

Incidents Management in the MEFF Trading Systems

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Version	Date	Comment
0.1		Initial version, taking into account ESMA final report.
0.2	December 2024	Update of the ESMA final report

MEFF Governing Society of the Derivative Products Market, S.A. (hereinafter referred to as MEFF) has developed this document that summarizes the main protocols and procedures applicable in the event of an incident in the trading system generates an interruption or stoppage of the System.

MEFF will update and publish this document on its website.

1 Technical Protocol of action in case of incidence

In MEFF the security and stability of technical structures is the fundamental core of the daily work. The MEFF Trading System has developed several contingency procedures and lines of defense whose objective is to guarantee the continuity of market transactions. In this context, the technical architecture of the software and hardware is structured to prevent any dysfunction of the trading system:

- MEFF, in addition to this specific procedure for incidents in its Trading Systems, has a Business Continuity Plan (BCP) aimed at maintaining the activities of the trading centers in the event of relevant incidents.
- The MEFF Trading System has a robust back-up system that is regularly tested, in addition to two physically separate data centers (at Las Rozas headquarters and in Palacio de la Bolsa de Bolsa building in Madrid).
- The Trading System is grouped into partitions according to segment and products, which works independently with its own hardware.
- In the event of incidents, the MEFF back-up system is prepared to be activated automatically.
- MEFF has two different energy providers with physically separated network cables to guarantee energy sources. In addition, the MEFF has its own power generator.

2 Communications:

First notice: In the event of an incident MEFF will immediately notify it all market members simultaneously. MEFF will inform market members about the status of the market in compliance with the MIFID II directive (article 54.2) through the website (Market Status) and/or bilateral calls, as well as through the System itself, and through public and private System messaging, to the extent possible.

Likewise, MEFF will make this information public through its website for the knowledge of the general public.

On the occasion of this first notice, market members will be reminded that this incident management plan will apply and where they can consult it.

In addition, MEFF will provide in the aforementioned communications the contact line provided to resolve market members' doubts related to the reported incident.

MEFF will provide, as far as possible given the nature of the incident and its scope, the estimated duration of the incident and the market reopening procedure that will be applicable.

Also, the CNMV will be informed of the incident.

During the incident: MEFF will provide periodic market status updates until the incident is resolved. These updates will take place, if possible depending on the nature and scope of the incident, at least every 60 minutes by the same information means used to make the initial communication of the incident.

MEFF will inform members of the general status of the orders that were in the system at the time of the incident to allow them their desired management. This information will be provided as soon as possible and preferably in any case, within 1 hour from the communication of the incident.

Final notice: when it is certain that the market will reopen, MEFF will inform market members of the reopening schedule through the same means of information used to make the initial communication of the incident, and each of the information updates published. MEFF will allow a reasonable time frame, with a minimum of 15 minutes, for market members to react, depending on the duration and severity of the incident. This notice will inform of the time in which the market opening will take place.

2.2 Internal Communications

- There will always be a continuous communication between Technology and the MEFF Supervision Department.
- All communications will be coordinated by the MEFF Supervision Department.

3 Market Reopening

Depending on the severity of the incident, MEFF will always try to restore the market in an orderly and controlled manner in order to minimize the duration of the incident. The time schedule will be flexible and notice of reopening will be given with enough time, with a minimum of 15 minutes in advance.

MEFF will monitor members' connection to the System and evaluate their situation before the opening, although the decision of the timing for it will always be exclusive to MEFF.

The communication of the market reopening will be made in accordance with the provisions of the External Communications section, about the final notice, indicating the time in which the reopening will take place. Members will be informed of the rules applicable to the reopening of the market in application of this Plan.

The MEFF opening procedure is set out below:

- **Pre-trading:** MEFF will have a period of time in which market members can maintain or cancel their orders, but no execution will occur. The duration of this pre-trading phase will

depend on the duration and severity of the incident. MEFF will evaluate the status of the market members.

- **Opening auction:** After an incident, MEFF will initiate an opening auction of 10 to 30 minutes depending on the severity of the incident and MEFF will provide sufficient time for liquidity to pool before the instruments begin to be traded again on the exchange. At this time members will be able to manage their orders (cancel, modify or enter new orders accepted during this period).

- **Market closure:** If the suspension is extended until the end of the session, the supervisor may determine to extend the trading hours or, otherwise, that the trading is resumed in the next session, and inform the Members about it. At all times the supervisor will be guided by the criteria established in the regulation in force at all times.

4 Reconciliation: reestablishment of the market and cancellation of orders

MEFF will take measures to:

- Protect the authenticity of the order book and guarantee the reliability and fairness of the trading system.
- Give sufficient time to market members to cancel or modify pending orders.
- Identify canceled/executed orders, which allows proving whether these cancellations were requested by members or not.

Additionally, during an incident, orders will be not allowed into the system. In this way, MEFF will restart the trading system with a pre-trading phase in which there will be no executions.

5 Action plan upon SIBE trading halts

Action in the event of trading halts in the SIBE/Smart trading system is included in the regulation in force at all times.

6 Protocol after the resolution

After an incident, MEFF will carry out an analysis of the incident to detail its origin, evaluate its resolution and identify areas for improvement, if any, indicating the estimated date of its implementation. The result of this exercise must be communicated to the CNMV, which in turn will inform ESMA.

MEFF will publish on its website a summary of the conclusions reached in the analysis carried out after the incident and communicated to the CNMV.

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BME
Plaza de la Lealtad,1
Palacio de la Bolsa
28014 Madrid

www.bolsasymercados.es

