 will be listed for trading in the BME Growth segment, which has been created as a market for expanding SMEs, as provided for in article 26 of these Rules and Regulations.

The Market will therefore annually verify that at least 50 percent of the companies in the preceding paragraph are SMEs, understood as those with average market capitalisation of less than 200 million euros, at year-end prices, during the previous three years.

2. Shares or equity interests issued by a collective investment undertaking included in the public register of the National Securities Markets Commission.

3. Securities issued by venture capital entities (VCs) covered by the common regime and other closed-ended collective investment entities, as defined in Law 22/2014, of 12 November, regulating risk-capital entities, other closed-ended collective investment entities and the management companies of closed-ended collective investment entities, which amended Law 35/2003, of 4 November, on Collective Investment Institutions, previously registered in the public registry of the National Securities Markets Commission.

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

The admission of marketable securities to the Market will be proposed by their issuers.

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

The admission of securities to the BME Growth segment will require the issuer to submit a prospectus (or EU Growth Prospectus, as applicable) registered with the National Securities Markets Commission, except in cases where there is no public offering of securities. The capitalisation of companies that join this segment must be less than one thousand million euros, or any another limit established by the applicable regulations. This limit does not apply to REITs.

Companies that join the BME Growth segment must have fully paid-up share capital and not have any legal or bylaw restrictions restricting the trading and transferability of their shares.

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

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

The issuers of securities listed on the Market are entitled to use the operating facilities the Market makes available to them for the publication of insider and other significant information, as set forth in article 21.

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

Without prejudice to any other obligations under these Rules and Regulations, issuers of securities listed on the Market must:

1. Submit the information provided for in article 21 of these Rules and Regulations to the Market, to provide investors with the information they need for their decisions.
2. Ensure, for the purposes provided for in article 228.2 of the Spanish Securities Markets Law, that the insider information provided for in article 20 of these Rules and Regulations is made public through the Market's technical resources, in compliance with the provisions of market abuse regulations.
3. Notwithstanding the exceptions that may result from application of the provisions of Article 77.3 of the Spanish Securities Markets Law, the issuer shall request admission to trading on a regulated market in a time frame of nine months when the capitalisation of shares that are being traded exclusively in a multilateral trading facility exceeds one thousand million euros, or any another limit established by the applicable regulations, for more than six consecutive months, pursuant to the provisions of Article 77.3 of the Spanish Securities Markets Law and its implementing provisions.
4. Comply with these Rules and Regulations and other applicable implementing rules.
5. Pay the fees established in the Market's fee schedule, even after ceasing to be an issuer in the Market, for whatever reason.
6. Issuing entities incorporated into the BME Growth segment must appoint a Registered Advisor and maintain that designation, signing and maintaining a liquidity contract to ensure the liquidity of the marketable securities they issue. This second obligation may be met by the issuer by submitting a liquidity contract signed in accordance with the regulation, approved as appropriate for this purpose by the National Securities Markets Commission.
7. Respond to information requests from the Market.

## **Article 19 - Registered Advisors**

1. Registered Advisors will have the functions set forth in the Spanish Securities Markets Law and Royal Decree-Law 21/2017, of 29 December, on urgent measures for the adaptation of Spanish law to EU regulations in relation to stock markets.
2. Legal entities must meet the following requirements to be Registered Advisors:
  - a) Have experience in advising issuers on their conduct in the securities market, both in relation to the preparation and review of documentation for the issuance 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 three years' experience in the areas of activity mentioned. This experience shall be accredited through that of their directors and managers.



- d) Establish the necessary ring-fencing measures 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 National Securities Markets Commission has imposed a sanction for breach of its obligations as a Registered Advisor, or which are disqualified from performing any of the relevant advisory functions, may not be Registered Advisors.

3. To act in relation with issuers of securities listed on the Market, Registered Advisors must first be registered by the Market in its Register of Registered Advisors, providing the documentation and signing the declarations that demonstrate the aforementioned requirements pursuant to the procedures set out by the Market in the respective Circular.

4. The Market shall notify the National Securities Markets Commission of all applications to join and leave by Registered Advisors.

5. 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 their obligations.

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 the reporting obligations of issuers and the functions of their Registered Advisors.

6. Registered Advisors will have the following obligations in carrying out their functions in relation to these Rules and Regulations and their implementation:

With regard to the listing of securities on the Market:

- a) Check that the issuer meets the requirements for admitting its securities to trading on the Market in accordance with the applicable regulations, advising it on the decisions and agreements it should adopt for this purpose.
- b) Assist the issuer in the preparation of the information it should disclose to the Market and review the information prepared, to ensure that it complies with the requirements of applicable legislation and does not omit relevant information or potentially confuse investors.

Once the securities are listed:

- a) Advise the issuer so that it fully complies with its regular and ad hoc reporting obligations for the listing of its securities on the Market.

- b) Assist the issuer with any information they must provide in exceptional situations that arise in relation to prices, trading volumes and other circumstances relevant to trading in the company's securities.
- c) The Registered Advisor shall check that: the information required to be published by the issuer under articles 20 and 21 is consistent with the other material information published and its regular financial information; the content of the communication is clear and complete; it is presented in a neutral manner, without bias or value judgements that prejudice or distort its scope; and that the content of the information is quantified, when required by its nature.
- d) Collaborate with the issuer in dealing with 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 will be developed through the corresponding Circular.

## **Article 20 - Insider information**

References to insider information in these Rules and Regulations must be understood to be made to the information defined as such under Regulation. (EU) No. 596/2014, of the European Parliament and of the Council of 16 April 2014, on market abuse.

All insider information communicated to the Market by issuers of securities listed on, or who have applied to be listed on, the Market will be publicly disclosed by the Market, in accordance with the provisions of article 228.2 of the Spanish Securities Markets Law.

## **Article 21 - Other relevant information**

1. The initial listing of marketable securities issued by collective investment schemes, venture capital companies and any other issuers subject to similar National Securities Markets Commission supervisory regimes requires the provision to the Market of the information that has to be provided to the National Securities Markets Commission for registration purposes, including the prospectus issued and regular information.

2. The initial listing of marketable securities in the BME Growth segment requires the issuing entities to send the Market a prospectus for the securities (or EU Growth Prospectus, as appropriate) registered with the corresponding competent national authority or, failing that, if there is no public offering of securities, 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.

If the issuing entity is required to provide the Market with an information document on admission to the Market, this must highlight the following aspects:

- Investors must be aware that they are assuming higher risk than when investing in companies listed on the Stock Exchange.
- Investing in this company requires appropriate advice from an independent professional.

In accordance with the Market Circulars, they shall also provide the following information, at least:

a) Regular information

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

b) Significant holdings and shareholder agreements

Issuers shall also immediately inform the Market, as they become aware of them, of any acquisition or disposal of shares by any shareholder with a holding of 5%, or multiples thereof, of the issuer's share capital. The same applies to the agreement, termination, or extension of shareholder agreements that restrict the transfer of shares or that affect the voting rights of shareholders in any way.

The identification or classification as other significant information in these Rules and Regulations is for descriptive purposes and for its communication to the Market. This does not affect or condition its classification or consideration as insider information under applicable regulations.

The information indicated in this article is prepared under the sole responsibility of the issuer of the securities, in accordance with article 4 of these Rules and Regulations. The Market's role is limited to checking that the information is complete, consistent and understandable.

3. Issuers not listed in the two previous sections must send the Market an information document for admission to the Market and financial-accounting and additional information similar to that described in section 2 of this article.

4. From the initial admission application through to trading on the Market, the Market will make the technical resources needed to ensure the dissemination of the information referred to in this article available to issuers, in accordance with the provisions of article 228.2 of the Spanish Securities Markets Law.

5. The issuer shall provide the Market with full information about corporate or financial transactions that affect the securities listed on the Market and the decisions and policies established for holders' rights and the exercise of such rights, sufficiently far in advance,

specifying the relevant dates for recognising, exercising, complying with and paying the rights and obligations to the holders of the securities. Issuers shall set such dates taking into consideration the legislation governing trading, clearing and settlement of transactions with securities and the attribution of rights arising from them. The Market shall specify the information that should be provided to the Market and the time limits for providing this, through a Circular.

6. The entity must also notify the Market of the details of the financial or corporate transactions in the terms in which they have been communicated to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores including the following information, at least: 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 affected securities will be traded without entitlement to participate in the transaction, the applicable amounts and holds, where applicable, and any other necessary and relevant details.

The issuer shall issue the communication referred to in the previous paragraph in the shortest time possible. The Market shall specify the information to be provided to the Market and the deadlines for providing this, through Circulars.

7. The information indicated in this section shall be prepared under the sole responsibility of the entity issuing the securities and its directors, pursuant to article 4 of these Rules and Regulations.

The Market's role is limited to checking that the information is complete, consistent and understandable.

8. Rights inherent to book-entry securities stemming from financial and corporate transactions must be exercised through Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores and the participants in whose registers the affected securities are registered.

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

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

When the National Securities Markets Commission resolves to suspend the trading of securities traded in the Market, it will publish that resolution and take the actions needed to make that suspension effective.

The Board of Directors may suspend trading in marketable securities that cease to comply with the Market's regulations. Such decisions shall be reported immediately to the National Securities Markets Commission and made public.

The Board of Directors and the Head of Supervision, at the request of the National Securities Markets Commission, will proceed to suspend the trading of the securities listed on the Market if they are suspended from trading in regulated markets or multilateral trading systems where they are listed, in compliance with the provisions of article 22 of Royal Decree-Law 21/2017, of 29 December, on urgent measures for the adaptation of Spanish law to EU regulations in relation to stock markets.

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

The Head of Supervision and the Supervision Department may interrupt trading of securities listed on the Market in emergencies and for technical reasons, reporting such decisions to the Board of Directors and the National Securities Markets Commission immediately.

### **Article 24 - Exclusion of marketable securities**

1. When the National Securities Markets Commission resolves to exclude securities traded on the Market from trading, it will publish that resolution and undertake the actions required for the exclusion to be effective.
2. Marketable securities may be excluded from trading in the Market if the Board of Directors decides to do so for one of the following reasons, notwithstanding any decisions that the National Securities Markets Commission may adopt in this regard:
  - a) Request by the issuer.
  - b) Non-observance by the issuing entity of the condition required of the entity in article 15 of these Rules and Regulations for listing on the Market.
  - c) Serious and repeated breach of the duties incumbent on the issuer, especially with regard to the provision of information.
  - d) Admission to trading on an official Spanish market.
  - e) When the issuer is in a situation where a winding-up phase has been launched in accordance with the Spanish Insolvency Act, or the issuer is in a corporate winding-up phase under the Spanish Corporate Enterprises Act.
  - f) The Board of Directors shall exclude marketable securities admitted to the Market from trading when they are excluded from regulated markets where they were listed.
3. The exclusion procedure will be as follows:
  - The Managing Director shall inform the Spanish National Securities Markets Commission of cases where the exclusion of securities is planned.
  - The Managing Director will launch the proceedings and hold a hearing with the issuer in the cases provided for in sub paragraphs b), c) and d) of paragraph 2 of this article.
  - Once the case is complete, it is transferred to the Coordination and Admission Committee which submits the appropriate proposal to the Board of Directors.
  - Decisions taken by the Market in this regard are immediately reported to the National Securities Markets Commission and published in the Market Bulletin.

The obligations of issuers for the exclusion of their shares from trading will be set out in Circulars. Issuers that request exclusion shall provide evidence of the adoption of the resolution for exclusion from trading by the general shareholders meeting.

Issuing entities are obliged to accept the Market's exclusion decisions.

They are also required to pay the fees for exclusion from trading set out in the fee schedule, even after ceasing to be a Market issuer, for whatever reason.

## 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 resources provided by the Market in general.

The Board of Directors shall define the trading rules 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, the framework of sessions and trading hours of the respective segment, market making, liquidity mechanisms and the rules for suspension of trading and technical stoppages applicable to the segment. These will be detailed in Operating Instructions.

They may also stipulate that the acquisition of certain securities or of all of the securities in a segment is only available to qualified investors and may establish special measures for this purpose.

The Market shall accept and process transactions that arise from the use of the technical resources registered for each Market member. The Market member shall have full and exclusive liability for all transactions carried out in this way, and for any trades reaching the Market's trading systems through the direct-market access services provided by Members.

Market trading shall be carried out electronically through the Electronic Trading Platform managed by Sociedad de Bolsas, in accordance with the rules pertaining to the trading system defined for each one of the trading segments recognised by the Market. This may be carried out through a system of continuous trading, a system of auction price fixing, a net asset value trading

system or a combination of such systems, to be determined by the Market considering the special characteristics of the marketable securities listed on the Market.

Trades carried out on the Market involving securities listed on it and carried out in the multilateral trading segments will 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.

Other trades may be included when, in view of their features, they should be 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. Accordingly, the movements of securities and cash resulting from trades executed on the Market shall be registered with this system, along with confirmation of the change of ownership of the securities resulting from these trades.

Market trades that are not subject to clearing shall be settled using the settlement system designated by the Governing Body. Accordingly, movements of securities and cash resulting from trading in the market shall be registered with this system, with the confirmation of the change of ownership of the securities resulting from these trades.

If 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 the non-settlement of the 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 a trading segment created for this purpose by the Market.

The Market has the following segments:

- BME Growth, for trading the securities in article 15.1 of these Rules and Regulations.
- BME CII, for trading the securities in article 15.2 of these Rules and Regulations.
- BME VC, for trading the securities in article 15.3 of these Rules and Regulations.

The Board of Directors may add further segments for trading securities that, due to their characteristics, require a homogeneous trading regime.

The rules governing each trading segment shall take into account the special characteristics of the issuers of the listed marketable securities and of the securities, to establish the applicable trading rules.

## **Article 27 - Types of transactions and other Market services and facilities**

The Market trading rules shall define the characteristics of the various types or formats of trades that may be carried out on the Market. These rules shall describe the manner in which offers should be formulated, any time or quantitative limits that might be imposed, any differences in the trades because of the affected securities, minimum and maximum amounts required, applicable prices and other relevant factors.

Market trading rules may also regulate midpoint trading procedures. This trading procedure allows trades to go through at the midpoint of the best buy or sell position at the time in the order book for the most significant market for each security, for liquidity purposes.

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

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

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 some or all of the securities.

The Market shall facilitate the information system, and the transmission and storage of information managed by the settlement system in which Market transactions are settled, including, information on the identification of members, securities marketable on the Market and the trading of these securities, detailing the trade dates and times and the number allocated by the Market, including information on the members involved in each trade.

## **Article 28 - Market Makers**

Through its trading regulations, the Board of Directors will regulate the contents of the market-making agreements that must be signed by Market members pursuing a market-making strategy, as defined in the applicable regulations.

## **Article 29 - Liquidity contracts**

1. The Board of Directors may make it compulsory to take the measures required to provide liquidity for the marketable securities, where the characteristics of the issuers or the securities listed on the Market so require, notwithstanding the contents of Article 15 of these Rules and Regulations.



For this purpose, the issuing entity must adopt the necessary measures to foster the liquidity of trades involving the marketable securities it issues and achieve adequate trading frequency.

Companies in the BME Growth segment shall enter into liquidity contracts designed to facilitate the liquidity of the marketable securities they have issued.

This obligation may be met by the entity submitting a liquidity contract signed in accordance with the regulation, approved as appropriate for this purpose by the National Securities Markets Commission.

The rights and obligations of the Liquidity Provider and the methods for supervision and control, the causes of breaches and precautionary, disciplinary and supervisory measures will be set out in Circulars.

2. Notwithstanding the above, in the event that issuers or Market members adopt measures to provide liquidity for the marketable securities traded on the Market, they shall provide the Market with information on these measures and the commitments resulting from them. The Market will report this information to the Spanish National Securities Markets Commission. These undertakings, any amendments to them and their termination shall be reported by the Market in general.

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

The Market shall establish and, where appropriate, supply the technical resources Members need for trades.

The trading systems envisaged for the Market shall use suitable technological resources provided by Sociedad de Bolsas to ensure that prices are properly fixed, orders are properly executed and information produced by the Market is published.

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

Members who provide direct market-access services for trading on the Market must also ensure that appropriate technical resources are assigned to these services.

Members shall submit all information required concerning the trades using the resources provided by the communication, transfer and information storage system managed by the settlement system in which their Market trades are settled. They shall also be responsible for the integrity, accuracy and truthfulness of the information they provide.

## TITLE VI DISSEMINATION OF INFORMATION ON MARKET TRADES

### Article 31 - General rules

The Market rules will be defined in Circulars. These will ensure the satisfactory dissemination of information about the trades in the Market. This may involve different systems depending on the types of trades, the existence of liquidity and counterparty commitments assumed by Members for some or all of the marketable securities and other relevant factors.

The pre- and post-trade information established in Articles 32 and 33 below shall be made available separately to the general public, under commercially reasonable conditions and in a non-discriminatory fashion. Pre- and post-trade information shall be made available to the general public free of charge fifteen minutes after publication.

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 trades in accordance with the provisions of these Rules and Regulations, so that they can comply with their obligations with regard to the information system under Article 114 of the Spanish Securities Markets Law.

### 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.

This 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 entered at all times during the Market trading session.
- Any other information that may be relevant for trading on the Market.

The contents of the pre-trade 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 publish pre-trade information that have been authorised by the Spanish National Securities Markets 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 after trading**

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

This information provided to Members will include:

- The prices at which each cross-trade on the Market was concluded.
- The trading volume involved in each cross-trade.
- The date and time each trade was crossed.
- Any other information that may be relevant for trading activity on the Market.

The contents of the post-trade 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 Members and to the general public in real time.

The Market may publish deferred information on the type or volume of trades carried out, in accordance with legal stipulations and following authorisation from the Spanish National Securities Markets Commission.

## **Article 34 - General dissemination of information on Market activity**

The Market shall report the most significant data concerning the marketable securities listed on the Market and the trades carried out with them on all days when it is in session.

This information may be provided in Market Circulars, which should include the following, at least:

- The prices at which the transactions went through during the session, in accordance with the regime applicable to the various kinds of transactions.
- Appropriate background relating to the prices of previous sessions.
- The trading volumes.
- Any Market indices that may be established.
- Approval of Market Circulars and Operating Instructions.

The Market will provide the daily information it is required to disclose in relation to the marketable securities through its own resources or by making arrangements for 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, under reasonable financial 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 will be distributed electronically.

The Market may also reach 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 those markets.

## TITLE VII

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

#### **Article 35 - Clearing of trades**

1. Trades involving shares and share subscription rights listed on the Market that are made in the multilateral trading segments must be cleared using the procedure agreed between BMESN and BME Clearing.

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

Block and high-volume trades involving such securities shall also be cleared using the procedure agreed between the Governing Body and BME Clearing.

BMESN and BME Clearing have determined the corresponding clearing procedure through an agreement setting out the principles and rules applicable to the clearing of trades, and how any special considerations should be introduced, as applicable, for the various classes of trades in the Market, and the duties corresponding to the Market, BME Clearing and their respective members.

2. The clearing regime for trades in the Market shall be subject to the collateral and liability regimes stipulated by BME Clearing.

3. 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 in the Market, considering the features of the various types of marketable securities admitted for trading, the nature of the trades that can be carried out on them and the requirements of the settlement and registration systems applicable to such trades and to the securities admitted to trading on the Market.

These agreements shall be subject to supervision by the National Securities Markets Commission under the terms of the Spanish Securities Markets Law and other general provisions, setting 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 using the procedure established by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores.

Under this procedure, every trade executed on marketable securities listed on the Market shall be settled on the second working 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 apply to the settlement of trades in the Market, regardless of which Members are involved and which entities they designate to settle the trades.

3. BMESN may enter into agreements with other securities settlement systems for marketable securities so that they may settle trades carried out on securities admitted to trading on the Market, taking into account the features of the various types of marketable 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 trading in them.

These agreements shall be subject to supervision by the National Securities Markets Commission under the terms of the Spanish Securities Markets Law and other general provisions, setting 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 the legal requirements for that purpose.

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

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 Spanish Securities Markets Law and its implementing provisions.

2. The registration procedure shall consider any special considerations that may be required for the various classes of trades performed on the Market and for the securities admitted to trading.

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 under the securities market regulations to have their securities registered in any central securities depository.

## TITLE VIII MARKET SUPERVISION AND CONTROL

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

The Supervision Department will have sufficient human and technical resources for real-time monitoring of orders and trading, regardless of their form, and for monitoring incidents that distort prices or volumes. These resources shall enable a range of reporting on trading history and incidents, for each type of security and all trading methods.

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

1. In order to carry out adequate supervision of the activities of its Members, and without prejudice to the responsibilities of the National Securities Markets Commission with respect to these, the Market establishes:

a. That its Members shall be under a duty to notify the Market of any indications or information that affect or may affect their status as members, or the conditions they are required to meet 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. That the Market's internal procedures will incorporate any measures the Market considers necessary to detect indications of behaviour that may reasonably be suspected of amounting to market abuse in the following regards:

- Trading activity or attempted trading activity that may lead to market distortion and price manipulation.
- Use or attempted use of insider information in trading.

2. If the Market has indications or obtains information through its own systems or from or through any Member that represent reasonable grounds to suspect a possible breach of market abuse regulations, the Market will initiate the corresponding supervision procedures to identify

any such market abuse. It will provide this information to the National Securities Markets Commission, as the Spanish supervisory authority for securities markets.

If the Market suspects that a trade has been carried out or attempted involving insider information or market manipulation, it will initiate monitoring procedures for any such market abuse. If it is concluded that there are reasonable suspicions, it shall report the suspicious orders or trades to the National Securities Markets Commission, as the Spanish supervisory authority for the Market, using the procedure established by the latter, which allows proof of their receipt. This includes the CIFRADO procedure.

3. The supervision methods that the Market designs and applies for the effective observance of these Rules and Regulations and the market abuse rules applicable to the Market and its Members will draw on the following resources:

- technical resources put in place by the Market for monitoring the prices and volumes traded, orders and changes to these.
- review of communications by Members.
- reviews of publicly available information on them, considering their status as regulated entities subject to prudential supervision.
- the internal procedures for monitoring incidents that distort prices or volumes and attempts to trade and trades that may constitute a breach of market abuse rules.

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

The internal supervisory systems, measures and procedures to detect possible market abuse will be reviewed annually, at least, and updated as appropriate.

The procedures referred to in this section, and their updates, will be reported to the Spanish National Securities Markets Commission.

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

1. Without prejudice to the responsibilities of the National Securities Markets Commission, the Market supervises issuing entities to ensure compliance with their obligations under these Rules and Regulations and the Market Circulars, particularly with regard to the sending of the information required from them under article 21.

2. The supervision methods the Market designs and applies for the effective observance of these Rules and Regulations will draw on the following resources:

- Review of the preparation of the information or explanatory communications set out in these Rules and Regulations by issuers, and that their content complies with applicable Market regulations. The contents of the information documents on the admission of securities and other material information determined by the implementing regulations of these Rules and Regulations are prepared under the exclusive liability of the issuing entity of the securities and its directors, in accordance with the provisions of articles 4 and 21 of these Rules and Regulations. The Market limits itself to checking that the information is complete, consistent and understandable.
- Review of information on these issuers that Registered Advisors provide to the Market.
- Use of the technical systems put in place by the Market for monitoring prices and volumes traded, orders and changes to these.

3. Market communications to the National Securities Markets Commission on incidents or the conduct of its issuers that may constitute an infringement of these Rules and Regulations and the reports required under article 39.2 of Royal Decree 21/2017, of 29 December, on urgent measures for the adaptation of Spanish law to EU regulations in relation to stock markets shall be made using resources that provide proof of receipt by the National Securities Markets Commission. These include the CIFRADO procedure.

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

1. Without prejudice to the responsibilities of the National Securities Markets Commission, the Market monitors to ensure that Registered Advisors abide by the requirements of these Rules and Regulations and the Market Circulars for acting as such.

Registered Advisors shall keep the information about them in the Market's Register of Registered Advisors permanently up to date. They shall inform the Market about any changes to the information in this Register as soon as they occur.

If there were no changes to this information during the previous year, the Registered Advisors shall inform the Market, annually, that the information about them in the Register is up to date and has not changed.

2. The Market supervises and controls all information that issuers send to it for publication, ensuring that its Registered Advisors were involved in the terms established in these Rules and Regulations and the Market Circulars.

To this end, and on the occasion of admission of securities to trading on the Market, the Market is responsible for checking that the issuer's Registered Advisor has submitted to it:



- A declaration that it has performed the tasks in these Rules and Regulations and the Market Circulars for the securities in question.
- A declaration that it has reviewed the information provided by the issuer of the securities and considers that it complies with the requirements of these Rules and Regulations and the Market Circulars.

For the purposes of this section and for the supply of the information required under articles 20 and 21 of these Rules and Regulations by issuers of securities admitted to trading on the Market, the Market shall make available technical resources that enable checks that the Registered Advisors were involved in all of the information provided by the issuers, in the terms and conditions established in these Rules and Regulations and the Market Circulars.

3. The supervision methods that the Market has designed and applies for effective application of these Rules and Regulations and its implementing regulations by Registered Advisors include checking the preparation of the information or clarifying reports by those Advisors, and that their contents comply with the provisions of applicable Market regulations. These communications will refer both to the registration of the status of the Registered Advisor and to the functions carried out on the occasion of the initial listing of the securities on the Market, and their subsequent maintenance.

4. The Market will keep the reports that it sends to and receives from the Registered Advisors in compliance with the provisions of the second section of this article, in relation to the information mentioned in articles 20 and 21 of these Rules and Regulations. It will also keep the reports collected from the other parties involved in each issue and will send the issue to the National Securities Markets Commission if there are indications that the regulations have been breached.

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

6. Market Circulars shall detail the contents of the supervisory mechanisms established in this Article and the manner in which the declarations should be made.

## **Article 42 Unexpected situations that affect Member status**

The following are considered unexpected grounds that affect Market membership:

1. Loss of the condition for which the Member was originally granted Member status, due to the application of administrative procedures by the competent supervisory authority.
2. Loss of the requirements necessary to be granted Member status 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 those of its parent company, or the implementation of other decisions or situations, the effect or significance of which is similar to the above.

## **Article 43 - Causes of non-compliance**

1. The following represent breaches by Members:

- a) Failure to comply with the obligations provided for in these Rules and Regulations and the implementing Circulars.
- b) The occurrence in the Member, a branch of its business or in its parent company of non-compliance with its obligations in other markets or settlement systems that may compromise its conduct in the Market.

The following are considered breaches of the requirements to obtain Market member status:

- a) A declaration of non-compliance with obligations as a member of the central counterparty with which the Market has established an agreement.
- b) A declaration of non-compliance with obligations as a participant in the settlement and registration system with which the Market has established an agreement.

2. The following constitute non-compliance by an issuer:

- a) A breach of the obligations specified in these Rules and Regulations and in their implementing Circulars, particularly those relating to submitting and publishing information;
- b) Failure to comply with the requirements or conditions for admission of its marketable securities to the Market; and
- c) Non-payment of Market fees.

3. The following constitute non-compliance by a Registered Advisor:

- a) Failure to comply with the obligations provided for in these Rules and Regulations and the implementing Circulars.
- b) Failure to comply with requirements established by the Market in the supervision procedure for its activities as a Registered Advisor, as set out in article 41; and
- c) Non-payment of Market fees.

## **Article 44 - Suspension of Members**

The Head of Supervision may, as a precaution, suspend the activity of Members in the event of a breach of Market regulations, notifying this decision to the Board of Directors and the Spanish National Securities Markets Commission immediately.

The Head of Supervision may also provisionally suspend the activity of Members in the Market when they are temporarily suspended in their capacity as a member of the central counterparty, a participant in the settlement and registration system or a Member of a Spanish stock exchange.

## Article 45 - Interruption of Members

The Head of Supervision may, as a precaution, interrupt the activity of Members when the clearing member with whom the Member has undertaken agreements to clear trades executed in the Market has been suspended in the central counterparty, under the applicable rules.

The Head of Supervision may, as a precaution, interrupt the activity of Members if the entity with which 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, under the applicable rules.

## Article 46 - Interim, disciplinary and supervisory measures

1. Any of the following measures may be taken by Market bodies when Market members are in breach of their obligations:
  - a) A written warning, aimed at prompting corrective action to remedy the non-compliance.
  - b) A public communication 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 the status with which the entity participates in the Market.

The measures indicated above may be formalised through a Market Circular.

2. 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 communication issued by the Market through its information distribution channels, disclosing the existence of the breach;
  - c) The temporary suspension of trading of the marketable securities issued by the non-compliant issuer on the Market; or
  - d) Exclusion of the marketable securities issued by the non-compliant issuer from the Market.
3. 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 communication issued by the Market through its information distribution channels, disclosing the existence of the breach;
  - c) Suspension of the possibility of being appointed a Registered Advisor by new issuers. This measure shall not affect existing appointments, so that it can continue acting as a Registered Advisor in relation to such issuances; or
  - d) Removal of the entity from the Register of Registered Advisors.

4. The written warning and public communication measures may be adopted by the Managing Director or Head of Supervision.

The remaining measures must be decided on by the Board of Directors, based on a report by the Market Coordination and Admission Committee, after a hearing with the party concerned. The meetings of the Board of Directors in which imposition of sanctions will be proposed will be called by the Chairman of the Market Coordination and Admission Committee.

The National Securities Markets Commission shall be informed immediately of all measures adopted. The Board of Directors shall be informed of decisions adopted by the Managing Director and the Market Coordination and Admission Committee.

The measures set out in subparagraph b), c) and d) of section numbers 1, 2 and 3 of this article shall be published on the Market's website.

## TITLE IX DISPUTE RESOLUTION

### **Article 47 - Submission to arbitration**

1. Members undertake, by expressing their wish to belong to the Market and to carry out transactions therein, to resolve any disputes that may arise between them about their activities in the Market through arbitration, and to accept, abide by and execute the resulting resolutions.

2. The Arbitration Committee shall comply with the general rules governing arbitration, with the following special provisions:

- a) The Committee shall pay particular special attention to the rules governing the Market.
- b) The maximum time limit for a resolution shall be three months, starting from the day after the day on which the arbitration request is submitted. This time limit may only be extended by the Committee, for one additional month, in exceptional cases where it is strictly unavoidable for the resolution of a specific dispute.
- c) 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 stages, always with the utmost respect for the parties' right to defend themselves and present their cases and based on the principle of equal treatment of the parties.
- d) Resolutions of particular interest for the Market may be reported in the manner considered appropriate.

## Final Provision

These Rules and Regulations shall come into force on 1 October 2020.