

CIRCULAR 7/2010

**TRADING REGULATIONS FOR GROWTH COMPANIES' SHARES ON THE  
MERCADO ALTERNATIVO BURSÁTIL**

Section V of the Market Regulations deals with trading and allows for the creation of Market Trading Regulations which are established in this Circular.

The model of the Mercado Alternativo Bursátil for Growth Companies includes trading through a price-setting system based on supply and demand during an auction period.

This system (trading through prices set at auction, or "fixing") enables investors to place orders which are limited by price or by the market. In this case, the free interaction of supply and demand determines the trading price. For companies which are sufficiently well known, this system ensures efficient price setting.

Additionally, the Market Supervisory Committee shall decide whether some securities, based on liquidity and distribution, will have an open-market period.

The trading system uses the technological trading platform for securities, harnessing its capacity for distribution, its algorithms for price setting and the order in which orders are placed.

As a result, the Board of Directors of the Mercado Alternativo Bursátil has approved this Circular, which includes the Trading Regulations for shares in the Growth Companies segment on the Mercado Alternativo Bursátil.

**One – Trading Regulations for the trading of Growth Companies shares on the Mercado Alternativo Bursátil**

The Trading Regulations for the trading of Growth Companies shares on the Mercado Alternativo Bursátil (henceforth, the "Market") have been approved:

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**1. APPLICABLE REGIME**

Share trading in the Growth Companies segment of the Mercado Alternativo Bursátil shall be governed by these Trading Regulations.

**2. REGIME FOR TRANSACTIONS**

Transactions shall be deemed valid when they are carried out using the technical instruments or resources registered for each member of the Market, which assumes total and exclusive responsibility for all transactions carried out in this form.

Transactions carried out in this way shall be confirmed definitively and will be fully effective. By way of an exception, transactions may be cancelled with prior authorisation from the Market Supervisory Committee, should any transaction be affected by a manifest error and with the consent of the trading parties.

Market members are the participating entities which shall be able to place buy and sell orders and execute the related trades.

A maximum amount shall be established through an Operating Instruction for the buying and selling of each security, above which an express double confirmation from the deal will be required for the transaction to be processed.

Furthermore, an Operating Instruction shall establish the threshold above which an intermediary must obtain authorisation from the Supervisory services of the Market, which shall request proof from the intermediary of the existence and availability of a sufficient balance of securities to settle the order.

### **3. SESSIONS AND HOURS**

#### **3.1. Calendar of sessions and hours**

The Market shall be open on working days from Monday to Friday, as established in the official calendar, with the opening hours set by an Operating Instruction.

#### **3.2. Regime for the sessions**

The trading session shall consist of an opening auction, a closing auction and a Special Operations period.

The Supervisory Committee of the Market may decide that any of its securities, taking into account their liquidity and distribution, may have an opening auction, an open market period, a closure auction and a Special Operations period.

### **4. ORDERS, APPLICATIONS AND TRADING UNITS**

Each position entered by the Market members shall be deemed to be an order, with an indication of the stock to be traded, the nature of the buyer or seller, the quantity and price, in accordance with the provisions of the Dealer's Manual.

Given the exclusively ask or bid nature of each order, applications shall only arise insofar as the opposite orders from the same member can be matched, and as such fitting within the best ask and bid prices available at the time they are entered, with no preference over those of other dealers.

The trading unit shall, in general, be a unit of the security listed on the Market. However, a different trading unit may be established, through an Operating Instruction, in the case of specific securities where this is deemed necessary.

### **5. PRICES AND PRICE VARIATIONS**

### **5.1. Benchmark price**

At the start of each session, the benchmark price will be the closing price from the previous session.

Should financial transactions of a certain value take place which could affect the benchmark price, said price may be modified insofar as this is deemed necessary.

### **5.2 Static range**

The static range in the opening auction is the maximum variation permitted with respect to the benchmark price. The static range for shares of Growth Companies shall be set by Operating Instruction.

If a price is set for a security in the opening auction, this may become the new static price, on which the static range will be based, for the closing auction.

### **5.3 Closing price**

The price from the closing auction shall be the session's closing price.

Should there be no auction price or fewer than 200 units are auctioned, the closing price shall be the closest to the average weighted price of the last 200 units traded and, in the event of two prices being the same as the weighted price, the price shall be the last price traded. In the event that 200 units are not traded in one session, the closing price shall be the closing price of the previous session.

If one of the securities has an open market period, 500 trading units shall be used in order to set the closing price.

### **5.4 Minimum price variation**

The minimum price variation shall be 0.01 euros.

## **6. SHARES TRADED DURING AUCTION PERIODS**

During the opening and closing auction periods, orders may be entered, modified and cancelled. Transactions are not executed during the auction period, but at the end of the auctions, based on the single price for each auction.

The auctions may end at any time within a maximum period of thirty seconds with a random end, from the time of the end of the auction. The duration of the auction period may be modified as dictated by circumstances, and such modifications may affect one security, a group of securities or all trading of shares of Growth Companies.

Once the first price setting has taken place with the corresponding assignment of trading units, the securities shall once again be in a new auction period until the second price setting, during which there will be a new assignment of trading units and the close of the session for securities covered by this form of trading.

With regard to the distribution of information, classes of orders, price setting and assignment of title, the Market's auctions shall comply with the general regulations applicable for such purposes to the Spanish securities market in the Spanish electronic trading platform.

Specifically, during auction periods, the price that best fits the trading algorithm and the volume that could potentially be executable at this price shall be continually made public for each share. In the absence of a possible trading price, the best buy and sell price for the related volumes shall be made public.

The trading price and volume for each transaction executed shall be made public.

## **7. TRADING BLOCKS AND SPECIAL TRANSACTIONS**

### **7.1 BLOCKS**

#### **7.1.1 Definition**

This format aims to allow members to apply opposing orders or complete transactions, provided that the price and volume requirements established in each case to qualify as a block are met.

#### **7.1.2. Validity of the orders**

Valid orders may only be entered for one day and by one single bidder, and the order shall be deemed received from a private individual or corporate entity with powers to decide over the entire order. Groupings are expressly prohibited.

#### **7.1.3. Reporting of transactions**

Prior to the start of the opening auction for the session following that in which the transactions have been carried out, details of all transactions executed shall be published on the System trading screens.

#### **7.1.4. Trading of Blocks**

Market members may apply opposing orders or conclude transactions using the trading system during the established hours, provided that the following requirements have been met:

#### **7.1.4.1. Price**

A variation of 25% is permitted at all times in the benchmark price.

#### **7.1.4.2. Minimum amount**

The effective amount of the transaction must be, as a minimum, 50,000 euros.

### **7.2. SPECIAL TRANSACTIONS**

#### **7.2.1. Schedule**

The schedule for carrying out special transactions shall be from the close of the session until 20:00 hours.

#### **7.2.2. Reported Transactions**

Market members may apply the opposing orders, or conclude trades without formulating them publicly, outside the normal operating hours of the market, provided that they meet the following requirements:

##### **7.2.2.1. Price**

The limit of variations on the benchmark prices shall be 5%. Transactions may be carried out at any price within the spread resulting from applying the percentage detailed above.

##### **7.2.2.2. Minimum amount**

The effective amount of the transaction must be, as a minimum, 50,000 euros.

##### **7.2.2.3. Notice of transactions**

Transactions shall be reported by 20:00 hours, in accordance with the procedure described in the Dealer's Manual.

#### **7.2.3. Special transactions requiring authorisation from the Market Supervisory Committee**

Market members may apply opposing orders or conclude transactions without formulating them publicly, outside the price limits established in point 7.2.2.1. of these Regulations, provided that they receive the appropriate authorisation, which may only be agreed upon if some of the following circumstances arise:

1. That the amount is greater than 50,000 euros.
2. That some of the following circumstances relating to the company arise:

- Transfers directly related to a merger or disposal.
  - Transfers arising as a result of agreements for the reorganisation of a business group.
3. That they relate to the execution of the following complex trading contracts:
- Buy or sell resulting from settlements or agreements aimed at putting an end to disputes.
  - Buy or sell that are part of transactions including a multitude of special inter-related agreements.
4. Any other cause which, in the opinion of the Market Supervisory Committee, sufficiently justifies the authorisation of the transaction.

The authorisation request shall be filed in accordance with the procedure described in the Dealer's Manual, and must be included in the trading system sufficiently in advance so that the authorisation process may be performed before 20:00 hours.

The authorisation of the transaction, where appropriate, will be granted by the Market Supervisory Committee and shall be communicated to the applicant using the procedure described in the Operating Manual, and shall be executed from the moment at which it is authorised.

#### **7.2.4. Reporting of transactions**

Prior to the start of the opening auction for the session following that in which the transactions have been carried out, details of all transactions executed shall be published on the System trading screens.

### **8. LIQUIDITY PROVISION**

The special characteristics of the companies to be listed on the Growth Companies segment require them to have an entity to provide liquidity for them. This entity shall be called the Liquidity Provider. This entity must be an investment service company or a lending institution with which the listed company, or some of the main shareholders of the listed company, has agreed to a liquidity contract. Based on this contract, the Market Supervisory Committee shall study the possible actions of the Liquidity Provider.

The purpose of the liquidity agreements is to facilitate the liquidity of transactions, achieve sufficient trading frequency and reduce price variations which are not caused by market trends.

The liquidity agreement will expressly prohibit the Liquidity Provider from asking for or receiving from the company any instructions on the time, price or other conditions of the transactions to be carried out as a result of the agreement. Neither shall it be able to ask for or receive relevant information from the company.

The Liquidity Provider shall have an internal organisational structure that guarantees the independence of the activities of employees responsible for managing the liquidity agreement for the company shares.

The Liquidity Provider shall communicate to the company the information on the execution of the agreement necessary to comply with its legal obligations.

The liquidity agreement shall establish a remuneration system for the Liquidity Provider which does not lead to any artificial influence on the price or volume of transactions. In particular, remuneration shall not be based on the number of transactions performed, notwithstanding the intermediary being reimbursed for the costs incurred. Transactions shall be carried out in the Market during normal business hours. They may not be carried out through the block trading system or through special transactions.

The Operating Instruction shall detail the course of action for the Liquidity Provider for each security. In any case, the Liquidity Provider must maintain the position of bids and offers for a minimum cash amount. These positions shall not exceed maximum price spread and shall be maintained during each auction period sufficiently in advance at the time of the conclusion. Furthermore, a guideline model of the liquidity agreement shall be published.

The Market Supervisory Committee may release the Liquidity Provider from fulfilling its obligations when the position of the securities or cash entrusted to it has been extinguished or if it was not possible to reposition due to exceeding the legal limit of treasury stock or due to exceptional causes that must be justified with the consent of the issuer, of its major shareholders or when another justified cause exists.

The Operational Instruction shall determine the procedure the Liquidity Provider should follow to request being released from obligations.

In the cases in which the Liquidity Provider interrupts its activity without prior release, the Supervisory Committee shall suspend it based on this condition.

If the Liquidity Provider repeatedly fails to comply with its dictated course of action, the Supervisory Committee may exclude the Liquidity Providers based on the regime detailed in this Circular and in its regulations and additional decisions, notwithstanding the

application of disciplinary measures laid down in the Circular for members of the Mercado Alternativo Bursátil.

Insofar as a new Liquidity Provider does not replace the excluded provider, as per the previous paragraph, the Market may adopt the measures established in section 9 of these regulations.

The Market Supervisory Committee shall report to the CNMV any case of release from obligation, suspension, and exclusion. Furthermore, it must be made public for any other intermediaries and investors.

The Market Supervisory Committee may exempt those companies which demonstrate sufficient liquidity from the liquidity provision requirement.

The identity of entities acting as Liquidity Providers shall be published in the Market Bulletin, along with the securities included in this activity.

## **9. INTERRUPTION AND SUSPENSION OF TRADING**

### **9.1 Interruption of trading**

The Supervisory Committee may interrupt trading in cases of emergency and for technical reasons.

The interruption notice shall be transmitted by way of the Market terminals and shall be reported immediately to the Board of Directors and the CNMV.

During the interruption period, bids may not be entered or executed, although inquiries to the Market may be made.

Once the suspension has ended, the trading shall recommence and shall be subject to the remaining sections of these Regulations.

The length of the session may be extended where there has been a prior interruption, depending on the circumstances of each case.

### **9.2 Suspension of trading**

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.

Notice of suspension shall be communicated through the Market's terminals, and shall be distributed to inform members and investors.

During the suspension period, it is not permitted to enter proposals or to execute them, although it is possible to make inquiries to the Market.

Once the suspension has ended, the trading shall recommence and be subject to the remaining sections of these Regulations.

## **10. INFORMATION PROVIDED TO MEMBERS PRIOR TO AND FOLLOWING TRADING**

### **10.1 Information prior to trading transactions**

Members shall have access to the information concerning the securities traded on the Market and the data needed in order to carry out the transaction within the Market.

**The information shall include the following:**

- The buy and sell prices at all times during the Market trading session.
- The 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.
- The notices and extremes that the system distributes regarding aspects detailed in the Trading Regulations.

### **10.2. Information following trading transactions**

Members shall have access to the information relating to all transactions that have been carried out throughout each Market trading session, which shall include:

- The prices for which each one of the cross trades on the Market has been completed.
- The trading volume affected in each cross trade.
- The date and time at which each trade has been crossed.
- Any other information that may be relevant for trading on the Market.

## **11. REPORTING OF INFORMATION**

Every day on which a session is held, the Market shall report the most significant data on the securities listed in this segment and on the transactions carried out, which shall include:

- 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.
- The pertinent background prices compared to previous sessions.
- Trading volumes.
- Indices established.

This information may be contained in the Market Bulletin or any other written format, and may be reported by way of electronic means.

In addition, the Market may reach suitable agreements with those regulated markets where the securities listed on this segment are traded, in order to publish segment information using the means of the said markets.

## **12. DATE OF APPLICATION**

This Circular shall be applicable starting the date on which it is announced by way of an Operational Instruction.

Madrid, 4 January 2010

THE SECRETARY

Ignacio Olivares Blanco