

**Consolidated text of Circular No. 15/2017. Partially
amended by Circular 02/2024
Settlement procedure for transactions in which central
counterparties are involved**

Iberclear

September 2024

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

Rule 1.- Scope of application

1. The general procedure for the communication, acceptance and execution of transfer orders for transactions involving a central counterparty is applicable to the settlement of such transactions when the central counterparty has signed an Agreement with Iberclear for access to its settlement services, pursuant to Circular regarding Agreements with markets, multilateral trading facilities, central counterparties and other entities.
2. In order to be involved in the settlement of the transfer orders covered by this Circular, participants must have authorised the central counterparty to notify transfer orders on their behalf. The form and conditions for this authorisation to be effective for Iberclear shall be governed by the rules agreed by Iberclear and the corresponding central counterparty in the relevant Agreement.

Rule 2.- Communication of settlement instructions

1. The central counterparty, in exercise of the authorisation conferred upon it by the participants, will send settlement instructions in their name resulting from its calculations of the securities and cash positions arising from its interposition and clearing functions. This communication shall be made at all times in accordance with the provisions of the Procedures Manual and through the communication means of the central counterparty, depending on their choice of connection
2. Pursuant to Article 31 of Iberclear Regulation, the settlement instructions sent by the central counterparty, as envisaged in the section above, constitute transfer orders and shall be considered to be received and accepted by the ARCO System as of the moment that T2S states that they meet its validation requirements. The transfer orders may only be revoked before the moment in which these orders are matched in T2S with those other orders that constitute their respective counterparties. If these transfer orders are received already matched because they are accompanied by their corresponding opposite transfer order, they shall be irrevocable as of the moment that T2S states they meet its validation requirements.
3. Participants cannot reject the credits and debits resulting from these settlement instructions.
4. The central counterparty and the participants on whose behalf the transfer orders may have been communicated, shall receive, either from T2S or Iberclear, depending on the type of connection each of them has, confirmation of the receipt and validation of the corresponding settlement instructions.

Rule 3.- Settlement

1. Securities transfer orders resulting from the settlement instructions sent by the central counterparty are settled through the credit and correlating debit of securities in the Central Register accounts, either in real time or in the T2S overnight settlement period. When applicable, participants must simultaneously make the corresponding entry in their Second-Tier Register.
2. In the settlement of transfer orders, the processes of provision, optimisation and recycling of transactions, as defined at any moment in T2S, shall be applied. These processes may provide for partial settlement of the orders. Iberclear shall include a description of these processes in its Procedures Manual for participants' awareness.
3. Cash transfer orders resulting from settlement instructions sent by the central counterparty are settled through the corresponding credits and debits in the accounts designated for cash settlements by participants and the corresponding central counterparty.
4. The central counterparty and the participants shall receive from either T2S or Iberclear, depending on the type of connection each of them has, communication of the result of the settlement, indicating, where appropriate, any incidents that may have occurred. ~~If an incident is generated in the entry at the level of the Second-Tier Register, the participant that keeps the Second-tier Register must notify Iberclear of this situation through the Information, transmission and storage System provided for in Title VI of the Iberclear Regulation (hereinafter, the Information System), in those cases established in the Information System Manual, providing such information as might be required in the determined time period and format. As soon as the failure is resolved, the participant will update the information for Iberclear.~~

Rule 4.- Incidents, fail managements

1. The Agreement referred to in Rule 1 of this Circular will set out the information and procedures required for both Iberclear and the central counterparty to comply with their obligations under the Central Securities Depositories Regulations ~~and Article 36a of the Iberclear Regulation for the monitoring of settlement efficiency in this area.~~

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BME
Plaza de la Lealtad,1
Palacio de la Bolsa
28014 Madrid

www.bolsasymercados.es

