BME
BOLSAS Y MERCADOS ESPAÑOLES
a SIX company

Market Model - Warrants, Certificates and Other Products Segment

BME Exchange
January 2026

INDEX

1. Introduction 3
   1.1 Institutional Composition of the Market 3
   1.2 Market Model Structure 3
2. Products 4
   2.1 General Products Description 4
   2.2 Warrants 4
   2.3 Turbos / Turbos Pro 5
   2.4 Multi 5
   2.5 Bonus / Bonus Cap 6
   2.6 Inlines 6
   2.7 Discounts 6
   2.8 StayHigh / StayLow 7
   2.9 Certificates 7
3. Trading Systems 8
   3.1 General Trading 8
   3.2 Block System 8
   3.3 Trades Outside the General Trading Hours 8
4. Orders 9
   4.1 Types of Orders and Validity Periods 9
   4.2 Quote Order 9
   4.3 Order Modifications 9
   4.4 Self-match Prevention 9
5. Tick Size 10
6. Trading Capacity 10
7. Basic Trading Rules 11
   7.1 Basic Trading Rules in Open Market 11
   7.2 Rules for Setting the Auction Equilibrium Price 11
8. Volatility Auctions and Price Rangers 12
   8.1 Volatility Auctions 12
   8.2 Dynamic Ranges 12
9. Agents Involved in the Market 13
   9.1 Specialists 13
   9.2 Market Makers 13
10. Information Dissemination 13

1. Introduction

1.1 Institutional Composition of the Market

Warrants, Certificates and Other Products are traded in the corresponding segment of the SIBE-SMART platform. SIBE-SMART is the BME's current trading platform that is able to satisfy the new needs of the markets: quality, security, scalability, maximum capacity and minimum latency. The Stock Exchange Interconnection System is managed by Sociedad de Bolsas, a limited company that is owned equally by the four Spanish Stock Exchanges.

In this segment we can find warrants, certificates, turbos, bonus, inlines, discounts, multis, stay-high, stay-low... with different underlyings, such as shares, indexes, commodities, exchange rates...

1.2 Market Model Structure

This document is divided into different sections through which it is intended to provide an overview of the Warrants, Certificates and Other products segment of the SIBE-SMART platform. This segment is characterized by having some particularities such as the absence of opening and closing auctions and static ranges, and the availability of combined orders (quotes) for specialists. Each security traded in this segment must have a single specialist. For further details on the obligation of specialists, please refer to section 9 of this document.

2. Products

2.1 General Product Description

The Warrants, Certificates and Other products segment is designed in order to incorporate various financial product types that have in common their evolution and valuation linked to an underlying asset that may be a share, an index, a basket of shares or indexes, commodities, exchange rates or interest rates among others. These products usually have an expiration date. In addition, they are all traded, cleared and settled like shares. The features of each individual product are defined in the following sections.

2.2 Warrants

Warrants are exchange-traded financial products that grant the investor the right—but not the obligation— to buy (Warrant Call) or sell (Warrant Put) an underlying asset (such as a stock, index, or commodity) at a price fixed in advance (exercise price or strike), on a determined future date (maturity). They do not involve the purchase of the actual asset but instead replicate its behavior in a leveraged manner: with a small investment, the investor can participate in the underlying's performance. This means that warrants allow for the amplification of gains, but also losses, since if the market does not move favorably for the investor, the product can lose all its value.

One of the main characteristics of warrants is that their price does not depend solely on the underlying's movement, but also on factors such as the time to maturity, implied volatility, interest rates, or expected dividends. Below are the main characteristics that define these instruments:

- Time period: This refers to the warrant's expiration date, which indicates the date from when the warrant no longer exists. The expiration date may or may not coincide with the warrant's last trading day in the Stock Exchange Interconnection System.
- Warrant price: Known as the premium, it represents the effective price on which trades are executed on the Spanish Stock Exchange Interconnection System. The prime will be closely tied to the price of the underlying asset, the time to maturity, interest rates, volatility and strike.
- Call warrant: This is a purchase warrant, that is to say, it gives the right to buy the underlying asset.
- Put warrant: This is a sales warrant, which gives the right to sell the underlying asset.
- Ratio: This is the number of underlying asset units that a warrant gives the right to buy (call) /sell (put).
- Parity: Number of warrants necessary to have the right to buy (call) / sell (put) a specific number of underlying assets.
- Strike: Established by the Issuer, it is the price at which the holder has the right to buy (call) / sell (put) the underlying asset at the time of exercising the warrant[1].
- Style: Warrant can be American or European. If the warrant is American, it may be exercised throughout its life. If the warrant is European-style, it can only be exercised on the exercise date.
- Settlement: The exercise of a warrant involves its settlement that can be "by physical delivery" of the underlying or "by differences" of cash in euros. In the SIBE this last modality is applied.

[1] The exercise of the warrant is the act by which the holder of the warrant materializes the acquired right by discarding the ownership of the warrant in exchange for the purchase (warrant call) / sale (warrant put) of the underlying asset.

2.3 Turbos / Turbos Pro

Turbos are exchange-traded products that allow investors to gain leveraged exposure to the performance of an underlying asset, such as a stock, index, commodity, or currency. They are designed to amplify both gains and losses with respect to the underlying's movement. Unlike Plain Vanilla Warrants, whose price also depends on factors like volatility and time to maturity (making them harder to value), Turbos have a more transparent structure: their price is based primarily on the difference between the underlying asset's value and the financing level or strike, which allows their performance to be tracked more directly and understandably. Contrary to Multis, Turbos do not have a daily compounding effect, which allows them to be held over a broader time horizon.

A Turbo's leverage is derived from the difference between the underlying price and the financing level (exercise price or strike), which allows investors to control a large position with a small outlay.

A key feature of Turbos is the existence of a knock-out level or barrier which, if reached or breached during the product's life, causes the Turbo's automatic liquidation and the total or partial loss of the capital invested. There are Call Turbos (which benefit from underlying rises) and Put Turbos (which benefit from falls), so they can be used for both directional and hedging strategies.

The Turbo Pro is an advanced modality of Turbo Warrants that incorporates a double activation barrier, making it a particularly sophisticated product within the Turbo universe. Unlike a standard Turbo which is active from the start, the Turbo Pro remains inactive in the market until the underlying crosses one of the two predefined activation levels (upper or lower barrier). Once activated, the product begins to behave like a traditional Long or Short Turbo, with associated leverage and knock-out risk. This double barrier allows the investor to position themselves in advance to enter the market only if a specific technical or price scenario is reached, which can be useful in range-breakout strategies or high-volatility events.

2.4 Multi

Multis are exchange-traded products designed to replicate the performance of an underlying asset with constant daily leverage, which allows both gains and losses to be amplified compared to the underlying's performance. Unlike other structured products, Multis do not have a maturity date, nor do they have barriers or knock-out levels: their behavior is based solely on the underlying asset's daily performance multiplied by a fixed leverage factor (e.g., x3, x5, or even x10). This leverage can be bullish (Multi Call) or bearish (Multi Put), allowing investors to position themselves in both market directions.

The functioning of Multis is based on the daily compounding effect: each day, the product's price is recalculated based on the underlying's daily performance and the leverage level. This means that the product does not replicate the underlying's total long-term performance but instead amplifies its variation day-by-day. This effect makes Multis suitable for very short-term or intraday strategies, but they are not recommended for long-term holding, as the accumulation of daily returns can significantly distance the final result from the underlying's total performance.

2.5 Bonus / Bonus Cap

Bonus Certificates are exchange-traded products that allow the investor to benefit from the performance of the underlying asset, with the possibility of obtaining a guaranteed minimum return (the "bonus"), provided the underlying does not touch a predetermined lower barrier throughout the product's life. At maturity, if the asset has stayed above that barrier, the investor will receive the greater value between the underlying price and the guaranteed bonus level, allowing them to benefit from asset rises without giving up a minimum protection.

If, however, the underlying reaches the barrier at any time before maturity, the bonus guarantee disappears, and the certificate starts to behave like a direct investment: the investor will receive the final underlying value at maturity, assuming potential losses if the underlying has fallen. This structure makes the Bonus interesting for sideways or moderately bullish scenarios, and for investors who want to maintain exposure to the underlying with partial downside protection, provided the barrier is not crossed.

Bonus Cap Certificates operate under the same basic structure as Bonus: they offer the investor the possibility of obtaining the underlying asset's return, along with a minimum redemption guarantee (the "bonus") provided the underlying does not touch a lower barrier during the product's life. The main difference is that the Bonus Cap incorporates a maximum redemption limit (cap), which restricts the maximum profit the investor can obtain if the underlying rises sharply.

In practice, this means that if the underlying has stayed above the barrier at maturity, the investor receives the lesser value between the cap level and the underlying's quotation—but never less than the guaranteed bonus. If, conversely, the barrier is reached at any time, the bonus protection is lost, and the certificate simply returns the underlying's value at maturity. By limiting the upside potential, the Bonus Cap can usually be acquired with better terms (lower price, further barrier, or more attractive bonus), and it is useful in sideways or slightly bullish scenarios when the investor prioritizes certain protection and return visibility over the possibility of large rises.

2.6 Inlines

Inlines are exchange-traded products that allow for obtaining a fixed predefined return if the underlying asset's price remains within a specified range (between two barriers) throughout the product's life. In other words, the investor does not need to guess whether the market will rise or fall, but simply that it does not leave the established range. If the underlying has not touched either barrier (neither the upper nor the lower) at maturity, the investor receives the maximum agreed-upon payout. Conversely, if either barrier is broken at any time before maturity, the product loses that fixed payout, and the redemption will directly depend on the underlying's level, which can result in losses.

These types of products are ideal in low-volatility environments or when the investor has a sideways or stability view on the market. Inlines allow investors to benefit from the underlying's lack of clear direction, but the risk lies in the fact that a single intraday breach of one of the barriers deactivates the benefit, even if the underlying returns to the range afterward.

2.7 Discounts

Discount Certificates allow investment in an underlying asset (such as a stock or index) at a discount compared to its market price, in exchange for waiving part of the potential upside. By purchasing a Discount, the investor pays a lower price than the underlying, and at maturity, they can receive the underlying or an equivalent amount, always limited by a maximum price or "cap." This structure allows for obtaining a return even if the underlying remains stable or falls moderately, as long as it does not exceed the cap. The main risk is that, if the underlying falls significantly, the Discount will track that fall (although with less impact than a direct investment).

There are two types of structures: Discount Calls, which benefit if the underlying remains below the cap and are ideal for sideways or slightly bullish environments, sought by those looking for a more conservative way to access the underlying with some downside protection; and Discount Puts, which allow for obtaining a return when the underlying remains above the cap, and thus can be used in sideways or slightly bearish market scenarios. Both cases offer a more defensive alternative to direct investment, with the added appeal of the entry discount as a cushion against adverse market movements.

2.8 StayHigh / StayLow

Stay High and Stay Low are exchange-traded products that allow the investor to obtain a fixed predefined return if the underlying asset's price remains above or below a single barrier throughout the product's life. In the case of Stay High, the underlying must remain above the barrier; in Stay Low, it must remain below.

If the barrier is not touched during the product's life, the investor receives the full agreed-upon payout at maturity. However, if the barrier is reached or breached at any time, the product loses that fixed return, and the redemption will depend on the final underlying level, with the possibility of losses.

This type of structure is useful for investors with a sideways view with a bullish bias (Stay High) or sideways view with a bearish bias (Stay Low), who seek a return without needing to predict a large rise or fall, but simply that the market does not cross a specific level. As with Inlines, the main risk is that a single, even momentary, breach of the barrier deactivates the guaranteed payout.

2.9 Certificates

Certificates are financial products designed to directly replicate the performance of an underlying asset, such as a stock, index, or commodity, without the need to buy the asset itself. Unlike other structured products, certificates do not incorporate leverage or barriers, which makes them more transparent instruments. Their function is very similar to a direct investment, but with advantages such as the possibility of accessing international markets or baskets of assets with a single trade.

3. Trading Systems

3.1 General Trading

Trading in this segment does not have opening and closing auctions.

The open market schedule is from 9:00 am to 5:30 pm. During this phase, orders may be entered, modified or canceled, carrying out negotiations at the price that in each case is set according to the price-time priority criteria of the orders (see section 7.1). During this phase volatility auctions may occur (see section 8.1). The order book is known to the members of the market, although it is a blind market, in the sense that the buyer and seller members of each of the positions are not identified, as well as of the trades.

The open session ends without auction at 5:30 pm, being the closing price of the session the midpoint of the best bid and ask positions shown by the specialist, rounded up. In absence of any of those positions or if the closing price was out of the dynamic range of the security, or if the security was suspended, the closing price would be the last traded price in the session. In absence of the previous ones, the closing price would be the reference price for the session.

The reference price will be the closing price of the previous session. In the event of financial operations in the underlying of a security that may influence the reference price, it may be modified as deemed necessary.

3.2 Block System

It is a trading system that allows market members to execute, outside the order book and without the possibility of interacting with it, previously agreed trades, provided that the turnover requirements are met.

Only orders valid for the day and coming from a single originator can be entered, considering as such those received from a natural or legal person with the capacity to decide about the whole order, groupings are not allowed.

Trading hours for this system are from 9:00 am to 5:30 pm. However, when a security is in a volatility auction, no block trading can be executed.

These orders are covered by a waiver from pre-trade transparency obligations for large in scale orders.

The System will allow the execution of trades with a minimum turnover of 60,000 euros, the limit established for securitized derivatives by Commission Delegated Regulation (EU) 2017/583, of July 14, 2016.

The details of the executed trades will be disseminated through the System.

3.3 Trades Outside the General Trading Hours

This trading system allows market members to execute trades in the system outside the general trading hours between 5:40 pm and 8:00 pm. Trades with a minimum turnover of 60,000 euros can be entered.

4. Orders

4.1 Types of Orders and Validity Periods

Warrants, Certificates and Other products segment only allows limit orders.

They are orders to be executed at their limit price or better. Buy orders are executed at this price or at a lower price on the opposite side of the order book. Sell orders are executed at the limit price or at a higher price on the opposite side of the order book. Once placed in the order book, the limit order is always executed at its limit price (except if it is included in an auction and the auction price is more favorable than its limit price).

These orders allow:

- The wish to trade up to/ from a certain price to be expressed.
- The execution of an order against existing orders in the market at a price no lower than the limit price with the rest being left on the market at the limit price.

These orders can be entered both in the open market and during auctions.

All of them are valid for one day, that is, they are valid until the end of the current session. This means that any of these orders, in case of not being traded or being partially traded, the non-traded part is automatically removed from the System after the close of the session.

4.2 Quote Order

The quote order allows the specialist to carry out his activity more easily and efficiently.

The quote order is made up of two individual orders of opposite side, each one with its identification. Quote orders are attackable at all times, can attack single orders, and may activate auctions just like any other order.

Each specialist can only have one quote order active for each security.

4.3 Order Modifications

When an order is entered, the System will assign a number of order to it, which remains invariable during the whole life of the order. To every order modification a new number of history will be generated (consecutively to be able to follow the evolution of the order). If the modification of an order has an impact on its priority, a new number of priority will be generated.

4.4 Self-match Prevention

Market members may prevent their orders from being matched with other orders of their own, of the opposite side, by identifying them as not self-matching. When an incoming order thus identified, whose counterpart in the order book is another order from the same member, also identified as not self-matching, the System will reject the incoming order, the order positioned in the book or both, depending on the instructions established by the market member, so that such orders are not crossed.

5. Tick Size

Price units or tick size (minimum variation between two different prices on the same security) in the Warrants, Certificates and Other products segment is 0.0001 euro irrespective of the price and the average daily number of transactions that the security has. Any price expressed with maximum 4 whole and 4 decimal numbers is accepted.

Additionally, to ensure that every trade comply with the minimum settlement unit, the turnover of every trade will always be at least 0.01 EUR or higher, according to the respective volume and execution prices in each transaction.

6. Trading Capacity

Orders can be submitted by the member or participant of the trading venue trading on their own account (DEAL), matched principal trading (MTCH), or in any other trading capacity (AOTC). In addition, they can be presented within the framework of a market making strategy or liquidity provision activity based on the deal that the members have signed and marking a specific flag in the order.

7. Basic Trading Rules

7.1 Basic Trading Rules in Open Market

Several basic criteria govern open market trading:

- Price-time priority of orders: orders with the best price (highest bid and lowest ask) have priority in the order book. When prices are the same, those orders entered first have priority.
- Best opposite side price: orders entered in the System are executed at the best opposite side price. In other words, a buy order which can be executed will be executed at the price/s of the first order/s on the sell side of the order book. Equally, a sell order entered in the System which can be executed at that moment will be executed at the price/s of the first order/s on the buy side of the order book.

7.2 Rules for Setting the Auction Equilibrium Price

There are four rules for fixing the auction price:

1. The price at which the largest volume of securities is executed.
2. If there are two or more prices at which the same number of securities can be executed, the auction price shall be that which leaves the smallest surplus. The surplus is the difference between bid and ask volumes susceptible of being negotiated at the same price.
3. If the two conditions stipulated above are the same, the price of the side with the largest volume (the largest weight) shall be taken.
4. If the three conditions stipulated above are the same, the price which is closest to the last executed price shall be taken. If this price is within the range of potential auction prices (upper and lower limit), the last executed price is taken. If there is no last executed price or it is outside the range of dynamic range prices, the price shall be the closest to the reference price.

8. Volatility Auctions and Price Ranges

8.1 Volatility Auctions

In this segment volatility auctions take place when the price at which a value is about to be traded is in the limit of the dynamic price range.

Volatility auctions last five minutes, plus a 30-second random end, during which the auction may close at any moment without prior warning and the shares allocation process begins (trades made at the resulting auction price).

If the price resulting from a volatility auction is outside the dynamic range, the security will remain at auction and the Surveillance Department of Sociedad de Bolsas will be in charge of establishing the appropriate measures to resolve it.

If the market closes, there is one or more securities up for auction, the System will automatically assign at the close of the session (5:30 pm).

8.2 Dynamic Ranges

In the Warrants, Certificates and Other products segment, only a range type called dynamic range is established.

The dynamic range is defined as the maximum variation permitted (symmetric) with regard to the dynamic price and it is expressed as a percentage. It is operational both in the open session and in the volatility auctions.

- For warrants, the dynamic range levels are determined by the warrant price as follows:
  - Warrants with price lower than 0.10 euro: 500%
  - Warrants with price higher than or equal to 0.10 euros and lower than or equal to 1.00 euro: 50%
  - Warrants with price higher than 1.00 euro: 15%
- In the case of Certificates, the range will be 15%
- For Turbo and Turbo Pro warrants, the dynamic range applicable will be 500%
- For Bonus and Bonus Cap, it will be 15%
- For Inlines, it will be 500%
- For Discounts, it will be 5%
- For Stay High and Stay Low, it will be 500%
- For Multi, it will be 100%
- For Other products, the dynamic range applicable will be 500%.

At the start of the session, the updating of the dynamic price with which the dynamic range is applied is the reference price. During the session, the dynamic price and range is applied regarding the last price traded; whether the execution of the incoming order is in the open market or the result of a volatility auction.

9. Agents Involved in the Market

9.1 Specialists

Specialists carry out an essential role in the Warrants, Certificates and Other products segment, especially regarding the daily quotation of bid and ask prices and volumes. Each security is required to have a specialist and there can only be one specialist per security.

In order to be considered a specialist of a security listed in this segment, market members must register an agreement with the issuer. The specialists must comply at all times with current regulations, which establish, among others, the parameters of presence in the market related to minimum effective amount, maximum spread and reaction time.

On the other hand, as already mentioned above, these specialists have an agile and simple instrument to quote bid and ask prices in the market: the quote order.

9.2 Market Makers

Market members who, during half of the trading days of a month, publish simultaneous quotes for buying and selling whose magnitude does not differ by more than 50% and at competitive prices[2]; and trade on their own account at least one financial instrument in a trading center, for at least 50% of the daily trading hours of the corresponding trading venue, they must sign a market making deal with Sociedad de Bolsas.

Furthermore, those market members who, without developing algorithmic trading to apply a market making strategy, want to hold the status of market maker must also sign a market making agreement with Sociedad de Bolsas.

Market members that have signed a market making deal will have to comply with spread and turnover parameters, which will be set by Operating Instruction.

The Trading and Surveillance Commission will permanently supervise the effective compliance of the market making agreements by the relevant members.

10. Information Dissemination

Warrants, Certificates and Other products segment has a specialized information dissemination system, designed to disseminate detailed information in real time on what is happening in the market, both from the point of view of the trades that are taking place, and from the System order book. This objective is justified with the intention of providing a service that faithfully reflects the transparency of the market.

In this way, this information flow informs the recipient institutions of each trade that is taking place in the market in real time and of the order book evolution during the session.

The following content is offered:

- Trades: a message is issued each time there is a trade in the System. Information regarding the price, volume and trade time is given (buyer and seller of this trade do not appear).
- Order Book: a message is issued each time there is a change in the best five (5) bid and/or ask positions.

[2] Competitive prices are those that are within the range of purchase and sale prices established by Sociedad de Bolsas by means of an Operating Instruction.

Contact Us:

With BME's solutions you can quote and trade your warrants in a simple and automated way. This allows investors to diversify their portfolio with a wide range of possibilities within the Spanish warrants market, which offers national and international underlyings.

Do not hesitate to contact us and to book a presentation / demo session with us: Producto_FI_SP@grupobme.es

Explore Our Solutions

BME Exchange

©BME, 12.2025

BME
Bolsas y Mercados Españoles

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

www.bolsasymercados.es