

 Circular	Number: C-VRF-17/2018 Segment: Fixed Income Securities Date: 12 November 2018 Effective Date: December 2018 Replaces: ---
Subject	Registration of trades on Fixed Income Securities traded on the BROKERTEC platform.
Summary	Applicable principles and operating procedure related to the register of trades on Fixed Income Securities traded on the BROKERTEC platform are developed in this Circular.

This Circular is published pursuant to article 27 and as a development of articles 20.1.A), and 28.1.A) of the BME CLEARING Regulations, and sections 8 and 10 of the General Conditions of the Fixed Income Segment, to regulate the Market Trades on fixed income securities traded on the BROKERTEC Trading Platform ("BROKERTEC"), and in accordance with the provisions of the Circular *Transactions, terms and Accepted Financial Instruments of the Fixed Income Securities Segment*. The entry into force date will be in December 2018 and the specific date will be announced by Notice.

1. Trades Subject to Registration

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

- The Counterparties are Members 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.

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

In the event that any Trade is cancelled in accordance with the applicable rules in BROKERTEC, once the cancellation is notified by BROKERTEC, BME CLEARING will proceed to cancel the Trade of its Registries as soon as possible, and as long as no any of the affected Transactions has been settled. BME CLEARING will not assume the function of the Central Counterparty Entity for those Market Transactions that come from BROKERTEC and that have been canceled by BROKERTEC according to their regulations, and have been able to withdraw from BME CLEARING.

Except as established in the previous paragraph and except as provided in article 23.8 letter A) of the BME CLEARING Regulation on material errors, and for Transactions Registered on behalf a defaulting Member in chapter 9 of the Regulations, BME CLEARING may not cancel any Registered transaction as established in this Circular.

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

BME CLEARING will be able to suspend access to the Register for a Member in the cases stipulated in the Section 9 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, BME CLEARING will notify the Clearing Member, if it is not the same entity and BROKERTEC, 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 BROKERTEC, 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 9 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 BROKERTEC to suspend access to the Register (for central counterparty purposes) for a Member and BROKERTEC also agrees to suspend the Member from trading with regards to the corresponding trades, if a new trade has been crossed in BROKERTEC, 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 BROKERTEC about the cancelation of the trade registration within a short period of time since BROKERTEC has communicated to BME CLEARING the fulfillment of such trade.

BROKERTEC 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 BROKERTEC 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 Trades Register of a Member for trade's counterparty purposes. BME CLEARING will inform of this situation to BROKERTEC, to the CNMV, to IBERCLEAR and the Bank of Spain if proceeds.

BROKERTEC, according to its own rules, can proceed with the suspension of the Member access to the BROKERTEC trading system with regards to the corresponding trades, carrying on with the necessary communications to the Members of the Multilateral Trading Facility.

Meanwhile the force majeure situation persists, BME CLEARING shall not act as the counterparty for the trades of their members to whom BME CLEARING has suspended the access to the Trades 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, according to the provisions established in this Circular.