



INSTRUCTION 04/2006

Auction Trading Mode

30.December.2019

Versions Index

30.June.2006

Initial Version

22.September.2006

Added number 13, related with the intervention of the retailers.

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)

2.March.2009

Number 13 changed.

25.June.2009

Number 5, paragraph a) changed.

New numbers 10 and 11 added. Renumbering of the following numbers.

7.September.2012

Included functionality trading auction block products

Reorganized the document accordingly to ensure consistency

30.december.2019

Inclusion of volume auctions

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Pursuant to **articles 47, no. 2 and 52, no. 3 of Trading Rulebook**, OMIP approves this Instruction which specifies the provisions regarding the auction trading mode.

General Principles

1. Without prejudice of special applicable law or regulations, any Trading Member may participate in the auction trading, subject to the conditions permitted by the respective status.
2. The auction trading is expected in four situations:
 - a. In each trading session, preceding and succeeding the period of continuous trading, and fixed in the notice their implementation, their schedules, contracts and other characteristics covered under this Instruction;
 - b. When asked for a block an auction of products, in accordance with paragraph 9 and thereafter;
 - c. Whenever market conditions so require, namely in the situations with high price volatility.
 - d. When a volume auction is triggered, as defined in numbers 26 and 17 of this Instruction, in accordance with number 4 of OMIP Instruction 01-2014 Bilateral Transactions. In this case, the auction will start with two Orders corresponding to the registration request made by the two counterparts.

Call Stage

3. The call stage can be of open type (open auction) or closed (closed auction), as set forth in Notice.
 - a. In the open auction type is continuously displayed in the Trading Platform, the situation of the Central Order Book in terms of price depth and may be released the provisional equilibrium price corresponding to the situation that would result in every moment of the encounter of those Orders.
 - b. In the closed auction closed type is not given any information about Orders in the Central Order Book or on the provisional equilibrium price.
4. Orders are submitted to validation against quantity and price limits, as defined by OMIP, at the time of their introduction in the Central Order Book.
5. The closing of this Call stage is determined on a daily basis, at a random time, during the last 30 seconds of that period, except for volume auctions.
6. The Call stage may be extended for a period of five minutes, keeping the closing methodology as set forth in the preceding number.

Determination of the equilibrium price

7. The auction trading originates a single equilibrium price, which is relevant for settlement of the Transactions of all buyers and sellers.
8. The determination of the auction equilibrium price is based on the existing Orders on the Central Order Book at the end of the call stage, applying one of the following criteria, as established in Notice:
 - a) Minimum price criterion
 - i. Maximization of the tradable volume;
 - ii. Prevalence of the lowest equilibrium price whenever there are several prices which fulfil the previous condition.

- b) Maximum price criterion
 - i. Maximization of the tradable volume;
 - ii. Prevalence of the highest equilibrium price whenever there are several prices which fulfil the previous condition.
- c) Symmetrical criterion
 - i. Maximization of the tradable volume;
 - ii. If there are several prices that satisfy the previous condition it is selected the one that corresponds to the minimum absolute value of the imbalance between supply and demand.
 - iii. The unbalance between supply and demand is defined, for a given “p” price, as the difference between the aggregated value of the buy orders at prices higher or equal to “p” and the aggregated value of the sell orders at prices lower or equal to “p”. If the minimum unbalance corresponds to only one of the defined prices, the auction equilibrium price corresponds to that price.
 - iv. If the minimum unbalance corresponds to several prices, is not null and assumes values with the same signal, the auction price will correspond to the price which is highest in case of positive unbalance and lowest in case of negative unbalance.
 - v. If it is not verify any of the situations referred to in the preceding paragraph, we define an interval whose endpoints consist of two prices at which occurs a change in sign of the imbalance, if this take positive and negative values or prices higher and low corresponding to all zero balance and apply the criteria of the following points.
 - vi. The auction price will correspond to the price of the last trade executed on the market on the current trading session until the early stage of the call stage or, failing that, the last reference price available, if they fall within the range defined in the preceding paragraph.
 - vii. The auction price will correspond to the price of the end of the range that is located closest to the last traded price of the market held in the trading session in progress until the early stage of the call or, failing that, the last reference price available case do not fall within the range defined in paragraph IV.

Block auction trading of products at the request of a Trading Member

- 9. For purposes of this Circular, it is named Product a Contract or the combination of prices of various Contracts.
- 10. Every Trading Member may request to OMIP a product's block auction, which is divided into the following phases:
 - a. Request
 - b. Disclosure
 - c. Call
 - d. Pricing Equilibrium
 - e. Register of deals
- 11. The auction may occur in the negotiation phase, continuous phase or the pre-closing, in which case the clearing date is the one of the following day except in the last trading days of contracts where the auction is only permitted during the Continuous Trading Phase of Trading Session.

12. The request must be made to OMIP via fax or email. If the same is received in the last thirty minutes of continuous trading phase, the auction will only be permitted between the hours of Pre-Closing.
13. When approved, OMIP discloses the auction via a message on the Trading Platform until a minimum of five minutes before the start of the call phase.
14. The duration of the call phase is defined by OMIP in the disclosure of the auction, according to the following restrictions::
 - a. Can not be less than 5 minutes.
 - b. May not cover the last 10 minutes of continuous trading phase or the Pre-Closing.
15. The request from the Trading Member, shall contain the following information:
 - a. The product subject to auction.
 - b. Quantity to submit a tender (number of contracts).
 - c. Type of Offer (buy or sell).
 - d. Offer Price.
 - e. Time required for the auction, corresponding to the beginning of Call Phase
16. The amount to be submitted for auction must meet the following minimum limits, expressed in number of contracts:
 - a. Days: 200
 - b. Week-end: 200
 - c. Weeks: 100
 - d. Months: 50
 - e. Quarters: 50
 - f. Years: 25
17. The price of a buy order must be higher than, by successive order of priorities, the following values:
 - a. When available, the best current bid in the Central Order Book for the product submitted to auction, at the time of application;
 - b. When available, the price of the last deal in the Market Trading Session minus the current value expressed in number 19 for each product type;
 - c. Finalmente, quando não sejam aplicáveis os dois critérios anteriores Finally, when the two previous criteria do not apply:
 - i. The Reference Price in force, minus the value expressed in number 19 for each type of contract.
 - ii. The value set by OMIP in the case of products that do not conform to contracts.
18. The price of an offer must be less than, by successive order of priorities, the following values:
 - a) When available, the best current offer in the Central Order Book for the product submitted to auction, at the time of application;

- b) When available, the price of the last deal in the Trading Session added of the value expressed in the number 19 for each product type;
 - c) Finally, when the two previous criteria do not apply:
 - i. The Reference Price added of the value expressed in number 19 for each type of product.
 - ii. The value set by OMIP in the case of products that do not conform to contracts.
19. Allowable ranges for setting the price of Offers (ticks):
 - a. Dyas and week-ends: 200
 - b. Weeks: 75
 - c. Months: 75
 - d. Quarters: 50
 - e. Years: 50
 20. OMIP decides the auction as well as its duration, and can accept that the conditions of the Trading Member's Offer for the price and quantity, are different from those set out in paragraphs 16, 17 and 18 above.
 21. OMIP may use in the Trading Platform, instrumental instruments for block auctions, in which case are to be defined and disclosure for instrumental purposes of carrying out the auction at the time of disclosure.
 22. Being accepted the request and fixed the time, OMIP discloses to all Members the auction with the essential data for each product under auction:
 - a. Identification of the product.
 - b. Type of Offer (buy or sell) put up for auction, quantity, and price.
 - c. Start and end corresponding to the call phase.
 - d. The instrumental instrument on which the auction takes place.
 23. OMIP introduces the offer of the Trading Member who requested the auction in the Trading Platform, on his behalf before the opening of the auction.
 24. After the closing stage of the call phase, the deals that eventually occur in this instrumental instrument will be canceled and registered in the corresponding due Contracts.
 25. Except as otherwise provided in a Notice, the methodology for setting the price and type of auction will be that in force on the Trading Session in which it takes place.

Volume Auction Trading

26. Volume auction is an open bid auction allowing Orders at a single price, its execution is based on time priority of the Orders and the call phase duration is one minute.
27. Non executed Orders are immediately canceled.

Effects of Auction Trading

28. Prices and trades resulting from the auction trading are submitted to validation by OMIP.
29. After validation by OMIP as referred in the preceding number, Transactions are deemed final and submitted to registration with OMIClear.
30. Buy and sell Positions resulting from Transactions executed under auction trading, are fungible with the Positions resulting from Transactions executed on the Market under continuous trading, for the same contract, both physical and financial.

Participation of the Last Resort Retailers

31. In respect of the specific auctions for the participation of the Last Resort Retailers, OMIP transmits to the responsible entities the necessary information to the tariffary recognition of that participation.

Entry into Effect

32. This Instruction has been registered with CMVM on December 30th, 2019 and enters into effect on January 2nd, 2020.

The Board of Directors