



INSTRUCTION 01/2007

Market Makers

18.November.2008
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Versions Index

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Initial Version

18.November.2008

Registration with The Portuguese Securities Market Commission (CMVM) on October 30th, 2008 as a MIBEL Derivatives Market Rule as a EU Regulated Market according to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (MiFID)

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Under the scope of that stated in number 3 of article 13 of the Trading Rulebook, OMIP approves this Instruction, which defines the specific conditions of executing Market Maker activity in relation to the Contracts listed to trade on the Market.

Scope and Categories

1. The role of Market Maker can be obtained by Trading Members with the ability to trade for House Account.
2. OMIP may invite Trading Members individually in order to create Market Makers.
3. The performance of the role of Market Maker is subject to signing a Market Making Agreement with OMIP.

Activity

4. The specific conditions of this role are established in the Market Making Agreement between OMIP and the Market Maker.
5. The Market Maker introduces firm buy and sell offers, for house account, on one or more contracts listed to trade.
6. The offers referred to in the previous number comply with three typical conditions set in the Market Making Agreement:
 - a) Being simultaneously exposed on the Market, for a minimum percentage of time in continuous during the Trading Phase of each Trading Session;
 - b) In terms of price, not to be further than the maximum tick value;
 - c) Respecting the minimum quantity of Contracts.
7. The Market Making Agreement may incorporate conditions for interrupting Market Maker activity, namely the exemption of acting in a predetermined number of Trading Sessions, for each contract covered by the Agreement.

Fast Market

8. When there is a significant increase in the volatility of market prices it is considered a fast market situation.
9. As a reference, a fast market situation is reached when the maximum price variation limit is hit during the Trading Session.
10. In fast market situations the obligation to quote prices by the Market Maker may be different to the basic conditions, for which purpose they will be set in the Market Making Agreement.
11. It is up to OMIP to identify a fast market situation, which should inform the Market and the Market Makers, involved on the Contract in question, simultaneously.
12. The Market Makers may request a declaration of a fast market situation from OMIP.

Exceptions

13. Whenever a technical failure occurs on the Trading System or on the Market Makers system, the Market Maker becomes exempt from fulfilling its obligations to quote prices, even though, in the latter situation, it must inform OMIP and adopt all measures to correct the situation.

14. If the Market Maker holds privileged information that has not yet been made public, it will be prevented from undertaking its obligation to quote prices, until the information has been made public, in line with the legislation in force. OMIP may request that the situation be documented.

Exclusion

15. In market circumstances considered exceptional by OMIP or whenever the Market Makers' actions devalue or put into question the normal running of the Trading Session, OMIP may suspend Market Maker activity.

Evaluation

16. Despite OMIP carrying out a continued follow up of the compliance of the Market Makers' obligations, the evaluation is carried out monthly.
17. OMIP informs the Market Maker of its performance evaluation in a given month, during the first five Trading Days of the following month.
18. The Market Maker has five Trading Days to complain in relation to its evaluation meaning OMIP must clarify the subject in the following five Trading Days.
19. In the case of disagreement OMIP's position will prevail.

Incentives

20. For the complete and regular fulfilment of its obligations the Market Maker may have the right to a discount in trading and clearing fees relating to operations executed during the continuous trading period, as well as a monthly compensation from OMIP for each contract under its scope.
21. Depending on the development of the Market Makers' activity, OMIP may establish other incentives.
22. All specific incentives, as well as the respective observation and review conditions should be expressly contemplated in the Market Making Agreement.

Information

23. OMIP immediately informs the Market if the situations mentioned in numbers 7 and 15 occur, under the terms set in the Trading Rulebook.
24. OMIP publishes and maintains an updated list of Market Makers as well as the contracts on which they act, on www.omip.pt, www.omiclear.pt and in the Market Report.

Entry into Force

25. This Instruction was registered at the CMVM on October 30th, 2008 and enters into force on November 18th, 2008.

The Executive Committee