

**CIRCULAR 1/2017, OF 26 APRIL, OF THE SPANISH NATIONAL SECURITIES MARKET COMMISSION (CNMV), ON LIQUIDITY CONTRACTS.**

Article 15 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (hereinafter, "Regulation (EU) No 596/2014" or the "MAR") prohibits any person from engaging in or attempting to engage in market manipulation, and article 12 sets out the specific activities that constitute market manipulation. Nevertheless, article 13 of Regulation (EU) No 596/2014 provides that the aforementioned prohibition does not apply if the transaction, order or conduct in question is carried out for legitimate reasons, and conforms to an "accepted market practice". Article 13 of Regulation (EU) No 596/2014 establishes the criteria to be taken into account by the competent authorities for approving and regulating the procedure for notification to the European Securities and Markets Authority ("ESMA") and publication.

The concept of "accepted market practice" was already contemplated in Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation. This concept was enshrined in Spanish law in article 231.1.a) of the consolidated text of the Securities Market Act, approved by Legislative Royal Decree 4/2015, of 23 October. More specifically, Royal Decree 1333/2005, of 11 November, implementing the Securities Market Act (Act 24/1988) in the area of market abuse, defined accepted market practices and empowered the CNMV to accept or reject them by approving and publishing a Circular.

To date, the CNMV has accepted only one market practice, as set out in Circular 3/2007, of 19 November, on liquidity contracts ("Circular 3/2007"). This Circular replaces Circular 3/2007 in order to comply with the requirements of Regulation (EU) No 596/2014 and make improvements to its configuration in the light of experience accumulated with the liquidity contracts that have been in force in recent years under Circular 3/2007 and of the public consultation conducted in this connection. As in the case of Circular 3/2007, the liquidity contracts regulated by this Circular refer to the provision of liquidity by a financial intermediary which, acting under contract on behalf of a securities issuer, trades in the issuer's shares.

In compliance with the procedure set out in article 13 of Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing the MAR laying down regulatory technical standards on the criteria, the procedure and the requirements for establishing an accepted market practice and the requirements for maintaining it, terminating it or modifying the conditions for its acceptance, the CNMV has conducted a process of public consultation in connection with liquidity contracts, addressed mainly to securities issuers, investment firms, credit institutions, investor associations, market governing bodies and other competent authorities. The CNMV has also informed ESMA of its intention to classify liquidity contracts subject to this

Circular as an accepted market practice. In response to that communication, ESMA issued an opinion on the establishment of a market practice in which it concludes that the market practice notified by the CNMV is compatible with Article 13.2 of Regulation (EU) No 596/2014 and contains a number of mechanisms to limit threats to confidence in the market. The CNMV took account of that opinion in drafting this Circular.

The main changes with respect to the previous regulation, to which this Circular refers, deal mainly with: i) extension of the scope of the market practice to cover multilateral trading facilities; ii) establishment of a threshold associated with the average daily trading volume that can be executed in the scope of a liquidity contract, which will vary as a function of whether or not the shares to which the contract refers have a liquid market, as defined in article 2.1.17 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MIFIR); iii) the inclusion of a maximum level of resources that can be assigned to a liquidity contract; iv) the obligation that the financial intermediary executing the market practice be a market member; v) the requirement that the volume of purchases and sales under the liquidity contract balance out over the long term; vi) the conditions for entering and amending orders in the auction periods, referring basically to the price and volume of such orders; vii) the conditions for performing block trades or other negotiated bilateral trades, arranged in accordance with current law, so that they are only permitted if the order in question is being executed at the request of a third party that is not the issuer of the shares or the financial intermediary acting on its behalf; viii) the conditions applicable to the transactions performed under a liquidity contract with shares that are traded by means of the fixing method; and ix) the cases where performance of the liquidity contract must be suspended.

By virtue of the foregoing, following consultation with the Advisory Committee and in accordance with the provisions of article 13 of Regulation (EU) 596/2014, the Board of the CNMV, at a meeting on 26 April 2017, resolved as follows:

**Provision one. Accepted market practice.**

1. The performance of transactions under a Liquidity Contract, as defined in Provision 1.2 hereof, will be considered to be an accepted market practice provided that the requirements established by this Circular are fulfilled.
2. Companies whose shares are listed on a Spanish regulated market or multilateral trading facility (the beneficiary of the Liquidity Contract, hereinafter the "Issuer") may enter into a liquidity contract with an investment firm or credit institution that is a member of the market in which the market practice is executed (the entity executing the Liquidity Contract, hereinafter the "Financial Intermediary") whose purpose must be as described in Provision 1.3 hereof (hereinafter, the "Liquidity Contract(s)").
3. The purpose of the Liquidity Contract will be to define the terms and conditions under which the Financial Intermediary will trade on behalf of the

Issuer, buying or selling own shares of the latter, with the sole purpose of favouring liquidity in trading and regularity in the quotation of its shares and within the limits established in the authorisation granted by its Shareholders' Meeting for the purchase of own shares.

### **Provision two. Requirements for Liquidity Contracts.**

The Liquidity Contracts to which this Circular refers must fulfil the following requirements in any event:

1. Sole object: The sole object of the Liquidity Contract must be that referred to in Provision 1.3.

2. Financial Intermediary independence and exclusivity: The Liquidity Contract must establish that the Financial Intermediary, as a provider of liquidity to the Issuer, acts independently of the Issuer, which may not give the Financial Intermediary any instructions aimed at guiding its actions in connection with trades in the Issuer's shares.

The Financial Intermediary must have an internal organisation structure such as to ensure the independence, with respect to the portfolio management area, of its employees who are entrusted with making decisions on the trades to be performed under the Liquidity Contract. Employees engaged in managing the proprietary account or in processing orders by third parties may not participate in any decision or process in connection with the Issuer's securities.

The Liquidity Contract will establish the remuneration for the Financial Intermediary to be paid by the Issuer. The terms of the remuneration for the Financial Intermediary, which must be a fixed amount, not linked to variables, may not, in any event, impair the independence of the Financial Intermediary nor encourage the latter to artificially influence the price or trading volume by means of trades in the shares.

In no event may the Financial Intermediary allocate its own financial resources to carrying out the trades to which the Liquidity Contract refers and its remuneration may not be based on the number of trades, without prejudice to the possibility of reimbursing the Financial Intermediary for expenses incurred in performance.

The Liquidity Agreement will establish the necessary mechanisms for avoiding conflicts of interest between the Issuer and the Financial Intermediary.

The Issuer may only enter into a Liquidity Agreement with one Financial Intermediary.

3. Actions in regulated markets and in multilateral trading facilities: Trades performed under a Liquidity Contract may only be made in the Spanish regulated markets and multilateral trading facilities in which the Issuer's shares are listed or traded, through their electronic trading platforms.

In performing its function of providing liquidity, the Financial Intermediary must operate in Spanish regulated markets and multilateral trading facilities, in accordance with the trading rules of such venues and within their normal trading hours.

4. Identification of orders, trades and accounts associated with the Liquidity Contract, and registry: Trades performed under a Liquidity Contract must be registered by the Financial Intermediary in two accounts, a securities account and the corresponding cash account, both opened specifically for this purpose in the name of the Issuer and used solely for registering and executing these trades.

The Financial Intermediary must maintain a record of the orders entered, modified or cancelled and the operations carried out under the Liquidity Contract for a period of at least 5 years, establishing the necessary mechanisms that make it possible to identify these orders and transactions and distinguish them from other trades.

The Financial Intermediary must also have internal procedures that enable it to identify the activities related to the Liquidity Contract and must make available to the CNMV the records of orders and trades that the CNMV requests in the applicable time period as established in current regulations.

5. Continuity: The Liquidity Contract must be executed in such a way as to ensure its continuity, maintaining the necessary equilibrium between the volume of purchases and sales over the long term. The Financial Intermediary may decide not to trade if this were to compromise the continuity of the provision of this service due to exhaustion of the shares and/or cash provided by the Issuer.

Where the balances in the accounts associated with the Liquidity Contract are insufficient to ensure the execution of the trades, the Financial Intermediary must consult with the Issuer to determine the measures to be taken to address this situation. In particular, the Issuer may decide to make additional contributions to the accounts.

Where the balances of the accounts become excessive, the Issuer may, by agreement with the Financial Intermediary, reduce them, this being the only case in which the Issuer may draw on the cash account. With respect to the securities account, the Issuer may withdraw shares at any time by transferring them to an account held by it outside the Liquidity Agreement; however, the number of shares withdrawn may not exceed the difference between the total number of shares contributed and the number of shares withdrawn.

By agreement with the Issuer, the Intermediary will sell on the market the balance of shares that exceeds the number of shares that were contributed and not withdrawn by the Issuer in accordance with the provisions of the preceding paragraph.

Sales made by the Financial Intermediary in order to dispose of surplus shares in the securities account will not be subject to the provisions of Provision 3.1 but will be subject to the other conditions of Provision 3 and to any criteria and recommendations that the CNMV may establish in connection with discretionary trades in own shares, and must be notified to the CNMV.

6. Non-disposal of the securities: The own shares assigned by the Issuer to the Liquidity Contract or acquired under the contract may only be disposed of, and therefore, debited against the securities account as a result of trades performed by virtue of the Liquidity Contract.

7. Funds associated with the Liquidity Contract.

7.1. Limit on funds associated with the Liquidity Contract.

Where a Liquidity Contract is signed by an Issuer whose shares to which the Liquidity Contract refers have a liquid market in accordance with the provisions of article 2.1.17 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MIFIR) and its secondary legislation, the cash and shares contributed to the Liquidity Contract may not together exceed the amount of cash and shares that the Financial Intermediary would require if, for 13 trading sessions, it were to either only buy or only sell the maximum daily volume referred to in Provision 3.3, subject in any event to a cap of 20 million euro.

Where a Liquidity Contract is signed by an Issuer whose shares to which the Liquidity Contract refers do not have a liquid market in accordance with the provisions of article 2.1.17 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MIFIR) and its secondary legislation, the cash and shares contributed to the Liquidity Contract may not together exceed at least one of the following limits:

- a) the amount of cash and shares that the Financial Intermediary would require if, for 20 stock market sessions, it engaged solely in purchasing or selling, concentrating the maximum daily volume referred to in Provision 3.3; or
- b) the result of multiplying 1% of the Issuer's share capital by the share's closing price on the day prior to execution of the contract.

In any event, where a Liquidity Contract is signed by an Issuer whose shares do not have a liquid market in accordance with the provisions of article 2.1.17 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MIFIR) and its secondary legislation, the cash and its equivalent in shares may not exceed 1 million euro.

7.2. Balance and proportion between shares and cash.

The balances of the accounts associated with the Liquidity Contract must maintain an equilibrium and be proportionate to the objective established in the Contract.

Notwithstanding the provisions of Provision 2.1, in order to ensure an equilibrium between shares and cash and the proportion between the balances and the purpose of the contract, the Liquidity Contract will determine the conditions under which the Financial Intermediary may, simultaneously or alternately:

- a) Purchase or sell shares of the Issuer in order to ensure an equilibrium in the balances of available shares and cash, taking into account the future prospects of the Liquidity Contract. Such transactions will not be subject to the provisions

of Provision 3.1 but will be subject to the other conditions of Provision 3 and to any criteria and recommendations that the CNMV may establish in connection with discretionary trades in own shares, and must be notified to the CNMV.

b) Transfer a certain amount from the cash account to another account indicated by the Issuer.

7.3. Prior acquisition of shares for depositing in the securities account.

Where, at the time of entering into a Liquidity Contract, the Issuer does not deposit shares in the securities account or deposits an amount of shares that is insufficient to commence trading under the Contract, there must be an initial period during which the Financial Intermediary may only purchase shares of the Issuer until it attains the volume determined beforehand in the Contract. That initial period will be determined by agreement between the Issuer and the Financial Intermediary and will be set out in the Liquidity Contract.

The sole purpose of those purchases will be to enable the Financial Intermediary to commence the trades to which the Liquidity Contract refers and they will not be subject to the provisions of Provision 3.1 but they will be subject to the other conditions of Provision 3 and to any criteria and recommendations that the CNMV may establish in connection with discretionary trades in own shares, and must be notified to the CNMV.

If the volume referred to in the preceding section is not attained within the initial period, the Issuer and the Financial Intermediary may:

- a) extend the initial period by not more than one-half of the initial duration;
- b) terminate the Contract; or
- c) reduce the volume of shares required to provide the service under the Liquidity Contract.

8. Cancellation of accounts associated with the Liquidity Contract: In the event of termination of the Liquidity Contract, irrespective of the reasons, the accounts associated with it must be cancelled in accordance with the following procedure:

a) Cash account: the Financial Intermediary will transfer its balance to another account as instructed by the Issuer.

b) Securities account: the Financial Intermediary will sell the shares that are in the account at that time. Such sales will not be subject to the provisions of Provision 3.1 but they will be subject to the other conditions of Provision 3 and to any criteria and recommendations that the CNMV may establish in connection with discretionary trades in own shares, and must be notified to the CNMV.

Nevertheless, the provisions of item b) of this section will not apply where:

(i) The shares are transferred to another Financial Intermediary entrusted with performance of another Liquidity Contract that complies with the requirements established in this Circular.

(ii) The Issuer wishes to recover a number of shares, which may not exceed the number of shares that it deposited less any shares it withdrew while the Liquidity Contract was in force.

### **Provision three. Conditions for trading.**

1. In performing its function of providing liquidity, the Financial Intermediary must trade in Spanish regulated markets and multilateral trading facilities, through the orders market, in accordance with the trading rules of such venues and within their normal trading hours, without prejudice to the provisions of subsection 2 of this Provision.
2. The Financial Intermediary may purchase or sell by means of block trades or other negotiated bilateral trades arranged in accordance with current legislation only where this is at the initiative of a third party other than the Issuer and the Financial Intermediary.
3. The Financial Intermediary may never occupy a dominant position in trading in the Issuer's shares. For these purposes, in no event may the daily volume traded by the Financial Intermediary under the Liquidity Contract exceed 15% of the average daily volume traded in the Spanish regulated market or multilateral trading facility in the 30 previous sessions where the Liquidity Contract is signed by an Issuer whose shares to which the Liquidity Contract refers have a liquid market in accordance with the provisions of article 2.1.17 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MIFIR) and its secondary legislation. That limit will be 25% in the case of a Liquidity Contract signed by an Issuer whose shares to which the Liquidity Contract refers do not have a liquid market in accordance with the provisions of article 2.1.17 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MIFIR) and its secondary legislation. The aforementioned percentage will be determined by dividing the daily trading volume of own shares in all the trading venues used for the purposes of the Liquidity Contract, including also shares of the Issuer traded in block trades or other negotiated bilateral transactions as referred to in section 2 above, by the number of shares traded on a daily basis by the Financial Intermediary. Conversely, shares of the Issuer that change hands in block trades or other negotiated bilateral trades will not be considered for calculating the daily average of the last 30 sessions, which may only take account of the shares traded in the orders market of the Spanish regulated market or multilateral trading facility.
4. During auction periods, and particularly during the closing auction, the Financial Intermediary must take great care not to have a decisive influence on price discovery. Specifically, the Financial Intermediary's trades during auction periods must comply with the following conditions:
  - a) The accumulated volume of shares under orders entered by the Financial Intermediary must not exceed 10% of the theoretical volume resulting from the auction at the time those orders are entered.
  - b) The Financial Intermediary may not simultaneously have open buy and sell orders for the shares.
  - c) The Financial Intermediary may not enter market orders.

d) The price of purchase orders entered by the Financial Intermediary may not exceed the higher of the theoretical auction price at the time the order is entered and the price at which the last trade was executed in the orders market immediately before the auction commenced. The price of sell orders entered by the Financial Intermediary may not be less than the lower of the theoretical auction price at the time the order is entered and the price at which the last trade was executed in the orders market immediately before the auction commenced.

5. In any case, trades performed by a Financial Intermediary under a Liquidity Contract must not produce artificial deviations in the market price with respect to the market trend, impede the normal functioning of the market or mislead third parties. To this end, during the hours in which the market is open for trades in the shares in the electronic trading platform:

a) Purchase orders must be entered for a price not exceeding the price of the last trade made in the market by independent parties or the highest price of a purchase order in the market order book, whichever is higher.

b) Sell orders must be made at a price not lower than the price of the last trade in the market between independent parties or the lowest price contained in a sell order in the market order book, whichever is lower.

6. The Issuer must conform at all times to the rules on trading in own shares that are applicable at any given time, particularly, but without limitation, the provisions of Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Text of the Capital Companies Act, and in particular, the limit on treasury stock established in article 509 of the Act.

7. The trading conditions referred to in this Provision 3 are also applicable to trades performed by the Financial Intermediary in auctions under the fixing system of trading, with the following specific features:

a) The daily average referred to in section 3 above will be calculated over the last 30 sessions in which the share was traded.

b) The Financial Intermediary must enter orders sufficiently in advance of the auction outcome to enable other market participants to react to the orders.

c) The provisions of Provision 3.4.a) and Provision 3.5 will not be applicable.

8. The Financial Intermediary must have the necessary controls and mechanisms to monitor and ensure compliance with the conditions established in this Circular and, in particular, the trading conditions set out in this Provision three.

#### **Provision four. Reporting requirements.**

1. Reporting between the Issuer and the Financial Intermediary: The Issuer and the Financial Intermediary must send each other the necessary information so that each of them may fulfil their respective legal obligations, particularly the rules on inside information established in Regulation (EU) No 596/2014 and its secondary legislation.



2. Public Information: In addition to the reporting obligations with regard to own shares to which listed companies are subject, any Issuer that enters into a Liquidity Contract must disclose the following by the same channels as are used to disclose price-sensitive information:

a) Before the Liquidity Contract comes into force, the identity of the Financial Intermediary with which it has been arranged, the share and the market where the trades are to be made, the duration of the contract, and the number of shares and the amount of cash allocated to the securities and cash accounts, respectively.

b) Each quarter and, in any event, when the Liquidity Contract is terminated, the Issuer must disclose the transactions in own shares made under the contract, detailing the number of own shares that were purchased and sold, stating whether they were arranged via block or negotiated bilateral trades performed in accordance with the current legislation, the amount of cash paid and received, the average purchase and sale prices, the number of trades performed, and the balance of the securities and cash accounts at the end of the reporting period and on signature of the contract.

c) In the event of termination of the Liquidity Contract, in addition to complying with the provisions of paragraph b) above, the Issuer must disclose the termination. The Issuer must also report on performance of the contract and the reasons for termination.

d) In the event of suspension of the Liquidity Contract as referred to in Provision 5 of this Circular, the Issuer must disclose this fact and the reason for suspension.

e) Any change in the information referred to in paragraph a) above must be disclosed within the following five stock market sessions.

f) Details of the purchases and sales performed by the Financial Intermediary in the cases referred to in Provision 2.7.2 and 2.7.3 must be disclosed by the Issuer within the following five stock market sessions.

Issuers must ensure that the disclosures referred to in this section are available for consultation by the public for a period of 5 years from the time this information was first made public.

3. Information to be presented to the CNMV: An Issuer that enters into a Liquidity Contract must, in addition to fulfilling the reporting requirements established in Provision 4.2, present a copy of the contract to the CNMV as soon as it is signed. The Issuer must also present a copy of any document or instrument amending the Liquidity Agreement, including, among other things, any modification of the information described in Provision 4.2.a).

#### **Provision five. Restrictions.**

1. The Issuer may not, directly or indirectly, engage in any other trades in its own shares while the Liquidity Contract is in force except for those made in the cases referred to in Provision 2.5 and 2.7 and the cases of suspension of the contract referred to in the next section. In no case may the Issuer use the securities account to acquire shares so as to increase its balance of own shares.

2. Trades under the Liquidity Contract must be suspended in the following cases:

a) During primary or secondary public offerings of the Issuer's shares involving stabilisation operations under article 5 of Regulation (EU) No 596/2014, for the duration of the stabilisation and until the date notice is given that stabilisation was performed for the last time or that the green shoe has been exercised.

b) Between publication of the disclosure to the market and settlement of a takeover bid for the Issuer's shares or of a takeover bid in which the Issuer is the bidder and the consideration being offered consists of a swap or exchange of shares or a combination of cash and shares

c) During share buyback programmes performed by the Issuer.

d) On the occasion of purchases of own shares to be made by the Issuer as a result of a remuneration plan for employees or executives, the maturity of a derivative financial instrument or a corporate transaction and during the period in which such transactions are taking place.

### **Provision six. Standard Form of Liquidity Contract**

The CNMV recommends the use of the Standard Form of Liquidity Contract that conforms to the requirements of this Circular, which is attached in Annex I, for the purposes of proper interpretation, without prejudice to the requirement that the Financial Intermediary and the share Issuer who are party to the contract must fulfil any regulations that are applicable at any given time.

### **Sole repealing provision. Derogation.**

National Securities Market Commission Circular 3/2007, of 19 December, governing liquidity contracts is derogated from the time this Circular comes into force under the Final Provision.

### **Final provision. Entry into force.**

This Circular will enter into force two months after its publication in the Official State Gazette.

Madrid, 26 April 2017.-The President of the CNMV, Sebastián Albella Amigo.

## ANNEX I

### Standard Form of Liquidity Contract

In (place) on (date)

#### PARTIES

On the one hand, [Issuer particulars] (hereinafter the "Issuer"), represented by [representative's particulars] by virtue of [identification of the office or power of attorney by virtue of which he/she is the representative].

On the other hand, [Financial Intermediary particulars] (hereinafter the "Financial Intermediary"), represented by [representative's particulars] by virtue of [identification of the office or power of attorney by virtue of which he/she is the representative].

#### WHEREAS

I. Liquidity Contract (hereafter, the "Contract") is entered into under the provisions of CNMV Circular 1/2017, of 26 April (the "CNMV Circular") and the other applicable regulations.

II. The Issuer has capital stock amounting to [amount], represented by [number] shares of [amount] par value each which are listed and traded in [regulated markets and multilateral trading facilities], where the transactions covered by this Contract are to be carried out.

III. The Issuer and the Financial Intermediary state that they have obtained all the legally-required permits to enter into this Contract.

IV. The Financial Intermediary is an entity that is legally authorised to perform the transactions referred to in this Contract on behalf of the Issuer.

V. The Issuer may not, directly or indirectly, engage in any other trades in its own shares while this Contract is in force except for the cases referred to in clauses 7, 9 and 14.

Accordingly, the Parties enter into this Contract under the following

#### CLAUSES

Clause 1. Object.

The Contract establishes the conditions under which the Financial Intermediary will trade on behalf of the Issuer, buying and selling the latter's own shares, with the sole purpose of favouring liquidity and regularity of trading within the limits established in the authorisation granted to the Issuer for this purpose by its Shareholders' Meeting. The Contract is governed by current law and, in particular, by the CNMV Circular, and must be interpreted at all times in accordance with same.

Clause 2. Securities account and cash account associated with the Contract.

1. Securities account number [number] and cash account number [number] in the Issuer's name, at [name of bank(s)], are designated for the purposes of performing this Contract and will be used exclusively for those purposes.
2. In order to enable the Financial Intermediary to carry out the trades regulated in this Contract, the Issuer will deposit [number] shares in the securities account and [amount] euro in the cash account.

Clause 2 bis . Prior acquisition of shares to deposit in the securities account.

1. In a period of [...] days (hereafter, the "initial period") from signature of this Contract, the Financial Intermediary will buy shares of the Issuer on behalf of the latter up to at most [number] shares or at most [amount] euro.

Such acquisitions will be for the sole purpose of enabling the Financial Intermediary to commence trading under this Contract and they will not be subject to the provisions of Provision 3.1 of the CNMV Circular, though they will be governed by the other provisions of Provision 3 and any criteria and recommendations issued by the CNMV in connection with discretionary trading in own shares and must be notified to the CNMV.

2. The shares acquired in the Initial Period will be deposited in the securities account referred to in clause 2.

3. The Financial Intermediary may not sell any of the Issuer's shares deposited in the securities account until the Initial Period concludes or until it attains either of the limits (shares or cash) established in section 1 of this clause.

4. When any of the limits established in clause 2.bis.1 of this contract is attained, the Financial Intermediary must immediately notify the Issuer, detailing the conditions under which the shares were acquired.

Starting from the trading day immediately following the date of that notification, the trades performed by the Financial Intermediary in the Issuer's shares will be subject to the provisions of clause 3 of this Contract.

5. In the event that the Initial Period concludes and neither of the limits referred to in section 1 above have been attained, the parties may:

- a) Extend the Initial Period by [number] days .
- b) Terminate the Contract.
- c) Reduce the limits referred to in clause 2.1.

The Issuer must file, with the CNMV, the document or instrument amending the Initial Period or the limits regulated in clause 2.1 of the Contract, and must also notify the CNMV of termination of the Contract in that event.

Clause 3. Conditions governing trades in the Issuer's shares by the Financial Intermediary.

The Financial Intermediary must perform the transactions covered by this Contract in Spanish regulated markets and multilateral trading facilities through the orders market in accordance with the trading rules and within the standard trading hours of those markets, as provided by Provision 3 of the CNMV Circular. Trades covered by this Contract that are executed as block trades or negotiated bilateral transactions, arranged in accordance with current

legislation, must comply with the provisions of Provision 3 of the CNMV Circular.

#### Clause 4. Independence of the Financial Intermediary.

1. The Financial Intermediary will carry out the transactions covered by this contract with total independence from the Issuer, and neither party may request or give, respectively, any type of instruction in this respect. In particular, the Financial Intermediary will have sole discretion as to the timing of transactions in the Issuer's shares with the following goals:

a) Favour liquidity and regularity of trading.

b) Guarantee the continuity of this Contract, in terms of the number of shares and the amount of cash available in the securities account and cash account referred to in clause 2 of this Contract.

2. The Financial Intermediary declares that it has an internal organisation structure that ensures that its employees entrusted with making the decisions regarding trades under the Liquidity Contract are independent of the portfolio management area. Where such employees work in managing the proprietary account or third-party orders, they may not participate in any decision or process in connection with the Issuer's shares.

3. The Financial Intermediary may not use its own funds to engage in the trades referred to in this Contract.

4. Prior to the signature of this Contract, the Financial Intermediary and the Issuer have notified each other of any potential conflicts of interest in connection with this Contract, and such situations have been analysed and assessed by both parties. Additionally, both parties undertake to notify each other of any conflict of interest that might arise subsequent to the signature of this Contract, and to analyse them.

#### Clause 5. Reporting obligations.

The parties undertake to send each other the necessary information so that each of them may fulfil their respective legal obligations, particularly, but without limitation, the rules on inside information established in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and its secondary legislation.

In particular, the Financial Intermediary will send to the Issuer, with sufficient detail and sufficiently in advance, the necessary information to enable it to fulfil its obligations to report to the market in connection with the trades conducted under this Contract.

The Financial Intermediary must inform the Issuer of any violation of the trading conditions set out in Provision 3 of the CNMV Circular that has arisen as a result of trades conducted under the Liquidity Contract.

The Issuer must notify the Financial Intermediary to suspend operations under this contract in accordance with the provisions of clause 14.

Clause 6. Political and economic rights of the shares deposited in the securities account.

In accordance with the provisions of article 148 of Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Text of the Capital Companies Act, the political and economic rights of the shares deposited in the securities account will be suspended, apart from the right to allocation of new shares free of charge. Consequently, both parties undertake to take all the necessary measures to guarantee that the aforementioned suspension is complied with, particularly with regard to dividend payments.

Clause 7. Balance and proportion between shares and cash.

The balances of the accounts associated with the Liquidity Contract must maintain an equilibrium and be proportional to the goals pursued by the Contract. Specifically, the cash and shares contributed or to be contributed to this Contract must at all times conform to the provisions of Provision 2.7 of the CNMV Circular.

Clause 8. Subsequent contributions to the accounts associated with the Contract.

1. Where the balances in the accounts are insufficient to guarantee that the trades referred to in this Contract can be performed, the Financial Intermediary will consult with the Issuer to determine the measures to be adopted to remedy this situation.
2. In particular, the Issuer may decide to make additional contributions to the accounts, subject, in any event, to compliance with the provisions of Provision 2.7 of the CNMV Circular.

Clause 9. Withdrawals from the accounts associated with the Contract.

1. Where the balances of the accounts are excessive for the purposes of the trades referred to in this Contract, the Issuer, by agreement with the Financial Intermediary, may reduce the balance, this being the only case where the Issuer may make withdrawals from the cash account.
2. With regard to the securities account, the Issuer may withdraw shares at any time and transfer them to an account in its name that is not connected with the Liquidity Contract; nevertheless, the number of shares withdrawn may not exceed the total number of shares contributed less those withdrawn. In any event, by agreement with the Issuer, the Intermediary will sell on the market any balance of shares in excess of the number of shares contributed which the Issuer has not withdrawn in accordance with the provisions of the preceding paragraph.

The sales by the Financial Intermediary to dispose of the surplus of shares deposited in the securities account will not be subject to the provisions of Provision 3.1 of the CNMV Circular but will be subject to the other conditions of Provision 3 and to any criteria and recommendations that the CNMV may

establish in connection with discretionary trades in own shares, and must be notified to the CNMV.

#### Clause 10. Cancellation of the accounts associated with the Contract.

When the Contract is terminated, regardless of the reason, the parties will cancel the associated accounts in accordance with the following procedure:

1. Cash account: The Financial Intermediary will immediately transfer the balance to another account indicated by the Issuer.
2. Securities account: The Financial Intermediary will immediately sell the shares in the account at that time. Those sales will not be subject to the provisions of Provision 3.1 of the CNMV Circular but will be subject to the other conditions of Provision 3 and to any criteria and recommendations that the CNMV may establish in connection with discretionary trades in own shares, and must be notified to the CNMV.

Nevertheless, the provisions of this section will not apply where:

- a) The shares are transferred to another Financial Intermediary entrusted with performance of another Liquidity Contract that complies with the requirements established in the CNMV Circular.
- b) The Issuer wishes to recover a number of shares, which may not exceed the number of shares that it deposited less any shares it withdrew while the Liquidity Contract was in force.

#### Clause 11. Economic terms of the Contract.

For performing the services regulated in this Contract, the Financial Intermediary will collect [detail, among other items: rate of remuneration, frequency of payment, and cases of suspension of the Contract]. The remuneration to be received by the Financial Intermediary must be a fixed amount that is not linked to variables such as the number of trades performed under the Liquidity Contract or the performance of the Issuer's share price.

#### Clause 12. Confidentiality.

All information exchanged between the parties under this Contract will be treated as confidential. Nevertheless, this will not prevent this information from being given to the competent authorities that request it, particularly the CNMV, in accordance with the applicable current legislation.

#### Clause 13. Term of the Contract.

The Contract will have a duration of [12 or 18] months from the date of signature, and will be renewed tacitly for the same length of time unless the parties indicate otherwise.

#### Clause 14. Suspension of the Contract.

The performance of transactions envisaged in this Contract will be suspended in the following cases:

- a) During primary or secondary public offerings of the Issuer's shares involving stabilisation operations under article 5 of Regulation (EU) No 596/2014, for the duration of the stabilisation and until the date notice is given that stabilisation has been performed for the last time or that the green shoe has been exercised.
- b) Between publication of the disclosure to the market and settlement of a takeover bid for the Issuer's shares or of a takeover bid in which the Issuer is the bidder and the consideration being offered consists of a swap or exchange of shares or a combination of cash and shares
- c) During share buyback programmes performed by the Issuer.
- d) On the occasion of purchases of own shares to be made by the Issuer as a result of a remuneration plan for employees or executives, the maturity of a derivative financial instrument or a corporate transaction, and during the period in which such transactions are taking place.

Clause 15. Termination of the Contract.

- 1. The Issuer may terminate this Contract unilaterally at any time and request the cancellation of its associated accounts, in accordance with the conditions established in clause 10 of this Contract.
- 2. The Financial Intermediary may terminate this Contract by giving the Issuer notice [time period (days, weeks, months, etc.)] in advance.
- 3. The Issuer and the Financial Intermediary may agree to terminate this contract in accordance with the provisions of clause 2.bis.5.b).

Clause 16. Jurisdiction and Governing law.

This contract will be governed by Spanish law.

In the event of a dispute, the parties undertake to first seek a friendly agreement. In the final instance, they will resort to the courts and tribunals of [venue], and expressly waive any other venue that might be competent.

In witness whereof, the parties sign this document on each page, in two counterparts, each an original, in [place] on [date].

The Issuer

The Financial Intermediary