

Settlement Procedure

Settlement is carried out by Euroclear and Clearstream Banking on a gross delivery versus payment basis. The communication bridge existing between Euroclear and Clearstream Banking enables the settlement of transactions executed by counterparts having their accounts open with either agent to take place automatically. In line with the settlement procedures of these companies, MTS Portugal transmits payment/delivery instructions for each single transaction via Swift to Euroclear/Clearstream Banking on behalf of both counterparties.

Market Hours

TELEMATICO CASH - MTS PORTUGAL

Market phase	Central European Time
Pre-Market	7:30am - 8:00am
Preliminary Market	8:00am - 8:15am
Market Open	8:15am - 5:30pm
Market Closed	5:30pm

REPO TRADING FACILITY

Market Hours	Central European Time
Market Open	8:00am - 6:30pm
Post-Market	6:30pm - 7:00pm
Market Closed	7:00pm

Trading Calendar

MTS Portugal follows the TARGET calendar.

MTS PORTUGAL

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Company Structure

MTS Portugal, formally incorporated in Lisbon on May 24th 2000, manages

the electronic trading system of the Mercado Especial de Dívida Pública (MEDIP), the Portuguese regulated market aimed at wholesale electronic trading by specialists of Portuguese public debt securities. MTS Portugal is governed by a Board of Directors elected by the shareholders. Shares in the company are held by the OEVT (Primary Dealers in Portuguese securities), by the IGCP (the Portuguese Debt Management Office) and by MTS S.p.A.

Trading on MTS Portugal is conducted via the Telematico system.



Shareholder Institutions

ABN AMRO Bank N. V.	Deutsche Bank A. G.
Banco Espírito Santo S. A.	Goldman Sachs International
Banco Santander Central Hispano	HSBC France
Barclays Bank PLC	ING Bank NV
Bayerisch Hypo- und Vereinsbank Milan	Instituto de Gestao da Tesouraria e Credito Publico
BNP Paribas	Lehman Brothers International (Europe)
Caixa Banco de Investimento, SA	Morgan Stanley & Co International Plc
Calyon Paris	MTS S. p. A.
Citigroup Global Markets	Société Générale

INSTRUMENTS

Portuguese government securities issued or in the process of being issued by the government of Portugal are traded on MTS Portugal. Securities traded on MTS Portugal include Treasury bonds (i.e. OT and OTRV) and Treasury Bills (BT).

OT -Treasury fixed rate bonds. The annual coupon is paid annually or semi-annually (for series issued before 1994) and it is calculated on a non adjusted basis.

The day count convention is actual/actual.

OTVR -Treasury floating rate bonds. The annual coupon is paid semi-annually and calculated on a non-adjusted basis.

BT - Treasury Bills. A zero-coupon security, unadjusted.

The day count convention is 30/360.



PARTICIPANTS

Liquidity on the OT Segment is ensured by the 18 Market Makers of which 16 are Primary Dealers participating in the MTS Portugal system. Also 12 Market Takers participate in the MTS Portugal system.

For further details, please refer to the participants' list.

BT Segment: 14 Market Makers; 6 Market Takers

PARTICIPANT REQUIREMENTS

Market Makers must have net assets of at least € 250 million.

Dealers must have net assets of at least € 100 million.

MARKET MAKING OBLIGATIONS

Market Makers must commit to the following market making obligations:

- Must provide two way proposals for Portuguese benchmark issues
- A subset of non benchmark issues is assigned to each Market Maker for obligatory quotation. The allocation is by type of securities, maturity and liquidity
- Two way proposals must be displayed for all bonds assigned for at least five hours per day
- Benchmark and liquid securities are divided into 3 different maturity buckets: A (1-3.5y), B (3.5-6.5y), C (6.5-11.5y); and D(>11,5Y)
- Spreads and proposal size obligations can vary from bucket to bucket and between benchmark and liquid issues. Market Takers do not have market making obligations.

MINIMUM LOTS

Proposals must be formulated for a minimum quantity equal to € 10 million for benchmark securities and €5 million for liquid securities.

Orders may be submitted for the following quantities:

- € 2.5 million and multiples with auto-matching
- Odd lots of € 5 and multiples up to € 2.5, with manual matching subject to Market Makers acceptance

MARKETS

Participants in the MTS Portugal system have access to:

- Telematico Cash system – MTS Portugal view
- Repo Trading Facility (RTF): buy/sell back or classic repo (depending on the instrument)