



Procedure for approval of takeover bids, dispensations and exemptions. (P06)

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Contents

1. Scope of application	3
2. Applicable legislation	3
3. Competent department	4
4. Initiation	4
4.1 Takeover bids	4
4.2 Delisting takeover bids	5
4.3 Dispensations and exemptions	5
5. Proceedings	6
6. Examination	7
6.1 Takeover bids	7
6.2 Delisting takeover bids	7
6.3 Dispensations and exemptions	7
7. Finalization	8
7.1 Takeover bids	8
7.2 Delisting takeover bids	10
7.3 Dispensations and exemptions	10
8. Publicity	12
9. Notification of interested parties	12
10. Procedure manuals	13
11. Effect	13

1. SCOPE

This internal procedure has been prepared in accordance with article 39 of the Internal Regulations of the National Securities Market Commission (CNMV in the Spanish acronym), and its terms apply to all actions taken by the CNMV in the discharge of the following public functions:

1. Authorization of mandatory takeover bids:
 - Upon acquisition of control of a listed company.
 - Upon attainment of indirect or *de facto* control of a listed company.
 - Upon removal of securities from trading.
 - Upon acquisition of treasury shares to reduce capital.
2. Authorization of voluntary takeover bids:
3. Dispensation or exemption from the obligation to launch a takeover bid in special circumstances.

2. APPLICABLE LEGISLATION

The regulatory framework applicable to this procedure is defined, inter alia, by the following legislation:

- Consolidated text of the Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October. Part IV, Chapter IX, and article 82.
- Spanish Competition Act (Law 15/2007, of 3 July). Article 9.
- Spanish Bank Restructuring and Resolution Act (Law 9/2012, of 14 November).
- Royal Decree 1066/2007, of 27 July, on takeover bids (hereinafter the Takeovers Decree).
- Circular 8/2008, of 10 December, of the CNMV, approving the forms for announcements and applications for authorization to proceed with takeover bids (Takeovers Circular).
- European Council Regulation (EC) 139/2004, of 20 January 2004, on the control of concentrations between undertakings.
- Directive 2004/25/EC of the European Parliament and of the Council, of 21 April 2004, on takeover bids (Takeovers Directive).

Guidelines and/or recommendations issued by the European Securities and Markets Authority (ESMA) under article 16 of Regulation (EU) No. 1095/2010 of the European Parliament and of the Council, of 24 November 2010, establishing a European Supervisory Authority, will be incorporated into this procedure, provided the CNMV confirms that it complies, or intends to comply, within the meaning of paragraph 3 of the aforementioned article 16.

The following will also apply to this procedure:

- Spanish Public Administration and Ordinary Administrative Procedures Act (Law 30/1992, of 26 November).¹
- Resolution of Board of the CNMV of 11 March 2015 on the delegation of competences.
- Resolution of the CNMV of 16 November 2016 creating and regulating the CNMV Electronic Registry.

3. COMPETENT DEPARTMENT

The Primary Markets Department of the General Markets Division will be responsible for the internal procedure provided for herein.

4. INITIATION

Documentation regarding takeover bids and dispensations and exemptions from mandatory takeover bids will be filed preferably by electronic means.

4.1 TAKEOVER BIDS

1. Applications for authorization will be submitted to the CNMV in the form of a letter signed by the offeror or a duly empowered representative of the same. The application letter will be drawn up in the form established in Circular 8/2008, of 10 December, of the CNMV approving the forms for announcements and applications for authorization to proceed with takeover bids.
2. The application letter will be accompanied by documentation certifying the resolution or decision to proceed with a bid, taken by a duly empowered officer or the competent corporate body of the offeror, and by a prospectus setting out the terms of the bid. The remaining documentation required under article 20 of Takeovers Decree, will be filed together with the application or within the following 7 business days at the latest.
3. The pertinent competition regulations will apply in the case of takeover bids involving an economic concentration transaction. In such case, the offeror shall submit to the CNMV that the transaction has been notified to the competition authorities and may opt to make the bid conditional upon their approval or tacit consent, pursuant to the procedure provided for in article 26 of the Takeovers Decree.
4. The offeror shall publish an announcement of the takeover bid in voluntary takeover bids as soon as the decision to make the bid is taken, provided it has assured its ability to pay the consideration or has taken reasonable steps to that end.
5. The announcement should also be published in any of the circumstances described in articles 3 and 7 of the Takeovers Decree, including express mention either of the intention to launch a bid or, where applicable, of the intention to request a dispensation or of the intention to reduce its shareholdings below the threshold that renders mandatory the submission of a bid.
6. In the cases mentioned in paragraphs 4 and 5 above, the application for authorization of a bid must be filed in the month following the announcement, except in the case of indirect or *de facto* acquisition of control pursuant to article 7 of the Takeovers Decree,

¹ Spanish Ordinary Administrative Procedures Act (Law 39/2015, of 1 October) will apply as of 2 October 2016.

in which case the application for authorization will be filed, where applicable, within three months of the dates mentioned in said article 7.

7. The announcement of a takeover bid will be drawn up in the form established in Circular 8/2008, of 10 December, of the CNMV, approving the forms for announcements and applications for authorization to proceed with takeover bids .
8. The CNMV will supervise bid announcements to ensure compliance with applicable legislation. The offeror and other parties involved in the transaction will desist from disseminating or publishing, by any means, any information not included in the bid announcement, in accordance with article 32 of the Takeovers Decree.

4.2 DELISTING TAKEOVER BIDS

1. In the delisting takeover bids provided for in article 10 of the Takeovers Decree, the issuer of the securities to be removed from trading will publish key information concerning the delisting bid and proposed price before publishing the prior announcement and the application for authorization of the bid pursuant to articles 16 and 17 of the Takeovers Decree.
2. At the time of convening the general shareholders' meeting to approve the bid and the delisting, the company will provide the shareholders with a report prepared by the directors containing a rationale for the proposed de-listing and for the price offered, as well as a valuation report prepared by an independent expert. These documents will be published as relevant events on the CNMV website.
3. Upon the adoption of delisting resolutions by the general meeting of shareholders, the offeror (who may be the issuer of the securities for delisting or another person or entity) will apply for authorization of the delisting takeover bid or will publish the prior announcement and file for authorization of the bid within a period of one month, applying the conditions provided in section 4.1 of this Procedure for takeover bids.

4.3 DISPENSATIONS AND EXEMPTIONS

4.3.1 Exceptions to the obligation to launch a takeover bid when control is achieved (Articles 4.2, 8 d) and 8 g) of the Takeovers Decree).

1. Applications for dispensation or exemption from the obligation to launch a takeover bid on the acquisition of control will be submitted to the CNMV by the applicant or by a duly empowered representative of the same. The application letter will be accompanied by documentation supporting the resolution or decision adopted by the competent officer or body of the applicant to apply for a dispensation or exemption, and by any other supplementary documentation.
2. In the case of dispensation, the interested party must file the application with the CNMV at the same time as it notifies the offeree company.

4.3.2 Exception to delisting takeover bids due to prior takeover bid (Article 11 d) of the Takeovers Decree)

The issuer must file the application for the delisting and the documentation supporting the delisting resolution adopted by the general meeting of shareholders upon completion of the prior takeover bid under the terms provided in article 11 d) of the Takeovers Decree.

4.3.3 Exception to delisting takeover bids due to equivalent process (Article 11 e) of the Takeovers Decree)

The issuer must file the application for the delisting and the documentation supporting the delisting resolution adopted by the general meeting of shareholders. The general meeting of shareholders shall approve an equivalent procedure to the takeover bid in order to ensure protection of the legitimate interests of the holders of the shares affected by the delisting process.

Before the application is made, the issuer must publish a relevant event presenting the proposed delisting, procedure and the price, to be submitted for approval by the shareholders at their general meeting, and it will also provide the shareholders with documentation supporting the price, among other matters.

5. PROCEEDINGS

1. When an application for authorization of a takeover bid is filed, the CNMV will open the procedure within a maximum of 7 business days as of filing of the required documentation.
2. An application for authorization of a takeover bid will not be accepted in the following circumstances:
 - Where the prospectus contains essential errors or does not include the minimum information set out in the annex of the Takeovers Decree.
 - Where documentation supporting the arrangement of guarantees or any other documents required in accordance with article 20 of the Takeovers Decree are omitted, or where any of the documents filed contain errors or serious defects.
 - Where the application is manifestly in breach of the Takeovers Decree.

The CNMV will require the applicant to cure any deficiencies observed within a maximum of 7 business days of the date of registration of the application.

3. The decision will be adopted by the President or Vice-President of the CNMV at the proposal of the General Director of Markets. Where an application is refused, the decision will be duly grounded. The offeror and the offeree company will be notified of the decision in writing and by electronic means.
4. In accordance with article 17.3 of the Takeovers Decree, if the CNMV fails to notify its decision within the aforementioned deadline, the application will be deemed tacitly approved.
5. Applications for dispensation and exemption from the obligation to launch a takeover bid or from a delisting takeover bid, as they are not subject to the formalities and publicity requirements specified in the preceding paragraphs, will be examined once filed the application together with any supplementary documentation applicable.

6. EXAMINATION

6.1 TAKEOVER BIDS

1. The CNMV will examine and verify applications, takeover bid prospectuses and any other pertinent documentation filed, including valuation reports, expert opinions and any other documents concerning the transaction.
2. The CNMV will verify the content of the prospectus to ensure compliance with article 18 of the Takeovers Decree and inclusion of the information set out in the annex of Takeovers Decree and may require offerors to include any additional information deemed necessary in the prospectus. Also, the CNMV may include in the prospectus warnings and considerations that facilitate analysis and comprehension thereof.
3. The CNMV will likewise verify that the offeror has provided the supplementary documents mentioned in article 20 of the Takeovers Decree and will review the content of the same.

6.2 DELISTING TAKEOVER BIDS

Delisting takeover bids will be examined following the general procedure regulated in the Takeovers Decree, as mentioned in section 6.1 above, and will also apply the following specific procedures:

- a) In the case of delisting takeover bids, the CNMV will examine the valuation report in order to verify that its contents are in line with article 82 of the Spanish Securities Market Act and article 10.5 of the Takeovers Decree. The CNMV will likewise verify that the bid price is established in conformity with article 10.6 of the Takeovers Decree.
- b) The CNMV shall verify that the bid prospectus includes information supporting the price and that the valuation report is attached as a supplement.
- c) Furthermore, the CNMV will verify that the delisting procedure submitted by the issuer is in accordance with the provisions of article 82 of the Spanish Securities Market Act, article 10 of the Takeovers Decree and any other applicable legislation.

6.3 DISPENSATIONS AND EXEMPTIONS

6.3.1 Exceptions to the obligation to launch a takeover bid when control is achieved (Articles 4.2, 8 d) and 8 g) of the Takeovers Decree).

1. The CNMV will examine applications for dispensation and exemption and the pertinent supplementary documentation.
2. In the case of dispensation, the offeree company shall have a period of 3 business days of receipt of the notification by the applicant to file allegations with the CNMV.
3. During the processing of the application, the CNMV will examine and review all pertinent documents required to verify compliance with all requirements established in articles 4.2, 8 d) and 8 g) of the Takeovers Decree for authorization of any dispensation or exemption from the obligation to launch a takeover bid.

6.3.2 Exception to delisting takeover bids due to prior takeover bid (Article 11 d) of the Takeovers Decree)

1. The CNMV will examine applications for exception and the pertinent supplementary documentation.
2. During the processing of the application, the CNMV will review and examine all pertinent documents required to verify compliance with all requirements established in article 11 d) of the Takeovers Decree for authorization of any exception to the obligation to launch a delisting takeover bid.

6.3.3 Exception to delisting takeover bids due to equivalent process (Article 11 e) of the Takeovers Decree)

1. The CNMV will examine applications for exception and the pertinent supplementary documentation, which will include documents supporting the proposed price of the delisting takeover bid (generally consisting of a valuation report prepared in accordance with article 10.5 of The Takeovers Decree), as well as the description of the equivalent procedure to a takeover bid, the price and any other documents required.
2. During the processing of the application, the CNMV will review and examine all pertinent documents required to verify compliance with all requirements established in article 11 e) of the Takeovers Decree for authorization of any exception to the obligation to launch a delisting takeover bid.

7. FINALIZATION

7.1 TAKEOVER BIDS

7.1.1 Decision in the case of takeover bids

1. Authorization for takeover bids will be granted or withheld within a maximum of 20 business days of registration of the application, or of the reception date of the last additional information or required documents.
2. The decision will be made by the Board of the CNMV at the proposal of the General Director of Markets, subject to a report from the General Legal Division.
3. Proposals to refuse applications will be duly reasoned on grounds of non-compliance with the provisions of the Spanish Securities Market Act, the Takeovers Decree or any other applicable legislation or regulations.
4. The decision to authorize or refuse a takeover bid will end the administrative process, in accordance with article 22.1 of the Securities Market Act.
5. The CNMV will notify the offeror of the decision adopted, together with the offeree company, the Governing Bodies of the Stock Exchanges on which the securities are listed and, if the securities are listed on the Spanish Stock Markets Interconnection System (SIBE in the Spanish acronym), to the four Spanish Stock Exchanges (Barcelona, Bilbao, Madrid and Valencia) and to the Spanish Stock Exchange Company, as well as to any other pertinent bodies or authorities.
6. The CNMV will publish the bid prospectus authorized on its website along with the announcement of the bid mentioned in article 22 of the Takeovers Decree, and it will file the prospectus and accompanying documentation in the public registry.

7. When an application for authorization for a public takeover bid is submitted requiring notification, authorization or lack of opposition of any other agency, the CNMV shall not authorize the bid until evidence is provided that the notification, authorization or lack of opposition has been secured.
8. Where necessary, the CNMV may adapt the above procedure, deadlines and other formalities applicable, to takeover bids made simultaneously in an official Spanish secondary market and in any other market in a non-member State of the European Union.

7.1.2 Procedures following authorization of a public takeover bid

1. After authorization of a takeover bid has been notified, the offeror has a maximum of 5 days to publish the announcements mentioned in article 22 of the Takeovers Decree. The CNMV may require the offeror to repeat or extend the aforementioned bid announcements subject to a decision adopted by the President or Vice-President of the CNMV at the proposal of the General Director of Markets.
2. The CNMV shall supervise the report on the bid issued by the board of directors of the offeree company in accordance with article 24 of the Takeovers Decree.
3. The CNMV may decide to extend the period for acceptance of the bid where deemed necessary. Such decision will be adopted by the President or Vice-President of the CNMV at the proposal of the General Director of Markets, and it will be duly reasoned and grounded in terms of the successful conclusion of the bid and protection of the investors to which it is addressed.

The CNMV shall supervise any other grounds for extension of the period for acceptance of the bid where its express authorization is not required in accordance with the relevant provisions of the Takeovers Decree (article 23.2 and 23.3, article 44.1 and article 45.7).

4. The procedure provided for in article 31 of the Takeovers Decree will apply in the event of any change in the characteristics of a bid. The General Director of Markets will submit a report on the changes made and propose a decision thereon to the President or Vice-President of the CNMV. The decision will be adopted within 3 business days of receipt of the application.
5. Chapter IX of the Takeovers Decree will apply in the case of competing takeover bids. The sealed envelope bid improvement procedure provided for in article 45 of the Takeovers Decree will be published on the CNMV website sufficiently in advance of the final deadline established for the submission of sealed envelopes.
6. The offeror will be permitted to withdraw a bid only in the cases mentioned in article 33 of the Takeovers Decree. The offeror should notify the CNMV of its decision to withdraw the bid, accompanied by an express and detailed statement of the reasons therefore. This notification will be published by the offeror in the same form as the bid was announced, within 2 business days of receipt by the CNMV. Where withdrawal requires the prior conformity of the CNMV in accordance with the aforementioned article 33, the General Director of Markets will present a reasoned proposal to the Board of the CNMV.
7. Upon termination of the period for acceptance of the bid, the CNMV will receive from the Stock Exchanges or the bid agent, within a maximum of 5 business days of expiration of the period for acceptance of the bid, information regarding the number

of acceptances submitted whereupon it will publish the result of the bid in accordance with the provisions of article 36 of the Takeovers Decree.

8. The CNMV will notify the offeror of the positive or negative result of the bid, as well as the offeree company, the Governing Bodies of the Stock Exchanges on which the securities are admitted to trading, and if the securities are listed on the SIBE, to the four Spanish Stock Exchanges and to the Spanish Stock Exchange Company. These notifications will be made within a maximum of 2 business days of receiving by the CNMV the information.
9. The offeror shall notify the CNMV, within a maximum of 3 business days of publication of the result of the bid, if the conditions in relation to squeeze-out and sell-out mentioned in Chapter X of the Takeovers Decree are met for publication on the CNMV website. In such case, the shareholders of the offeree company may require the offeror to compulsorily purchase their shares from that moment on, within 3 months after the expiration of the acceptance period, following the procedure established in the prospectus.

Within such 3-month period, the offeror shall inform the CNMV as to whether or not it shall exercise its right of squeeze-out for dissemination through the CNMV website. If so, the offeror shall publish the terms and conditions of the squeeze-out by the same means by which the bid was published, within a maximum of 5 business days of publication date by the CNMV. Before exercising the aforementioned squeeze-out right, the offeror must provide evidence to the CNMV with the pertinent guarantees, which it shall recover after evidence of the settlement of the transaction.

Trading in the shares will be suspended, at the request of the offeror, several sessions before the implementation of the squeeze-out, that shall entail the delisting of the affected securities from the stock exchange.

10. The CNMV will monitor and control public takeover bids on an ongoing basis until completion and will subsequently monitor compliance by offerors with the commitments indicated in their bid prospectuses.

7.2 DELISTING TAKEOVER BIDS

Delisting takeover bids will be completed under the terms provided in section 7.1.1 above for takeover bids, and the CNMV may carry out subsequent proceedings after authorizing the bid as provided in section 7.1.2, subject to the following specific conditions:

- a) In the case of delisting takeover bids, securities will be removed from trading when the bid is settled or when any applicable squeeze-out or sell-out transactions are completed.
- b) The CNMV will suspend the affected securities from trading for the interim between the expiration of the bid acceptance period and the effective delisting.

7.3 DISPENSATIONS AND EXEMPTIONS

7.3.1 Exceptions to the obligation to launch a takeover bid when control is achieved (Articles 4.2, 8 d) and 8 g) of the Takeovers Decree).

1. Applications for dispensations will be authorized or dismissed within a maximum of 10 business days of registration of the application, or of the reception date of the last

additional information or documents required. The deadline will be 15 days in the case of exceptions.

2. The decision to authorize or refuse an application for dispensation or exemption will be made by the Board of the CNMV subject to a prior report and proposal from the General Director of Markets.
3. The proposal to refuse applications will be reasoned on grounds of non-compliance with the conditions for dispensation or exemption under the circumstances referred to in the Takeovers Decree.
4. The resolution whereby the authorisation is granted or denied shall be notified to the applicant and the offeree company.
5. Upon authorization of a dispensation or exemption, the applicant will publish the pertinent documentation in connection with the dispensation or exemption application as relevant information under the terms of the *Procedure for reporting of relevant information*.
6. In the event of dispensation, the CNMV will monitor the subsequent situation of the conditions under which the dispensation was granted in accordance with article 4.2 of the Takeovers Decree, in order to determine whether a mandatory takeover bid arise. Also, the CNMV will monitor compliance by the applicant with the commitments contained in the application.

7.3.2 Exception to delisting takeover bids due to prior takeover bid (Article 11 d) of the Takeovers Decree)

1. The Executive Committee of the CNMV will grant authorization for delisting with exemption from the obligation to launch a takeover bid subject to a prior report and proposal from the General Director of Markets.
2. The applicant and the offeree company will be notified of the decision to authorize exemption.
3. Upon notification of the CNMV's decision, the issuer will publish the documentation concerned in the delisting request as relevant information.
4. The issuer will facilitate the sale of all securities not immobilised until their effective delisting, by means of an order to purchase such securities issued by the company or any other person or entity, during at least one month over the six-month period subsequent to the end of the preceding bid. The issuer will publish a specific relevant event concerning the purchase order, detailing the term of the same.
5. The CNMV will suspend the trading of the affected securities upon termination of the purchase order until their effective delisting.
6. The securities shall be delisted when all transactions under the purchase order are settled.

7.3.3 Exception to delisting takeover bids due to equivalent process (Article 11 e) of the Takeovers Decree)

1. The General Director of Markets will submit a prior report on the planned transaction to the Executive Committee of the CNMV and, where appropriate, a proposal for the decision to open a period for allegations prior to a decision on the delisting application with the exception to the obligation to launch a bid submitted. The period for

allegations will have a duration of one month starting on the date of publication by the CNMV of the pertinent announcement in the Spanish Official Gazette.

2. Once the observations period is closed and after processing by the CNMV all allegations submitted, the General Director of Markets will submit a report to the Executive Committee of the CNMV together with a proposal to authorize delisting of the securities with exception to the obligation to launch a delisting takeover bid.
3. The applicant and offeree company will be notified of the decision to authorize any dispensation or exemption.
4. Paragraphs 3 to 6 of section 7.3.2 above will apply to the following phases of the procedure.

8. PUBLICITY

1. At least the following documents will be published as relevant events during the takeover bid process:
 - Prior announcement of the bid (no prior announcement will be made where the application for authorization is filed directly).
 - Application for authorization of the takeover bid (where the application is filed without prior announcement it will contain the information proper to such announcement).
 - Acceptance or dismissal of the bid application.
 - Decision to authorize or refuse the bid.
 - Period for acceptance of the bid and period of extension, where applicable, indicating the reasons for the same.
 - Report on the bid issued by the directors of the offeree company in accordance with article 24 of the Takeovers Decree, where applicable.
 - Withdrawal of the bid or any other reasons whereby the bid is deprived of effect.
 - Result of the bid.
 - Notices concerning squeeze-out and sell-out transactions, where appropriate.
 - Delisting, where applicable.
2. The following documents will be disseminated as relevant events during the procedure applicable to dispensation or exemption of the obligation to launch a takeover bid upon acquisition of control or delisting:
 - Decision by the shareholder or interested party to apply for a dispensation or exemption from the obligation to launch a takeover bid.
 - Decision to authorize or refuse an application for dispensation or exemption.
 - Application letter once authorised and supplementary documentation.

9. NOTIFICATION OF INTERESTED PARTIES

CNMV requests for additional information and supplementary documentation will be issued in accordance with the *Procedure for the issue of demands and requests for data or reports to persons and firms operating in the securities markets*.

Notwithstanding the foregoing, other deadlines may be established for filing of demands and requests for information and data where necessary to ensure effective supervision in view of the nature, content and impact of the procedure or information requested on the markets or the transaction in question, and/or in view of the difficulty or workload inherent in compliance.

10. PROCEDURE MANUALS

1. The General Director of Markets will draw up and approve the necessary “Procedure Manuals” to ensure compliance with and the practical application of this procedure.
2. The criteria and standards set forth in the “Procedure Manuals” are not statutory provisions and have no legal effect, being merely basic operational guidelines and specific rules to ensure the proper, efficient conduct and completion of work.
3. The “Procedure Manuals” will contain such controls as may be deemed necessary under the CNMV Risk Management System to ensure effective compliance with relevant legal provisions and with this procedure.
4. The “Procedure Manuals” will be prepared following the criteria and standards issued by ESMA to promote common supervisory practices in accordance with article 29.2 of Regulation (EU) No. 1095/2010, and any guidelines the CNMV may publish in connection with this procedure.
5. The “Procedure Manuals” shall be communicated to the Executive Committee of the CNMV.

11. EFFECT

This procedure will apply as of 21 September 2016, and it will be revised annually or wherever its contents are materially affected by any regulatory change.