

Annex Spain

(Effective as of 3rd January 2018) (version 14/12/2017)

MTS Spain is a segment of the MTS Cash Domestic Market Multilateral Trading Facility operated by EuroMTS Limited



Annex Spain

Effective as of 3rd January 2018

1. General Provisions

1.1. Definitions

1. The MTS Cash Domestic Market Rules apply, with the following definitions also applicable to MTS Spain:

“Benchmark Securities”	means the most actively traded security for each maturity bucket as determined by the Treasury;
“Bond Segment”	means the segment of the Market dedicated for trading between Participants in Bonos, Obligaciones and Strips;
“Broker”	also known as Mediadores de Mercado de Deuda Publica, means any financial entity accepted and authorised by MTS to act as a Participant to MTS Spain exclusively on an agency basis, in accordance with this Annex. Brokers shall be subject to the obligations and commitments established under this Annex;
“Primary Dealer”	means an entity designated as “Creador de Mercado del Reino de Espana” by the Treasury;
“Strips”	means those Financial Instruments with an implicit yield resulting from the segregation of a bond. Such Financial Instruments may be of two different types; principal only strips (the nominal value corresponding to the redemption value of the original bond), or “interest only strip” (the nominal value of the coupon of the original bond);
“T-Bill” or “Letras del Tesoro”	means a short term Treasury debt security issued by the Kingdom of Spain with a maturity less than 18 months;
“Treasury”	means the General Directorate of the Treasury and Political Finance of the Kingdom of Spain.

Annex Spain

Effective as of 3rd January 2018

1.2. Market Rules

1. The MTS Cash Domestic Market Rules apply.

2. Financial Instruments

2.1. Financial Instruments

1. The issuer is the Kingdom of Spain. The Financial Instruments available for trading are:
 - a. Fixed coupon-bearing securities:
 - i. Inflation linked;
 - ii. Nominal coupon;
 - b. T-Bills;
 - c. Strips;
 - d. Floating rate notes.

2.2. Minimum Lots

1. The Minimum Quote Size, Minimum Single Side Quote Size, Minimum Trading Size, and the Minimum Increment Quantity for each Financial Instrument can be found in the Regulatory Specifications.

3. Participants

3.1. Participant admission criteria

1. In addition to the conditions for admission specified in the MTS Cash Domestic Market Rules, the following institutions may also be admitted to trading on the Market:

Mediadores de Mercado de Dueda Publica ("Brokers") as designated under the laws of the Kingdom of Spain. For Brokers the requirement provided in Article 3.1.2(a) does not apply and they are allowed to act as agents.
2. In addition to the conditions for admission specified in the MTS Cash Domestic Market Rules, the following additions conditions shall apply to the following categories of Participants:
 - a. **Market Makers and Liquidity Providers:** A Creador de Mercado del Reino de Espana or a Creador de Mercado de Letras de Tesoro del Reino de Espana can apply to be admitted to trading on MTS Spain as Market Maker or Liquidity Provider regardless of the compliance with the conditions for admission provided in Article 3.1 of the MTS Cash Domestic Market Rules.

Annex Spain

Effective as of 3rd January 2018

- b. **Brokers:** In addition to the general conditions for admission in Article 3.1 of the MTS Cash Domestic Market Rules, institutions that wish to be admitted to trading on MTS Spain as a Broker must satisfy MTS that they hold the status of Mediadores de Mercado de Dueda Publica, as designated under the laws of the Kingdom of Spain.

3.2. Participants admission procedures

1. In addition to what is provided in paragraph 1 and 2 of Article 3.2 of the MTS Cash Domestic Market Rules, paragraph 3 shall be amended as follows:
MTS Spain distinguishes between five categories of Participants.
 - a. Price Taker
 - b. Liquidity Provider
 - c. Market Maker
 - d. Broker: Participants authorised to trade, by means of Quotes and Orders, as applicable, Financial Instruments on the Market ONLY on behalf of other non-Broker Participants of MTS Spain who have given such authorisation. For the avoidance of doubt, Broker may not allow their actions to place them in the middle of any Trade.
 - e. Mid Price Only Participant

3.3. Participant on-going undertakings

1. The MTS Cash Domestic Market Rules apply, with the following additional undertakings for Brokers:
 - a. To maintain the most strict confidentiality with regard to origin and identity of the counterparties involved in the Quotes and/ or Orders on the Market; and

To observe the principle of “estanqueidad” of the MTS Spain System, whereby estanqueidad means:

Non-Participants (i.e. third parties) to the Market shall not be permitted to view or receive any MTS Spain Market Data or Information via Brokers; and

2. Non-Participants (i.e. third parties) to the Market shall not have access to the pool of liquidity on the Market.

3.4. Resignation of Participants

1. The MTS Cash Domestic Market Rules apply.

3.5. Suspension of Participants from trading

1. The MTS Cash Domestic Market Rules apply.
2. In addition to the provisions set forth in Article 3.5 of the MTS Cash Domestic Market Rules, MTS shall:

Annex Spain

Effective as of 3rd January 2018

- a. automatically suspend a Broker from trading whenever it verifies a breach of any of its undertakings of confidentiality as referred to in Article 3.3 of this Annex;
- b. automatically suspend a Broker from trading whenever it verifies a breach of the “Principle of estanqueidad” as referred to in Article 3.3 of this Annex.

3.6. Exclusion of Participants from trading

1. The MTS Cash Domestic Market Rules apply, with the addition that, subject to the procedures set forth in Article 7.3 of these MTS Cash Domestic Market Rules, MTS shall delete a Broker from the list of Brokers with immediate effect when it loses its status of Mediadores de Mercado de deuda publica, as designated under the laws of the Kingdom of Spain.

3.7. Regional Market Committee for MTS Spain

1. The MTS Cash Domestic Market Rules apply.

4. Trading

4.1. General systems operations

1. The MTS Cash Domestic Market Rules apply.

4.2. Types of Trade

1. The MTS Cash Domestic Market Rules apply, with the exception that Brokers shall act exclusively for a Participant as authorised by such Participants.

4.3. Market trading hours

1. The MTS Cash Domestic Market Rules apply.

4.4. Quotes and Orders

1. The MTS Cash Domestic Market Rules apply.
2. For the purpose of this Article, all references to Market Makers and Liquidity Providers are inclusive of Brokers acting on behalf of Market Makers and Liquidity Providers.

4.5. Contracts

1. The MTS Cash Domestic Market Rules apply.

Annex Spain

Effective as of 3rd January 2018

4.6. Conclusion and registration of Trades

1. The MTS Cash Domestic Market Rules apply.

4.7. Mid-Price crossing

1. The MTS Cash Domestic Market Rules apply.

4.8. Trade Registration facility

1. The MTS Cash Domestic Market Rules apply.

4.9. Cancellation of Trades

1. The MTS Cash Domestic Market Rules apply.

4.10. Market Making Agreements

1. The MTS Cash Domestic Market Rules apply.

4.11. Law governing Trades

1. The MTS Cash Domestic Market Rules apply.

5. Clearing and settlement of Trades

5.1. Clearing and Settlement of Trades

1. The MTS Cash Domestic Market Rules apply.

6. Provision of data and information

6.1. Provision of data to Participants

1. The MTS Cash Domestic Market Rules apply.

6.2. Provision of data to Authorities

1. The MTS Cash Domestic Market Rules apply.

6.3. Provision of data to debt management offices

1. The MTS Cash Domestic Market Rules apply, with the addition that MTS may also submit all data and information related to activities carried out by Brokers on behalf of the Participants on the Market. This

Annex Spain

Effective as of 3rd January 2018

information shall serve for the purpose of evaluating the activity of the Creadores de Mercado del Reino de Espana.

6.4. Provision of data to the public

1. The MTS Cash Domestic Market Rules apply.

6.5. Amendments and communications

1. The MTS Cash Domestic Market Rules apply.

7. Supervision and Sanctions

7.1. Monitoring the course of trading

1. The MTS Cash Domestic Market Rules apply.

7.2. Breach of undertakings

1. The MTS Cash Domestic Market Rules apply.

7.3. Procedure in respect to article 7.2

1. The MTS Cash Domestic Market Rules apply.

7.4. Failure to honour Quoting Commitments

1. The MTS Cash Domestic Market Rules apply.

8. Final Provisions

8.1. Liability

1. The MTS Cash Domestic Market Rules apply.

8.2. Disputes

1. The MTS Cash Domestic Market Rules apply.

Contact us

10 Paternoster Square

EC4M 7LSE London

Great Britain

E: info@mtsmarkets.com

T: +44 (0)20 7797 4100

