

Consolidated text Circular nº 04/2017. Partially modified by Instruction nº 09/2023

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

Rule 1. Scope of application

Entities wishing to join the ARCO System must meet the requirements and carry out the membership procedures laid down in this Circular.

Rule 2. Requirements for joining the ARCO System

1. Entities wishing to access and maintain their status as an ARCO System participant must have the proper control systems and technical means for the operations they carry out, as set out in Appendix 1 to this Circular.

To this end, they need to have adequate connection systems with IBERCLEAR, to enable them to carry out their functions and to meet their obligations of the provision to data information, transmission and storage System. The participants may use their own technical resources or those of another participant in the ARCO System or of a Stock Exchange Management Company (delegated entity).

Participants may also connect directly to T2S, without making use of IBERCLEAR's technical means (DCP connection). To make this DCP connection, participants may use either their own technical means or those of another entity which has DCP connection.

2. Those entities applying to be ARCO System participants that use their own technical means must pass the tests stipulated in Regulation 4 of this Circular to acquire ARCO System participant status.

3. For cash settlements, participants must have one or more dedicated cash accounts linked to each of the securities accounts held in the Central Register. To do this, participants may use their own dedicated cash accounts or have the settlement debited against the cash account of another entity, that must be open at the Bank of Spain, European Central Bank or other Central Bank of another member State of the European Union whose system is connected to that of the Bank of Spain through the Central Banks Eurosystem framework.

4. The payment of the fees established by IBERCLEAR will take place in the payments module account designated by the participant and open at the Bank of Spain, European Central Bank or other Central Bank of another member State of the European Union whose system is connected to that of the Bank of Spain

through the Central Banks Eurosystem framework by the entity or other entity where the payment of these fees is domiciled.

Rule 3. Membership agreement and specific conditions

1. Entities that wish to become participants in the ARCO System must complete and deliver a duplicate copy of the membership agreement in Appendix 2 to this Circular, along with the document stipulating the Specific Membership Conditions, in accordance with the specimen set out in Appendix 2a.

Entities must present the following along with the specific membership conditions:

- A detailed report specifying the IT resources available.
- The document accepting the use of technical means, in accordance with the specimen set out in Appendix 2b, if the applicant is not using their own technical resources.
- The document accepting cash debits, in accordance with the specimen set out in Appendix 2c, if the applicant makes use of the account or accounts of another entity to make cash settlements.
- The document accepting direct debits for billing in the payments module account, in accordance with the specimen set out in Appendix 2d, if the applicant makes use of the account of another entity to pay fees.
- ~~Letter of authorisation to make debits and credits in the payments module account.~~ RTGS account acceptance document, which is included Appendix 2e.
- Documentary evidence of the DCP connection, in the event that the applicant additionally opts for this connection to T2S.
- Documentation foreseen in Annex 3 to proceed with the mandatory risk assessment. Iberclear may request additional documentation if necessary, as well as periodically or punctually require the updating of the documentation provided in order to keep the entity's risk analysis up to date at all times.

The contract and other documentation shall be submitted to IBERCLEAR in the manner established by Instruction.

2. If the participant wishes to have more than one operational BIC code with IBERCLEAR, it must present the aforementioned documents for each BIC code it uses, along with the membership agreement.

Rule 4. Technical membership tests

1. Entities wishing to join the ARCO System that intend to use their own technical means must carry out tests.
2. Stock Exchange Management Companies that allow entities to use their technical means to send IBERCLEAR information must also carry out tests.
3. Once IBERCLEAR receives the participant's membership agreement, it shall initiate its connection or, where appropriate, that of the participant whose technical resources are to be used, to its communications network.
4. IBERCLEAR shall establish the content, order and deadlines for carrying out each of the tests to be performed by the entities.
5. The purpose of the tests is to check the proper continuous connection between the entity's computers and those of IBERCLEAR and their respective data transfer products; the ability of the entity to receive each of the intended formats for transmissions from IBERCLEAR to the entity, with the proper volume of registrations, frequency and schedule; and the capacity to generate each of the intended formats for transmissions from the entity to IBERCLEAR, with the volume, frequency and criteria for validation of the data specified in the definition of procedures.
6. Entities shall also be responsible for carrying out any internal application and performance tests that may be required, and must specifically ensure that they can recognise and process any data sent to them by IBERCLEAR.
7. When the technical tests stipulated in this Regulation have been passed, the entity will certify that the operational tests have been carried out satisfactorily.
8. The tests in relation to the DCP connection are not included in this Regulation. The establishment and maintenance of this DCP connection, which enables the participant to connect directly to T2S, is subject to the terms, conditions and authorisations set by the manager of TARGET2-Securities in force at any time.

Rule 5. Confirmation of ARCO System membership.

Once the corresponding documentation has been delivered to IBERCLEAR's registered office, IBERCLEAR shall reply to membership applications within a maximum period of one month. Where appropriate, IBERCLEAR shall register the participant on the ARCO System and send them a signed copy of the membership agreement. It shall also inform the Spanish Securities Market Commission (CNMV) of the new member prior to the date on registration becomes effective.

If, however, IBERCLEAR refuses to accept an entity as an ARCO System participant, it shall provide a reasoned explanation in writing of its decisions, pursuant to the provisions of IBERCLEAR's Regulation.

Rule 6. Amendment of membership conditions

1. Participants must notify IBERCLEAR of any circumstance affecting their status, corporate format or legal status, and may amend their membership conditions (specific membership conditions, technical means, cash debiting, and letter of authorisation to make debits and credits in the payments module account) with no need to sign a new agreement. To this end they must notify the new conditions, presenting the specimens or documentary set out in the appendices stipulated in Regulation 3 of this Circular to IBERCLEAR.

2. The application for amendment of the membership conditions must be accompanied by a letter in which the participant unequivocally states the date as of which it is requesting the change and, where applicable, that it has notified the application and has secured the approval of any other entity affected by the change.

3. In general, the application for amendment must be made at least five days prior to the effective date in the ARCO System, which shall be subject to the approval of IBERCLEAR.

Rule 7. Publication of the list of ARCO System participants.

1. IBERCLEAR shall keep a register of ARCO System participants containing all the data stipulated in Regulation 3 of this Circular.

2. IBERCLEAR shall post the updated list of ARCO System participants on its website.