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INTERBOLSA CIRCULAR N.º 1/2016 – Corporate Actions

(as amended by Interbolsa Circular 1/2018, 2/2019 and 4/2019)

In compliance with article 28 of INTERBOLSA Regulation no. 2/2016 on the establishment of operational rules of the centralized securities systems and of securities settlement systems managed by INTERBOLSA, this Circular sets out the procedures related to the pursuit by INTERBOLSA of the exercise of rights attached to the securities integrated in the centralized system, as well as operations of securities conversion.

Therefore, under the above established, the Board of Directors of INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (INTERBOLSA), decided to approve the following Circular:

CHAPTER I – GENERAL PROVISIONS

Article 1

(Scope)

1. This Circular sets out the procedures for the exercise of corporate actions relating to securities integrated into the centralized system, and the related securities conversion operations.
2. The Issuer, whenever necessary to the exercise of corporate actions, shall expressly inform INTERBOLSA of those facts with at least fifteen working days prior to the date of payment or the beginning of the corporate action, providing INTERBOLSA, within the term that for this purpose is fixed, all the necessary information.

3. The communication referred to in the preceding paragraph is made, primarily, in an electronic form through the INTERBOLSA's Portal, and INTERBOLSA can, where the situation in question justifies, accept other means of communication.
4. The terms and procedures set out in this Circular can be changed if INTERBOLSA, at the request of the Issuer, considers that to that specific operation different time limits should be applied.
5. It is applied to this Circular the provisions of Article 3 of INTERBOLSA Regulation no. 2/2016.

Article 2
(Structure)

1. This Circular defines and establishes the procedures for the exercise of corporate actions and other securities conversion operations:
 - a) Distributions;
 - b) Mandatory and voluntary reorganizations;
 - c) Transaction management;
 - d) Conversion of securities operations.
2. The distribution is an operation that does not affect the characteristics of the underlying security. The distributions shall be in cash and/or securities.
3. A reorganization is an operation that changes the position held of the underlying security and/or the characteristics of that same security, including operations in which the underlying security is replaced by another, with different characteristics and/or by cash. The reorganizations can be mandatory, when processed according to the definition of the Issuer, without the possibility of the investor to choose to exercise or not its right, or voluntary, when the investor can choose to exercise or not its right.
4. The transaction management includes the necessary procedures to ensure, through an automatic adjustment of the operations, who is entitled to the final result of a particular corporate actions.
5. The transaction management on pending settlement instructions includes market claims, transformations and buyer protection operations.
6. The capital increase operations by incorporation of reserves, with or without detachment of rights, and by subscription reserved to shareholders, can be decomposed into several operations,

called base operations, depending on the corporate actions.

7. The conversion operations of securities referred to in this Circular relate to the change of the form of representation of securities.

Article 3
(Information)

1. The Issuer, or the agents appointed by it, shall send to INTERBOLSA all the information necessary for processing the corporate actions.
2. INTERBOLSA shall send to the Participants all the necessary information for processing the corporate actions communicated by the Issuer.
3. INTERBOLSA shall send to the Issuer, or agents specified by it, all the necessary information to the pursuit of that corporate actions, as well as the results of it.

CHAPTER II - DISTRIBUTIONS

Article 4
(Scope)

The distribution operations can be:

a) Cash distribution, namely including the payment of dividends, interest and other income securities which are of a similar nature.

b) Securities distribution, including, namely, increase of capital by incorporation of reserves without detachment of rights, demergers without capital reduction or detachment of rights and distributions of rights, whenever deemed necessary for processing the operation.

SECTION I – CASH DISTRIBUTION

Article 5

(General Provisions)

1. Whenever the Issuer decides a distribution of cash, related to securities integrated into the centralized system, the Issuer shall send to INTERBOLSA an acceptance statement of the Participant that ensures the exercise, within the following deadlines:

a) In the case of dividends or similar income payment, up to the third business day prior to the payment date;

b) In the case of interest or other similar income payment, up to the fourth business day prior to the payment date.

2. The currency to be used for the income payments is the euro or any other currency accepted by the Non-Euro Currency Settlement System, which may not coincide with the issuance currency.

3. The Participants who do not have an account in the payment system operated by CGD - Caixa Geral de Depósitos, SA (hereinafter, CGD) for settlement purposes of securities transactions denominated in a currency other than the euro, cannot be designated by the Issuers to carry out the functions of paying agent.

4. In the information related to the characteristics of the corporate action to be processed, the Issuer must inform INTERBOLSA within the deadlines established, in order to enable the timely processing of the corporate action according to the established operating procedures:

a) The unit amount to be paid, in the case of securities represented in quantity (units), or the percentage to be applied to the positions of the securities accounts of the Participants, in the case of securities represented in amount of the nominal value;

b) The currency used in the income payment.

5. The final amounts for income are determined by INTERBOLSA based on the account balances of the Participants where the relevant securities are registered at the end of the business day immediately preceding the payment date (*Record Date*).

6. If the Issuer fails to comply with the obligation required in paragraph 1 of this article, within the terms therein, the income are not processed on the day established by the Issuer and INTERBOLSA shall, after informing CMVM and, where appropriate, the managing company of the regulated market and/or MTF, proceed in accordance with the provisions of article 8 thereof.

Article 6

(Procedures related with the income payment in euro or a currency accepted by the T2S)

1. On the morning of the payment day, in the time established by INTERBOLSA, this entity shall send to the T2S platform the free of delivery instructions (PFOD) to be settled on an all or nothing basis, being the payment processed on the cash accounts (DCAs) identified by the Participants, against the Participant's account responsible for the payment.
2. The Participants should immediately proceed with the credit to the accounts holders opened with them, according to the position that each one holds.

Article 7

(Procedures related with payments in a currency other than Euro not accepted by T2S)

1. On the date fixed by the Issuer for income payment, on the time established by INTERBOLSA, this managing entity will send to CGD, while operator of the non-euro currency payment system, the instructions to be settled.
2. Based on the information referred to in the preceding paragraph, the non-euro currency payment system operated by CGD shall debit the paying agent's account and shall credit, in exchange, the accounts of the Participants indicated in the instructions sent to settlement.
3. The Participants shall immediately proceed with the credit to the accounts holders opened with them, according to the position that each one holds.
4. Where detected lack of funds, all the instructions for the same corporate action are cancelled, and :
 - a) CGD immediately informs INTERBOLSA of the fact;
 - b) INTERBOLSA informs the Issuer, CMVM and the Participants with securities in their accounts of the situation that occurred.
5. For settlement purposes, the payment instructions for processing corporate actions have

priority over the settlement instructions of "non-clearable" operations carried out in the market and the settlement instructions of over-the counter (OTC) operations.

6. The criteria to be established for the settlement of payment instructions related to processing of two or more corporate actions for the same day, the same currency and with the same paying agent is the one of the order established in the file instructions sent by INTERBOLSA.

7. At the end of processing, CGD informs INTERBOLSA of the execution or non-execution of the instructions related to the processing of the corporate action.

8. Where the payment system operated by CGD, processing the settlement instructions sent by the no- euro currency settlement system, detects that the Participant that should be credited does not hold any account opened in CGD for that effect, shall provide immediately and automatically the special opening of an account for this purpose, applying the procedures set in INTERBOLSA Circular No. 4/2016.

9. INTERBOLSA shall keep informed CMVM until the complete regularisation of the situation described in the preceding paragraph.

Article 8

(Cases of non-compliance)

1. If the payment of dividends, on the date fixed by the Issuer, fails:

a) If the concerned securities are admitted to trading, INTERBOLSA shall keep the position of the securities accounts of the date of payment, not allowing, in the case of certificated securities, deposits and withdrawals, until payment actually occurs:

a1) The new date for the payment of the dividend should be explicitly communicated by the Issuer to INTERBOLSA until the third business day prior to that date; the Issuer should submit, within the same period, all the necessary elements, including the statement referred to in paragraph 1 of article 5;

a2) Upon the occurrence of the established in the preceding paragraph, INTERBOLSA shall immediately inform the regulated market and/or MTF and shall process, on the date established by the Issuer for payment of dividends, the corporation action, based on the accounts position mentioned above.

b) If the concerned securities are not admitted to trading, INTERBOLSA shall not process the respective payment, only doing that in the new date fixed by the Issuer, as follows:

b1) The new date for payment of dividends should be explicitly communicated by the Issuer to INTERBOLSA until the third business day prior to the payment to allow the processing; the Issuer should submit, by that date, all the necessary elements, including the statement referred to in paragraph 1 of article 5;

b2) Upon the occurrence of the established in the preceding paragraph, INTERBOLSA shall process, on the date fixed by the Issuer for payment of dividends, the corporate action in accordance with the procedures laid down in the previous articles.

2. If the interest payment on the date fixed by the Issuer, INTERBOLSA shall not process the respective payment, only doing it on the new date to be fixed by the Issuer, where:

a) The new date for interest payment should be explicitly communicated by the Issuer to INTERBOLSA till the fourth business day prior to the payment to allow the processing, even should the Issuer submit, by that date, all the necessary elements, including the statement referred to in paragraph 1 of Article 5;

b) Upon the occurrence of the established in the preceding paragraph, INTERBOLSA, in the date fixed by the Issuer to pay interest, shall process the corporate action in accordance with the procedures set out in the preceding articles;

c) If the concerned securities are admitted to trading, INTERBOLSA, verified the established in paragraph a), shall immediately inform the regulated market and/or MTF of the new date indicated by the Issuer.

Article 9

(Specific situation of INTERBOLSA link with other CSDs)

1. Where INTERBOLSA connects with other CSDs (*Investor CSD model*), the payments of income related to the securities registered in the account that INTERBOLSA maintains open in another CSD, are credited in the DCA of INTERBOLSA in the T2S platform, according to the procedures established by the Issuer CSD.

2. Immediately after the credit referred to in the preceding paragraph, INTERBOLSA shall distribute the amount received by its Participants, taking into account each position held and the rules of the Issuer CSD.

SECTION II – SECURITIES DISTRIBUTION

Article 10

(Procedures)

1. The Issuer shall, whenever necessary to exercise the distribution of securities, inherent to securities integrated into the centralized system, clearly communicate to INTERBOLSA all the necessary information for the timely processing of the corporate action in accordance with the operational procedures established, in particular, the allocation factor to be applied and, where appropriate, an indication whether or not the compensation of fractions, resulting from the application of the allocation factor, will occur and the identification of the entity responsible for the payment of those fractions, as well as the unit price established by the Issuer, for the compensation of such fractions.
2. The final result corresponding to the distribution of securities is determined by INTERBOLSA, based on the account balances of the Participants where the relevant securities are registered at the end of the business day immediately preceding the date of distribution (*Record Date*), according to the allocation factor provided by the Issuer.
3. On the day fixed by the Issuer for the allocation of new securities, INTERBOLSA shall apply the allocation factor to the securities that are registered in the Participants accounts, proceeding to the register on these accounts of the securities resulting therefrom.
4. Participants shall, immediately, credit their customers' accounts, holders of the securities, according to the position that each one holds.
5. Concerning the new securities created, INTERBOLSA shall update the static data on their local systems and on the T2S platform, and send it to the T2S platform, to be settled in the T2S night time settlement period, in an all or nothing basis, the instructions of delivery free of payment (DFP) required for the respective credit in the securities accounts of the Participants.

6. In the case of certificated securities, INTERBOLSA shall also trigger the following procedures:

a) Send to the Issuer a list containing the serial numbers concerning the securities deposited in the centralized system;

b) Define with the Issuer the plan regarding the delivery to the Central Vault of the definitive certificates resulting from the allocation of the new securities.

7. INTERBOLSA proceeds to the detachment of rights, particularly in capital increase operations by incorporation of reserves, demergers and similar transactions, whenever deemed necessary for the correct processing of the operation and when requested by the Issuer.

Article 11

(Fractions treatment)

1. Where, by virtue of the application by the Participant of the allocation factor indicated by the Issuer results fractions arising from undistributed securities, they might be settled by the Participant internally among its clients, in order to minimize the amount not distributed, as well as by the Issuer, according to the information initially provided to INTERBOLSA and to the market, and shall, to this effect, the Participant inform INTERBOLSA of the amount of not distributed securities.

2. Based on the information related to the non-distributed securities received from the Participants that hold the securities, the Issuer and the entity responsible for the compensation of fractions shall proceed to the compensation due to each Participant, if necessary, through INTERBOLSA; in the latter case, INTERBOLSA shall send to T2S platform, in the morning of the payment date, the payment free of delivery instructions (PFOD) to be settled on an all or nothing basis, for the credit of the accounts of the Participants.

3. The securities not distributed at the end of the fractions distribution and compensation process are credited in the special account of the Issuer related to undistributed securities.

Article 12

(Specific situation of INTERBOLSA link with others CSDs)

1. Where INTERBOLSA connects with other CSDs (*Investor CSD* model) the distributed securities are credited to the account that INTERBOLSA maintains open in another CSD, according to the procedures established by the Issuer CSD.
2. Immediately after the credit referred to in the preceding paragraph, INTERBOLSA shall distribute the securities received by its Participants, taking into account each position held and the rules of the Issuer CSD.

CHAPTER III – REORGANISATIONS

Article 13

(Scope)

1. Compulsory reorganizations can be performed:
 - a) With cash distribution, including, namely the total redemptions and partial redemptions without reduction of the nominal value, the exercise of warrants on the date of maturity and exercise of warrants with knock-out;
 - b) With securities distribution, including, namely capital increase by subscription reserved for shareholders, capital reduction operations, mergers and demergers with capital reduction, exercise of rights in mandatorily convertible securities (VMOCs) on maturity date, convertible securities (VMCs) and convertible bonds on maturity date, as well as the stock split and reverse stock split operations.
2. The relevant dates to take into consideration in the processing of a mandatory reorganization are:
 - a) The last trading day, which is the 3rd business day preceding the payment or allocation date;
 - b) The Record Date, corresponding to the business day immediately preceding to the payment or allocation date;
 - c) The payment or allocation of securities date.
3. The voluntary reorganizations shall include, in particular, the exercise of the mandatorily convertible securities (VMOCs) and convertible bonds before the maturity date.

4. The relevant dates to take into consideration in the processing of a voluntary reorganization are:

- a) The beginning of the rights exercise period;
- b) The last day to guarantee participation in the exercise of rights (*Guaranteed Participation Date*), which is the last day on which the security in question can be acquired with the right to participate in the exercise;
- c) The Record Date, corresponding to the business day immediately preceding the allocation date;
- d) The allocation date of new securities.

SECTION I – MANDATORY REORGANISATIONS

SUBSECTION I – MANDATORY REORGANISATIONS WITH DISTRIBUTION

Article 14

(Mandatory reorganisations with cash distribution. Procedures)

1. In the information related to the characteristics of the corporate action to be processed, and in order to enable the timely processing of the same according to the established operating procedures, the Issuer shall inform INTERBOLSA:

a) The unit amount to be paid, in the case of securities represented in quantity (units), or the percentage to be applied to the positions of the securities accounts of the Participants, in the case of securities represented in amount of the nominal value;

b) The currency used in the income payment.

2. The final amounts are determined by INTERBOLSA based on the account balances of the Participants where the securities are registered at the end of the business day immediately preceding the payment date.

3. After the processing referred to in the preceding paragraph, INTERBOLSA shall create and send to the T2S platform, for the night time settlement period, the instructions free of payment (FOP) to be settled on an all or nothing basis, for the debit of the securities accounts of the Participants.

4. On the morning of the payment date, in the time established by INTERBOLSA, this entity shall send to the T2S platform, or to Caixa Geral de Depósitos if payment is in a currency not accepted by the T2S platform, the free of delivery payment instructions (PFOD) to be settled on an all or nothing basis, being the payment processed on the cash accounts identified by the Participants, against Participant's account responsible for the payment.
5. The Participants should immediately proceed with the credit to the accounts holders, according to the position that each one holds.
6. In the event of early redemption on the initiative of the holder, exercise not processed by INTERBOLSA systems, the Issuer shall give immediately notice to INTERBOLSA of the terms of its effectiveness, in order to allow the regularization of the account "*Total emission*".
7. In the case of partial redemption, if the payment currency is different from the currency of the issuance, the Issuer must inform INTERBOLSA, in addition to the amount to be amortized, of the corresponding amount to the new nominal value in the currency of the issuance, so that this may be registered in the system.

Article 15

(Mandatory reorganisations with distribution of securities. Procedures)

1. The Issuer shall, whenever it is necessary for the processing of a reorganisation with distribution of securities, inherent to securities integrated into the centralized system, expressly notify INTERBOLSA with all information necessary for the timely processing of the corporate action according to the established operating procedures, namely the allocation factor to be applied and, where appropriate, indication whether or not the compensation of fractions, resulting from the application of the allocation factor, will occur and the identification of the entity responsible for the payment of those fractions, and the unit price established by the Issuer, for the compensation of such fractions.
2. The final result corresponding to the distribution of securities is determined by INTERBOLSA, based on the account balances of the Participants where the relevant securities are registered at the end of the business day immediately preceding the date of distribution (*Record Date*), according to the allocation factor provided by the Issuer.

3. In Record Date, INTERBOLSA shall apply the allocation factor to the securities registered in the Participants accounts and sends it to the T2S platform, to be settled in the T2S night time settlement period, in an all or nothing basis, the free of payment instructions (FOP) necessary to delete the old values and to credit the amounts resulting from the allocation of the securities accounts of the Participants.

4. In the case of certificated securities, INTERBOLSA shall trigger also the following:

a) Send to the Issuer a list containing the serial numbers concerning the securities deposited in the centralized system;

b) Define with the Issuer the plan regarding the delivery to the Central Vault of the definitive certificates resulting from the allocation of new securities.

5. In the case of operations that do not involve changing of the amount of securities issued, INTERBOLSA, according to the information provided by the Issuer, shall, on the day established for the completion of the transaction, proceed with the corresponding change of the static data, by the simple change of the nominal value and/or value of the issue, informing the Participants of that fact.

6. Where, by virtue of the application by INTERBOLSA of the allocation factor indicated by the Issuer, it results in undistributed securities, the procedures set out in article 11 of this circular shall apply.

Article 16

(Mandatory reorganisations: Specific situation of INTERBOLSA link with other CSDs

1. Where INTERBOLSA connects with other CSDs (Investor CSD model):

a) Whenever there is a mandatory reorganization with cash distribution:

a1) The amount received is credited by the Issuer CSD in the DCA opened by INTERBOLSA in the T2S platform, and, where necessary, the securities are excluded from the account that INTERBOLSA maintains open on the Issuer CSD, according to the procedures laid down by the Issuer CSD;

a2) Immediately after what is said in the previous paragraph, INTERBOLSA proceeds with the credit of the DCAs of its Participants and, where appropriate, to the exclusion of securities from the securities accounts of the Participants, considering the position accounts of each participant and the rules of the Issuer CSD.

b) Whenever there is a mandatory reorganization with distribution of securities:

b1) The securities to be allocated are credited by the Issuer CSD in the INTERBOLSA account that remains open in that system and the old securities are excluded;

b2) Immediately after what is said in the previous paragraph, INTERBOLSA shall credit the securities accounts of the Participants with the securities to be allocated and shall delete the old securities, always considering the account position of each participant and the rules of the Issuer CSD.

SUBSECTION I – MANDATORY REORGANISATIONS WITH OPTIONS

Article 17

(Procedures for capital increase by subscription operations)

1. In the date of the beginning of the exercise period relating to a capital increase by subscription reserved for shareholders, INTERBOLSA shall proceed to the register of the rights inherent to the securities (distribution of rights), based on the balances of the securities accounts of the Participants, applying the procedures set out in article 10.

2. In the case of certificated securities, INTERBOLSA sends to the Issuers, on the beginning of the subscription date the numbers, a list with the numbers of the certificated securities deposited in the centralized system.

3. During the subscription period, the Participants shall register in INTERBOLSA local systems, the subscription requests per account, indicating for each client:

- a)** Its identification, through the reference code;
- b)** The quantity of rights that it intends to exercise;
- c)** The intended quantity of the securities which may not be subscribed;
- d)** The securities account number, where the rights are registered.

4. During the subscription period, the Participants can send to INTERBOLSA local systems their requests for subscription and cancellation.
5. On the day the subscription request has been registered by the Participant, INTERBOLSA shall send to T2S, by request, an instruction to block the rights in the securities account of the concerned Participant; where there are no sufficient rights to settle the instruction, the same stays pending settlement until it is settled or cancelled on the initiative of the Participant or automatically in *Record Date*; the Participant is always informed of the non-settlement of that instruction.
6. After the end of the subscription period, INTERBOLSA, based on the information initially provided by the Issuer and subscription requests validly registered, shall calculate the securities resulting from the exercise, as well as the amounts to be paid.
7. Based on the calculation performed, INTERBOLSA sends to T2S, the corresponding instructions to be settled in the night time settlement period, to debit the rights (exercised and not exercised) of the securities accounts of the Participants and to credit, on these same accounts, the securities resulting from the exercise, getting them marked with a settlement restriction, which is cancelled only after payment of the allotment referred to in the following article.
8. On the morning of the subscription payment day, at the time established by INTERBOLSA, this entity sends to the T2S platform the corresponding instructions to debit the Participants' cash accounts (DCAs) and credit the DCA of the Participant who represents the Issuer with the payments resulting from the exercise of the subscription operation.
9. The Issuer may decide to pay, simultaneously, the subscription and the allotment referred to in the following article.

Article 18

(Processing of the allotment)

1. In the date of the subscription payment, INTERBOLSA sends to the Issuer, or the entity designated by it for the purposes of the subscription processing, under the terms defined by INTERBOLSA, the details of all subscription applications for apportionment.

2. The Issuer, or the entity designated by it for that purpose, shall proceed to the processing of the subscription requests related to the allotment, communicating to INTERBOLSA as soon as possible and in accordance with the terms defined by INTERBOLSA, the respective result.
3. Based on the information referred to in the preceding paragraph, INTERBOLSA shall inform the Participants of the outcome of the allotment, notably on the number of shares allocated to each of its clients, as well as the payment date of the allotment.
4. On the day established by the Issuer for the payment of the allotment, INTERBOLSA sends to T2S:
 - a) The instructions to be settled in the T2S night time settlement period, to the credit of the securities in the accounts of the Participants, getting them marked with a settlement restriction;
 - b) On the morning of payment day, INTERBOLSA shall send instructions to debit the DCAs of the Participants and credit the DCA of the Participant representing the Issuer.
5. After the payment of the allotment, INTERBOLSA shall send to T2S the instruction to cancel the settlement restrictions referred to in paragraph 7 of the preceding article and in paragraph 4 (a) of the present article.
6. In the case of certificated securities, INTERBOLSA shall establish with the Issuer the delivery plan in the Central Vault of the definitive certificates resulting from the exercise of the subscription rights.

SECTION II – VOLUNTARY REORGANISATIONS

Article 19

(Procedures of the exercise of other rights)

1. In the case of the exercise of mandatory convertible securities, before maturity, or convertible bonds, before maturity, or other securities with similar nature, the Participants shall, during the exercise period, register in INTERBOLSA local systems, the exercise requests per account, indicating for each client:
 - a) Its identification, through the reference code;

- b)** The quantity of rights that it intends to exercise;
 - c)** The securities account number, where the rights are registered.
- 2.** During the exercise period, the Participants can send to INTERBOLSA local systems their exercise and cancellation requests.
- 3.** On the day the request for exercise has been registered by the Participant, INTERBOLSA shall send to T2S, by request, an instruction to block the securities in the securities account of the concerned Participant; where there are no sufficient securities to settle the instruction, the same stays pending settlement until it is settled or cancelled on the initiative of the Participant or automatically in *Record Date*; the Participant is always informed of the non-settlement of that instruction.
- 4.** After the end of the exercise period, INTERBOLSA, based on the information initially provided by the Issuer and the exercise requests validly registered, shall calculate the securities resulting from the exercise, as well as the amounts to be paid.
- 5.** Based on the calculation performed, INTERBOLSA sends the corresponding instructions to T2S, to be settled in the night time settlement period, to debit the amounts exercised and to credit the securities resulting from the exercise, which are marked with a settlement restriction, which is cancelled only after the payment referred to in the following number.
- 6.** On the morning of the payment day, at the time established by INTERBOLSA, this entity sends to the T2S platform the corresponding instructions to debit the Participants' cash accounts (DCAs) and credit the DCA of the Participant that represents the issuer, with the payments resulting from the exercise operation.
- 7.** Where, as a result of INTERBOLSA's application of the attribution factor indicated by the issuer, non-distributed securities result, the procedures set forth in article 11 of this circular shall apply.

CHAPTER IV – TRANSACTION MANAGEMENT

SECTION I – MARKET CLAIMS

Article 20

(Automatic adjustment in distribution operations – *Market Claim Instruction*)

1. In a distribution operation, cash or securities, the adjustment of the pending settlement transactions is done by creating a Market Claim instruction to the instructions that meet the adjustment criteria.

2. In case of a distribution of cash or securities, INTERBOLSA at the end of Record Date creates a debit instruction to the seller's account with the amount equal to the distribution, against the credit to the buyer, whenever:

a) There are instructions matched not settled by the end of Record Date:

a1) With intended settlement date before or equal to Record Date, in the case of debt securities, represented in amount; equal market claim detection rule is applied to other securities, even if represented in quantity (units) that, for this purpose should follow the procedures applied to debt securities;

a2) With trade date prior Ex-date (without rights), in the case of securities represented in quantity (units);

a3) With trade date after Ex-Date and before or equal to Record Date, in the case of securities represented in quantity (units) containing the "cum" indicator (with rights).

b) There are instructions with intended settlement date prior or equal to Record Date passing to the matched situation after that date, up to a maximum of twenty working days after Record Date; the matching is created with the matching.

3. In the event of a distribution of cash or securities, INTERBOLSA at the end of Record Date, creates a debit instruction to the buyer's account, with the amount equal to the distribution, whenever:

a) There are instructions with trade date between Ex-date and Record Date containing the indicator "ex" (without rights), or "blank", which settle between Ex-Date and Record-Date;

b) There are instructions with trade date prior to Ex-date, containing the indicator "ex"

(without rights), which settle between Ex-Date and Record-Date.

4. The new settlement instruction, established pursuant the preceding paragraphs, contains express reference to the identification of the instruction and the exercise of rights that gave rise to it, being created in matched situation and with the status of the underlying instruction (hold or release) .

5. The adjustment instruction referred in this article is settled regardless of the settlement of the original operation:

a) In the T2S night time settlement period, in the situation referred to in paragraph 2 a) of this Article; the instructions not settled are subject to new settlement attempts, during T2S the day time settlement period;

b) In the T2S day time settlement period, in the situation described in paragraph 2 b) of this Article, and if the Market Claim is created in hold, in which case settlement occurs immediately after it is released.

6. The adjustment instruction can be cancelled whenever the involved Participants proceed to its bilateral cancellation.

7. In certain situations duly justified, particularly where the distribution in question has to be corrected, INTERBOLSA can cancel the Market Claim instruction, as well as include a new instruction to replace the Market Claim instruction cancelled.

8. (Revoked)

9. Participants can avoid the creation of automatic adjustments by including the indicator "opt-out" in the settlement instruction, which indicates that the transaction in question is not subject to any adjustment

SECTION II – TRANSFORMATIONS

Article 21

(Automatic adjustment operations in reorganizations. Transformations)

1. In a reorganization the adjustment of the pending settlement transactions is done through a transformation process, which cancels and replaces the pending instructions, according to the

terms of the concerned reorganization.

2. In case of a reorganization, INTERBOLSA automatically creates transformed instructions for pending settlement transactions whenever:

a) There are matched instructions not settled by the end of Record Date of the underlying base operation, with an intended settlement date prior or equal to Record Date; the instruction is created at the end of Record Date;

b) There are instructions with intended settlement date prior or equal to Record Date of the underlying basic operation, passing to the matched situation after that date, up to a maximum of 20 working days after Record Date, unless, without prejudice of the provisions of article 22-A, the security that gave rise to it is cancelled; the instruction is created at the time of occurrence of the matching.

3. Following the reorganization operation the transformation is processed according to the following specific rules:

a) The original instruction is cancelled;

b) The new instruction related to the securities resulting from the reorganization is created in a matched situation.

4. The new transformed settlement instruction contains the same information as the original instruction, except for the following:

a) The security: the final security resulting from the conversion rights (provisional certificates or definitive securities);

b) The quantity: the quantity of the initial operation corrected by the application of the allocation factor used in the conversion of the reorganization rights; if the security that gave rise to it is cancelled, the amount is equal to "zero".

c) The cancellation of the original instruction and the creation of the substitute operation is done at the end of Record Date for the pending settlement instructions, without prejudice to the provisions of Article 22-A..

5. In certain situations, duly justified, INTERBOLSA can cancel an instruction related to an adjustment, as well as include a new instruction to replace the cancelled instruction.

6. Participants can avoid transformations by including the indicator "opt-out" in the settlement instruction, in which case the instruction that is in the system is cancelled.

SECTION III – BUYER PROTECTION

Article 22

(Automatic adjustments of reorganisation operations. Buyer protection)

INTERBOLSA does not offer to their clients any automatic mechanism of buyer protection, having it to be provided to the market in a bilaterally way by the counterparties of the operation.

SECTION IV – SPECIAL PROCEDURES AFTER MATURITY

Article 22-A

(Procedures)

- 1.** During the 20 business days following the maturity date of a certain issue of securities (designated, market claims and transformation detection period), Participants may submit to the System instructions with intended settlement date equal to or less than Record Date, so that, in the terms set forth in articles 20 and 21 of this Circular, during the said period the market claims or transformations operations due are detected and processed.
- 2.** In specific and duly justified cases, such as the sending of market claims and transformation instructions by Central Counterparties (CCPs), instructions may be included in the System during the detection period with intended settlement date equal to or higher than the maturity date.
- 3.** At the end of the detection period, the System cancels all pending instructions, namely those that at the end of Record Date were unmatched or matched with an intended settlement date higher than Record Date.

CHAPTER V – CONVERSION OPERATIONS

SECTION I – CONVERSION OF THE REPRESENTATION FORM OF SECURITIES

SUBSECTION I – CONVERSION OF CERTIFICATED SECURITIES IN DEMATERIALIZED SECURITIES

Article 23

(Conversion Procedures)

- 1.** For the purposes of conversion of certificated securities in dematerialized securities, the Issuer must give prior notice to INTERBOLSA about the deadline that has established for the deposit of securities with the Participants, as well as other elements necessary for the conversion of the securities concerned.
- 2.** Once the time limit referred to in the preceding paragraph ends, cannot be registered in the centralized systems any requests for deposit of securities object of the conversion.
- 3.** After the deadline fixed by the Issuer to deposit the securities to be converted, INTERBOLSA:
 - a)** Shall carry out the conversion of certificated securities in dematerialized securities;
 - b)** Shall send to the T2S platform the necessary instructions to update the static data, and the debit of the certificated securities and the credit of the dematerialized securities in the accounts of the indicated Participants.
- 4.** After complying with the provisions of the preceding paragraphs, and under paragraph 5 of Article 50 of the Portuguese Securities Code, INTERBOLSA shall invalidate the converted bonds through its destruction.
- 5.** Where the Issuer receives securities, after the expiration of the period referred to in paragraph 1 of this article, shall inform INTERBOLSA, namely of:
 - a)** The identification of Participants where the values should be recorded;
 - b)** The amount of securities to be registered.
- 6.** INTERBOLSA, based on the information mentioned in the preceding paragraph, shall send to the T2S platform the necessary instructions to credit the dematerialized securities in the accounts of the Participants indicated through which the securities converted have been deposited.

SUBSECTION II – CONVERSION OF DEMATERIALIZED SECURITIES INTO CERTIFICATED SECURITIES

Article 24

(Conversion Procedures)

1. If the Issuer decides to convert the securities in dematerialized form into certificated securities, should report that fact to INTERBOLSA with at least eight working days in advance in relation to the date on which it wants the conversion to occur, providing to INTERBOLSA, within the time defined, all the elements necessary for the conversion of the securities in question.
2. After delivery by the Issuer to INTERBOLSA of the securities and its verification of their regularity, INTERBOLSA shall convert the dematerialized securities in certificated securities and shall update the static data in both INTERBOLSA systems in the T2S platform.

Article 25

(Conversion of dematerialized securities into certificated securities for trading abroad)

1. If and whenever, in accordance with the provision set forth in the final part of paragraph 2 of Article 46 of the Portuguese Securities Code, the conversion of securities in dematerialized form into certificated form is required, the interested parties must present the request in writing, addressed to INTERBOLSA, through the Participant who is responsible for the individual registration accounts of the dematerialised securities to be converted.
2. The securities resulting from the conversion are registered or bearer, depending on the respective status prior to conversion.
3. The securities referred to in the preceding paragraph, in addition to any other mentions or characteristics legally required for the respective nature, specie or type, shall:
 - a) Have different and sequential serial numbers of the securities incorporated therein;
 - b) Be provided with coupons;
 - c) Contain on the front page an indication that they are not tradable on the domestic market unless they are previously been converted into dematerialized securities.

4. After the issuing, INTERBOLSA delivers the securities by debiting the account of the Participant for the quantity of securities represented therein, and crediting the sub-account "*Securities in Circulation Abroad*" by updating both INTERBOLSA local systems and the data on the T2S platform.
5. The legitimate holder of the certificates resulting from the conversion may, at any time, reconvert them, for that purpose, should submit a written request with a Participant, which shall verify the authenticity and regularity of the certificates, particularly as regards its coupons and shall, if necessary, initiate the necessary steps in order to clarify and rectify the situation.
6. Notwithstanding the preceding paragraph, once the request for conversion, the Participant shall register the certificates under a dematerialized form in individual registration account of the person concerned, giving immediate notice thereof to INTERBOLSA and sending simultaneously the certificates that were subject to conversion, with the note regarding the reconversion.
7. Received the certificates, INTERBOLSA shall, immediately update the subaccount "*Securities in Circulation Abroad*" and the Participant's account, updating both the date in its local systems as the data on the T2S platform.
8. After complying with the provisions of the preceding paragraph, INTERBOLSA shall promote the destruction of the reconverted securities.

CHAPTER VI – FINAL PROVISIONS

Article 26

(Revoking)

It is revoked INTERBOLSA Circular 1/2000 related to Corporate Actions.

Article 27

(Coming into force)

This Circular comes into force on March 25, 2016, being the entry into force subject to the effective migration of INTERBOLSA systems to T2S platform.