

MEDIP

MARKET RULES

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SECTION I GENERAL PROVISIONS

Article 1 - Definitions

In these Market Rules the following expressions have the following meanings:

“Application”	means the acceptance, whether whole or partial, of a Proposal, transmitted via the System and processed immediately by the System.
“Associate”	means an institution eligible to take part (through application only) from time to time in MEDIP, on the OT segment and/or the BT segment.
“Benchmark Securities”	means the most actively Traded Securities, as listed in Annex B, which are determined as such by the Board and which may be amended from time to time.
“the Board”	means the board of directors of the Company or a duly appointed member of this board or the executive board of the board of directors of the Company.
“BT”	means the Portuguese Treasury bills, issued by the Republic of Portugal.
“BT Segment”	means the Segment of the System dedicated to Participants to trade BT.
“the Commencement Date”	means .././..
“the Company”	means MTS Portugal, Sociedade Gestora do Mercado Especial de Dívida Pública - SGMR, SA.
“Code of Conduct”	means the Code of conduct of MTS Portugal, Sociedade Gestora do Mercado Especial de Dívida Pública – SGMR, SA.
“Eligible Securities”	means all Portuguese government securities issued or in the process of being issued by the Republic of Portugal.
“General Meeting”	means the General Meeting of shareholders of the Company.
IGCP	means Instituto de Gestão do Crédito Público, the Portuguese Government Debt Agency.
“Liquid Securities”	means actively Traded Securities as listed in Annex B, which are determined by the Board and which may be amended from time to time.
“Live Data”	means information relating to Traded Securities in respect of which not more than 600 seconds have elapsed from the time

	that such information was transmitted by the System to the Participants.
“Market Dealer on BT”	means an institution authorised to take part (through Application only) in MEDIP, but restricted to the BT Segment.
“Market Dealer on OT”	means an institution authorised to take part (through Application only) in MEDIP, but restricted to the OT/OTRV Segment.
“Market Maker on BT”	means an institution authorised to take part (through Proposals and Application) in MEDIP, but restricted to the BT Segment.
“Market Maker on OT”	means an institution authorised to take part (through Proposals and Application) in MEDIP, but restricted to the OT/OTRV Segment.
“Market Rules ”	means these rules and regulations (including annexes) of MEDIP as may be made, amended or replaced from time to time by the Board.
MEDIP	means the Special Market for Public Debt, authorised by the Executive Order no. 1183/99 of 4 November.
“Member State”	means a Member State of the European Union.
“OEVT”	means Operador Especializado de Valores do Tesouro, in conformity with IGCP Regulations in place.
“OT”	means the fixed-rate Portuguese government bonds, issued by IGCP.
“OT/OTRV Segment”	means the Segment of the System dedicated to Participants to trade OT and OTRV.
“OTRV”	means the floating-rate Portuguese government bonds, issued by IGCP.
“Participant”	means: <ul style="list-style-type: none"> (i) <u>any institution whose application to take part in MEDIP, as a Market Maker on BT or Market Maker on OT, Market Dealer on BT or Market Dealer on OT, or Associate has been accepted by the Board;</u> (ii) in respect of (i) above (“the Sponsor”) a subsidiary or branch thereof in which case the Sponsor and the subsidiary or branch have applied jointly to the Board to take part in MEDIP and which such application has been accepted by the Board and, in each case, which has not been excluded nor has resigned pursuant to the Market Rules or the Code of Conduct.
“Price”	in respect of the sale of a Traded Security traded on MEDIP means the amount representing the percentage of the nominal amount of the Traded Security payable in respect of

such sale, excluding accrued interest, which may also be expressed by reference to an interest rate.

“Proposal”	means the offer to buy or sell a Traded Security in MEDIP with specification of the quantity and the price quoted and the type of Traded Security that it intends to trade.
“PDP”	““Pure Domestic Participant” – means an institution which acts as an “Associate”, and that shall not have the <i>Market Maker</i> status in more than one MTS Platform. For this purpose, the “Single Market Specialist” status in the TB segment on a MTS Platform shall not be taken into account.
“Regular Securities”	means any Traded Security, which is neither a Benchmark Security nor a Liquid Security, as listed in Annex B, in relation to which quoting is not compulsory.
“Sponsor”	means a Market Maker on BT or a Market Maker on OT/OTRV, which has requested that the Board permits its subsidiary or branch to take part in MEDIP as a Participant.
“Spread”	means the arithmetic difference between the price (OT/OTRV) or yield (BT) of a Proposal to buy and of a connected Proposal to sell (bid/ offer) expressed as a percentage and which determines the obligations for Market Makers as set out in Annex G expressed in either ticks (OT/OTRV) or basis point (BT), where 1 tick represents 0.01% of the par value of the Traded Security and 1 basis point represents 0.01% of the yield-to-maturity of the Traded Security.
“the System”	means the screen-based system organised and administered by the Company for the trading of certain Eligible Securities.
“Traded Securities”	means Eligible Securities, which can be traded on MEDIP by Participants through Proposals and/or Applications.
“Trading Day”	means a day on which Traded Securities may be traded on MEDIP which shall be each day on which markets are open for business using the European convention (Target) calendar and the calendar as set out in Annex F.
“Trading Hours”	means the hours of the Trading Day during which Traded Securities may be traded on the System as determined in Annex E (Preliminary Market and Open Market phase).

Article 2 - Market Rules

1. The object of the Market Rules is to regulate in detail the organisation and operation of MEDIP, in complement to the Code of Conduct.
2. The Market Rules are made and may be amended or replaced by the Board with a two-thirds majority.

3. The Annexes of the Market Rules are made and may be amended or replaced by the Board by a simple majority.
4. Participants are required to accept the terms and conditions of the Market Rules and act accordingly.
5. Any amendment to the Market Rules will be notified to the Participants normally at least 10 Trading Days prior to the amendment taking effect by any means that the Board considers appropriate, provided that such notification shall at least include electronic notification through publication on the System.
6. The Board shall take all decisions taken by the Company pursuant to these Market Rules unless specifically delegated under the conditions established in the byelaws of the Company.
7. The Market Rules shall be governed by and construed in all respects in accordance with the laws of Portugal.

SECTION II ADMISSION AND RESIGNATION

Article 3 - General conditions for admission

1. European Union credit institutions, as defined in Article 3 of Decree-Law no. 298/92, of 31 December 1992, and Non-European Union credit institutions, authorised to perform the service envisaged in Article 1 of Council Directive 93/22/EEC, of 10 May 1993, with the exception, in both cases, of leasing companies, factoring companies and financial institutions for credit acquisition, may be admitted to trading on MEDIP;
2. To be admitted to trading, the institutions referred to in paragraph 1 must:
 - a. have a deposit account with one of the clearing and settlement institutions specified in Annex H and have suitable links with such institutions for the settlement of trades on MEDIP;
 - b. have an adequate organisation that permits correct operation in the System and the performance of the contract execution obligations.
3. The Company, using non-discriminatory standards, shall reject the application for admission, supplying the reasons for rejection, when its acceptance could jeopardise the proper functioning of MEDIP;
4. Institutions will only be admitted as Market Dealers after MEDIP has been operating with just Market Makers, for a period to be defined by the Board by two thirds majority.

Article 4 – Participants

An Institution may combine the capacities of Market Maker on BT and Market Maker on OT; Market Maker on BT and Market Dealer on OT; Market Dealer on BT and Market Maker on OT; Market Dealer on BT and Market Dealer on OT.

Article 5 - Additional conditions for admission for Market Dealers on BT, Market Dealers on OT and Associates

In addition to the conditions in Article 3, an institution that wishes to be admitted to trading on MEDIP as a Market Dealer on BT or as a Market Dealer on OT or as an Associate must: have a net worth, as calculated by its respective regulatory instructions for supervisory purposes, of at least Euro 100 million or the equivalent or have in place guarantees to the satisfaction of the Board in an amount of not less than such sum.

Article 6 - Additional conditions for admission for Market Makers on BT and Market Makers on OT

In addition to the conditions in Article 3, an institution that wishes to be admitted to trading on MEDIP as a Market Maker on BT or as a Market Maker on OT must satisfy the Board that: it has a net worth, as calculated by its respective regulatory instructions for supervisory purposes, of at least Euro 250 million, or have in place guarantees to the satisfaction of the Board in an amount of no less than that sum. For the purpose of satisfying this requirement, a Market Maker on BT or a Market Maker on OT shall be permitted to include in its calculation of net worth the net worth of its ultimate holding company.

Article 7 - Admission procedures for Participants

1. The institutions referred to in Article 3.1, that wish to be admitted to trading on MEDIP as a Participant must submit to the Company a written application form. The application must be made in conformity with the model as prescribed for the respective category that the institution wishes to make an application for and signed by such persons' legal representative.
2. The written application for Market Dealer on BT, Market Dealer on OT, Market Maker on BT, Market Maker on OT, or Associates should be made according to the respective model set out in Annex K.
3. The Company shall indicate in the models for application (Annex K) the documentation that must be attached to the application referred to in paragraph 1. In any case the applicant must submit a document demonstrating its membership in the clearing and settlement service referred to in Article 3.2.a.
4. The Company shall consider the application for admission and shall rule, ordinarily, within ninety days of the date on which it receives the application in conformity with the model referred to in paragraph 1 and complete with the documentation referred to in paragraph 3.
5. Together with the acceptance of the application pursuant to paragraph 4, the Board shall fix the date on which the institution admitted may begin trading on MEDIP.

Article 8 - Resignation of Participants

1. Any Participant may resign from membership in MEDIP on giving not less than 3 months notice in writing to the Company.
2. A Market Maker on BT or a Market Maker on OT that resigns from such status in MEDIP will automatically become a Market Dealer on the respective segment, provided that such a party complies with conditions set forth in Articles 3 and 5.

Article 9 - Sponsorship

1. Subject to the submission to the Company of a duly completed application in such form as specified by the Board and confirmation to the satisfaction of the Board that as Sponsor it shall remain jointly and severally liable in all respects for the obligations and liabilities of the subsidiary / branch of the holding company, a market maker may request that such subsidiary / branch be accepted as a Participant. The subsidiary / branch of a Sponsor must satisfy the Board that:

- a. it is a subsidiary of a credit institution that meets the criteria set out in no. 1 of Article 3 or a branch that meets the criteria set out in no. 1 of Article 3;
- b. it has a deposit account with one of the clearing and settlement institutions specified in Annex H and has suitable links with such institutions for the settlement of trades on MEDIP.

The Board shall determine, in its absolute discretion, whether or not to accept such an application from the subsidiary/ branch of a Sponsor.

2. The Company shall maintain a list of those institutions, which are for the time being and from time to time Participants on MEDIP, mentioning the status under which they are present in this market.

SECTION III UNDERTAKINGS OF PARTICIPANTS

Article 10 - Undertakings of Participants

1. Each Participant shall undertake to the Company:
 - a. to notify the Company, without delay, of any interruption in trading due to a breakdown in the computer connection;
 - b. to comply with the Code of Conduct and the Market Rules;
 - c. to act with fairness and honesty;
 - d. to act with due skill, care and diligence;
 - e. to respect and comply with the established operating procedures for the System;
 - f. to refrain from any act that may jeopardise the proper functioning of the System or trading on it;
 - g. not to enter into trades other than for proper trading purposes;
 - h. to be responsible for the acts and omissions of its employees and agents and ensure those assigned to its trading activities on MEDIP are competent and appropriately trained;
 - i. not to disclose Live Data, save as may be required by a regulatory body or court having jurisdiction over the Participant or to members of the same group as the Participant which have entered into a confidentiality agreement with the Company in a form approved by the Board;
 - j. to pay not later than the due date all fees payable to the Company for utilisation of the System;
 - k. to deal with the Company in an open and co-operative manner;
 - l. to have and maintain in its home State all necessary regulatory authorisations, approvals and consents for trading on MEDIP;
 - m. to notify the Company, without delay, of any material change to the information supplied in its application to the Company;

- n. notwithstanding suspension, exclusion or resignation it will comply with any requirements of the Board with regard to the execution of any outstanding contract entered into by it on MEDIP;
 - o. to safeguard passwords etc. and not to allow unauthorised access to the System;
 - p. to show, in principle, the willingness to conclude contracts with each institution that is or will be admitted as Participant;
 - q. to respect and accept the outcome of those checks referred to in the Code of Conduct.
2. The non-fulfilment of the undertaking foreseen in paragraph j), of previous number, is subject to the penalty described in Annex P.

Article 11 - Additional undertakings of Market Dealers on BT, Market Dealers on OT and Associates

In addition to the undertakings in Article 10, each Market Dealer on BT, Market Dealer on OT and Associate shall undertake to the Company:

- a. to ensure continuing fulfilment of the conditions referred to in Articles 3 and 5.
- b. to demonstrate at least once a year, their continuing satisfaction of the conditions for admission referred to in Articles 3 and 5. The Company may require the presentation of any data, information or documents useful to this purpose, including certifications from auditing companies.
- c. to notify the Company immediately in case of a breach of any of the undertakings in paragraphs a and b and Article 10.

Article 12 - Additional undertakings of Market Makers on BT and Market Makers on OT

1. In addition to the undertakings in Article 10, each Market Maker on BT and Market Maker on OT shall undertake to the Company:
- a. to ensure continuing fulfilment of the conditions referred to in Articles 3 and 6;
 - b. to make Proposals on the System in at least the relevant minimum amount, as set out in Annex C in relation to all Benchmark Securities and to each of the Liquid Securities assigned temporarily to it in the respective segment and to do so in compliance with Annex G provided that this obligation shall not apply to a Traded Security while it is suspended from trading on MEDIP;
 - c. to demonstrate at least once a year, their continuing satisfaction of the conditions for admission referred to in Articles 3 and 6. The Company may require the presentation of any data, information or documents useful to this purpose, including their audited accounts;
 - d. to notify the Company immediately in case of a breach of any of the undertakings in paragraphs a, b and c and Article 10.
2. The Board may at its discretion, on the application of a Market Maker on BT or of a Market Maker on OT, agree to a temporary suspension of the undertaking in 1.b above.

SECTION IV TRADING

Article 13 - General system operations

1. The Company shall adopt all acts necessary for the proper functioning of MEDIP.
2. The Board shall determine the formats of the operative and informational computer screen “pages” of the System and may change the formats from time to time.
3. The Board shall promptly inform Participants of any of the Company's actions that affect the operation of the System.

Article 14 - Suspension and postponing of operations

1. The Board may, among other things:
 - a. at any time suspend the operation of all or part of MEDIP if the Board determines that normal market conditions do not apply;
 - b. for the purpose of improving the functioning of MEDIP, postpone the start of trading for the entire System or for single types or categories of financial instrument, or prolong trading beyond the scheduled closing time;
 - c. temporarily suspend trading for the entire System or for individual types or categories of financial instrument, in case of serious technical malfunction or other exceptional circumstances.

Article 15 – Eligible and Traded Securities

1. All Eligible Securities issued by the Republic of Portugal will automatically be selected for trading as a Traded Security, unless the Board decides otherwise.
2. The minimum trading quantities for each Traded Security shall be determined by the Board and set out in Annex C.
3. Eligible securities which are in the process of being issued and for which the IGCP has made an official announcement may be traded on an as-if-and-when-issued basis from the day on which the announcement has been made to the day on which those securities will have been effectively issued, subject to prior consent of the Board. The rules that will apply to the trading of those securities are defined by the Board.
4. The Company shall give no less than 5 Trading Days notice to all Participants in the System of any change in the list of Benchmark and Liquid Securities.

Article 16 - Suspension and de-selection of Traded Securities

1. The Board may suspend a Traded Security with immediate effect if, in its opinion, in relation to that Traded Security, normal market conditions have ceased to apply. The suspension may also be decided after a specific request for suspension has been made by a Participant.
2. The Board may lift a suspension of a Traded Security if, in its opinion, the cause of the suspension no longer applies. However, if a Traded Security is suspended for a period of six months it shall automatically be de-selected by the Board at the following Quarterly Review as specified in paragraph 3 below.

3. The Board shall determine which Traded Securities are to be de-selected at a meeting of the Board to be held no less frequently than once every three months ("the Quarterly Review").
4. Any decision by the Board to de-select a Traded Security shall be made after trading hours and shall be announced to all Participants on the System before the commencement of trading on the next Trading Day.

Article 17 - Assignment of Liquid Securities to Market Makers on BT and Market Makers on OT

1. The Board shall, on the basis of the criteria in Annex L, assign the Liquid Securities among the Market Makers on BT and the Market Makers on OT and may, from time to time change that assignment, but no more regularly than on a monthly basis.
2. The Board shall notify each Market Maker on BT and Market Maker on OT as to the Liquid Securities assigned to it pursuant to Article 12.1.b not less than 2 Trading Days prior to the obligation to make proposals in such Liquid Securities by electronic notification. Market makers shall not be entitled to require information as to which Liquid Securities have been assigned to the other Market Makers on BT or Market Makers on OT.
3. A Market Maker on BT or a Market Maker on OT shall be entitled (but not obliged) to make Proposals in the respective segment in relation to any Traded Security on the System that has not been assigned to it.
4. The Company shall give not less than 5 Trading Days notice to Market Makers on BT and to Market Makers on OT of additional Liquid Securities and the allocation thereof.

Article 18- Proposals

1. Only a Market Maker on BT or a Market Maker on OT, which has not been suspended, or to whom suspension no longer applies, may make Proposals in relation to Traded Securities on MEDIP.
2. Each Proposal to buy a Traded Security must be made with a corresponding Proposal to sell that same security and vice-versa.
3. Proposals in respect of Traded Securities shall be formulated in accordance with the quotation, spread and other obligations specified in Annex G.
4. Proposals may be modified at any time as specified in Annex G, but a Market Maker on BT and a Market Maker on OT is obliged to conclude all contracts, at the price quoted and up to the volume offered, for those Applications, which have been confirmed by the System prior to reception of such modification. Without constituting a contravention of the obligation in Article 12.1.b, a Market Maker on BT or a Market Maker on OT may suspend a Proposal for up to 300 seconds.
5. Proposals relating to each Traded Security are ordered by the System according to best price and, subordinate to that, according to time of entry. At the end of each Trading Day, Proposals still registered in the System shall be automatically cancelled.
6. A Market Maker on BT and a Market Maker on OT may enter into the System both buy and sell Proposals for all Traded Securities assigned to it, in the respective segment, prior to the start of the Trading Hours, as such term is defined in Annex E, but such Proposals will not be displayed to other Participants until the start of the Trading Hours.

SECTION V CONTRACTS

Article 19 - Trades

Trades shall be carried out by Participants in their own name and on their own account.

Article 20 - Types of Contracts

1. The Board shall determine and shall specify in Annex D the types of contract by means of which each Traded Security may be traded on MEDIP.
2. The Board shall approve the form or forms of master agreement to be used in respect of trading of Traded Securities on MEDIP, or alternatively the Board may determine that Traded Securities may be traded on MEDIP by Participants relying on normal market practice, in conformity with these Market Rules and annexes. Only contracts conforming to an approved master agreement or under normal market practice may be traded on MEDIP.

Article 21 - Conclusion and registration of contracts

1. Contracts are concluded by the matching, according to procedures laid down by the Company in Article 22, of a Proposal and an Application or of two Proposals. The contract shall be deemed to be concluded at the time when the System displays on the screen the matching referred to above.
2. A Proposal that has received a partial Application shall be considered an effective Proposal for the residual portion, retaining the time priority originally assigned to it, in conformity with the rules established by Article 22.
3. In addition to the input of Proposals, and the matching of Proposals and Orders, or the matching of two Proposals as set out in the preceding sections, where there is:

(a) a higher level of liquidity in a certain security (as determined by the Company from time to time); and

(b) where the functionality is available (as set out in the system pages)

the System will calculate a "Mid Price" between the prevailing bid-offer spread. Participants may put in a Single-Sided Quote at this Mid-Price. These Quotes will only be automatically matched to Orders at this Mid-Price.

4. Quotes on "Mid-Prices" will be subject to a different minimum execution size ("Minimum Mid-Price Execution Size") which will be set by the Company (and set out on the system pages). Participants may enter Quotes with a higher execution size than the Minimum Mid-Price Execution Size, but not a lower size.
5. All the contracts concluded on MEDIP shall be registered by the Company in a special computer file, by the procedures laid down by the Company in Article 23.
6. All transactions of Eligible Securities which are in the process of being issued, and which have been executed between the official coupon announcement and the auction settlement day, will be settled on the auction settlement day.

Article 22 - Procedures for the conclusion of contracts

1. Applications are made by indicating the quantity and the "exclusion price". The "exclusion price" indicates the price up to which the best conditions exist for the Participant which sends the Application and hence the price up to which it is willing to execute the contract. The Application is carried out automatically up to the "exclusion price" (included).

2. With the limit of the "exclusion price" standing firm, the matching of a Proposal with an Application which results in the conclusion of a contract, occurs, until the desired quantity is reached, according to the following criteria:
 - a. Firstly the "Best Price" of the moment is applied;
 - b. Should there be more Proposals for the "Best Price " of the moment, then the matching occurs according to when the Proposals were inserted, starting from the least recent, to the most recent.
 - c. If applying the above mentioned criteria the entire quantity of the application is not fulfilled, then the closest price to the "Best Price" is applied and so on.
3. The provisions contained in the preceding paragraph are also to be applied for the conclusion of contracts by the matching of two Proposals.
4. It is at the market makers' discretion whether or not to accept Applications that are less than the minimum trading quantities as specified in Annex C, for the respective segment.

Article 23 - Procedures for the registration of contracts

The Company shall create an electronic file in which the data regarding the contracts executed on the System are registered in real time. Each separate contract shall have an identification number, for:

- a. the contracting parties;
- b. type, object and time of conclusion of the contract;
- c. quantity and price.

Article 24 - Execution of contracts

1. In accordance with the procedures set by those clearing and settlement institutions indicated in Annex H, the execution of spot contracts shall take place according to the rules set out in Annexes I and J.
2. Participants agree to give the Company the right to transmit settlement instructions on their behalf to the clearing and settlement institutions specified in Annex H.
3. In the event that a Participant is unable to verify on its screen the contracts executed by it on the System, a procedure for solving the impediment is set out in Annex N.

Article 25 - Cancellation of Trades

The cancellation of incorrect operations shall be carried out by the Company according to the procedure described in Annex O.

Article 26 - Law governing contracts

All contracts concluded on MEDIP shall be governed by the laws of Portugal, by the present Market Rules and by normal market practice.

SECTION VI PROVISION OF INFORMATION

Article 27 - Provision of information to Participants

1. The Company shall make available to Participants such information as it deems necessary for the correct performance of trading activities and for the execution of the contracts concluded on MEDIP.
2. For each Traded Security traded on MEDIP, the Company shall make available to each Participant admitted to the respective Segment, in real time via the System, the following information on the current day's operations:
 - a. price and quantity of the best buy and sell Proposals;
 - b. price, quantity, and time of the most recently concluded contracts;
 - c. low, high, and weighted average price, plus volume exchanged, of the contracts concluded during a period of System operation, not longer than two hours, established in Article 23.
 - d. for each Participant, the itemised list of all the contracts it has concluded.
3. For each Traded Security traded on MEDIP, the Company shall make available to each Market Maker on BT and Market Maker on OT, in real time via the System, the following information on the current day's operations:
 - a. all the Proposals such market maker has input on the System, with price and quantity;
 - b. the current status of all the proposals such market maker has entered.
4. The Company shall make available to each Participant, via the System, the following tables, updated daily:
 - a. complete table of the identification codes of each Traded Security, including the settlement date for concluded contracts;
 - b. table, with identification codes, of all Participants and descriptions, with indication of the participants that are indirect members of the clearing and settlement services and of those institutions -- direct members of said services -- that have signed with the former payment and collection agreements.
5. At the end of each Trading Day the Company shall make public a list, drafted in accordance with Annex M, that reports, for each Traded Security traded on MEDIP, at least the day's low, high, and weighted average price and total volume exchanged, calculated with reference to the contracts concluded in the entire day. The Company may specify cases in which, for purposes of the calculation, transactions considered anomalous are not taken into account.
6. For each Traded Security traded on MEDIP, the Company shall make available in real-time and via any means, the information relating to the price and quantity of the best buy and sell Proposals.

Article 28 - Provision of information to the authorities

The Company shall supply to the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) data and information on the contracts concluded and the activities carried out by Participants on MEDIP and all other data, information, acts or documents as so

requested by the Portuguese Securities Market Commission or required for the Company to comply with its obligations to the Portuguese Securities Market Commission.

Article 29 - Provision of information to the issuer

The Company shall supply to the IGCP (or any successor thereto) data and information of a general nature on the contracts concluded and the activities carried out by Participants on MEDIP whereby it is explicitly understood that the Company shall not supply IGCP with any specific information on the daily activity of any individual Participant.

SECTION VII INFRACTIONS TO THE MARKET RULES, SANCTIONS AND RESPECTIVE PROCEDURE

Article 30 – Market Rules infractions

1. The Company is competent to the sanctionary activity for any breach of the market rules.
2. It shall be subjected to the application of a sanction the practice, for a Participant, of any behaviour, even if it is merely negligence, that constitutes a Market Rules' violation.
3. Amongst others, the following behaviours of a Participant shall constitute a Market Rules' breach:
 - a) The non compliance with the obligations foreseen in Articles 10 to 12 of the Market Rules;
 - b) The violation of the duties foreseen in Articles 19 to 26 of the Market Rules;

Article 31 - Sanctions

1. The infractions to the Market Rules established in Article above shall be sanctioned through the application of one of the following penalties:
 - a) Written censure;
 - b) Fine, between EUR 2,000 and 20,000 ;
 - c) Suspension from trading in the System, for a period of time, of no more than 2 months;
 - d) Exclusion, from the MEDIP, for a minimum period of time of one year.
2. In the application of sanctions, it shall be specially taken into consideration, the previous behaviour of the Participant and the consequences, for the market, derived from the practice of the infraction.
3. In case a Participant, after being subjected to one of the sanctions referred to in paragraph 1 above, for the breach of Market Rules, is held responsible, within a period of six months for further breaches, the sanction to be applicable to that Market Participant shall be the subsequent one in the sanctions scale that would be applicable to that breach.
4. A Participant that has been excluded from trading on MEDIP may, at the sole discretion of the Company, be re-admitted to MEDIP, provided that the said Participant files a new admission application, but never before one year has elapsed from the date of notification of the exclusion decision.

Article 32 - Procedure

1. Whenever the practice of any behaviour that breaches the obligations established in the Market Rules occurs, the Company, after hearing the «*Wise Men Committee*», shall report to the

Participant that has committed the respective infractions, its intention of proceed with the application of a sanction, presenting a written notice with specific description of the facts that are attributed to the Participant.

2. The Participant shall have 10 working days for the consultation of the file and respond to the notice, by a written response containing the elements which he consider relevant for the enlightenment of the facts and his participation in those facts, being the Participant able to present documents and request probative diligence that are shown pertinent for the truth enlightenment.
3. The Company, directly or through an appointed instructor, shall obligatory proceed to the probative diligence required in the response to the charge.
4. The Company does not have to hear more than three witnesses for each described fact, or more than a total of ten. For this purpose, the Participant is responsible for the witness's appearance.
5. Once the probative diligence is concluded, the file should be returned to the «*Wise Men Committee*» which in turn should, within a five weekly days period of time, give its opinion.
6. After the deadline mentioned in paragraph 5 above has elapsed, the Company shall have thirty days to issue the decision, which must be duly grounded, in writing and shall be recommitted to the Participant involved.
7. The decision shall take into consideration the circumstances of the situation, the adjustment of the sanction to be applied in accordance with article 32nd, number 2 of the Market Rules, as well as the opinion presented accordingly to the previous number, and such decision can not refer facts not mentioned in the written charge, neither not mentioned in the defence, except if they reduce or extinguish the Participant responsibility.

Article 33 – Forfeiture of the sanctionary procedure exercise

The sanctionary procedure must be initiated within the following sixty days as of the date when the Company had knowledge of the practice of the infraction, under penalty of forfeiture.

SECTION VIII LIABILITY AND DISPUTES

Article 34 – Liability

1. The Board reserves the right to terminate MEDIP at any time.
2. The Company shall have no liability (save for a refund of the pro-rata part of any pre-paid fees) to any Participant in respect of any suspension or termination of MEDIP.
3. In the absence of wilful misconduct and/or gross negligence on its part, the Company shall have no liability to any Participant or any other person with respect to any action taken or omitted to be taken in connection with providing the services contemplated by these Market Rules. Further, the Company shall have no liability to any Participant or any other person for consequential, indirect or unforeseeable loss or damage.

Article 35 - Disputes

Upon applying for membership in MTS Portugal, each Participant accepts an arbitration agreement whereby all disputes that may arise with the Company in relation to said membership and the acts

consequent thereto, including those concerning the application and the interpretation of the present Market Rules and its Annexes, and amendments thereto will be put forward to the Wise Men Committee foreseen in Annex to the Code of Conduct.

MARKET RULES OF MEDIP

ANNEXES

Annex A - Maturity buckets

Traded Securities shall be classified in the following maturity buckets according to their remaining maturity:

Short term	Up to 1 year
Bucket A	1 year to 3.5 years
Bucket B	3.5 years to 6.5 years
Bucket C	6.5 years to 11.5 years
Bucket D	+ 11.5 years

Annex B – List of securities to be traded

OT/OTRV Segment and BT Segment

All Portuguese government securities issued or in the process of being issued by the Republic of Portugal. For the detailed list of securities please consult the list published in the website of the Company.

Listing of new OT

All Portuguese government bonds (OT) in the process of being issued by the Republic of Portugal with a minimum size of 2.5 bln €, the commitment of IGCP to reach within a certain period of time an outstanding amount of no less than 5 bln € and offered in the last resort repo window provided by IGCP, will be automatically listed in MEDIP as a benchmark security, starting with the corresponding market making obligations in the business day immediately after its pricing.

Annex C - Minimum trading quantity

OT/OTRV Segment

Benchmark Securities	Euro 5 million
Liquid Securities	Euro 2.5 million
Regular Securities	Euro 2.5 million

It is at the market maker's discretion whether or not to accept Applications that are less than Euro 5 million for Benchmark Securities and Euro 2.5 million for Liquid Securities and Regular Securities.

BT Segment

All Securities	Euro 5 million
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It is at the market maker's discretion whether or not to accept Applications that are less than Euro 5 million for all Traded Securities in this Segment.

Annex D - Contracts

Spot buy or spot sell contracts.

Annex E - Trading hours (CET)

7.30 a.m. – 8.00 a.m.: Pre-Market phase, during which only market makers are operative; during this time period the market makers can insert and change their Proposals by way of the Insertion Page. Each market maker can only see his own proposals.

8.00 a.m. – 8.30 a.m.: Preliminary Market phase, during which all Participants can operate, on the basis of the user profile assigned to them; it is possible for all Participants to send Applications. During this time period the automatic matching of Proposals is not active. Specifically:

- Proposals can be inserted;
- there is no automatic matching of Proposals;
- the Best Page is supplied and the updated aggregates are calculated;
- all Participants can send Applications;
- applications that meet the requirements and are equal to or over Euro 2.5 million are accepted automatically by the System;
- Market makers can decide whether to accept trades for amounts under Euro 2.5 million (only in this case the matching remains on the peripheral system).

8.30 a.m. – 5.30 p.m.: Open Market phase, during which all Participants can operate on the basis of the user profile assigned to them. The automatic matching of Proposals is active until the market closes. The System will send signalling messages to the Participants before the start of the Open Market phase occurs. Should there be a blackout, the System will use it to clear the automatic matching and promptly re-constitute the Best Page.

5.30 p.m. – 7.30 a.m.: Closed Market phase, during which the market is completely inoperative. During this time period Participants can only send and receive messages, examine statistics concerning the day's negotiations, receive reports, lists and indexes and load new peripheral software. During this phase, there is a technical break from 8.30 p.m. to 12.00 p.m. during which the reorganisation of the files for the following day of negotiations and for the maintenance of the applications and of the systems takes place.

Annex F – Trading days

A trading day on MEDIP is defined by the Target calendar. Thus, every weekday during the calendar year will be a trading day on MEDIP, except for 1 January, Holy Friday, Easter Monday, 1 May, 25 and 26 December.

A Market Maker on BT and a Market Maker on OT shall be relieved from its obligations under Article 12.1.b on such days which are recognised public holidays in the Participant's country of operation such that the Market Maker on BT and the Market Maker on OT is not in default of its undertaking for failing to comply its obligation on such days.

Annex G - Quotation/spread obligations

The Proposals inserted in respect of the following obligations must be valid for a minimum of five hours per Trading Day.

The maximum bid/offer spread is considered up to 50% above the average practised in the market for each security during the day.

A participant is considered compliant if he quotes a security during a minimum of 5 hours and with a bid/offer spread within the range above mentioned.

	Benchmark Securities	Liquid Securities
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	<i>Max. b/o spread</i>	<i>Min. quantity</i>	<i>Max. b/o spread</i>	<i>Min. quantity</i>
BT	4 basis points	Euro 5 million	4 basis points	Euro 5 million
OT/OTRV				
Bucket A	4 ticks	Euro 5 million	5 ticks	Euro 5 million
Bucket B	5 ticks	Euro 5 million	7 ticks	Euro 5 million
Bucket C	7 ticks	Euro 5 million	10 ticks	Euro 5 million
Bucket D *	12 ticks	Euro 5 million	25 ticks	Euro 2.5 million

* - *Special conditions apply to OT 4, 1% April 2037, accordingly with the specific resolution of the Board of Directors: 20 ticks/ EUR 5 million..*

Annex H - Clearing and settlement institutions

- Euroclear and Clearstream.

Annex I - Clearing and settlement procedures

Transactions executed on MEDIP are settled on a *delivery-versus-payment* basis, i.e. securities and cash are exchanged simultaneously. Settlement is simulated trade by trade, i.e. each specific instruction is attempted independently (there is no *netting*).

The System will be connected to Euroclear and Clearstream via the SWIFT network. At the end of each trading session, the System will send instructions to the settlement agents on behalf of Participants. For each transaction two SWIFT 580 records will be created: one for the buyer, the other for the seller.

Each 580 record will include all the settlement details, including the settlement amount calculated by the system.

Institutions will receive the matching status reports and the settlement status reports from Euroclear and Clearstream in the usual manner. Transactions executed on MEDIP will be distinguished by a special reference code.

At the end of the trading day, Participants receive detailed trading activity reports, with settlement details, through activity pages on the System.

Participants will authorise Euroclear and Clearstream to settle instructions sent by MTS Portugal by executing "Power of Attorney" – arranged by Euroclear and Clearstream – in favour of MTS Portugal.

On the Power of Attorney each Participant must specify the account number he wants to be operated. Every participant will be allowed to use only a single account for clearing transactions executed on MEDIP.

Executing the Power of Attorney, Participants also authorise the Company to receive a daily fail report with indications of the trades either not settled on the value date, cancelled or modified by members. When a transaction has been reported as having failed settlement it is to the initiative and responsibility of Participants in the referred transaction to take the necessary actions to overcome it, following the usual practice of Euroclear and Clearstream.

Annex J - Settlement cycle

The settlement period for transactions in MEDIP is T+3 for the OT/OTRV Segment and T+2 for the BT Segment. Transactions settle in the Euroclear and Clearstream overnight securities settlement processes which take place before settlement date.

Annex K - Membership multi-market application forms

Anexo K – Minuta de pedido de admissão multi-mercados



APPLICATION FORM

MARKET PARTICIPANT:	
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NEW PARTICIPANT

EXISTING PARTICIPANT – NEW MARKETS

Note: Existing Participants selecting New Markets need only to complete Annex A and Item 9, unless there are changes to their original application form.

1. General Membership Obligations, Markets Participation and Category of Membership

1.1

This Application Form with the relevant Annexes represents the admission agreement for participation on the relevant MTS Market.

Please complete Annex A, the Markets Annex, attached to this form by ticking the relevant box for each market/segment on which you wish to participate and then complete any other appropriate Annexes and related documentation (e.g., power of attorney) as provided.

1.2

On acceptance as a Market Participant, we hereby acknowledge and confirm that the participation by us on the selected Market(s) for the membership category indicated in Annex A and any related Annexes and documentation shall at all times be governed by the applicable market rules (“Market Rules”) for those Markets (as defined in Annex A) as determined by the legal entity that governs the market (“Governing Entity”) and where we have any market making commitments or obligations in relation to the Market(s), we hereby acknowledge and confirm that we shall satisfy those commitments or obligations as set out in the applicable Market Rules.

2. Market Participant Details

Our details are as follows:

NAME OF MARKET PARTICIPANT:	
NAME OF MAIN CONTACT AT MARKET PARTICIPANT:	
EMAIL ADDRESS(ES):	
ADDRESS OF MARKET PARTICIPANT:	
WEBSITE ADDRESS OF MARKET PARTICIPANT (IF APPLICABLE):	
TYPE OF INSTITUTION (E.G. BANK, CORPORATE ETC):	
PLACE OF INCORPORATION OF MARKET PARTICIPANT:	
DATE OF INCORPORATION OF MARKET PARTICIPANT:	
LEGAL STATUS OF MARKET PARTICIPANT	

(E.G., PRIVATE LIMITED COMPANY, PUBLIC LIMITED COMPANY OR JURISDICTIONAL EQUIVALENT)	
COMPANY REGISTRATION NUMBER (OR JURISDICTIONAL EQUIVALENT) OF MARKET PARTICIPANT:	
MARKET PARTICIPANT – COMPANY VAT NUMBER (OR JURISDICTIONAL EQUIVALENT):	
PARENT COMPANY OR ULTIMATE HOLDING COMPANY (IF ANY):	

3. Market Participant Verifications

3.1

The Market Participant confirms that (*please tick at least one box*):

- (I) it is a European Union Bank or non-European-Union Bank authorised to perform the service envisaged in Article 1, Directive 93/22/EEC, or
- (II) it is a European Union investment or non-European-Union investment firm authorised to perform the service envisaged in Article 1, Directive 93/22/EEC, or
- (III) it is a Monetary authority, central bank, public entity responsible for managing the public debt or other entity which have similar functions in EU and non-EU countries.
- (IV) With respect of some specific MTS markets, it is a:
 - (a) Insurance company, or
 - (b) Asset management company or SICAV, or
 - (c) Foreign insurance company or foreign party which performs asset management if suitable forms of supervision exist in their country of origin;
 - (d) Italian bank foundation.

3.2

The Market Participant confirms that:

it meets the minimum net worth (balance sheet) and/or trading volumes requirement in accordance with the relevant Market Rules for each Market for which it has applied for authorisation to participate in.

If deemed necessary the Governing Entity can ask the applicant to demonstrate the above by appropriate documentation from a certified auditing company

3.3

The Market Participant confirms that:

it is a fit and proper entity to be a Market Participant and has in place an adequate organisation to be the category of membership in respect of which it has applied in accordance with the Market Rules

3.4

The Market Participant hereby acknowledges and confirms that:

it has all the relevant and necessary regulatory approvals and authorisations under applicable laws in order to engage in the activities to be undertaken on each of the applicable Market(s) in regards to its category of membership

it has not previously been refused admission to a regulated market, or to an multilateral trading facility

following any previous admission to a regulated market or a multilateral trading facility it has not had such admission withdrawn

The details of the regulatory authorisation referred to in this Clause 3.4 are as follows:

NAME OF COMPONENT AUTHORITY PROVIDING REGULATORY APPROVAL/AUTHORISATIONS	
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COUNTRY OF RESIDENCE OF COMPETENT AUTHORITY	
TYPE OF AUTHORISATION GRANTED TO MARKET PARTICIPANT	
REFERENCE NUMBER AND/OR DATE OF GRANT OF AUTHORISATION	

4. Information to Access the Market(s)

4.1

The Market Participant confirms that it would like to connect to the applicable Markets using

- (I) One of the MTS authorised network providers and it has completed and submitted a Technical Services Request Form (as provided) for connection to the MTSMarkets.
- (II) MTS Internet solution

5. Settlement Authority and Central Counterparty

5.1

The Market Participant authorises its Trading Contact and/or Settlement Contact to complete the appropriate Settlement Annex as provided by the Governing Entity for each settlement authority and central counterparty (if applicable) as required for trading on the applicable Market(s) in accordance with the Market Rules, and such Settlement Annex shall be properly completed before the Market Participant is admitted for trading on the applicable Market(s).

5.2

The Market Participant agrees to enter into any authority in favour of the applicable Governing Entity which the settlement authority or central counterparty requires, and, where the Market Participant is an indirect subscriber, to enter into an agreement with the agent in the form specified by the applicable Governing Entity.

5.3

The Market Participant shall inform the applicable Governing Entity of any changes to its account details as provided in the appropriate Settlement Annex for each settlement authority and central counterparty prior to those changes becoming effective otherwise the Governing Entity may suspend the Market Participant with immediate effect or take any other action as set out within the applicable Market Rules.

5.4

The Market Participant confirms, by ticking the box, that:
it has in place the appropriate settlement or central counterparty facilities for each Market in accordance with its Market Rules and this Clause 5 as set out in the relevant attached Settlement Annex(es), including where required to have a direct or indirect (as applicable) deposit account with that institution.

6. Designated Persons

6.1

The following are the primary contacts for the purposes of the various Markets unless otherwise listed in the appropriate Annex(es):

	TRADING CONTACT	SETTLEMENT CONTACT	IT CONTACT	ACCOUNTING CONTACT
NAME:				
ADDRESS:				
TEL:				
FAX:				
EMAIL:				

6.2

The Market Participant confirms that its designated traders shall be fully aware of the technical functionality of the Market(s) and further, shall be familiar with the applicable Market Rules.

6.3

The Market Participant confirms that its designated traders shall be duly authorised to enter into trades on the Market(s) and the organisation shall be bound by any trades executed on the Market(s) by itself through its market connection whether authorised or not.

7. Declarations of the Market Participant

7.1 Disputes

The Market Participant agrees and acknowledges that any disputes that may arise between the Governing Entity and the Market Participant in relation to its participation on the relevant Market(s) shall be dealt in accordance with the applicable Market Rules and further shall be determined exclusively subject to arbitration and/or the governing law and jurisdiction provisions as set out within the applicable Market Rules for the appropriate Market.

7.2 Compliance with the Market Rules of the Market

The Market Participant hereby undertakes to the Governing Entity and to all other Market Participants on the relevant Market(s) to be subject to and to comply with the provisions of the Market Rules of those relevant Market(s).

7.3 Information True and Correct

The Market Participant declares that the information given in this Application Form is true and correct.

7.4 Data Protection and Non Dissemination of Information

- (a) The Market Participant acknowledges that each respective Governing Entity shall process personal data, in accordance with the requirements of the relevant applicable legislation and for MTS Italy Market Participants only shall be as provided in Annex F.
- (b) The Market Participant undertakes not to distribute or disseminate in any form any information (whether confidential or otherwise) relating to the Market (including market data or information) and shall procure that any person operating on the Market or for or on behalf of its account complies with the requirements of this Clause 7.4 whilst working for or employed by the Market Participant;
- (c) The Market Participant undertakes to not disclose and to take any necessary steps not to disclose passwords or any other security codes issued by the Governing Entity, and not to disclose this type of information to other persons than the ones designated to intervene on the Market.

7.5 Third Party Liability

The Market Participant undertakes to hold the Governing Entity harmless for any liability to the Market Participant for any damage, costs, and/or failure to connect to the Market(s) caused in whole or part by third party software used by the Market Participant to access and trade on the Market(s) whether or not such software is authorised in any manner to be used to connect and access the Market(s). The Market Participant acknowledges that any such claims it may have for any such damages will be solely against that third party software provider and not the Governing Entity or any of its associated companies.

7.6 Force Majeure Events

- (a) A Force Majeure Event means any event beyond the reasonable control of the Market Entity which prevents the Market Entity from operating and/or managing the respective Market. Such Force Majeure Events shall include but not be limited to (I) an act of God; (II) governmental act; (III) war; (IV) fire; (V) flood; (VI) explosion; (VII) civil commotion; (VIII) strikes (full or partial); (IX) lockout or other form of industrial action; (X) accidents; (XI) riots; (XII) sabotage or (XIII) change in applicable legislation and regulations.
- (b) If a Force Majeure Event affects a Market Entity then such Market Entity shall be entitled to suspend the relevant MTS Market and/or any trading activity in respect of such relevant MTS Market. As a result, where settlement instructions in respect of trades executed on an MTS Market cannot be sent to a clearing and/or settlement institution as a result of a Force Majeure Event then the Market Entity shall be entitled to cancel any such trades executed on or after the time at which the Force Majeure Event affected the relevant MTS Market. Additionally, where a Force Majeure Event affecting a clearing and/or settlement institution prevents it from receiving any settlement instructions from a Market Entity in respect of trades executed on an MTS

Market then the Market Entity shall be entitled to cancel any trades executed on or after the time at which a Force Majeure Event affected the relevant clearing and/or settlement institution.

7.7 Limitation of Liability

The Market Participant acknowledges that the Governing Entity shall not be held liable for:

- (a) any breach of the Market Rule(s) by a Market Participant; or
- (b) any act or omission of the Governing Entity's directors, officers, employees, or representatives in policing the Market Rules; or
- (c) for any inability of any Market Participant to access any relevant Market; or
- (d) any failure or interruption or malfunction of any information technology services provided by any Governing Entity either directly or through a third party supplier;
- (e) The suspension of an MTS Market, any trading activity or the cancellation of any trades as a result of a Force Majeure Event

The Market Participant acknowledges and agrees that the exclusion of liability under this Clause 7 shall not apply where such liability has been caused by negligence (gross or other), fraud or wilful misconduct and further does not attempt to exclude any liability that cannot be excluded under applicable and relevant laws

7.8 Audit

The Market Participant undertakes to accept audit procedures initiated by the Governing Entity and executed by the Governing Entity or by any company specifically designated in this purpose, in order to ensure the compliance by the Market Participant of the relevant Market Rules and of the IT procedures in accordance with the provisions of the applicable Market Rules.

7.9 Fees

The Market Participant undertakes to pay to each Governing Entity without delay upon receipt of the invoices issued by the Governing Entity. These fees are in respect of services provided by each Governing Entity. In respect of the MTS Markets organised and managed by MTS SpA, such MTS Markets being MTS Italy and BondVision, those fees will be as set out in the Fees Annex provided to the Market Participant on acceptance for trading on either MTS Italy or BondVision. For all other MTS Markets, the fees will be as notified to the Market Participant by the relevant Governing Entity in accordance with its usual practises. The Market Participant acknowledges and agrees that the fees set by each Governing Entity in relation to its respective MTS Markets may be amended from time to time and such revised fees will be notified to the Market Participant as required under the Market Rules or as prescribed in accordance within the practises of such Governing Entity and in such cases, will be communicated to the Market Participant by letter or e-mail. as appropriate.arsha-agost

8. General Terms and Conditions

- (a) This Application Form, including the relevant Annexes, shall be subject to and interpreted in accordance with the Market Rules of the applicable Markets.
- (b) The governing law and jurisdiction of this Application Form shall be as set out in the relevant and applicable Market Rules.
- (c) Terms not defined herein shall have the meaning prescribed to them in the applicable Market Rules, save where the context otherwise requires. Where there is any conflict between the terms of this Application Form or the Annexes and the applicable Market Rules, the applicable Market Rules shall take precedence.

- (d) On receipt of the correctly completed Application Form, in as many originals or certified copies as there are Governing Entities involved, the Governing Entity may and further, reserves the right to make any additional enquiries in respect of the Market Participant that it deems fit in order that the Governing Entity has sufficient information in order to determine whether or not to authorise the Market Participant to participate on the applicable Market(s).
- (e) It is hereby understood that notwithstanding the foregoing and irrespective of whether the Market Participant satisfies all the relevant criteria required by the Governing Entity for admission to the applicable Market(s), the Governing Entity reserves the right to refuse any authorisation for the Market Participant to participate on the applicable Markets applying non discriminatory criteria. Moreover, such right shall not be unreasonably invoked and further, the Governing Entity reserves the right to conduct any other relevant due diligence in respect of the Market Participant that may be required in order to be satisfied that the Market Participant has met all other relevant criteria in order to be admitted to trade on the Market(s).
- (f) The terms of this Application Form shall be effective from the date of its signature and shall remain in force unless notice to terminate is given by the Market Participant to the Governing Entity in accordance with the applicable Market Rules. It is understood that if the termination notice is not given for all the relevant MTS Markets then the terms and conditions of this Application Form shall remain in force for the remaining applicable Markets on which the Market Participant wishes to remain a member.

9. Execution

EXECUTED ON BEHALF OF THE MARKET PARTICIPANT IN RELATION TO EACH APPLICABLE MARKET (SIGNATURE):	
NAME OF ABOVE SIGNATORY:	
OFFICE HELD BY SIGNATORY DULY AUTHORISED FOR AND BEHALF OF (NAME OF MARKET PARTICIPANT):	
DATED:	

The Market Participant, pursuant to section 1341 and 1342 of the Italian Civil Code, gives its express approval to Clauses 7 and 8 (note that this is mandatory for Application Forms completed which include participation on MTS Italy and the BondVision market)

(Authorised Signatory)

Annexes (for each applicable Governing Entity):

- Annex A Markets Annex
- Annex B Market Regulation
- Annex C Settlement Annex
- Annex D Primary Dealer/ Dealer Requirements, for markets governed by MTS SpA only.
- Annex E Fees Annex
- Annex F Privacy Annex, for markets governed by MTS SpA only.

ANNEX A - MARKETS ANNEX

The definitions included in this Annex are used for marketing purposes only and shall be subject to and interpreted in accordance with the Market Rules of the relevant market(s).

Market Participant:

CASH TRADING FACILITY					
GOVERNINO ENTITY	MARKET/SEGMENT DENOMINATION	BOND TYPE			
EUROMTS PARTICIPANT APPLYING AS		<input type="checkbox"/> SMS	<input type="checkbox"/> EPD	<input type="checkbox"/> PT	
			MM	PT	
EuroMTS Ltd	AUSTRIA	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	BELGIUM	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	FINLAND	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	FRANCE	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	GERMANY	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	GREECE	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	IRELAND	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	ITALY	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	PORTUGAL	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	SPAIN	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	THE NETHERLANDS	BENCHMARK BONDS	<input type="checkbox"/>	<input type="checkbox"/>	
	EUROMTS LINKERS	FRENCH INFLATION LINKED		<input type="checkbox"/>	<input type="checkbox"/>
		GERMAN INFLATION LINKED		<input type="checkbox"/>	<input type="checkbox"/>
		GREEK INFLATION LINKED		<input type="checkbox"/>	<input type="checkbox"/>
		ITALIAN INFLATION LINKED		<input type="checkbox"/>	<input type="checkbox"/>
	EUROMTS T-BILLS	FRENCH T-BILLS		<input type="checkbox"/>	<input type="checkbox"/>
		GERMAN T-BILLS		<input type="checkbox"/>	<input type="checkbox"/>
		GREEK T-BILLS		<input type="checkbox"/>	<input type="checkbox"/>
		ITALIAN T-BILLS		<input type="checkbox"/>	<input type="checkbox"/>
	MTS QUASI-GOVERNMENT MARKET *	EIB, FRM, KFW, DEPFA, BK OF ENG, KOD, SWL, NRW, CADES, ERAP, UNEDIC		<input type="checkbox"/>	<input type="checkbox"/>
	NEWEUROMTS *	POLAND, CZECH REP, HUNG, LITHU, SLOVAKIA, SLOVENIA, CYPRUS		<input type="checkbox"/>	<input type="checkbox"/>
	EUROGLOBAL MTS *	GROUP A GROUP B		<input type="checkbox"/>	<input type="checkbox"/>
	<i>* MARKET MAKING SELECTION: SEE SEPARATE SHEET</i>				
	EUROCREDIT MTS	PFANDBRIEFE		<input type="checkbox"/>	<input type="checkbox"/>
		CEDULAS		<input type="checkbox"/>	<input type="checkbox"/>
		UK COVERED BONDS		<input type="checkbox"/>	<input type="checkbox"/>
		IRISH COVERED BONDS		<input type="checkbox"/>	<input type="checkbox"/>
		OTHER COVERED BONDS		<input type="checkbox"/>	<input type="checkbox"/>
MTS CEDULAS	CEDULAS		<input type="checkbox"/>	<input type="checkbox"/>	
MTS AUSTRIAN MARKET	GOVERNMENT BONDS		<input type="checkbox"/>	<input type="checkbox"/>	
MTS GREEK MARKET	GOVERNMENT BONDS		<input type="checkbox"/>	<input type="checkbox"/>	
	INFLATION LINKED		<input type="checkbox"/>	<input type="checkbox"/>	
MTS IRELAND	GOVERNMENT BONDS		<input type="checkbox"/>	<input type="checkbox"/>	
MTS ISRAEL	GOVERNMENT BONDS		<input type="checkbox"/>	<input type="checkbox"/>	

SMS: Single Market Specialist

EPD: European Primari Dealer

MM: Market Maker

PT: Price Taker, Market Dealer or Market Taker

GOVERNMENT ENTITY	MARKET/SEGMENT DENOMINATION	BOND TYPE	MM	PDP	PT
MTS AMSTERDAM NV	MTS AMSTERDAM	GOVERNMENT BONDS T-BILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MTS ASSOCIATED MARKETS SA	MTS BELGIUM	GOVERNMENT BONDS STRIPS T-BILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	MTS DENMARK	GOVERNMENT BONDS DKK GOVERNMENT BONDS EUR T-BILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	MTS FINLAND	GOVERNMENT BONDS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MTS DEUTSCHLAND AG	MTS GERMANY	BUBIL FEDERAL BONDS INFLATION LINKED LAENDER BONDS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MTS FRANCE SA	MTS FRANCE	AGENCIES GOVERNMENT BONDS, INC: · INFLATION LINKED · T-BILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MTS SPA	MTS ITALY	GOVERNMENT BONDS · T-BILLS NON-GOVERNMENT BONDS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MTS PORTUGAL SA	MTS PORTUGAL	GOVERNMENT BONDS T-BILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MTS ESPAÑA SA	MTS SPAIN	GOVERNMENT BONDS T-BILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MTS CETO SA	MTS POLAND	GOVERNMENT BONDS T-BILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Basis Trading Facility					
MTS CETO SA	DELIVERABLES NON DELIVERABLES	GERMAN FRENCH	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MONEY MARKET FACILITY					
					USER
EUROMTS LTD	EUROMTS LTD	FINNISH REPO			<input type="checkbox"/>
MTS SPA	MTS ITALY	ITALIAN REPO NON-GOVERNMENT BONDS NON-ITALIA REPO			<input type="checkbox"/>
MTS ESPAÑA SA	MTS SPAIN	SPANISH REPO			<input type="checkbox"/>
MTS CETO SA	MTS POLAND	POLISH REPO			<input type="checkbox"/>
TREASURY FACILITY					
MTS AMSTERDAM NV	MTS AMSTERDAM	DUTCH TAP	<input type="checkbox"/>		
MTS Assoc Mts SA	MTS BELGIUM	BELGIAN BUY BACK	<input type="checkbox"/>		
	MTS DENMARK	DANISH NEW BOND DANISH BUY BACK	<input type="checkbox"/>		
	MTS FINLAND	FINISH BUY BACK	<input type="checkbox"/>		
MTS SPA	MTS ITALY	CONCAMBIO	<input type="checkbox"/>		
MTS PORTUGAL SA	MTS PORTUGAL	PORTUGUESE BUY BACK	<input type="checkbox"/>		
BONDVISION – BUSINESS TO CLIENT					
MTS SPA	BONDVISION	DEALER CLIENT	<input type="checkbox"/>		<input type="checkbox"/>

MM: Market Maker

PT: Price Taker, market dealer or Market Taker

PDP: Pure Domestic Player

Annex L - Assignment of Liquid Securities to Market Makers on BT and Market Makers on OT/OTRV

OT/OTRV Segment:

Liquid Securities shall be assigned at the beginning of every month to market makers on a rotational basis such that each Liquid Security shall be quoted by at least four market makers at any one time, and that each market maker shall quote at least one Liquid Security per maturity bucket (provided that at least one security exists in each bucket).

BT Segment:

Liquid Securities shall be assigned at the beginning of every month to market makers on a rotational basis such that each Liquid Security shall be quoted by at least four market makers at any one time, and that each market maker shall quote at least one Liquid Security.

Annex M - Daily statistics

The list described in Article 28.5 of the Market Rules shall be compiled at the end of each Trading Day and shall be divided into sections.

For cash trades the list shall indicate, for each type of Traded Security:

- (a) identification code of the type of Traded Security;
- (b) description of the type of Traded Security;
- (c) the minimum price;
- (d) the maximum price;
- (e) the average weighted price;
- (f) the volume negotiated.

Annex N – Procedure to be used in the event that a Participant is unable to verify on its screen the contracts executed by it on MEDIP

In the event that a Participant is, for any reason, unable to verify on its screen the contracts it has executed on MEDIP, it is possible to obtain the necessary information by taking the following steps:

1. Telephone MTS Portugal who should be able, through the *SIA Datafeed Monitor*, to verify all the contracts executed on MEDIP and therefore the contracts which concern the particular Participant with such information as the identity of the Traded Security so traded, the quantity, the price and the time of execution and the identity of counterpart.
2. In the event that MTS Portugal is unable to use the *SIA Datafeed Monitor*, then SIA SpA should be contacted by the Participant by telephone to provide the necessary information.
3. In the event that SIA is, for any reason, unable to access the *SIA Datafeed Monitor*, it is possible to resort to an alternative tool (*Tandem Monitor*), which is connected directly to the central system on a local network and through which the necessary information may be extracted.
4. In the event that the *Tandem Monitor* is also unavailable for use, SIA can use a utility program called *Enform*, typical of the Tandem platform, through which it is possible to directly access the contract archive contained in the mass memories (disks) in order to extract the necessary information. It should be noted that the archives are duplicated, as the system is *Fault*

Tolerant. Further back up is provided by a second duplication of the archives on the *Disaster Recovery* site.

Annex O – Trade Cancellation Procedures

BILATERAL CANCELLATION REQUEST

Cancellation of trades shall be performed by the Company upon request of both counter parties communicated to the Company via fax and signed by an authorized representative of each of them provided that such communication is received within 15 minutes of the execution of the trade and in any event by 17:40 Central European Time on that Trading Day, unless permitted otherwise at the Board's sole discretion.

UNILATERAL CANCELLATION REQUEST

Where the trade cancellation request is made by only one counterpart to a trade, the following procedure shall apply:

a) The cancellation request must be notified to the Company and the other counterparty via telephone, e-mail or fax within 15 minutes from the execution of the trade, and must in any case be confirmed via e-mail or fax bearing an authorized signature. Upon receipt of the notification, the Company will immediately inform the trade counterpart of the cancellation request.

b) If the counterpart confirms to the Company within 15 minutes of receipt that it agrees with the trade cancellation request, the request shall be treated as a bilateral request and the cancellation of the trade shall be performed by MTS Portugal.

c) If the counterpart does not respond within such time or does not agree with the trade cancellation request, in order to proceed with the cancellation, the Company will ascertain whether a unilateral cancellation can be performed.

d) In order to qualify for a unilateral cancellation a trade must be proved beyond doubt to deviate considerably from the Fair Market Value of the security in question at the time of execution. To be "inconsistent" with the market value, the trade price must have been executed at a price that was greater than 50% outside the current bid/offer spread on a specific instrument at the time of its execution.

e) Ascertaining Fair Market Value

i - The Company shall ascertain the Fair Market Value of the security in question by immediately requesting five (5) firm two-way inter-dealer electronic quote for that instrument at the time of execution of the trade

ii - The five banks consulted are appointed by the Market Committee and exclude either party of the disputed transaction (the "Selected Participants").

iii - The Selected Participants shall respond to a request in relation to Fair Market Value within 15 minutes by return email.

iv - The Company will discard the bid/offer couple containing the highest bid and the bid/offer couple containing the lowest offer and calculate the average from the three remaining prices which will determine the Fair Market Value. The average bid/offer spread will be calculated truncating the result to the third decimal and then rounding up to the second one

f) Once Fair Market Value is ascertained, the trade price in question will be considered to deviate from the Fair Market Value if it is was executed at a price that was 50% wider than the average bid/offer spread (Fair Market Value) which was calculated.

More in details:

Error sale (i.e. cancellation request is made by the seller):

Should the price at which the trade was made be at a price greater than 50% below the

current bid/offer spread as defined above at the time of the execution of the trade then the transaction will be cancelled by the inter-dealer electronic trading platform.

- Error purchase (i.e. cancellation request is made by the buyer)

Should the price at which the trade was made be at a price greater than 50% above the current bid/offer spread as defined above at the time of the execution of the trade then the transaction will be cancelled by the inter-dealer electronic trading platform.

g) If after following the above procedure, the reported trade in question is proven to be off the Fair Market Value based on the criteria listed above, the Company will perform the unilateral cancellation of the trade in question.

h) The Company will inform the counterparties to the trade in question via telephone (with confirmation via e-mail) of its decision regarding the cancellation request within 45 minutes from the notification of the trade cancellation request.

i) In the event of transactions carried out on an anonymous basis between two counterparties which use the Central Counterparty Service, the Management Company is entitled to reveal the identities in order to resolve the trade dispute, if deemed useful to resolve the trade dispute

MAJOR MARKET INCIDENTS

"MMI" means such circumstance relating to the technical functioning of the System as the Board (or the Chief Executive of the Company or his nominated substitute, to whom the Board may delegate), in their sole discretion, shall determine to be a major market incident. Without prejudice to such discretion, regard may be had to such factors as whether:

- (a) the System is inaccessible (or "down") during scheduled trading hours;
- (b) market-making is restricted because, for example, a network trunk is "down" resulting in a material number of market-makers being unable to access the System;
- (c) the technical service level on the System is such that a material number of Participants cannot safely trade without their being exposed to significant market risks (for example, being unsure of their position, being unable to quote, being unable to see the best Price or seeing erroneous Prices in the best); or
- (d) the security or integrity of the System is compromised, or at imminent risk, or the Company is unable to see or control the System using standard tools.

The period of an MMI shall be from such time as the Board (or the Chief Executive of the Company or his nominated substitute, to whom the Board may delegate), in their sole discretion, shall determine as the time of the first impact on the System of the MMI in question until such time as the Board (or the Chief Executive of the Company or his nominated substitute, to whom the Board may delegate), in their sole discretion, shall determine as the time when the System has been restored to its normal state. Without prejudice to such discretion, it will normally be the policy to take the start time of an MMI as the time of receipt of the initial fault report notification.

If it shall be determined that an MMI has occurred, the Company shall perform cancellation of such trades as the Board (or the Chief Executive of the Company or his nominated substitute to whom the Board may delegate) shall, in their sole discretion, determine are affected by the MMI. Without prejudice to such discretion, it may be determined that (a) affected trades include trades executed outside the period of the MMI, and (b) trades executed during the period of the MMI are not affected by the MMI. The Company may, but is not obliged to, consult with Participants, whose trades are or may be affected by the MMI.

The Company will, if practicable, inform all Participants as soon as possible of the occurrence of an MMI. The Company will inform the relevant counterparties, so far as practicable by not later than 18:30 Central European Time on the Trading Day in question, of the trades that are subject to cancellation. The Company will promptly notify Participants of the end of the period of an MMI.

Annex P – Penalty for Late Payments

The lack of payment of an invoice until its due date, will determine the default of the debtor making him responsible for late payment interests. The interests will be calculated in accordance with the legal rate applicable to commercial transactions¹, until the full payment.

In addition to charge of late payment, the Company may submit the missed conduct of the Participant in cause to the Wise Men Committee.

¹ The legal rate currently in force, established by common enactment of the Ministries of Justice and Financial, is of 12 % per year.