



Madrid Stock Exchange: requirements to become a member

Madrid is the fourth Stock Exchange in Europe as far as traded volume is concerned. It is a modern Regulated Market which has succeeded in adapting to financial innovation by launching innovative segments focused on meeting specific needs for finance and liquidity over recent years

The new investment flows channelled through the Spanish Stock Market in 2009 amounted to 22,000 million Dollars, figure which situates the Spanish Stock Market within the first ten Stock Exchanges in the world regarding capitalization of its traded companies. Furthermore, within the European frame, the Spanish Stock Market holds the fourth place as far as traded volume is concerned. According to the information provided by the World Federation of Exchanges (“WFE”) for the year 2009, Bolsas y Mercados Españoles (“BME”), the holding company which includes the Spanish securities markets, recorded a net profit of 150 million of Euros, which demonstrates its capacity to generate sustained earnings even in difficult conditions. This figure represents a 21.3% decrease from 2008.

The Madrid Stock Exchange is a part of BME and it has specific segments for trading warrants and certificates, Exchange Traded Funds, SICAVs, etc.

BME also manages the Alternative Stock Market (“MAB”) which, in line with the European trend, offers a made-to-measure market for medium-sized companies looking to expand; in addition it manages Latibex, the international market made especially for Latin American securities traded in Euros.

Who can be a member of the market?

- ◆ Spanish Investment Firms which are authorised to trade on their own account and on behalf of third parties and to become members of a stock exchange. The following may become members of the Madrid Stock Exchange:
 - ✓ Broker-dealers and
 - ✓ Brokers, which, unlike Broker-dealers, may only intermediate orders for the purchase and sale of securities on behalf of their clients and not on their own account.

- ◆ Spanish Credit Institutions
- ◆ Investment Firms and Credit Institutions belonging to the European Union (EU) and registered in Spain.
- ◆ Investment Firms and Credit Institutions belonging to a non-Member State of the EU following express authorisation to this effect. Such authorisation shall be granted by the Ministry of Economy and Finance, at the proposal of the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* or “CNMV”).

Requirements to become a member of the Madrid Stock Exchange

The entities mentioned above which wish to become a member of the Madrid Stock Exchange must comply with the following requirements:

- ◆ Broker-dealers and Brokers must be registered in the correspondent Register at the CNMV.
- ◆ In the case of foreign entities, they should prove that they have the necessary human and technical resources available in Spain to guarantee their capacity and they meet the organisational and operating rules of the Market.

After obtaining a certificate from the CNMV stating their suitability to become a member of the Stock Exchange, the interested entity must make a formal application to the Madrid Stock Exchange in order to gain acceptance as a member.

Prior to be accepted as a Stock Exchange member, the interested entity may meet the following requirements:

- ◆ Pay the entrance fee as well as the periodic rates. In order to become a member of the Madrid Stock Exchange, it is not necessary to be a shareholder of BME, nor of any other company of the BME group.
- ◆ Be an entity which is a member of the settlement and clearing securities system managed by the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores* (“**Iberclear**”).
- ◆ Have a deposit for settlement guarantee.
- ◆ Finally, in order to operate within the Stock Markets Interconnection System (“SIBE”), it is required to meet the technical requirements requested by the Sociedad de Bolsas (the company which manages the trading platform).

Current members of the Madrid Stock Exchange

Currently the Madrid Stock Exchange has 51 members. The list of members is shown on its web page, separated into Brokers, Broker-dealers and Credit Institutions.

Specifically, the members of the Madrid Stock Exchange are:

- ◆ Brokers : 6
- ◆ Broker-dealers: 29
- ◆ Credit Institutions: 16

Useful Contacts:

BME: www.bolsasymercados.es

Madrid Stock Exchange: www.bolsamadrid.es

Iberclear: www.iberclear.com

Sociedad de Bolsas: www.sbolsas.es

FOGAIN: www.fogain.com

CNMV: www.cnmv.es