

financial markets

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NEWS IN RELATION TO THE SPANISH FUND FOR ACQUISITION OF FINANCIAL ASSETS

As published in the Spanish Official State Gazette on November 8, the Executive Committee of the Fund for Acquisition of Financial Assets (the "Fund") has convened the first two auctions for the acquisition of assets for November 20 and December 11, with the following characteristics:

	FIRST AUCTION	SECOND AUCTION
Date	November, 20 2008	December 11, 2008
Acquisition Amount	Euro 5 billion	Euro 5 billion, plus any amount not awarded in the first auction
Form of acquisition	sale/buyback transactions maturing in two years and annual payment of interest	Firm purchases
Assets to be acquired	Spanish covered bonds (<i>Cédulas hipotecarias</i>), securitization bonds (<i>bonos de titulización</i>) backed by <i>Cédulas Hipotecarias</i> , securitization bonds (<i>bonos de titulización</i>) and mortgage securitization bonds (<i>bonos de titulización hipotecaria</i>) ¹ . All backed by credits granted to individuals, companies and non financial entities	Newly issued <i>Cédulas hipotecarias</i> and <i>bonos de titulización</i> backed by <i>Cédulas Hipotecaria</i> , with an issue term or estimated life of three years ¹ . The acquisition by the Fund will be made at a Price calculated applying the return of each accepted offer. If the nominal amount to be awarded is not multiple of the nominal amount of the securities, the nominal to be awarded will be rounded down.
Other characteristics of the securities to be acquired by the Fund		Nominal value: Euro 100,000 Fixed interest, 4% annual coupon, calculated on <i>act/act</i> basis. In case an interest or principal payment date is a non business day, the amount will be paid the next business day, unless doing so would cause the payment to be in the next calendar month, in which case the payment date will be the previous business day. Interest will accrue since issuance date, which will be December 29, 2008 for <i>Cédulas</i> , in which case maturity will be, at par, on

¹ Complying with the requirements established in the resolution of the Regulatory Board of the Fund dated October 27, 2008 (please refer to our financial markets Updates 2/2008 and 3/2008).

	FIRST AUCTION	SECOND AUCTION
		December 29 2011. <i>Bonos de titulización</i> may have issuance dates prior to December 29, but the interest accrual date will be December 29, 2008 and its maturity December 29, 2011. The securities issues should have a standard structure and should not contain clauses which are not market standard.
Place and method for submitting offers	Bank of Spain, using Bank of Spain terminal or, in its absence, using the procedure to be established by Bank of Spain	
Term for submitting the offers	From November 17, 2008, at 10:00 am to November 18, 2008 at 10:00 am	From December 4, 2008, at 10:00 am to December 9, 2008 at 10:00 am
Offers number and amount	3 offers per entity, with a minimum per offer of euro 3 million, and multiple of euro 1 million	
Offer content	Amount of the offer and interest rate expressed as a percentage, with three decimals	
Decision on the auction²	November 20, 2008	December 11, 2008
Payment of the awarded offers	Before 6:00 pm on November 27, 2008. The information for Iberclear (Spanish markets settlement and compensation system) shall be delivered to Bank of Spain at the latest on November 24, 2008. In order to calculate the effective amount of the assets to be delivered, the prices published by the European Central Bank and the reductions on valuations effective as of November 20, 2008 will be used.	Before 6:00 pm on December 29, 2008. The information on the settlement of the transaction to be delivered to Iberclear (Spanish markets settlement and compensation system) shall be delivered to Bank of Spain at the latest on December, 23, 2008.
Effectiveness of the award	It will be conditional upon the securities acquired being admitted to trading in a regulated market ³ . In case the admission is not granted within the established term (3 months), the acquired assets should be replaced by other listed assets.	It will be conditional upon the securities acquired being admitted to trading in a regulated market before March 11, 2009. In case the securities are not admitted to trading before that date, they will be returned to the seller, who shall reimburse the payment made, together with the interest offered plus 200 basis points during the period between payment date and March 11, 2008.
Publication of the Auction Results	Fund's Web page, within three working days following the Auction decision and the Official State Gazette, by means of a Decision of the Directorate General for the Treasury and Financial Policy	

² As indicated in the Order EHA/3118/2008, of October 31 (please refer to our financial markets updates 2/2008 and 3/2008).

³ Please refer to our financial markets updates 2/2008 and 3/2008.

	FIRST AUCTION	SECOND AUCTION
Entities willing to participate	<p>Entities willing to participate in the auctions should inform Bank of Spain before 5:00 pm on November 13, 2008, sending an email to SAPET@bde.es, indicating:</p> <ul style="list-style-type: none"> ■ Corporate name and Bank of Spain code number of the entity ■ Name and surname, telephone, fax and email addresses for two contact persons ■ Figure of the “Credit. Other resident sectors” caption sent to bank of Spain referred to September 2008 ■ Indication of the accounts where the transactions will be settled, or the name of the credit entity which will represent the entity in the settlement as well as in the management of the collateral 	
Developments of the transactions	Entities shall follow Bank of Spain’s instructions	

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