CONSOLIDATED TEXT OF THE

REGULATION OF SOCIEDAD DE SISTEMAS[1]

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[1] Regulation of Sociedad de Sistemas approved by the Board of CNMV on December 22, 2015. Each includes the amendments approved by the Board of CNMV on its meetings of July 27, 2016 and on September 6, 2017.

CONTENTS

PREAMBLE

I

Sociedad de Sistemas is a central securities depository governed by the provisions of the Securities Market Act and by EU Regulation no. 909/2014, of 23 July 2014, on improving securities settlement in the European Union and on central securities depositories.

In accordance with those rules, Sociedad de Sistemas carries out two essential functions to ensure the proper functioning of securities markets:

- the central deposit or registry function: it is the entity responsible for keeping the register of transferable securities represented by book entries;

- settlement management: it processes the transfer of securities and cash through the execution of securities transfers and dispatch to the agent of cash settlement of payment orders resulting from trades carried out on such securities.

Because of the functions it performs, Sociedad de Sistemas holds a key position for the recognition of the rights of investors on the securities market. Its role in post-trading procedures in trading venues is indispensable for the proper fulfilment of the rightful interests of those investors, namely, certainty concerning the acquisition of securities purchased or prompt collection of the securities purchase price.

Through its work, Sociedad de Sistemas contributes to the increase of legal certainty, thereby providing essential support for the proper development of the securities markets. These markets are the main channels for funding business development and for many diverse financing projects in the economy as a whole.

In addition, because of the connection between the securities markets and payment systems, as well as the services that Sociedad de Sistemas offers in the context of European monetary policy operations, its work takes on systemic importance through its contribution to the proper operation, efficiency and stability of financial markets and systems.

II

Sociedad de Sistemas, as operator of the Securities Settlement System, settles trades executed in markets and multilateral trading facilities, and trades performed outside those systems. Often, Sociedad de Sistemas settle trades after the involvement of a central counterparty that manages the counterparty risk of individual investors.

At the same time, Sociedad de Sistemas plays an important role related to securities issues: not only does it ensure the integrity of the issue of securities on its register, but it also serves as a channel for securities holders to exercise their rights with regard to issuers, whilst routing information requests from issuers concerning the identity of their shareholders.

To perform its functions, Sociedad de Sistemas has a group of participating entities which directly form part of the registry system and which assume certain rights and obligations related to the settlement of trades with which they are concerned. These participants, which are always financial institutions - investment services companies and credit institutions -, maintain a legal and commercial relationship with the non-participant

investors. Similarly, other central securities depositories and central counterparties have access to Sociedad de Sistemas services.

In addition, Sociedad de Sistemas manages a tool which stores information on the clearing, settlement and securities registration activities, in accordance with Article 114 of the Securities Market Act. The Comisión Nacional del Mercado de Valores (CNMV) and Banco de España use this information to perform their respective duties.

Consequently, the Securities Market Act provides for a Sociedad de Sistemas internal Regulation, which must be approved by the CNMV, subject to prior report from Banco de España, and which constitutes organizational and disciplinary regulation of the securities market.

III

This Regulation replaces the Regulation on Organisation and Functioning, originally an Internal Regulation of the Securities Clearing and Settlement Service, approved by its General Meeting on 28 April 1992, which was subsequently modified to become the Regulation of Sociedad de Sistemas pursuant to Order ECO/689/2003, of 27 March, Order EHA/2054/2010, of 26 May and Order ECC/680/2013, of 8 April.

The new Regulation is included within the framework of the Spanish Clearing and Settlement System Reform, instigated by Act 32/2011, of 4 October, and culminating in the first final provision of Act 11/2015, of 18 June, with the aim of standardising Spanish post-trading activities in line with those of our main European partners. In addition, within a European community context, the Regulations incorporate the amendments deriving from EU Regulation no. 909/2014 of the European Parliament and of the Council, of 23 July 2014, on improving securities settlement in the European Union and central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) no. 236/2012 (hereinafter, the "Central Securities Depositories Regulation"). These amendments will enable Sociedad de Sistemas to obtain the Central Securities Depository authorisation stipulated by the aforesaid Regulation. It should be noted that many of the obligations required under European community legislation were already incorporated in Spanish law, particularly measures contributing to post-trading security and efficiency in Spain: the mandatory representation of securities by book entry, the settlement discipline, the finality of securities transfers, the protection of securities held by participants and their clients, cash settlement through accounts opened with the central bank, etc.

The content of this Regulation is defined by the provisions of Article 101 of the Securities Market Act, approved by the consolidated text approved by Royal Decree Law 4/2015, of 23 October, (hereinafter, the "Securities Market Act"). Additionally, in compliance with the requirements of Article 3 c) of Act 41/1999, of 12 November, on Payment and Securities Settlement Systems (hereinafter the "Finality Law"), this Regulation contain the rules for membership and functioning of the ARCO Settlement System.

TITLE I

GENERAL PROVISIONS

Article 1. Status and general features

1. Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., (hereinafter "Sociedad de Sistemas") is a central securities depository, subject to authorisation as provided in Article 97 of the Securities Market Act, which performs the following functions:

   a) To keep the accounting records relating to securities represented by book entries admitted to trading on the Public Debt Book-entry Market, in accordance with the provisions of the Securities Market Act; of securities admitted for trading on Stock Exchanges, as designated by the corresponding Governing Companies; and of other securities admitted to trading on official secondary markets and multilateral trading facilities, as designated by the governing bodies of the corresponding markets and systems.

   b) To keep the accounting records relating to securities not admitted to trading on official secondary markets, regulated markets or multilateral trading facilities.

   c) To manage the settlement and, as the case may be, the clearing of securities and cash deriving from securities trades.

   d) To provide the services for which it has been authorised in accordance with the Central Securities Depository Regulation.

   e) To provide services related to the trading and registration of emission allowances.

   f) Any other functions and services assigned to it by the Spanish government, subject to prior reports from the Comisión Nacional del Mercado de Valores (CNMV) and, if applicable, Banco de España.

Article 2. Legal system

1. Sociedad de Sistemas is subject to the provisions of the Central Securities Depositories Regulation.

2. The general provisions applicable to the activities of Sociedad de Sistemas include the Securities Market Act, the Finality Law, Royal Decree 878/2015, of 2 October, on the clearing, settlement and registration of transferable securities represented by book entry, on the legal system for central securities depositories and for central counterparties, in addition to the Central Securities Depositories Regulation and their corresponding development and implementing rules.

3. In addition to the aforesaid general provisions and development rules, this Regulation, which constitutes organisational and disciplinary regulation of the securities market, shall be applicable to Sociedad de Sistemas, pursuant to and in compliance with the provisions of Article 101 of the Securities Market Act.

4. This Regulation sets forth the operating regime of Sociedad de Sistemas, the services provided by it and its economic structure, the legal regime of the participating entities, the procedures for setting and disclosing tariffs and the conditions and principles

according to which it shall provide the aforementioned services, the procedures for managing the delivery of securities and corresponding payment, the moment of finality of finality of transfer orders entered into the systems that it manages, the applicable risk management policy and criteria and the regime for posting collateral that may be required from participants. Furthermore, they establish the legal framework governing participants that form part of the systems managed by Sociedad de Sistemas and the relationship of the latter with financial market infrastructure, securities issuers and other natural or legal persons, according to the services they receive from Sociedad de Sistemas.

5. Sociedad de Sistemas shall implement the provisions of this Regulation through Circulars and Instructions requiring mandatory compliance on the part of participants that form part of the systems managed by Sociedad de Sistemas and other users of its services.

6. The Circulars shall govern the upkeep and monitoring of the book-entry register system and the settlement processes, and shall also establish the conditions governing the provision of services by Sociedad de Sistemas. The approval of this Regulation shall be the responsibility of the Board of Directors or a committee delegated by it. When they may affect the organisation of settlement processes or the system for upkeep and control of the book-entry registers, Circulars should be forwarded to the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV") and to the Banco de España, no more than 24 hours following their adoption, the CNMV having powers to suspend their application or to render them ineffective if it considers that they infringe existing law or undermine the correct implementation of settlement processes or the system for upkeep and control of the book-entry registers in accordance with the principles underpinning them. The Circulars shall be published on Sociedad de Sistemas' website.

7. The Instructions shall include, in accordance with the Circulars, any development or modification of technical procedures applicable to all securities or trades. Their approval shall be the responsibility of the Directors designated by the Board of Directors.

8. As part of the performance of its duties, Sociedad de Sistemas shall distribute Information Memorandum and Alerts to its participants.

9. Sociedad de Sistemas shall propose to the CMNV any measures or provisions that it may consider appropriate to ensure maximum efficiency in the keeping of the register of securities represented by book entries and securities settlement.

Article 3. Services of Sociedad de Sistemas

1. Sociedad de Sistemas may provide the following core services:

     a) Keeping the register of securities represented by book entries, which, pursuant to and in compliance with the specific functions set forth in this Regulation, covers the core services set out in paragraphs 1 and 2 of Section A of the Annex to the Central Securities Depositories Regulation.

     b) Operating securities settlement systems.

2. Sociedad de Sistemas may, in addition, offer other auxiliary services that help to increase the safety, efficiency and transparency of securities markets. These services shall be subject to the provisions specified under Section VIII of this Regulation and may cover the following areas:

i) Services related to settlement systems management, such as:

a) Organising a securities lending mechanism, as agent among participants of a securities settlement system.

b) Providing collateral management services, as agent for participants in a securities settlement system.

c) Validation, matching and maintenance of securities and cash transfer orders.

ii) Services related to keeping the register of securities, such as:

a) Services related to the records of securities holders.

b) Supporting the processing of corporate actions, including tax services and those related to general meetings and information.

c) New issue services, including allocation and management of ISIN codes and other similar codes.

d) Instruction routing and processing of orders, fee collection and processing, and related information.

iii) Establishing links with other Central Securities Depositories, maintaining securities accounts in relation to the settlement service, collateral management and other ancillary services.

iv) Any other services, such as:

a) Providing general collateral management services as agent.

b) Providing regulatory reporting.

c) Providing information, data and statistics to market or census bureaus or other governmental or intergovernmental entities.

d) Providing IT services.

TITLE II

OPERATING REGIME

Article 4. Objectives, principles and business regime of Sociedad de Sistemas

1. The objectives of Sociedad de Sistemas are to promote the proper, efficient and safe settlement of trades on transferable securities and to contribute to ensuring the integrity of securities issues and reducing and managing the risks associated with the safekeeping.

Sociedad de Sistemas shall act on the principle of making profitable use of it resources and with the aim of achieving the utmost efficiency in the implementation and operation of its systems.

2. In the context of its objective of supporting stability and security in the financial system and for the performance of the duties inherent to a central securities depository, Sociedad de Sistemas shall act in accordance with transparent, objective and non-discriminatory principles, upholding fair and open access and taking all necessary measures to avoid undue exposure to risks that might affect the performance of the duties that have been attributed to it by law.

3. Sociedad de Sistemas may not carry out any financial intermediation activity, nor may it provide investment services or other services ancillary to this, excepting those specified in Article 141 a) of the Securities Market Act, and it shall refrain from undertaking risks with the participants in the settlement process.

4. Sociedad de Sistemas shall have an internal policy against risk, setting out responsibilities and lines of accountability for risk-related decisions and encompassing decision-making in crisis and emergency situations. In addition, it shall have internal systems for the management and control of risks that may arise from the provision of its core services and other ancillary services. These systems shall consist of a combination of internal rules, procedures, controls and other tools for the prevention, detection and monitoring of events that could potentially cause risks.

5. To achieve its objectives, Sociedad de Sistemas may enter into agreements with public and private entities to provide some of its services or activities, in accordance with the provisions of Article 30 of the Central Securities Depositories Regulation. Sociedad de Sistemas shall incorporate into its internal rules and procedures, any special features that may result from the execution of these agreements and which are applicable to participants and users of the services.

6. Within the framework of the agreements referred to above, is the contract signed between Sociedad de Sistemas and the European Central Bank and the group of euro area Central Banks (hereinafter jointly referred to as the "Eurosystem") for the provision of technical services for the settlement of securities which facilitates central bank cash settlements via the TARGET2-Securities technical support managed by the aforementioned Central Banks (hereinafter the "TARGET2-Securities Framework Agreement").

7. Sociedad de Sistemas shall have, in accordance with Article 72 of Royal Decree 878/2015 and Article 32.2 of the Central Securities Depositories Regulation, a procedure to deal with queries and complaints that may be raised by participants and other users of its services. This procedure shall specify channels for the receipt of queries and

complaints and shall establish the internal departments responsible for analysing issues raised and for identifying their possible causes and scope and shall, ultimately, deliver a reasoned response. The response must address the content of the question or complaint, and should advise the complainant, if necessary, on their rights and on the existing legal avenues for their exercise.

8. Sociedad de Sistemas shall regularly update its objectives, principles and business regime in accordance with guidelines and obligations to review, set forth in the applicable legal provisions.

Article 5. Economic and budgetary framework

1. The Sociedad de Sistemas share capital shall be sufficient to ensure the attainment of its corporate purpose. The share capital, together with retained earnings and reserves of Sociedad de Sistemas, shall offer appropriate protection against risks arising from its activities, ensuring, at all times, an orderly winding-down or restructuring of its activities over a time span of six months under a range of stress scenarios.

2. The guiding principles of the Sociedad de Sistemas operation shall be to maximise returns on equity and to ensure that its users cover the cost of the core and ancillary services it provides to them. To that end, Sociedad de Sistemas may require remuneration for its specific services.

The fixing of price lists shall avoid causing any disturbance to market activity or contradicting the principles that govern it and shall not discriminate between its participants.

3. Sociedad de Sistemas shall publish separate price lists applicable to each of its core services, as well as a price list applicable to its ancillary or complementary services. Similarly, it should publish details of discounts and rebates and the conditions required to take advantage of them. Sociedad de Sistemas shall be bound by its published price list for core services.

4. Sociedad de Sistemas shall prepare an annual budget showing the income deriving from the price list applicable to the various services it provides, which must include a breakdown of prices to be applied to each function and service.

5. Sociedad de Sistemas shall have a recovery plan to guarantee the continuity of essential operations. The execution of this plan must be funded by equity and have available net liquid assets equivalent to at least six months operating expenditure at the current rate.

Article 6. Continuity and recovery plans

Sociedad de Sistemas shall design and implement continuity and recovery plans, for use in the event of a serious operating incident, which will allow for continuity of core services, recovery of all trades and compliance with its obligations when confronted with events that entail a material risk of disturbance to its operations, including catastrophes.

These plans, that shall be tested as stated in them, should make provision for the recovery of all trades and positions of members at the time of the incident, establishing the procedures required to ensure continuity of operations, with the aim of carrying out settlement on the scheduled date. The actions requiring the intervention of participants and other users of Sociedad de Sistemas' services will also be identified.

TITLE III

PARTICIPANTS

Article 7. Participant categories

Participants may be:

a) Simple participants, who are authorised to keep proprietary accounts, only, in the Central Register; or,

b) Registrar participants, who are also authorised to request to open third-party general accounts, third-party individual accounts, including financial intermediary special accounts, whether in the form of a sub-account of its own or an individual third-party sub-account, as specified in Article 19.2 of this Regulation.

All participants must always keep in the Central Register those securities of which they are the holders, either in proprietary accounts or individual accounts opened in their name, as specified in letters a) and d) of Article 19.2 of this Regulation.

Article 8. Rights and obligations of participants

1. Participants must comply with the obligations established in Spanish legislation applicable to the registration of securities represented in the form of book entries as well as the provisions of this Regulation and their implementing Circulars and Instructions. To that end, they must have, keep and supply to Sociedad de Sistemas, the information needed to comply with the specifications established for each of the accounts referred to in Article 19 and, particularly, for the accounts that they keep in their Second-tier Registers. Similarly, they must put in place the measures needed to ensure that their Second-tier Registers match, exactly and at all times, the balances shown in the Central Register.

2. The attainment of participant status confers, among others, the following rights:

a) To have open and non-discriminatory access to the services provided by Sociedad de Sistemas, allowing them to receive those services in the context of their activity under the terms and conditions established in this Regulation and in implementing Circulars.

b) To request that Sociedad de Sistemas open and keep in the Central Register the accounts it considers necessary for the proper performance of its securities registration and settlement activity, in accordance with the account types specified in Article 19 of this Regulation.

c) To receive sufficiently in advance information concerning modifications to the terms and conditions of its participation in the systems managed by Sociedad de Sistemas.

d) To be compensated by Sociedad de Sistemas for any damages and losses that may directly result from the defective operation of the TARGET2-Securities technical support, in the same terms and amounts that Sociedad de Sistemas obtains from the

Eurosystem in accordance with the TARGET2-Securities Framework Agreement. If the damages have been suffered by several participants, the amounts obtained shall be distributed among all of them.

3. Participants of the settlement systems managed by Sociedad de Sistemas shall undertake, at least, the following obligations:

a) To comply with the obligations established in Spanish legislation with regard to their status as a securities settlement system participant.

b) To properly keep the Second-tier Register, ensuring it matches the third-party general accounts of the Central Register and taking all necessary measures in the event of any mismatch.

c) To indicate one or more cash accounts linked to each of the securities accounts held in the Central Register in order to promptly deal with securities transfer orders and cash payments resulting from the settlement of trades.

d) To comply with the obligations resulting from measures that Sociedad de Sistemas may establish to prevent and address settlement failures.

e) To undertake the obligations resulting from securities buy-in procedures that may bring about such a failure.

f) To inform Sociedad de Sistemas of any modification or circumstance which may affect its participant status or due compliance with its obligations.

g) To make appropriate use of the procedures established by Sociedad de Sistemas in accordance with their intended purpose, including those that result from the use of the TARGET2-Securities technical support, which requires them:

i. To use the TARGET2-Securities technical support in accordance with the technical specifications published by the Eurosystem and Sociedad de Sistemas, and in accordance with the procedures that may be applicable at any given time.

ii. To immediately inform Sociedad de Sistemas, through the procedure referred to Article 4.7 of this Regulation, of any incident in the operation of the TARGET2-Securities technical support that may directly cause damages and losses, and provide both the necessary documentation and information and any other which Sociedad de Sistemas may require to enable it to carry out the required actions in relation to these incidents and, where appropriate, process the corresponding claim vis-à-vis the Eurosystem.

iii. Hold Sociedad de Sistemas harmless for any claim that it may receive from the European Central Bank or the Eurosystem resulting from the use the participant makes of the TARGET2-Securities technical support. Therefore, as soon as Sociedad de Sistemas is informed of the claim, it shall pass on the information relating to it to the participant and shall obtain all the relevant documentation and information from them that may be required by Eurosystem.

iv. To meet and comply with the technical and security requirements, and any special features of that connection, where the option of establishing a direct connection to TARGET2-Securities technical support (DCP connection) is taken.

v. To inform Sociedad de Sistemas, with the frequency and detail established, of the forecasted messaging, volume of instructions, and any other relevant aspects that are determined and which contribute to ensuring the proper functioning or performance of the TARGET2-Securities or the ARCO Settlement System, and to report any unexpected increases in these aspects with sufficient notice.

h) To deal with any requests for information that Sociedad de Sistemas may address to them as part of its duty to monitor the conduct of participants.

i) To pay for the services received from Sociedad de Sistemas, at the applicable rate, in accordance with the provisions of Article 5 of this Regulation.

j) To comply with obligations to supply information to the information system, as specified in Title VI of this Regulation, and to adhere to the confidentiality requirements in relation to any data to which they may have access through the aforesaid system.

k) To allow access to their offices by persons designated by Sociedad de Sistemas for the proper fulfilment of its monitoring and control duties.

4. A participant which settles trades executed or cleared by trading or clearing members other than the participant itself, must sign a contract with those members regulating the scope and terms of its services and specifying, at the very least, that the participant authorises the member or directly the market, multilateral trading facility or central counterparty, to communicate transfer orders in its name.

Article 9. Entities that may acquire participant status

Entities that meet the requirements set out in the applicable general provisions and in this Regulation may attain participant status in the systems managed by Sociedad de Sistemas provided they belong to one of the categories listed below:

a) Credit institutions;

b) Investment services firms authorised to provide securities custody and administration services;

c) Banco de España;

d) The General State Administration and the General Treasury of Social Security;

e) Public sector institutions and private entities when a general provision expressly authorises them to participate in systems managed by Sociedad de Sistemas;

f) Central Securities Depositories and entities performing similar functions; and,

g) Central counterparties authorised in accordance with the provisions of EU Regulation 648/2012 of the European Parliament and Council, of 4 July 2012 concerning OTC derivatives, central counterparties and trade repositories.

Article 10. Technical requirements and connectivity options

1. Entities seeking to acquire and retain participant status should have in the context of their activity the appropriate control systems and technical means, proprietary or external, to comply with the obligations set forth in the applicable general provisions and those arising from this Regulation and to perform the duties arising from those obligations.

2. Sociedad de Sistemas shall establish the specific technical and functional requirements for participation in each system that it manages, with the aim of enabling the proper development of those systems and controlling risks arising therefrom.

3. To this end, participants must have adequate connection systems with Sociedad de Sistema, to enable it to carry out its functions and to meet its obligations to provide information to the Information, transmission and storage data System, referred to in Title VI of this Regulation.

Participants may also opt to establish a direct connection to TARGET2-Securities technical support (DCP connection), which enables communication with this technical support without making use of Sociedad de Sistemas' technical resources. The establishment and maintenance of this direct connection is subject to the terms and conditions set by Eurosystem as manager of TARGET2-Securities, which includes the possibility that it may decide the technical disconnection of such entities.

Participants that opt for such a direct connection, already have the technical means, proprietary or external, and shall comply and keep updated the technical and security requirements applicable at any time within the framework of TARGET2-Securities.

4. The participation of a new entity may not generate any inappropriate degree of risk or uncertainty for the system it seeks to form part of, for Sociedad de Sistemas as system manager, or for other participants. Participants must have mechanisms in place to enable them to identify, control and mitigate potential risks, with the specific aim of avoiding the transfer of such risk to the system they belong to.

Article 11. Procedure to acquire participant status

1. Entities seeking to attain participant status must sign a contract drawn up by Sociedad de Sistemas for that purpose by means of a Circular. The Circular shall also set forth the information and documentation that must be submitted by the applicant.

2. Request for access must receive a response within one month of submission of the contract and required documentation.

3. Having reviewed the documentation referred to here above, and subject to prior and thorough analysis of the corresponding risks, Sociedad de Sistemas may deny access to participant status to applicants who do not meet the specified requirements, giving a detailed written reply of the reasons for its decision.

4. Sociedad de Sistemas shall inform the CNMV of the inclusion of each new participant prior to the date on which participation becomes effective.

5. Sociedad de Sistemas must keep an up to date list of participants on its website.

6. In the event that a participant is a Central Securities Depository which gains access through the establishment of a non-interoperable link, as defined in the Central Securities Depositories Regulation, Sociedad de Sistemas shall inform the CNMV, in accordance with the provisions of Articles 19 and 48 of the aforesaid Regulation.

Article 12. Loss and suspension of participant status

1. Participant status shall be lost in the following cases:

   a) By resignation;

   b) Loss of the condition as a result of which participant status was granted;

   c) Failure to adapt to technical requirements arising from modifications or improvements to the keeping of the book-entry register or participation in the settlement systems; and,

   d) Serious and repeated failure to comply with their obligations as a participant.

The loss of participant status shall not absolve the entity from its obligation to complete ongoing transactions and perform registry formalities to enable proper closure of the securities accounts that it holds in both the Central Register and, as the case may be, in the Second-tier Register referred to in Article 19 of this Regulation.

2. Subject to prior consultation with the CNMV and a hearing with the participant concerned, Sociedad de Sistemas may suspend participants that fail to comply with their obligations with respect to the settlement and Securities Register upkeep systems, and in particular, for consistent and systematic delay in the delivery of securities or cash demanded in the settlement process or because they do not have at least one cash account linked to the securities accounts they hold in the Central Register. The suspension could be restricted to those operations affected by this breach. Sociedad de Sistemas shall immediately report the suspension to the CNMV.

The suspension of participant status shall not absolve the entity from completing ongoing transactions and shall not affect, under any circumstance, securities transfer instructions that may be received from securities holders.

3. Sociedad de Sistemas shall approve, by means of a Circular, the procedures to be followed in cases where participant status is lost or suspended, setting out the method by which it will identify the reasons giving rise to the loss or suspension, the time periods for actions required, as well as the information that it will provide to the CNMV. It shall also give details of any caveats and guarantees required for the orderly transfer of the book-entry records of securities held by the entity concerned, both on its proprietary account and on behalf of third parties.

4. The loss and, as the case may be, suspension of participant status shall be reported by Sociedad de Sistemas in an Information Memorandum.

Article 13. Insolvency of a participant

1. In the event of insolvency of a participant, Sociedad de Sistemas shall act according to the specific provisions corresponding to such cases, as set forth in the general provisions referred to in Article 2 of this Regulation.

2. To ensure effective coordination in the event of a participant's insolvency, Sociedad de Sistemas shall conduct, together with its participants, the supervisory authorities, markets, trading systems, central counterparties and other concerned parties, periodic tests and reviews of its actions and communications. These tests and reviews must be performed at least once per year and at intervals with such frequency as may be necessary following any relevant changes to the applicable regulations and procedures.

3. Sociedad de Sistemas shall implement rules and procedures, by means of Circulars, to deal with the insolvency of one or more participants, which shall include the steps to be taken to contain losses and liquidity pressures and to ensure continuing compliance with its obligations, pursuant to the provisions of Article 41.1 of the Central Securities Depositories Regulation.

TITLE IV

UPKEEP OF THE BOOK-ENTRY REGISTER

Chapter I. Principles and structure

Article 14. Upkeep of the book-entry register

Sociedad de Sistemas shall keep the register of securities represented by book entries, under the terms specified in the Securities Market Act and its implementing provisions.

The registration system described in this Regulation shall apply to foreign securities and others included in it, without this implying any change to their system of representation and, consequently, irrespective of whether, depending on their respective applicable legislation, they are incorporated in paper-form securities or in book-entry form. Sociedad de Sistemas may allow the registration of securities issued by non-Spanish issuers when the relevant measures to ensure compliance with the provisions of legislation applicable to the issuer or the issue have been established.

Article 15. Uniqueness of the Register

Sociedad de Sistemas' book-entry register is the only medium of representation for all securities making up a securities issue included in the system.

Article 16. Integrity of the issue and control of balances

1. Sociedad de Sistemas shall have control systems and reconciliation measures to verify that the number of securities making up a securities issue or part of a securities issue included in the book-entry Register is equal to the sum of securities recorded in the securities accounts of the Central Register. These measures shall be applied at least once a day and shall be adjusted in line with the specifications set forth in the regulatory technical standards provided in Article 37 of the Central Securities Depositories Regulation.

2. Registrar participants shall ensure that their Second-tier Registers match, exactly and at all times, the balances shown in the Central Register. In the event that a registrar participant discovers a mismatch between the balance of securities recorded in their second-tier accounts and the balance held in the corresponding general account of the Central Register, it shall immediately inform Sociedad de Sistemas of this situation and shall forward, as quickly as possible, a report analysing the incident and explaining the causes giving rise to it, as well as the procedures put in place to rectify the disparity and the measures taken to ensure it is not repeated.

3. As part of the monitoring and control system established in Title VII of this Regulation, Sociedad de Sistemas shall check participants' due compliance with their registry obligations and, in particular, shall carry out periodic reviews of securities balances, with the aim of ensuring consistency between Second-tier Registry accounts and the balance of securities in the third-party general accounts of the Central Register.

4. The Register accounts may not be debited or credited if this gives rise to uncovered securities or a debit balance.

Article 17. Registry Principles

These principles inform and govern the functioning of the registry system:

a) Entitlement according to the register, assuming that the legitimate holder is the one who appears in the corresponding securities register entry;

b) Assumed accuracy with regard to the content of the book-entry register;

c) Priority;

d) chain of title/unbroken chain; and

e) The fungibility of securities and instruments that correspond to the same issue and that have identical features.

Article 18. Entitlement according to the register

1. In order that securities register book entries may be effectively assumed to denote legitimate entitlement, Sociedad de Sistemas and participants must record/indicate, for each account held in the book-entry register, the identity of the holder, the securities and the corresponding trade, as well as the rights in rem, liens and other registrable circumstances which affect the tenure of those securities.

2. For the purposes of establishing entitlement according to the register, registry entries generated by securities trades shall be performed at the time of settlement.

Article 19. Structure of the book-entry register

1. The upkeep of the book-entry register of securities is the remit of Sociedad de Sistemas, which is in charge of the Central Register, and its Registrar participants, who are responsible for keeping the Second-tier Registers.

2. In the Central Register, for each category of mutually fungible securities, Sociedad de Sistemas shall keep the following accounts:

a) Proprietary accounts of the participants themselves: these accounts shall reflect the balance owned by a participant at any given time.

As a special sub-type of participants' proprietary accounts, the participants' special financial intermediary accounts shall reflect, exclusively and temporarily, the balance of securities resulting from transactions in which a participant acts as a financial intermediary, pursuant to the special procedure referred to in Article 33 of this Regulation. In view of the instrumental and transitory nature of securities book entries posted on these accounts, securities balances can no longer be held in those accounts once the daily settlement process has been completed. Consequently, it is not possible to issue the certificates of entitlement referred to in Article 24 of this Regulation.

b) Third-party general accounts: these accounts shall reflect the overall balance of securities that Registrar participants keep registered in the name of third parties in their Second-tier Register accounts.

c) Individual accounts pertaining to public entities: these accounts shall reflect the balance of securities held by Public Administration departments and their associated or dependent public bodies, the members of the European System of Central Banks and other public sector entities and international bodies, in cases established as such by the Minister for the Economy and Competitiveness, provided that they have expressly requested that Sociedad de Sistemas open this type of account.

d) Individual third-party accounts: these accounts shall reflect the balance of securities held by individual clients of participants who have arranged to have such accounts kept in the Central Register. A participant who requests the opening of such an account by Sociedad de Sistemas shall be responsible for the management of that account and must agree with its client the terms and conditions of provision of the securities registered therein.

As a special sub-type of individual third-party accounts, the special financial intermediary accounts shall reflect, exclusively and temporarily, the balance of securities resulting from transactions in which financial intermediaries act, pursuant to the special procedure referred to in Article 33 of this Regulation. In view of the instrumental and transitory nature of securities book entries posted on these accounts, securities balances can no longer be held in those accounts once the daily settlement process has been completed. Consequently, it is not possible to issue the certificates of entitlement referred to in Article 24 of this Regulation.

3. In the Second-tier Registers, the Registrar participants shall keep, for each general third-party account opened in the Central Register, the accounts corresponding to each client that shall be designated a second-tier third-party account.

4. Sociedad de Sistemas shall establish the account coding rules and other standardised information for keeping second-tier third-party accounts, which will include details on the participant keeping the account, the securities holder, and whether the balances of securities entered are available or blocked, although the aforesaid participants may keep additional details to improve their management and operations. It shall also specify the information related to entries on those accounts, which must contain, at the very least, transaction and book-entry dates, the type or purpose of the transaction, the number of securities and, when applicable, the counterparty, in addition to the price and cash amount of the transaction.

5. Registrar participants are responsible for the correct registration of securities in second-tier third-party accounts, and must ensure the integrity of each one's identification data, their correct coding and the accuracy of account entries and breakdowns.

6. As part of their respective duties, Sociedad de Sistemas and the Registrar participants must conserve and retain for CNMV perusal, for at least ten years, the information and documentation supporting entries registered in the name of each securities holder. Sociedad de Sistemas shall establish the details of information that must be retained to enable it to carry out its monitoring function in accordance with applicable regulations and, in all cases, shall adapt to the specifications of the regulatory technical standards provided in Article 29 of the Central Securities Depositories Regulation.

7. Exceptionally, Sociedad de Sistemas may keep directly in the Central Register the securities accounts of all holders of a given security admitted to the system, if the particular circumstances so require. Sociedad de Sistemas shall keep these accounts

as long as its intervention is required to ensure that the interests of the investors concerned are protected.

Chapter II: Manner and effects of registration in the register of securities represented by book-entries

Article 20. First registration of securities

1. Sociedad de Sistemas will enter the first registration of the securities in the Central Register, once the document of the issue referred to in Article 7 of the Securities Market Act becomes available to it, in accordance with the information received from the issuer.

2. Sociedad de Sistemas shall inform participants with accounts in the Central Register of the balance recorded in their accounts as a result of the first registration, and these participants will in turn register the securities in their Second-tier Registers and the securities will be booked in the name of each holder.

Article 21. Transfers

1. Securities are transferred in the book-entry register through an accounting transfer.

2. After receiving securities-transfer orders, Sociedad de Sistemas will apply the debits and credits to balances of the accounts in the Central Register. When applicable, participants must simultaneously make the corresponding entry in their Second-tier Registers in accordance with the procedures established by Sociedad de Sistemas.

Article 22. Registration of limited rights in rem or other encumbrances

1. Evidence of the establishment, termination and transfer of limited rights in rem or other encumbrances must be provided by the interested party to Sociedad de Sistemas, if the securities in question are registered in proprietary accounts and public entities' individual accounts. In the case of the individual third party accounts and the accounts of the Second-tier Registers, evidence shall be provided to the participant, and the latter must require the necessary documentary evidence of consents and of compliance with the remaining requirements for the establishment, termination or transfer of limited rights in rem and of the relevant data for the purposes of its registration in the book-entry register.

2. Participants to whom evidence has been provided of the establishment, termination or transfer of limited rights in rem or other encumbrances on securities registered in the individual third party accounts shall immediately make this fact known to Sociedad de Sistemas and request the registration of the limited right in rem or encumbrance and of all the relevant data in the corresponding account. This notification shall be given in accordance with the model approved, if applicable, by Sociedad de Sistemas.

3. Once the establishment or transfer of rights has been registered, the blocking of the securities affected by the limited rights in rem or encumbrance shall be monitored. The blocked securities shall once again become available when the termination of the limited right in rem or encumbrance is registered.

Article 23. Exercise of rights in financial and corporate transactions: corporate actions

1. Rights inherent to booked securities stemming from financial and corporate transactions must be exercised through Sociedad de Sistema and the participants in whose registers the securities in question are registered.

To this end, issuers of booked securities must designate, to Sociedad de Sistemas, for each corporate action, one participant that will intervene in the payments of the corresponding amounts, give the notifications required for processing the transaction, channel requests for the return of excess withholdings, and, in all events, perform the duties corresponding to the agent of the financial and corporate transaction.

2. Sociedad de Sistemas must be notified of the details of the financial or corporate transaction including, at least, the following information: the transaction type, the payment date, the date on which a determination will be made on the registered holders that may require that the issuer carry out the transaction in their favour and the date as of which the securities in question shall be traded without entitlement to participate in the transaction, the applicable amounts and withholdings, if any, as well as any other detail that is required and relevant for the transaction.

Both the issuer and its agent must give the notification referred to in the preceding paragraph as soon as possible and, in all events, at least three business days before the relevant date according to the specifications established by Sociedad de Sistemas depending on the type of corporate action, through a Circular issued pursuant to Article 25 of this Regulation, in order to allow the rights and obligations to be settled on the dates indicated.

Sociedad de Sistemas shall specify the notification formats and procedures to be used by issuers and designated agents, as well as the objective requirements for the system operating tests that said agents must perform in advance.

3. Sociedad de Sistemas shall perform, where applicable, the relevant adjustments to payments or deliveries of securities stemming from the exercise of rights in financial and corporate transactions, in order to compensate any acquirers of securities whose transactions were affected by a failure in settlement, in accordance with the rules for attributing financially related rights and obligations.

4. In the case of pre-emptive subscription rights, and without prejudice to, on the date indicated in the notification referred to in the preceding paragraphs, a determination being made on the registered holders that may require that the issuer carry out the transaction for them, Sociedad de Sistemas shall verify on the date indicated, which in all events shall be prior to the end of the period for trading said securities, the balance that each participant has in its records and the purchase and sale transactions pending settlement, and shall inform the issuer and its agent. Should the case arise, Sociedad de Sistemas shall apply the penalty system set forth in Article 36.3, of this Regulation to participants that at the end of the subscription period are unable to deliver all of the subscription rights sold by them or by parties that have registered them in their registers.

Article 24. Entitlement certificates and other certificates evidencing circumstances subject to registration

1. When the transfer or exercise of given rights relative to securities represented by book-entries requires the provision of special evidence, because such transfer or exercise takes place outside of the general channels or procedures developed for this purpose, the entitlement certificates set forth in the applicable general provisions shall be used.

2. Registrar participants, at the request of the holder, shall issue entitlement certificates and other certificates evidencing circumstances subject to registration regarding the securities registered in the accounts of their Second-tier Registers. Once a certificate has been issued, the Registrar participant shall keep a record of the blocking of the securities referred to therein. Blocked securities shall become available upon the return of the entitlement certificate or, in any event, when the term thereof expires.

3. Sociedad de Sistemas shall, at the request of participants holding the proprietary account or of participants managing third-party individual accounts, perform the same actions regarding certificates on securities registered in participants' proprietary accounts, in public entities' individual accounts, and in third-parties' individual accounts held in the Central Register.

Chapter III. Issuers of securities

Article 25. Issuers

1. Securities issuers that designate Sociedad de Sistemas as the company in charge of keeping the Book-Entry Register must request the registration of those securities in writing. Their request must state their commitment to fulfilling the obligations set forth in the rules applicable to securities represented through book-entries.

2. Sociedad de Sistemas shall issue a Circular setting forth the obligations that apply to these securities issuers, including that of indicating the specifications needed to process and execute financial and corporate transactions in accordance with Article 23 of this Regulation.

3. In the event of a failure to comply with these obligations, Sociedad de Sistemas shall inform the CNMV of the acts and measures that it considers may entail a violation of the mandatory rules.

Article 26. Provision of data on the identity of the securities holders

1. Sociedad de Sistemas shall provide issuers of registered shares and other issuers that so request daily notifications of ownership data relative to settled transactions carried out on their shares or equity investments, so as to allow them to update their registers and notify their shareholders or unitholders. Sociedad de Sistemas may receive notifications from issuers regarding possible discrepancies in order for them to be forwarded to and analysed and clarified by the Registrar participants.

2. In addition, Sociedad de Sistemas shall channel to its participants requests by issuers who wish to know the identity of their shareholders when a general shareholders meeting is held or at any other time when they so request in order to communicate with their shareholders as set forth in law. In such cases, Sociedad de Sistemas shall provide the issuer with a list of holders of its respective securities on a specific date, including the addresses and method for contacting them indicated by the participants. This section shall also apply to any request by shareholder pools as well as by shareholders who meet the conditions set forth in Article 497.2 of the revised text of the Corporate Enterprise Act approved by Royal Legislative Decree 1/2010, of 2 July.

3. The interested parties shall send Sociedad de Sistemas, in writing and sufficiently in advance of the reference date indicated in their petition, the corresponding request, which must include, where applicable, documentation evidencing compliance with the conditions referred to in the previous section.

4. Sociedad de Sistemas shall determine the information to be provided by participants for the purposes of this article and the formal, technical and functional requirements to be fulfilled by the intercommunication systems vis-à-vis companies that may request the data referred to in this article.

5. In no case shall the provision of these services involve keeping information on securities holders at Sociedad de Sistemas.

TITLE V

MANAGEMENT OF SETTLEMENT SYSTEMS

Article 27. General provisions

1. Under Article 97 of the Securities Market Act and the Central Securities Depositories Regulation, Sociedad de Sistemas is authorised to manage the system for settling transactions involving securities included in the book-entry register for which it is responsible and that are admitted to trading on official secondary markets, multilateral trading facilities or others (hereinafter, "ARCO Settlement System" or "ARCO").

2. Sociedad de Sistemas may manage other settlement systems, provided that in so doing it does not affect the correct and efficient operation of the ARCO Settlement System referred to in the preceding section or interfere with the manner in and conditions under which Sociedad de Sistemas is to carry out the functions attributed to it by law.

3. All systems for settling cash and securities transfer orders managed by Sociedad de Sistemas shall have the same structure as the securities register.

4. As a securities settlement system manager, Sociedad de Sistemas shall manage and administer the settlement systems, adopting any provisions and decisions it deems necessary for the correct and efficient operation of those systems.

5. For each settlement system that it manages, Sociedad de Sistemas shall establish a User's Committee, to be made up of representatives of issuers and participants in the settlement system, in accordance with Article 28 of the Central Securities Depositories Regulation. A Circular will establish the rules governing the composition of and representation on the Committees, the functions and responsibilities of the chairman, the duration of the term of its office of its members, as well as the rules on calling meetings, their frequency, and the debates and votes therein on matters brought before them.

Article 28. Scope of the ARCO Settlement System

The purpose of the ARCO Settlement System is to execute transactions and other transfers, including transfers of securities entered into the book-entry register for which Sociedad de Sistemas is responsible, regardless of the trading regime in which said transactions were arranged or regardless of whether a central counterparty was involved in the transactions.

Article 29. Governing principles of the ARCO Settlement System

The ARCO Settlement System abides by the principles of delivery versus payment, the target settlement date and financial neutrality.

    a) Delivery versus payment: the ARCO Settlement System will carry out the transfers of securities and cash resulting from simultaneous-mode settlement.

    b) Setting the Intended Settlement Date: the objective of the ARCO Settlement System is for settlement be carried out before the end of the working day on the planned settlement date. Each trade arranged in an official secondary market or in a multilateral trading facility shall be settled a pre-set number of days afterwards, which will not be more than two business days.

c) Financial neutrality: debits and credits to cash accounts resulting from securities and cash transfer orders shall have the same value date.

Article 30. Communication of securities and cash transfer orders

Participants shall send comprehensive communications of securities and cash transfer orders to the ARCO Settlement System, by one of the procedures defined by Sociedad de Sistemas, as soon as possible, and using the mechanisms they have available depending on their connectivity option, ensuring the receipt of all the required information and making it possible to store the appropriate records.

These mechanisms shall conform to current data protection regulations and shall specify the responsibilities of the participants who use them.

Article 31. Acceptance of transfer orders placed within the system. Irrevocability and finality

1. Transfer orders sent to the ARCO Settlement System shall be considered to be received and accepted as of the moment the TARGET2-Securities technical support states that they meet its validation requirements. As of this moment and pursuant to the provisions of Article 11 of the Finality Law and the requirements set out in Article 39 of the Central Securities Depositories Regulation, the transfer orders and, consequently, the obligations resulting from them, shall be considered final and legally enforceable for the participant required to comply with them and binding on third parties and effective as against these third parties, and they may not be challenged or cancelled for any reason.

2. The transfer orders may only be revoked by participants or third parties before the moment in which these orders are matched in the TARGET2-Securities technical support with those other orders that consitute their respective counterparties.

As a special rule, those transfer orders that are received from markets, multilateral trading facilities and central counterparties already matched because they are accompanied by their corresponding opposite transfer order, shall be irrevocable as of the moment the TARGET2-Securities technical support states that they meet its validation requirements.

3. Once Sociedad de Sistemas becomes aware of the opening of insolvency proceedings against a participant, it shall not accept any transfer order from it.

Article 32. Range of methods of communication, acceptance and execution of transfer orders

1. In accordance with the trading regime or the possible intervention of a central counterparty, Sociedad de Sistema shall issue a Circular establishing the different methods for communication, acceptance and execution of transfer orders placed within the ARCO Settlement System. With these methods participants may themselves send communications directly to the ARCO Settlement System, or authorise them to be sent through the official secondary market, the multilateral trading facility, an organised trading facility or a central counterparty with which Sociedad de Sistemas has signed one of the Agreements set forth in Title IX of this Regulation for the settlement of transactions.

In addition, these methods shall specify the applicable special circumstances regarding deadlines for giving notification of transfer orders and other requirements applicable to orders, the need to match or reconcile them with the corresponding counterparties, the mechanisms for preventing and managing failures, and the information that participants, official secondary markets, multilateral trading facilities or central counterparties are to provide to Sociedad de Sistemas in compliance with their obligation to monitor settlement and registration processes.

2. Pursuant to the preceding paragraph, Sociedad de Sistemas shall issue a Circular regulating the procedure for giving notification of, accepting and executing transfer orders stemming from transactions involving a central counterparty with which Sociedad de Sistemas has signed a transaction settlement agreement, including transactions carried out in accordance with the optional special financial intermediary procedure referred to in Article 33 of this Regulation.

3. Sociedad de Sistemas shall issue a Circular regulating the procedure for giving notification of, accepting and executing transfer orders stemming from transactions carried out on an official secondary market or a multilateral trading system with which Sociedad de Sistemas has signed an agreement, which may include applying the optional special financial intermediary procedure referred to in Article 33 of this Regulation.

4. Sociedad de Sistemas shall also issue a Circular regulating the procedure for giving notification of, accepting and executing transfer orders stemming from transactions arranged directly and bilaterally between the parties, outside of official secondary markets or multilateral trading facilities and without the intervention of a central counterparty.

Article 33. Special and optional procedures for financial intermediaries

1. Regarding securities and cash transfer orders stemming from transactions carried out on official secondary markets and multilateral trading facilities, with or without the involvement of a central counterparty, Sociedad de Sistemas has a special procedure for participant transfer orders involving financial intermediaries, the settlement of which involves one or more transitional phases and a final phase.

Securities and cash transfer orders governed by this procedure shall be subject to the same irrevocability and finality rules as those set forth in Article 31 above, regardless of whether they are communicated, accepted or executed in the transitional phases or the final phase.

For the purposes of this special procedure, financial intermediaries shall be considered to be investment firms and credit institutions covered by the legislation of a Member State of the European Union as well as those from third countries, and eligible to provide investment services and, at least, to transfer orders and take part in the settlement of the transactions that result from them.

The respective participants shall verify that the entities requesting to make use of this special procedure are eligible to be financial intermediaries and comply with the documentary requirements, obligations and procedures set forth by Sociedad de Sistemas.

2. The special procedure comprises several phases for the communication, acceptance and execution of those transfer orders included within it. This initially involves the transitional entry of the securities covered by the orders in the financial intermediary special accounts (transitional phase or phases) with the securities subsequently being entered in the definitive accounts (final phase).

3. This special procedure may be utilised providing it is set out in the agreement between Sociedad de Sistemas and the official secondary market, multilateral trading facility and the central counterparty as set forth in Article 47 of this Regulation, and it shall be optional for participants, for the financial intermediary and its clients.

4. Participants must request the opening of a financial intermediary special account in the Central Register, for each financial intermediary they deal with, in addition to a third-party individual account, as set forth in Article 19.2 of this Regulation, or where applicable, identify an account in this category that it has already opened.

If a participant who is acting as a financial intermediary uses this procedure, it must apply to open a participant financial intermediary special account, as referred to in paragraph two of Article 19.2.a) of this Regulation, or a financial intermediary special account as outlined in Article 19.2.d), and also identify or request to open a proprietary or individual account, whichever is applicable.

The transitional phases of the special procedure shall take place in the financial intermediary special accounts. Transitional accounting entries shall be made and notifications subsequently channelled to the system, in the manner and by the deadlines established to this effect, regarding the information relating to the definitive account in order to make the corresponding entries in it that refer to the final phase of the special procedure.

By means of a Circular, Sociedad de Sistemas shall establish the relationships between the financial intermediary special accounts and the financial intermediary individual accounts, in the event that the abovementioned entries corresponding to the final phase of the settlement process are not carried out and the actions which need to be carried out regarding any securities balances which may remain in these special accounts.

If, before the end of the processes set forth in this section, one of the participants involved is declared insolvent, the transactions covered by the special and optional procedure for financial intermediaries shall be considered transactions in the process of being settled for the purposes of Article 15.2 of the Securities Market Act.

5. Participants that make use of the special procedure for financial intermediaries must ensure that they do so in accordance with the cases and requirements set forth in this Regulation and the rest of Sociedad de Sistemas' rules.

6. Sociedad de Sistemas shall issue a Circular governing the requirements for using this procedure, the special circumstances thereof, the reporting obligations of the participants involved, as well as the mechanisms established by Sociedad de Sistemas to manage possible incidents and monitor the correct use of this procedure.

Article 34. Securities settlement

1. Sociedad de Sistemas shall settle the securities through the credit and corresponding debit of the securities in the Central Register accounts, and, where appropriate, the Registrar participants must simultaneously make the corresponding entry in their Second-tier Registers.

The settlement of the securities in accordance with the provisions of the previous paragraph shall produce their effective transfer.

2. Sociedad de Sistemas shall establish through the use of a Circular, including, where appropriate, the special cases that should be considered and taking into account the type of security, the notifications that must be made by the Registrar participant to Sociedad de Sistemas through the Information System referred to in Title VI of this Regulation if, in the framework procedure set forth in Article 32.2 and 32.3, as a result of a failure to

deliver securities, the Registrar participant does not have a securities balance with which to credit one of the accounts of their Second-tier Register.

Article 35. Cash settlement

1. Transactions may be settled against payment or free of payment, in accordance with the instructions received.

2. When settlement is against payment, on the transaction's settlement date Sociedad de Sistemas shall execute the cash transfer order by making the corresponding credits and debits to the cash accounts designated by the participants for cash settlements. These accounts must be open at the Banco de España, Central European Bank or the central bank of another member State of the European Union whose system is connected to the Banco de España, within the framework of the European System of Central Banks.

The settlement of cash amounts in accordance with the provisions of the previous paragraph shall produce their effective transfer.

3. On a daily basis, Sociedad de Sistemas shall inform the Banco de España, the European Central Bank or the central bank of another member State of the European Union whose system is connected to that of the Banco de España within the Eurosystem framework, of the balances to be settled by each participant, with any participant being able to arrange with another cash account holder for its transactions to be directly debited in their accounts.

Article 36. Prevention and control of delivery and payment delays

1. Sociedad de Sistemas shall implement the mechanisms necessary to prevent and manage possible failures to deliver securities or to make cash payments by the settlement deadline. These mechanisms shall conform to the regulatory technical standards set forth in Articles 6 and 7 of the Central Securities Depositories Regulation and, if applicable, shall be governed by any agreements entered into by Sociedad de Sistemas with official secondary markets, multilateral trading facilities and central counterparties.

2. Sociedad de Sistemas shall issue a Circular to identify and implement applicable procedures to prevent and manage such failures in the ARCO Settlement System. These procedures shall establish processes for recycling and partially settling transfer orders and may include setting up various settlement cycles, mechanisms for selecting securities and cash transfer orders making it possible to maximise the volume of settled orders as well as any other procedure that, in light of the type of transactions and the possible intervention of a central counterparty, is considered suitable for complying with the aim of achieving a more efficient settlement outcome.

3. In addition, Sociedad de Sistemas shall establish and publish the applicable penalties and surcharges for participants that are late in delivering securities or making required cash payments in settlement. These penalties shall conform to the regulatory technical standards set forth in Article 7 of the Central Securities Depositories Regulation.

TITLE VI

DATA INFORMATION, TRANSMISSION AND STORAGE SYSTEM

Article 37. Management of the data information, transmission and storage system

1. In cases in which Sociedad de Sistemas is designated as the central securities depository for securities admitted to trading in an official secondary market or in a multilateral trading system, it shall manage the data information, transmission and storage system provided for in Article 114 of the Securities Market Act.

2. The information system must contain the data needed to comply with the objectives set forth in that law. Specifically, it must contain data relative to the make-up of the markets and trading systems, of the central securities depositories, and of the central counterparties that intervene in the clearing process and in identifying their corresponding members and participants, as well as all transactions, events and book entries that might give rise to changes in each holder's securities balances, both in the Central Register and in the Second-tier Registers.

Article 38. Provision of information to the system

1. Participants that must provide information to the system, in accordance with Article 116 of the Securities Market Act, are required to sign the agreements and undertake the obligations needed to provide the system, in accordance with the special factors that may be established according to the type of security, with the data indicated below, in keeping with their status and the nature of their involvement in the trading, clearing, settlement and registration process:

      a) Official secondary markets and multilateral trading systems shall provide data to the information system on the identification of their members, the transferable securities in their respective market or system, and information on the executions on said securities in the corresponding markets or systems, giving details of the date and time of the trade, the number assigned to them by the market or system and information on the members taking part in each market execution.

      b) Information on the ownership of the transactions in which the members of official secondary markets and multilateral trading facilities intervene shall be reported, with an indication of the nationality of these owners and their status as either natural or legal persons.

      c) Central counterparties shall provide the information system with the configuration data of their members, their accounts and active securities, and also the gross trades booked by them, making reference to the execution, its details and the market of origin, indicating the account in which the entry is made and the member of the central counterparty to which it belongs. In addition, changes stemming from cases of trades that the central counterparties carry out and the result of the netting and/or grouping processes, as well as the relationship between the settlement instructions and gross trades previously booked, must also be reported.

      d) The identification data of the respective participants of central securities depositories that enter into agreements or establish links with Sociedad de Sistemas, along with the results of settlement and/or the book-entries of securities in the Central Register for all trades carried out on such accounts, shall be reported to the information system, including the economic data for each settlement or entry.

2. The information system shall store participants' configuration data at Sociedad de Sistemas, along with their accounts, the securities and the results of settlement and/or the book-entries of securities in the Central Register of all transactions conducted by the participants; and the economic data of each settlement or entry, the identity of the participant that intervenes therein and the account of the central depository where it is carried out shall be indicated.

Participants in Sociedad de Sistemas shall, in turn, notify the information system of the data associated with all transactions carried out in Sociedad de Sistemas, with the level of detail established in the procedures described for this purpose. These procedures shall establish the communication formats and deadlines for the sending of required information on each transaction, in accordance to the special factors that may be established according to the type of security. Such information may include: ownership, nationality and whether it is a natural or legal person; settlement incidents, indicating the details of the transactions involved in the incident, the type of transaction from which it stems, the settlement instruction and the affected holder. If the holder has a financial intermediary special account, the links between the central counterparty's gross trades and the actions subsequently taken by the central securities depository shall be reported, in keeping with the specific procedures designed for this purpose.

3. The detail of the entities required to give notifications in order for the system managed by Sociedad de Sistemas to have the information indicated above shall be specified in a Circular and set out in the agreements entered into by Sociedad de Sistemas with the governing bodies of the official secondary markets and multilateral trading facilities, central counterparties and central securities depositories.

A Circular shall also be issued defining and disseminating the technical, administrative and operational requirements for the information to be provided to and processed through the system, including the formats that are to be used.

Article 39. Incident resolution procedures

1. Reporting entities shall enter the information by the deadlines and in accordance with the technical specifications given. To this end, they shall establish precise internal measures for the prompt and complete provision of the data required, and they are obliged to notify Sociedad de Sistemas of the causes of any incidents that may occur and to correct them as quickly as possible.

2. A failure to provide any required information, or the provision of information in a manner that does not comply with the system validation rules, shall cause the incomplete information that was supplied to be rejected, and the entity shall be responsible for providing the missing data and sending the information as required.

If after the deadline for each report, the system detects that information is missing, the reporting entity shall be required to complete the information within the exceptional deadline established for it to do so.

3. When the entities are required to submit ownership data, the system shall establish rules for assigning the holder's reference, based on the ownership of the account in the appropriate central securities depository or in the central counterparty's clearing account.

If the ownership information is not reported by the established deadline and the aforementioned rules do not allow specific ownership to be assigned to a transaction, the system shall classify said ownership as unknown.

Material errors in the ownership data reported to the system must be corrected by the deadline set forth in the procedures established in the Circular referred to in Article 38.3.

4. In all events, the failure to provide the required information by the deadline shall be reported to the CNMV.

Article 40. Ownership of the information

1. The reporting entities shall be the owners of the information that, pursuant to the applicable regulation, each of them provides to the information system, and the provision of such information shall not change their status as owners thereof.

Consequently, each reporting entity shall be responsible for the integrity and veracity of the information that it reports to the information system.

2. The information system shall confirm that the information has been received in due time in proper form, without providing any assurance that the content thereof is correct.

3. The reporting entities that own the information shall ensure compliance with the obligations set forth in Organic Law 15/1999, of 13 December, on the Protection of Personal Data.

Article 41. Use of the information

1. Each reporting entity shall have access exclusively to the data strictly necessary for its activity.

2. Entities shall be authorised to use the information provided by each reporting entity to the system, in order to allow them to meet the obligations associated with their securities clearing, settlement and registration activity. Authorisation for use shall be understood to be given exclusively for this purpose.

3. The information that each entity is authorised to receive shall be made available to it through the technical resources set forth in the Circular referred to in Article 38.3.

4. Entities that receive information shall be subject to a duty of confidentiality regarding the data accessed by them through the information system, and they shall establish any measures that may prove necessary to preserve the confidentiality of such information.

Article 42. Storage of the information provided to the information system

For supervision purposes, to ensure the traceability of securities transactions, the information system shall keep a record of the transactions and their ownership for 10 years.

TITLE VII

MONITORING AND CONTROL

Article 43. Monitoring and control system

1. Sociedad de Sistemas shall exercise its monitoring functions over the registration and settlement activities of the participants in its systems, verifying the information available on the upkeep of the book-entry register and assessing the correctness and efficiency of the settlement processes.

2. Sociedad de Sistemas shall:

a) Verify the correct upkeep of the register, at its two levels, to safeguard that the total number of securities of a particular issue exactly corresponds with that credited to the related accounts.

b) Control and promote the efficiency and correctness of the settlement processes, ensuring that all transactions are effectively settled, especially those that, as a result of clearing, are settled through entries in the Second-tier Registers kept by the participants;

c) Identify, control, manage and mitigate the risks that the participants with the largest or most complex involvement in the securities settlement systems managed by Sociedad de Sistemas, companies that perform services for participants in Sociedad de Sistemas, Central Securities Depositories and official secondary markets, multilateral trading facilities and central counterparties may pose for its operations. Sociedad de Sistemas shall provide the CNMV and the Banco de España with information on all detected risks of this type, in accordance with Article 45.6 of the Central Securities Depositories Regulation.

d) Require that participants provide any information that Sociedad de Sistemas may consider necessary for the exercise of its monitoring and control functions, and directly inspect, at the participants' premises and with their consent, the activities carried out by them.

e) Call on the participants to correct any operational incident, inaccuracy and breach detected during its monitoring and control functions, without prejudice to the participants' obligation to correct such incidents, inaccuracies and breaches on their own initiative.

3. Sociedad de Sistemas shall periodically establish and review the objective criteria that guide their monitoring work. Sociedad de Sistemas shall issue a Circular approving the Monitoring and Control Procedures Manual, compliance with which shall be mandatory for participants.

4. If, when exercising its monitoring and control functions, Sociedad de Sistemas becomes aware of events or acts that may entail a violation of mandatory rules or a deviation from principles that guide the keeping of the book-entry registry and the settlement of transactions, it shall make this immediately known to the CNMV.

5. In addition, Sociedad de Sistemas shall devise and establish specific procedures to control other possible risks related to its monitoring and control functions. The purpose of these procedures shall be to:

a) Maintain an efficient framework for managing risks stemming from the management of the settlement systems; and

b) Establish specific guidelines or ratios that take into consideration, inter alia, minimum service levels, risk management expectations and business priorities.

TITLE VIII

OTHER SERVICES

Article 44. Recipients of technical and operational services

The services referred to in Article 3.2 of this Regulation may be performed for entities, both resident and non-resident, performing similar functions to those of Sociedad de Sistemas, central counterparties, participants in Sociedad de Sistemas, securities issuers and other intended users.

Article 45. Regulation and applicable agreements

1. Sociedad de Sistemas shall issue any provisions it deems necessary and shall enter into agreements with the entities referred to in the preceding article for the proper regulation of matters related to the scope and provision of the services referred to in this Title.

2. In entering into contracts relative to such services, Sociedad de Sistemas shall evaluate the potential contribution to the security, efficiency and transparency of the securities markets, in keeping with, as applicable, criteria of reciprocity on behalf of the other party to the contract.

3. These contracts for the provision of services by Sociedad de Sistemas shall be governed by Spanish legislation, unless, exceptionally, it is considered more appropriate that they be governed by a different body of laws.

Article 46. Provision of services

1. The services envisioned in this title may be performed by Sociedad de Sistemas directly or through agreements with third parties covering these services. In the latter case, the respective obligations and responsibilities corresponding to Sociedad de Sistemas and to the third parties shall be specified.

2. To provide the services, Sociedad de Sistemas shall have organisational structures and specific measures in place to ensure that the services do not interfere with the core services that Sociedad de Sistemas is authorised to perform under Article 97 of the Securities Market Act.

TITLE IX

LINKS WITH CENTRAL SECURITIES DEPOSITORIES AND AGREEMENTS WITH MARKETS, TRADING SYSTEMS, COUNTERPARTIES AND OTHER ENTITIES

Article 47. Access to settlement systems and other Sociedad de Sistemas services

1. Pursuant to Article 98.4, of the Securities Market Act and Title III, Chapter III, Section 3 of the Central Securities Depositories Regulation, Sociedad de Sistema shall give market infrastructures other than the Central Securities Depositories access to its settlement systems, on a transparent, non-discriminatory basis, in accordance with the Securities Market Act, the Central Securities Depositories Regulation and implementing provisions thereof and this Regulation.

2. In entering into agreements on this access, Sociedad de Sistemas shall abide by considerations on the timeliness of the service covered by the agreement, the general market interest and shall exhaustively evaluate potential access risks in accordance with the regulatory technical standards and provisions on the implementation of Article 53 of the Central Securities Depositories Regulation.

3. Sociedad de Sistemas shall issue whatsoever provisions it deems necessary for the proper regulation of matters related to the scope and the performance of such agreements, which shall set forth provisions, at a minimum, on the following matters:

   a) The subject matter of the agreement and obligations of the parties;

   b) The manner of, and requirements for, accessing the services covered by the agreement;

   c) Notification procedures;

   d) Procedures for the schedules and deadlines of settlement and registration;

   e) Coordination procedures of the mechanisms for the management of risks and breaches;

   f) Coordination of the rules to determine the moment of acceptance and the irrevocability of securities and cash transfer orders;

   g) Procedures for monitoring and controlling, where applicable, the activities covered by the agreement;

   h) Service fees;

   i) The duration of the agreement;

   j) The manner of resolving disputes among the parties; and

   k) The information that an entity, which is signatory to the agreement, must provide to Sociedad de Sistemas for the purposes of the functions legally entrusted to the latter as the manager of the data information, transmission and storage system, and, if applicable, for it to be sent to the appropriate supervisory authority, along with the procedure for obtaining and sending it.

Article 48. Links between Central Securities Depositories

1. In accordance with Article 98.4, of the Securities Market Act and Title III, Chapter III, Section 2 of the Central Securities Depositories Regulation, Sociedad de Sistemas may enter into agreements with other Central Securities Depositories to establish links between them.

2. To this end, Sociedad de Sistemas shall identify and evaluate the possible sources of risk stemming from this access, establishing the appropriate monitoring and management measures, in accordance with Article 48 of the Central Securities Depositories Regulation.

3. For the establishment of links, the prior authorisation of the CNMV shall be required when mutual technical solutions for settlement in the securities settlement systems that both Central Securities Depositories manage are agreed on, in accordance with Articles 19 and 48 of the Central Securities Depositories Regulation.

4. The authorisation referred to in the preceding paragraph shall not be required when the agreement calls for establishing other types of links, depending on how the latter are defined in the Central Securities Depositories Regulation. In such cases, Sociedad de Sistemas shall notify the CNMV of its intention to establish a standard link.

5. Before the link is established, and permanently once the contract has been entered into, Sociedad de Sistemas shall identify, evaluate, monitor and manage any risks stemming from the performance thereof, both for Sociedad de Sistemas and for its participants, and it shall take the appropriate mitigation measures.

Additional provision: Links

Sociedad de Sistemas' links with other Central Securities Depositories shall continue to be governed by the agreements entered into with them when this Regulation enter into force.

Additional provision: Connection to the TARGET2-Securities technical support and migration of CADE securities balances

1. Through the issue of a Circular, Sociedad de Sistemas shall develop and execute a migration procedure for its connection to the TARGET2-Securities technical support and for the transfer of securities included in the Clearing and Settlement System for transactions carried out in the Public Debt Book-entry Market and in the AIAF Fixed Income Market to the ARCO Settlement System.

Specifically, the Circular must include identification of the dates on which the connection and transfer of the securities will take place, the treatment of transactions pending settlement and the transfer of securities, including the actions that must be carried out by participants to ensure the continuity of the limited rights in rem, encumbrances or blocking of the balances that may be affected, and other aspects relating to migration procedure.

2. Participants shall be required to ensure that the identification data of the holders of the target accounts in the ARCO Settlement System, whether in the Central Register or in the Second-tier Registers, are consistent with the data of the registered holders of the transferring accounts from which they are received.

Transitional provision: Blocking of securities, limited rights in rem and encumbrances on fixed income securities

1. When limited rights in rem or encumbrances are registered with regard to the securities to be transferred, or when an entitlement certificate, entailing a blocking of the securities, has been issued with regard thereto, participants shall take the necessary actions to bring about the continuity of the limited right in rem, encumbrance or blocking of the affected balances.

2. Entitlement certificates or other certificates evidencing limited rights in rem or encumbrances issued prior to the transfer date shall remain in effect, even if the information regarding the blocking certificates or notifications which could act as a reference cease to be effective. Those cases in which the securities have been booked in the ARCO Settlement System, along with other types of account included in Article 19 of this Regulation, are excepted. In such cases, participants must collect the certificates requested and carry out the necessary actions for the issuance of a new certificate updating the information on the affected securities.

Repeal provision: Repeal of the Rules of Organisation and Functioning of Sociedad de Sistema.

This Regulation replaces and therefore repeals the Rules of Organisation and Functioning of Sociedad de Sistema approved by Order ECO/689/2003, except for the provisions that govern the functioning and composition of the Technical Advisory Committee in Article 3 of the aforementioned Rules of Organisation and Functioning. The Technical Advisory Committee shall continue to undertake the functions it has carried out until now, with a specific mandate to prepare the future integration of the Settlement

System for securities in relation to the transactions carried out in the Public Debt Book-entry Market and in the AIAF Fixed-Income Market through the ARCO Settlement System, as well as the migration of the latter to the TARGET2 Securities technology platform.

Final provision: Authorization under the Central Securities Depositories Regulation

The obligations stemming from the Central Securities Depositories Regulation set forth in the following articles of this Regulation shall not apply to Sociedad de Sistemas until the authorisation as a Central Securities Depository referred to an Article 97 of the Securities Market Act is granted:

a) Article 4.4, on the implementation of an internal risk-action policy;

b) Article 11.2, on the observance of the term of one month for answering applications for adherence;

c) Article 12.3, on the devising of a procedure for the loss and suspension of participant status;

d) Article 13.3, on the formulation of rules and procedures for dealing with the insolvency of one or more participants;

e) Article 16.1, on the frequency of the reconciliation measures;

f) Article 27.5, on the establishment of the Users Committee;

g) Article 36.1, on adjusting the mechanisms for managing and preventing breaches established in the regulatory technical standards set forth in Articles 6 and 7 of the Central Securities Depositories Regulation;

h) Article 47.3, on exhaustive assessment of risk in applications for access by central counterparties and other entities;

i) Article 48.2 and 48.3 on the need to identify and assess risks stemming from the establishment of a link.

In this regard, Sociedad de Sistemas shall apply the criteria set forth in the regulations in force until then.