

Circular no. 03/2022, of 13th of December

PROCEDURE FOR MEMBERSHIP OF ENTITIES OF THE SECURITIES SETTLEMENT SYSTEM MANAGED BY IBERCLEAR

Please note that only the Spanish version of this Circular produces legal effect. Any translation is provided for commercial purposes only.

Circular no. 4/2017, of 4th of September, on the “Procedure for membership of entities of the securities settlement system managed by Iberclear”, partially amended by Circular no. 1/2018, of 30th of January and Circular 1/2020, of 28th of January, establishes the procedure for entities to join the ARCO Settlement System (hereinafter, the “ARCO System”).

Due to the incorporation of BME into Six Group, it is necessary to align the BME standards of conduct with the SIX Group standards of conduct concerning risk assessment with regard to the procedure for entities to join the ARCO system as stipulated in Regulation (EU) no. 909/2014, on improving securities settlement in the European Union and on central securities depositories (CSDR) and to specify the documentation that entities requesting to join or holding member status must submit to Iberclear for one-time or periodic risk assessment.

The purpose of this Circular is to amend Circular 04/2017, of 4th of September. Once this circular takes effect, entities must submit the documentation set out in Appendix 3 in order to perform the required risk assessment.

Therefore, the Board of Directors of IBERCLEAR has approved the following:

Unique rule. Amendment of Rule 3, “Membership contract and special conditions”, and of Rule 6, “Amendment of membership conditions”, under Circular 04/2017.

1. Section 1 of Rule 3, “Membership contract and special conditions”, under Circular 04/2017 is amended to read as follows:

“1. Entities that wish to become participants in the ARCO System must complete and deliver ~~to IBERCLEAR’s registered office~~ a duplicate copy of the membership agreement in Appendix 2 to this Circular, along with the document stipulating the Specific Membership Conditions, in accordance with the specimen set out in Appendix 2a.

Entities must present the following along with the specific membership conditions:

- *A detailed report specifying the IT resources available.*
- *The document accepting the use of technical means, in accordance with the specimen set out in Appendix 2b, if the applicant is not using their own technical resources.*

- *The document accepting cash debits, in accordance with the specimen set out in Appendix 2c, if the applicant makes use of the account or accounts of another entity to make cash settlements.*
- *The document accepting direct debits for billing in the payments module account, in accordance with the specimen set out in Appendix 2d, if the applicant makes use of the account of another entity to pay fees.*
- *Letter of authorisation to make debits and credits in the payments module account, which is included Appendix 2e.*
- *Documentary evidence of the DCP connection, in the event that the applicant additionally opts for this connection to T2S.*
- *Documentation foreseen in Annex 3 to proceed with the mandatory risk assessment. Iberclear may request additional documentation if necessary, as well as periodically or punctually require the updating of the documentation provided in order to keep the entity's risk analysis up to date at all times.*

The contract and other documentation shall be submitted to IBERCLEAR in the manner established by Instruction”.

2. Section 7 of Rule 4, “Technical membership tests”, under Circular 04/2017 is amended to read as follows:

“7. When the technical tests stipulated in this Regulation have been passed, ~~the entity will certify that the operational tests have been carried out satisfactorily. IBERCLEAR shall issue a report with the contents and results of the tests performed by the entity.~~”

3. Section 1 of Rule 6, “Amendment of membership conditions”, under Circular 04/2017 is amended to read as follows:

“1. Participants must notify IBERCLEAR of any circumstance affecting their status, corporate format or legal status, and may amend their membership conditions (specific membership conditions, technical means, cash debiting, and letter of authorisation to make debits and credits in the payments module account) with no need to sign a new agreement. To this end they must notify the new conditions, presenting the specimens ~~or documentary~~ set out in the appendices stipulated in Regulation 3 of this Circular to IBERCLEAR's ~~registered office.~~”

ADDITIONAL PROVISIONS

1. Any operational, procedural and documentary aspects required to submit and update the documentation set out in this circular are permitted to be carried out by means of instruction, as are those required to update the list of documentation for risk assessment cited in Appendix 3.

2. Appendixes 2a, 2b, 2c, 2d and 2e may be amended by means of instruction if the purpose of said amendment is to adapt the terms and requirements established at any time by the membership agreement for the payment system under which Iberclear performs settlement or by the conditions to access said system.

3. Updated versions of the following documents are attached as appendixes to this circular merely for information:

- Appendix 1. Participant requirements
- Appendix 2. Membership contract for securities settlement system managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. (IBERCLEAR)
 - Appendix 2a. Special membership conditions
 - Appendix 2b. Consent form for the use of technical resources
 - Appendix 2c. Consent form for direct debiting of dedicated cash account (DCA)
 - Appendix 2d. Consent form for direct debit invoicing if payments module account (RTGS)
 - Appendix 2e. Letter of consent for the Bank of Spain or the central bank where the payments module account is held
- Appendix 3. Documentation for risk assessment

FINAL PROVISION

This Circular will take effect on the date established by means of Instruction.

In Madrid, on 13th of December 2022

Francisco Béjar
Managing Director