

 Circular	Number: C-VRF-11/2012 Contract Group: Fixed Income Securities Date: 26 November 2012 Effective Date: 18 December 2012 Replaces: ---
Subject	Register of trades on Fixed Income Securities traded on the SENAF platform.
Summary	Applicable principles and operating procedure related to the register of trades on Fixed Income Securities traded on the SENAF platform are developed in this Circular. This modification is due to the separation of MEFF into MEFF EXCHANGE and BME CLEARING.

This Circular is published in order to develop Article 19.1.A of the BME CLEARING Rule Book and its purpose is to regulate Trades on Fixed Income Securities traded on the SENAF platform, as defined by Circular *“Trades, Assets accepted and Terms for the Registration of contracts for Trades on fixed income securities”*

1. Trades Subject to Registration

BME CLEARING will register all those Repo Trades received from the SENAF platform at which:

- The Counterparties are Members or Clients of the Central Counterparty.
- Both the underlying security and term are accepted as defined by Circular *“Trades, Assets accepted and Terms for the Registration of contracts for Trades on fixed income securities”*.
- That the Clearing Members responsible for the transaction are within the Intra-day Risk Limit.
- That none of the counterparties has previously failed to deliver the same Underlying Asset.

2. Cancellation of a Registered Trade due to the Cancellation of the Trade in the SENAF platform, according to SENAF platform Regulations

In the event of a Trade being cancelled under the rules applicable in the SENAF platform, the cancellation will be communicated to BME CLEARING immediately in order that the Central Counterparty can cancel the Trade in its Register without delay. BME CLEARING will not act as Central Counterparty for those Trades cancelled in the SENAF platform under its rules.

Except for the provision laid out in the previous paragraph, and the stipulation for Trades Registered by a defaulting Member, in Section 8 of the Rule Book, BME CLEARING is unable to cancel any Trade Registered according to the provisions established in this circular.

3. Suspending the Access to the Register in BME CLEARING and Trading in the SENAF platform for a BME CLEARING Member or a Client

BME CLEARING will be able to suspend access to the Register for a Member or a Client in the cases stipulated in the Section 8 of the Rule Book as well as in the cases where the Intra-day Risk Limit of the Member has been exceeded.

In the event of suspending the access to the Register of a Member or a Client, BME CLEARING will notify the Clearing Member, if it is not the same entity and the SENAF platform, allowing the latter, according to its own rules, to proceed with the suspension of the Member access to the trading system with regards to the corresponding trades.

If BME CLEARING proceeds to reopen the access to the Register to a Member when access was previously suspended, it will notify the Clearing Member, if it is not the same entity, and the SENAF platform, allowing it, according to its own rules, to proceed with the lifting of the suspension in the trading system with regards to the corresponding trades.

BME CLEARING will inform the Spanish Securities Market Commission (CNMV) about the suspension and the resumption when it is based on a case stipulated in the Section 8 of the Rule Book.

4. BME CLEARING's possibility to cancel the Registration of a Trade due to a Member's Intra-day Risk Limit excess

During the lapse of time since BME CLEARING notifies SENAF to suspend access to the Register (for central counterparty purposes) for a Member or a Client and SENAF also agrees to suspend the Member from trading with regards to the corresponding trades, if a new trade has been crossed in SENAF, being the BME CLEARING's Intra-day Risk Limit of that Member already exceeded, BME CLEARING might cancel the register of that trade in the Central Counterparty, thus not acting as a counterparty with regards of that trade. The foregoing needs BME CLEARING to inform SENAF about the cancelation of the trade registration within 5 minutes since SENAF has communicated to BME CLEARING the fulfillment of such trade.

SENAF shall cancel the trade, according to its own rules.

5. Force Majeure in BME CLEARING

Should it occur that BME CLEARING cannot control the risks of the Trades executed in the SENAF platform to be registered in BME CLEARING as a central counterparty, or another circumstance of force majeure takes place, BME CLEARING will be able to suspend the access to the Register of a Member or a Client for trade's counterparty purposes. BME CLEARING will inform of this situation to SENAF, to the CNMV, to the Bank of Spain and IBERCLEAR.

SENAF, according to its own rules, can proceed with the suspension of the Member access to the SENAF trading system with regards to the corresponding trades, carrying on with the necessary communications to the Members of the Multilateral Trading System, to the CNMV and the Bank of Spain.

Meanwhile the force majeure situation persists, BME CLEARING shall not act as the counterparty for the trades of their members or clients to whom BME CLEARING has suspended the access to the Register under central counterparty purposes.

6. Responsibility exemption

BME CLEARING will be exempted from any responsibility arising from the rejection of the trades' registration, from the cancellation of the trades or from interrupting the access to the Register to Members or clients, according to the provisions established in this Circular.