



BUSINESS
AREAS



Jorge Yzaguirre, Markets Director, at a conference in support of brokers.

Equities

Against a backdrop where share prices are finding it hard to continue the bullish run which began three years ago and with the increasing volatility seen in recent months, trading in shares and other listed equity products on the Spanish exchange grew apace in 2015, particularly in the first half of the year.

The interest shown during most of the year by foreign investors for Spanish equities, the resurgence of collective investment and the addition of many new companies to the market, all helped this improvement which is beginning to show some signs of easing off. At the end of 2014 foreign investors owned 43% of all listed Spanish equities and provisional figures for the first half of 2015 put this at over 44.1%, a new record.



Higher volumes

For the third year running, annual trading in equities, mainly securities, was up on the previous year's figure. The total for 2015 was €962,166 million, well in excess of the 2014 figure of €78,000 million (+8.86%), making 2015 the best year of the last five. Up to September 2015, there had been nine consecutive quarters of increases (since the third quarter of 2013) in the cash amounts traded compared to the previous period the year before. This trend came to an end in the last quarter of the year although the annual cumulative amount continued to rise.

The number of trades executed in 2015 was slightly down on the 2014 figure which had been a record high with nearly 50% more than the previous record set in 2013. In 2015, 61.9 million trades were crossed, around 12% less than in 2014 but 27% more than in 2013. This is the second highest figure ever and nearly double that for 2007 when the amount traded reached a high of €1.66 billion.

A total of 645 million orders were processed by the Spanish exchange in 2015. This is 37% up on the previous year and yet another record. High-speed algorithmic trading and upgrades to reduce market access latencies are partly responsible for this significant increase which is nearly 10 times higher than the total for 2007.

Generally speaking, in 2015 the performance of share prices can be clearly divided into two different stages. The first ran until July with annual accumulated returns of between 5% and 20% and volatility slightly skewed downwards. The second stage began in July and ran until the end of the year. This period saw peaks and troughs with declining share prices quickly pushing annual accumulated returns into negative territory in August and September. These picked up slightly in October and November before once again plummeting into negative figures in December. In this period, annualised volatility of the IBEX 35 rose 5 points (from 19% to 24%) in four months, although it should be noted that it had begun the year at risk levels of around 22%.

IBEX 35 VS VOLATILITY IN 2015

ACCUMULATED RETURNS IN THE YEAR AT END OF EACH MONTH (%) AND ANNUAL VOLATILITY CALCULATED AT END OF EACH MONTH VS. DAILY DATA FROM A YEAR EARLIER (%).



Naturhouse Opening Ceremony Bell.



Share prices

For the year as a whole, the decline in share prices in the second half, which was much greater than on other important European exchanges, more than offset the gains seen at the start of 2015. This meant that Spain was virtually the only exchange in the developed world where the P/E fell sharply in 2015 from 21.5x in February to 15.4x at the end of December, meaning the market value of all the listed companies was nearly the same as their carrying amount, while the 30-year historic average is 1.9x.

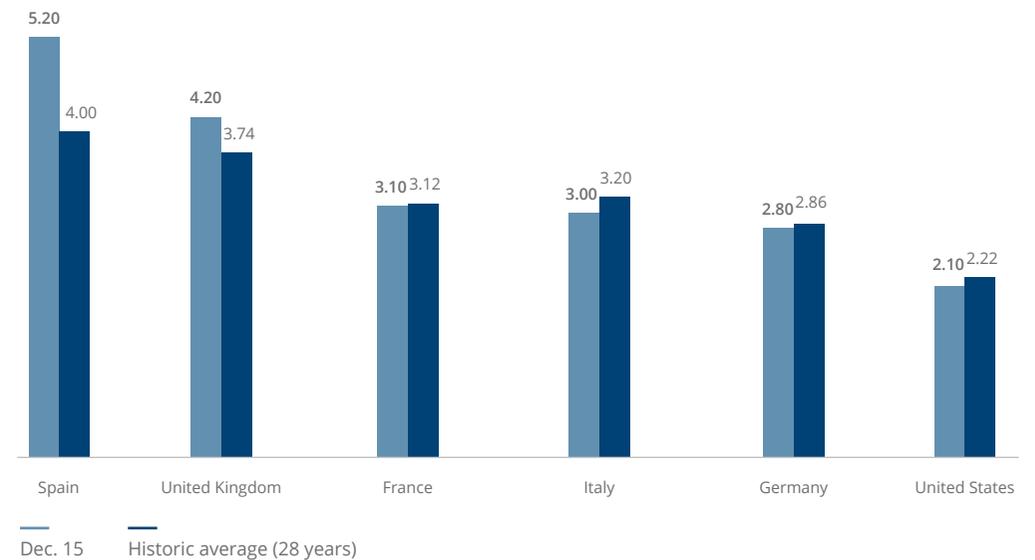
However, despite declining share prices in the second half, the SME indices did post positive returns, outperforming the IBEX 35. After rising 20.87% in the first quarter, the IBEX MEDIUM CAP shed 5.89% and 5.25% in the second and third quarters, respectively. In spite of this, the index closed the year with returns of around 14%. The 30 members of the IBEX SMALL CAP did not fare as well, with the index gaining just 6% during the year.

It is worth noting the strong investor interest for these companies on the continuous market in 2015. The volume traded in companies comprising the IBEX SMALL CAP (€6,618 million) was double the amount seen in 2014. The companies on the IBEX MEDIUM CAP traded a cash amount of €33,866 million, 32% up on 2014.

The importance of dividends

Once again we wish to highlight the importance of dividends and their impact on the indices. The results are greatly boosted if we include the high dividends paid over the past five years by the majority of Spanish listed companies. Over this period the IBEX 35 con Dividendos index outperformed the IBEX 35 by 30 points and in the last annual period alone with was 4 points higher. From the lows seen in July 2012, the IBEX con Dividendos has risen around 86% and the IBEX 35 by 60%. This once again shows that shareholder remuneration is highly attractive. This has resulted in the bourse once again being the world's leader in dividend yields (+5.2% according to the MSCI's monthly Blue Book).

SPAIN, LEADER IN TERMS OF DIVIDEND YIELD



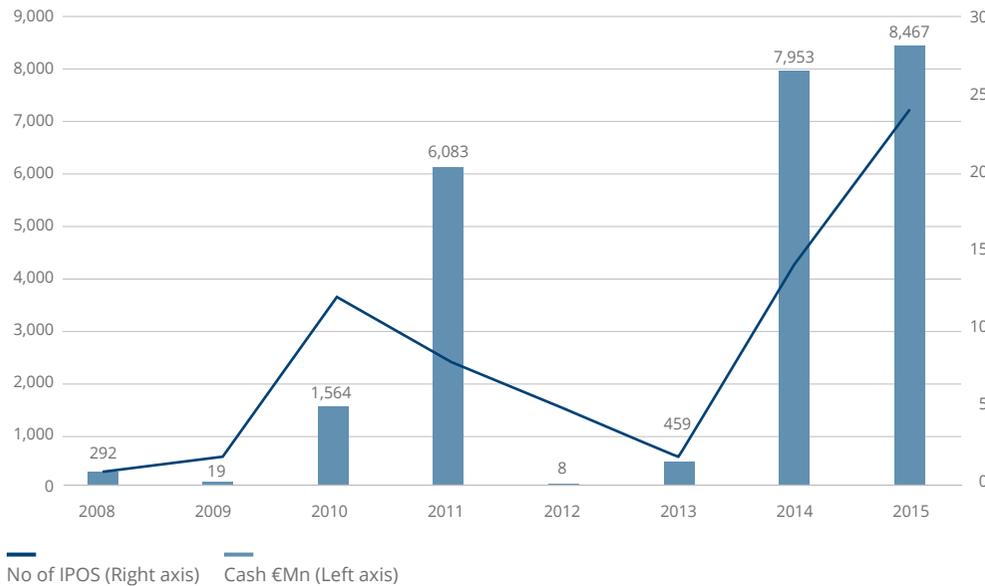
Source: Morgan Stanley Cap. Int (December 2015).



In 2015, despite large companies coming to the market with important public offerings worldwide and the increase in financing obtained through capital increases, the capitalisation or aggregate value of the companies admitted to trading on the Spanish exchange declined by nearly 8%. The reason for this was the decline in value in December of some of the large listed foreign companies, particularly Latin American ones.

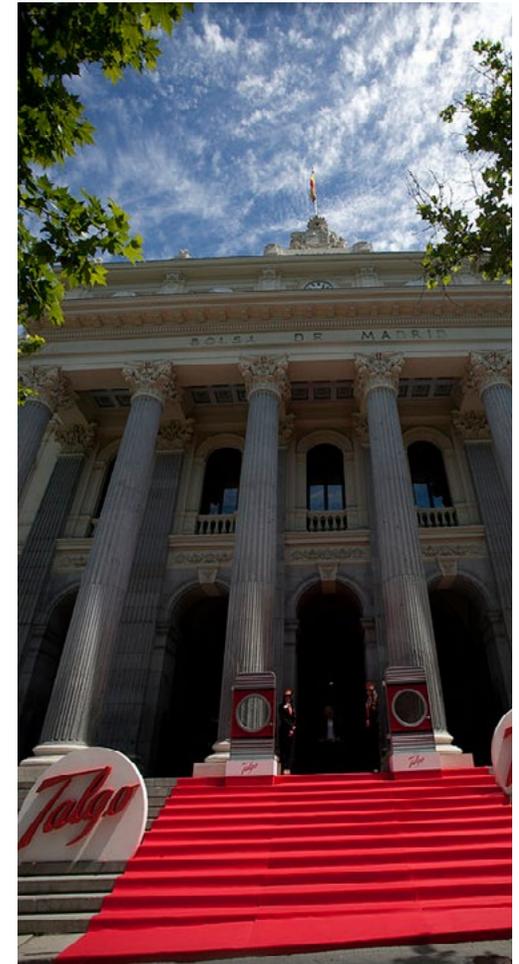
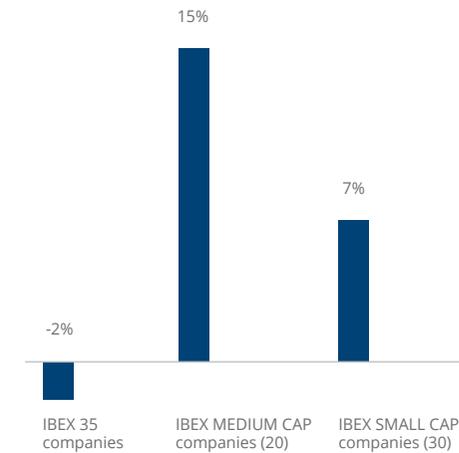
However, market cap did increase if we look at Spanish listed companies. The capitalisation of this group increased 6% in the year, compared to 12% in 2014. This means that Spanish companies have increased in value by €340,690 million since the low of €337,000 million in 2012 in mid-crisis. In just over three and a half years the value rose to €677,690 million at 30 December 2015, which is still €172,310 million below the €850,000 million recorded by Spanish listed companies in June 2007, a record high.

PUBLIC OFFERINGS ON SPANISH EXCHANGE 2008 - 2015



CAPITALISATION GROWTH IN 2015 BY COMPANY SIZE

% CHG. 2015 VS. 2014



Palacio de la Bolsa de Madrid staircase. Talgo Opening Ceremony Bell.

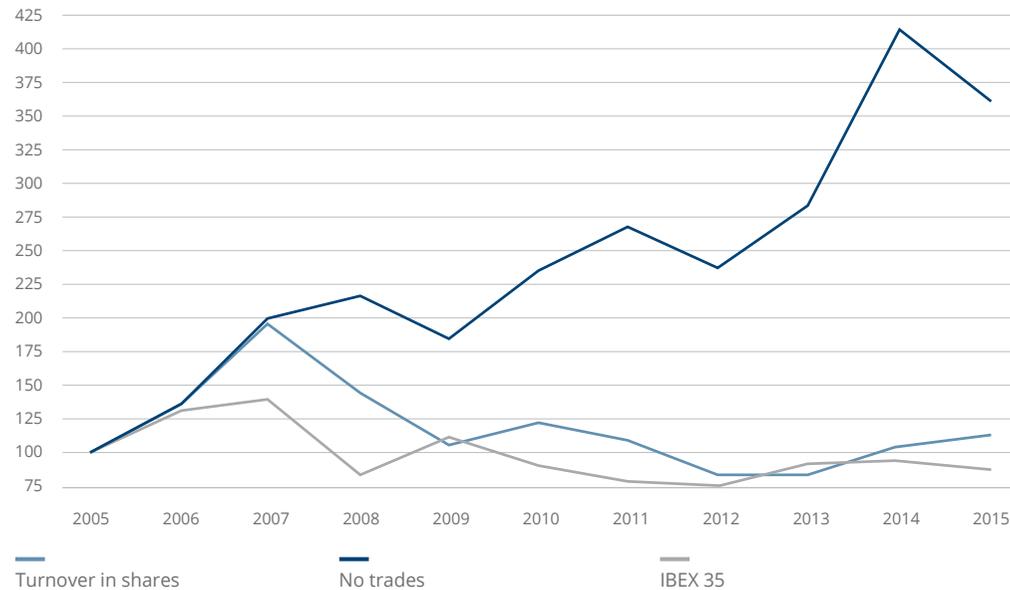


Liquidity

In recent years the Spanish exchange's trading ability has gone from strength to strength. The quality of the securities traded and the systems which support trading have lead to very positive liquidity. Once again in 2015, we saw how shares in three of the Spanish exchange's listed companies were the most traded in their market of origin in the whole euro area while shares in two other Spanish companies ranked 15th and 23rd respectively. In total, five Spanish securities with a weight by capitalisation of 11.3% in the Eurostoxx 50 index were among the 23 most liquid stocks of 2015, with trading turnover equivalent to 15% of the total.

It is important to note here the exchange's proven ability to act as a centre of liquidity for its traded securities. Despite the tough competition for trading flows in Europe and worldwide, of the five stocks included in the Eurostoxx 50, the Spanish market combines over 79% of the cash volumes. For the remaining 45 stocks in the index listed in various official exchanges in the euro area (mainly Germany, France and Italy) the average is 63%, some 17 points below the Spanish exchange.

LIQUIDITY REMAINS HIGH DESPITE SHARE PRICES STRUGGLING TO RECOVER. 100 BASELINE IN 2005



The figures for 2015 point to a clear reality which is that the Spanish exchange is a highly liquid market. This liquidity positively helps reduce the transaction cost for investors, and not only in large stocks. The IBEX Medium Cap and the IBEX Small Cap have both seen a notable decline in costs. The progressive reduction in trading spreads between these stocks means that every year trading costs get cheaper which helps BME's platform maintain its market share of securities admitted to trading on the Spanish exchange.



Financing

Diversification and the securities market's ability to incorporate various formulas to admit financial products to trading are just two of the characteristics which underpin the Spanish exchange's strength when it comes to financing channelled to all kinds of companies. The figures show that once again companies of all sizes are attracted to the market as it offers security and helps the Europe-wide objective of strengthening the diversification of financing sources for companies and reducing their dependence on bank lending.

NO. COMPANIES FINANCED THROUGH THE MARKET



In 2015, the Spanish exchange was once again a key player on the international stage. Financing through shares reached a record high and the annual total of new investment flows and financing channelled by the Spanish exchange through equity instruments stood at €41,636 million, 15.3% more than in 2014. The Spanish market is once again one of the most attractive in Europe and the world. Of this amount, nearly 20% or €8,529 million was channelled as a result of admissions to trading with or without public offerings. The rest largely came from capital increases.

The Spanish exchange continued to figure prominently in the international IPO market in 2015. According to the Ernst&Young (E&Y) Global IPO Report for the third quarter of 2015, and based on the first nine months of the year, BME led the way in Europe and was the fifth in the world in terms of offerings. The ENA and Cellnex Telecom offerings were the largest and third-largest transactions in Europe while the flotation of Euskaltel, the Basque

Country's telecoms operator, was Europe's second largest in the third quarter. According to E&Y, AENA was the fifth largest flotation in the world in 2015.

In 2015, the funds captured by Spanish companies via public sales offerings and subscriptions totalled €8,467 million, the second highest amount for the past 18 years, after the 2007 record of €10,500 million. Of this amount, €8,332 million correspond to seven listings on the main market plus a further 17 listings to various segments of the MAB: nine in the Growth Company segment which captured nearly €41 million and eight in the SOCIMIs segment which brought in €94 million euros. There were a total of 24 transactions in the year.



NBI joins MAB market.



Socimis (REITs)

In 2015, SOCIMs performed well in terms of additions and resources raised via various exchange mechanisms. After just two years and strong support from foreign capital, these are beginning to gain favour as a useful instrument to help reactivate the economy and the real estate market which was severely punished by the crisis. In spite of the problems it has faced, this sector includes activities representing a little over 10% of Spanish GDP on the supply side. The capitalisation of listed real estate companies has risen from a low of €3,620 million in May 2012 to around €13,210 million in December 2015 with two thirds of this belonging to the 15 listed SOCIMs.

TRENDS IN LISTED REAL ESTATE SECTOR OVER 10 YEARS (DECEMBER 2005 TO DECEMBER 2015)

	Date	CAPITALISATION (millions of euros)	Weight of sector in the capitalisation of listed Spanish companies (%)	No. companies in sector
Starting value	Dec-05	19,341.90	3.3	32
Maximum value	Jan-07	51,139.40	6.6	30
Minimum Value	May-12	3,619.40	1.1	23
Present value	Dec-15	13,208.77	1.95	30
Of which are SOCIMs	Dec-15	8,595.38	1.27	15
Of which are Hispania	Dec-15	1,081.92		

The eight new additions in 2015 raised €95 million which can be added to the €2,265 million obtained in the five capital increases carried out by four of the SOCIMs which were already listed. Of these, three were in the main market and one in the SOCIMs segment of the MAB. The four capital increases in the main market involving Lar España, Merlin Properties (2) and Axiare Patrimonio raised €2,177 million. Meanwhile, Uro Property, which was listed in the SOCIMs segment of the MAB in March, carried out its first capital increase in October and raised €88 million.

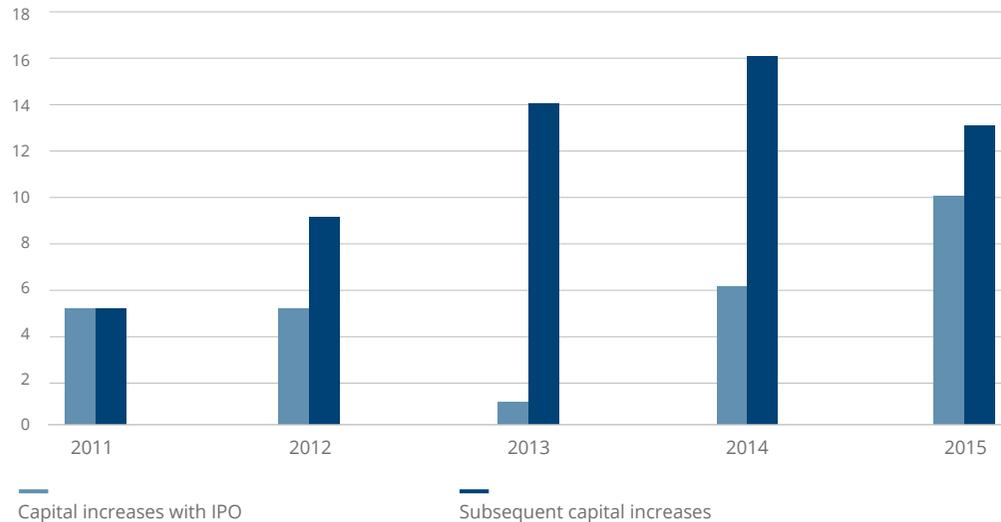
In the year, SOCIMs raised a total of €2,602 million if we include the €337 million from the Hispania capital increase which is the listed owner of a SOCIMI. If we add to this the €431 million increase carried out in July by Testa Inmuebles, a listed company on the main market and which became a SOCIMI on 1 December, the total would be €2,939 million.



MAB

In 2015, nine companies joined the MAB for expanding companies, which was launched in 2014, bringing the total to 34. Nine of these listed companies launched capital increases which raised a total of €70 million during the year. If we add the €41 million obtained with the nine new additions we get a total of €111 million mobilised in this sector of the Alternative Market.

CAPITAL INCREASES ON MAB (EX-SICAVS)

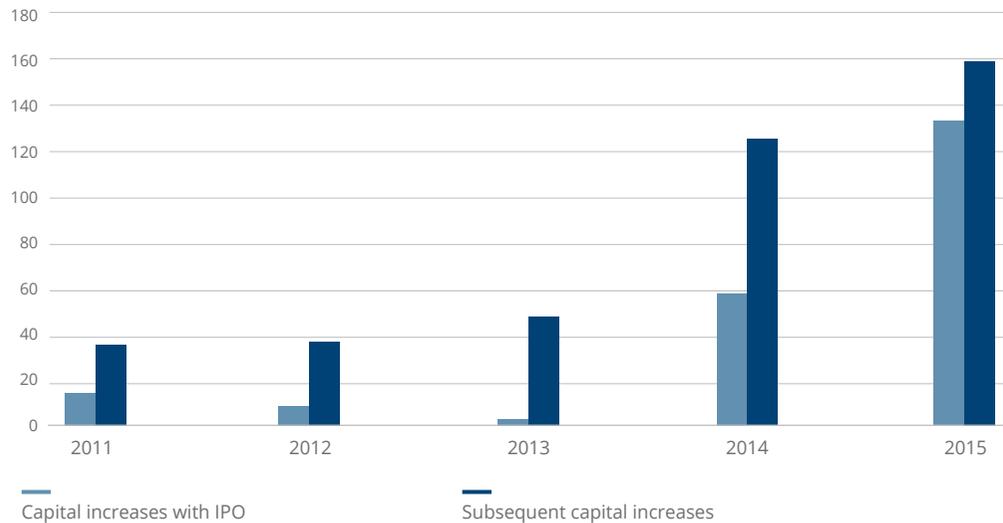


Corpin Capital SOCIMI (REIT) President addresses attendees to the celebration of their new listing on MAB market.



Turning to SICAVs we can see that the number of companies listed rose for the third year running, with more than 100 being added each year. Following the 169 new additions in 2015, there are now 3,374 SICAVs admitted to trading which is a new record. This puts their total market value at €37,700 million at year end, another record. This is over €14,000 million higher than the low of €23,300 million in June 2012. The SICAVs were also very active in the market to achieve their investment and financing objectives. In 2015, around €1,246 million was raised through 33 capital increases. The assets managed rose 11% in the year and there are now nearly 500,000 shareholders.

CASH RAISED THROUGH CAPITAL INCREASES ON MAB (EX-SICAVS) €MN



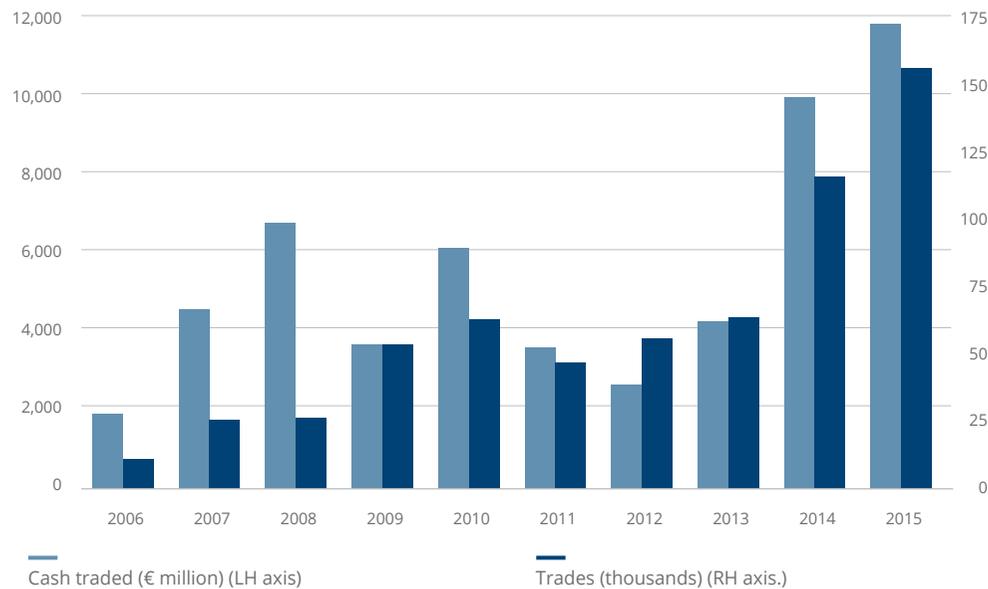
Óbsido SOCIMI (REIT). Cocktail after Opening Ceremony Bell.



ETFs and Warrants

In relative terms, in 2015 the amounts traded in the other products such as ETFs and warrants were much higher than in shares. The annual cash volume for ETFs rose 28.3% in 2015 and, for the first time since they were launched 10 years ago, now stands over €10,000 million with a share of over 95% for ETFs indexed to the IBEX 35, with assets managed of €1,722 million at the end of the year. In 2015, ETFs were exchanged for a total cash amount of €12,633 million. The total assets of the 71 indexed ETFs admitted to trading in the year amount to €44,769 million, up around €10,000 million on the end of 2014.

ETFs, HISTORICAL TRADING CASH TRADED AND NO. TRADES



Activity in the warrants segment rose notably in 2015 in relative terms although the absolute figures are still some way off the highs of 2007. The number of outstanding issues rose for the third consecutive year to 4,160 at 31 December as did the volumes traded both in cash amounts and the number of trades. The Turbo warrants segment enjoyed the highest growth with €147 million traded in the year, double the amount in 2014.



Fixed income

For the third consecutive year, activity in the Fixed Income market (AIAF) continued to adjust and the outstanding balance of issues, mainly in the financial sector, declined, albeit at a notably slower pace than in 2014. Even though there were some peaks and troughs, the primary issues market appears to have returned to normal, in tandem with the progressive decline in the risk premium of Spanish public debt. The spread over 10Y German bonds closed the year at 115 b.p., compared to over 300 b.p. the previous year.

Debt issuance volumes were boosted by the brighter outlook for Spanish economic growth and the ECB's expansive monetary policy involving higher liquidity contributions to encourage lending and investment and thereby indirectly avoid deflation, as well as low interest rates. The Treasury has easily managed to honour the maturities of Spanish public debt and the corresponding part of the annual deficit, with a considerable saving in costs and extending maturities. We should note the recent upgrades to Spain's ratings by various agencies.

In 2015, the global Private Debt primary market saw an increase in issue prices following the sharp downturn in recent years, particularly for high yield bonds. They are still at record lows however. Meanwhile, financial entities were active in the Covered Bonds market, with the number of issues rising by over 50%. The securitisations market is also picking up and this looks set to hold steady next year, helped by various European Commission initiatives to boost the market and reduce dependence on bank financing. This all helped increase the number of new issues with medium- and long-term maturities by around 45%.

Trading in the secondary market was shaped by the same issues affecting the private debt market. BME has two public debt trading platforms: SENAF, the wholesale platform for large operators and SEND, for minority investors. At the end of 2015, cumulative trading in SENAF was €108,868 million, 3.3% below the year ago figure. Meanwhile, the figure for SEND was €307 million, up 11.7% on 2014.

Securitisation

The value of the outstanding balance of securitised bonds admitted to trading on the AIAF market has declined by half since the end of 2009. New admissions in 2015 totalled €30,000 million, similar to the total for 2014. However, there have been consecutive declines from the over €100,000 million in 2007 and 2008. This means the volume traded in 2015 is 5% of the high in the AIAF in 2011 (€2.8 billion) and half the 2014 total.

In 2015, a new legal framework was drawn up for this area, which incorporates the two regulatory reforms approved in the year in Spain and Europe in order to shake up this market so that it helps contribute to increasing the diversification of and access to various corporate financing sources in Europe and Spain.

In April 2015, the Spanish government approved the Business Finance Promotion Act which includes, inter alia, a new regulatory framework for securitisations in order to increase interest in this segment and bring legislation into line with that of other European markets which are more advanced. Also, in September the European Commission proposed a standard to set up a simple, transparent and normalised European securitisation framework. This intends to establish a quality framework for securitisation in the EU which could encourage the integration of financial markets, help diversify the sources of financing and unblock capital, making it easier for financial entities and lenders to extend loans to households and companies.



MARF ISSUANCES IN 2015 BY ISSUE DATE

Alternative Fixed Income Market (MARF)

Barely two years since it was launched, at the end of 2015 the Alternative Fixed Income Market had around €1,300 million in company issuances and an outstanding balance in excess of €1,000 million. Issuances in this market were made by medium-sized companies, as was intended when it was launched in December 2013. These promissory note issues and simple and project bond issues were carried out by 20 companies acting individually and over 100 companies which raised financing by securitising their credit claims and invoices in securitised bonds.

The financing obtained on the MARF was channelled via various different issues with different maturities. For medium- and long-term issues, with maturities ranging from 5 to 26 years, the issuing companies obtained a volume in excess of €750 million, of which over €400 million are simple bonds (secured or unsecured), nearly €50 million are securitised bonds and over €230 million were financed as project bonds.

Instrument	Issuer	Sector	Coupon (%)	Issue date	MTY date	Term	Issue max. (1)	Vol. Issued (2)	Outstanding balance at 30/12/15	Isin code (3)
BONDS	SIDECU	TRADE & TOURISM	6	18/03/2015	18/03/2020	5 YEARS	55,000,000 €	55,000,000 €	55,000,000 €	ES0305063002
PROMISSORY NOTES (PROGRAMME)(4)	ELECNOR	METAL-MECHANICS	DISC (6)	01/04/2015	01/04/2016	3-731 DAYS	200,000,000 €	90,000,000 €	90,000,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	TUBACEX	MINING-METAL	DISC (6)	20/05/2015	20/05/2016	3-731 DAYS	75,000,000 €	75,000,000 €	75,000,000 €	(3)
PROJECT BONDS (5)	AUTOVÍA DE LA PLATA	TRANSPORT & COMMS	3.169	27/05/2015	31/12/2041	26 YEARS	184,500,000 €	184,500,000 €	184,500,000 €	ES0205068002
BONDS	PIKOLÍN	CONSUMER GOODS	5	27/05/2015	27/05/2025	10 YEARS	20,000,000 €	20,000,000 €	20,000,000 €	ES0205072004
BONDS	PIKOLÍN	CONSUMER GOODS	4.5	27/05/2015	27/05/2022	7 YEARS	10,000,000 €	10,000,000 €	10,000,000 €	ES0205072012
PROMISSORY NOTES	EUROPAC	PAPER	DISC (6)	17/06/2015	17/06/2016	3-731 DAYS	50,000,000 €	10,000,000 €		(3)
BONDS	MASMOVIL IBERCOM	TELECOMS	5.5	30/06/2015	30/06/2020	5 YEARS	27,000,000 €	27,000,000 €	27,000,000 €	ES0384696003
BONDS	ZELTIA	BIOTECHNOLOGY	4.75	07/07/2015	07/07/2027	12 YEARS	17,000,000 €	17,000,000 €	17,000,000 €	ES0284940006
SECURITISATION PROM. NOTES	IM FORTIA	FINANCIAL SERVICES	DISC (6)	29/07/2015	29/07/2016	3-731 DAYS	400,000,000 €	56,000,000 €	104,600,000 €	ES0505087033
BONDS (PROGRAMME)(7)	SAINT CROIX SOCIMI	REAL ESTATE	(6)	30/09/2015	30/09/2016	2-7 YEARS	80,000,000 €			(3)
BONDS (PROGRAMME)(7)	OC II-SUGAL	FOOD	(6)	21/10/2015	21/10/2016	3-7 YEARS	80,000,000 €	42,000,000 €	42,000,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	COPASA	CONSTRUCTION	DISC (6)	06/11/2015	06/11/2016	3-731 DAYS	20,000,000 €	7,300,000 €	7,300,000 €	(3)
PROMISSORY NOTES (PROGRAMME)(4)	GRUPO ALDESA	CONSTRUCTION	DISC (6)	04/12/2015	04/12/2016	3-731 DAYS	50,000,000 €			(3)
PROMISSORY NOTES (PROGRAMME)(4)	EL CORTE INGLES	TRADE & TOURISM	DISC (6)	17/12/2015	17/12/2016	3-731 DAYS	300,000,000 €	50,000,000 €	50,000,000 €	(3)

NOTES:

(1) MAXIMUM ISSUE: Maximum volume allowed as per prospectus.

(2) VOLUME ISSUED: Volume issued to date.

(3) ISIN CODE: Each tranche of an issuance programme is assigned a different ISIN code.

(4) PROMISSORY NOTES (PROGRAMME): Short-term fixed income issuance programme carried out at various times and maturities during the programme's life. The maturity date is the programme's expiry date.

(5) PROJECT BONDS: Issue used to finance large infrastructure projects.

(6) DISC.: Issued at discount. Interest rates depend on the issue term of the various tranches.

(7) BONDS (PROGRAMME): Bond issuance programme with various tranches within a baseline programme. The maturity date is the programme's expiry date.



Derivatives

In 2015, just over 47.8 million contracts were traded on MEFF, the BME's futures and options market, 15% less than in the previous year. However, in terms of par value, the underlying of the futures and options traded rose 5%, on the back of increases in the three previous years.

For the fourth consecutive year, the volume of IBEX 35 Futures contracts and Mini IBEX 35 Futures traded rose 6.6% and 4.8% respectively. The open interest of IBEX 35 futures increased 5% compared to 2014.

The total volume was affected by the reduction in the number of contracts traded in individual equity derivatives, both options (-16%) and futures (-23%). The number of contracts traded in IBEX 35 options also declined by 25% following the sharp increase over the previous two years.

Trading in other, more limited contracts such as share dividend futures and equity dividend futures was notable in the year, rising 23% and 35%, respectively. Investors interested in these derivatives tend to be institutional investors who wish to cover all the risks associated with dividend payments and do so by selling dividend futures.

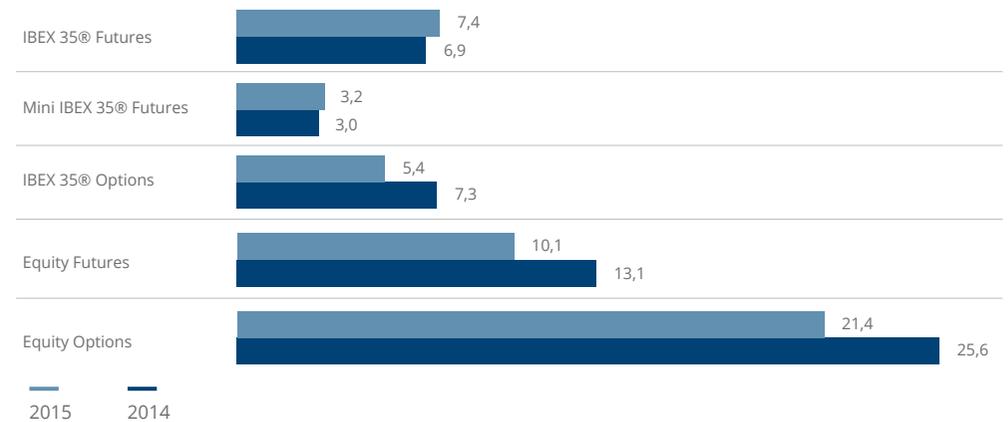
Volatility, which is particularly important for the futures and options market, was highly erratic during the year. The average implied volatility for IBEX 35 options in the year was 23.3%, four points higher than in 2014 and two points higher than the 2013 average. The changes in volatility were much more pronounced than in 2014, reflecting the tension in the spot markets, especially in the second half of the year. We even saw volatility spike to around 40% and plummet to 15%.

In 2015, MEFF rolled out a campaign to bring security and efficiency to a larger number of agents and to involve the market makers more in offering liquidity to the products being traded. It also introduced new rules to make operating more flexible.

This is now the second full year in which MEFF Sociedad Rectora del Mercado de Productos Derivados has been the derivatives market governing body since MEFF was divided in 2013.

BME Clearing, BME's central counterparty, now acts as the counterparty for all of MEFF's derivatives operations.

DERIVATIVES: FOURTH CONSECUTIVE YEAR OF GROWTH FOR IBEX 35® FUTURES MILLIONS OF CONTRACTS





Clearing

BME CLEARING is the company that runs the Central Counterparty (CCP) activities under the three segments operated by BME: Financial Derivatives, Public Debt Repos and Electricity Derivatives. BME CLEARING was active in these three segments in 2015.

In 2015, the Spanish and European authorities authorised BME CLEARING to extend its clearing activities to two new segments: clearing for the purchase and sale of equities, as part of the reform of the clearing, settlement and registration system in Spain; and OTC interest rate derivatives. This segment was added on 30 November.

Financial and energy derivatives

Activity in the main instrument cleared, IBEX 35 futures, rose nearly 7% in 2015. A total of 16 million index futures and options contracts were cleared in 2015, down 7% on 2014 while 31.8 million futures and options on individual shares were cleared, a 19% decline.

Interest in energy derivatives rose among entities, with the number of participants increasing 38% to 109 at 31 December. Given the hostile market, clearing activity did not fare well in the year, with the volume of OTC derivatives falling 49%. The volume of registrations at BME CLEARING declined 28%, with its share increasing.

The volume registered in 2015 was 23 TWh, representing 8% of Spain's electricity consumption.

REPOS

The repos segment consists of the central counterparty service for Spanish public debt repos, thus eliminating the counterparty risk for members.

In 2015, the monthly average was over €60,000 million in 664 transactions.

It currently has 30 members, 28 of whom are Spanish and two of whom are foreign. The financed open interest, i.e. the average outstanding balance of unmatured transactions, equivalent to the financing provided, was €26,346 million at the end of 2015, similar to the previous year, evidencing how useful the clearing service for repos is even during difficult financial times.

IRS

The interest rate swaps segment began in December 2015. This is the central counterparty service for all interest rate derivative transactions (Swaps, OIS and Fras). BME is therefore compliant with the new regulations which state that financial entities, insurance companies and other non-financial entities must use BME Clearing from 2016 or 2017 (the date depends on the kind of entity) to clear all interest rate derivatives which have certain characteristics. Under the new regulations, BME Clearing offers euro-denominated contracts.



Settlement and registration

The cash volume settled in Iberclear in 2015 increased 20.6% compared to 2014, with an average of €4,984 million settled daily. The number of transactions settled declined by 2.6% on 2014 to a monthly average of 3.9 million.

The nominal balances recorded at the end of December decreased by 8.8% in the securities listed on the AIAF and increased by 6.2% in the public debt market year-on-year. Equities grew by 6.9% at market prices.

During the year work continued on rolling out the first phase of the reform of the securities clearing and settlement system in Spain with the new regulatory framework being approved. On 3 October, the Official State Journal published the Royal Decree on Clearing, Settlement and Registration as well as Royal Legislative Decree 4/2015, approving the revised Securities Market Act. This came into effect on 13 November 2015.

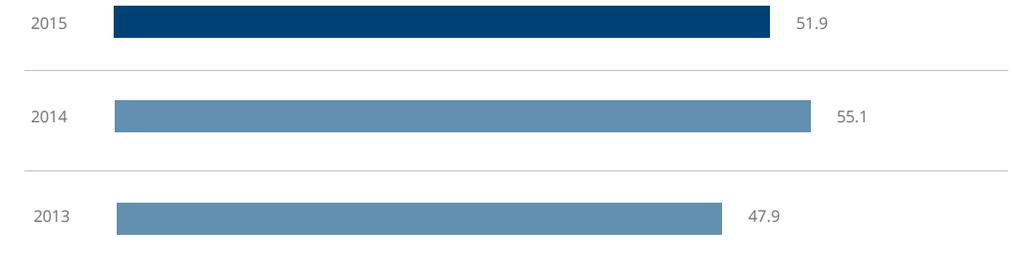
Target2 Securities (T2S)

On 22 June, the Target2 Securities single settlement platform came on stream. A total of four migrations are planned and CSDs were due to be included in the first one. However, as Monte Titoli, the Italian CSD, had to delay migration until the end of August, this migration was split over two stages. The other CSDs, which have been divided over the remaining three stages, are still carrying out user tests to check that all internal procedures and systems are working correctly.

Iberclear is included in the fourth stage, as originally planned, although given its links with other CSDs it has been able to participate and support the User Tests from the start.

Euroclear's recent announcement that the CSDs in the ESES Platform (France, Belgium and Holland) will not be able to migrate on the planned date (Stage 2 - March 2016) will affect all the other migrations. Even though formal approval is still pending from the ECB, it has been agreed that Iberclear will join T2S in September 2017.

SETTLEMENT IN IBERCLEAR IN 2015 TRANSACTIONS (IN MILLIONS)



Euskaltel opens the market to celebrate their new listing on MAB market. M. Ardanza & J. Hernani attend the event.



REGIS-TR extends services in 2015

For the past two years European entities have been reporting derivatives transactions to authorised trade repositories pursuant to EMIR. During this time activity on the REGIS-TR has reached 1,000 clients and over 1,200 open accounts. Each day it receives around seven million new transactions and nearly 20 million messages.

The quality of the information reported has improved although there is still a lot of work to be done. The implementation of the Level 1 validations and the Level 2 validations defined by ESMA has helped. The European regulatory authority has published a new version of the technical reporting standards which have been approved by the European Commission and are awaiting comments from European Parliament and Council. The new standards will come into effect at the end of 2016 or beginning of 2017.

At the beginning of 2015, the European Commission issued the first public consultation on Level 1 EMIR.

REGIS-TR is making headway in becoming the single regulatory reporting platform and since October has provided the reporting service for energy product trades according to European REMIT legislation, thereby expanding the range of solutions it offers participants.

REGIS-TR provides reporting to over 25 European regulators, consolidating its position as a communication channel for market participants and supervisors alike. It is also a member of the working group set up by the ECB to define the Securities Financing Transactions Regulation and has begun to design the strategy to offer reporting services according to MiFID II and MiFIR.



Dissemination of information

This business unit consolidates and develops the management of information generated by the BME Group. Its key figures were shaped by the strength and progress made by BME Market Data which provides real-time information to over 300 customers and 120,000 subscribers worldwide on 45,600 equity, fixed income and derivatives instruments and 230 indices calculated by the BME Group. Infobolsa has extended its services to new countries in Latin America and consolidated its position as one of the top three financial apps downloaded in Spain.

BME Market Data: new content and innovation

In 2015, BME Market Data, aware of the importance of retail investors for the markets operated by BME, launched a new information product for the derivatives market aimed at non-professional investors. It also expanded the content which has special subsidised tariffs for these investors; extending the existing offer for content concerning the equities markets to the derivatives and fixed income markets.

BME launched the Significant Events and Financial Information real-time facility which supplies infor-

mation sent to the CNMV by issuers in Spanish and English. Important changes were made to the architecture of the system which consolidates all the Group's content in real time in a single data feed ("BME Data Feed"). This has doubled the capacity when managing BME customers' direct connections, notably improves the platform's performance and places it in an enviable position to be able to add new content.

The year saw an increase in the number of BME Market Data customers, specifically those who need a direct connection to the information servers and who want to minimise reception times and the treatment of the information signed up for.

BME Market Data has expanded its content and introduced new added value tools in the indices segment, such as providing replica portfolios and the daily service which provides the main adjustments and significant events in the components of the IBEX index family. It has also created an information product which provides aggregate data on intermediation activity (trading) of the various members of the equity markets operated by the BME Group. At present, BME Market Data provides around 3,390 data files at the end of each trading session, meeting the specific needs of over 90 clients.



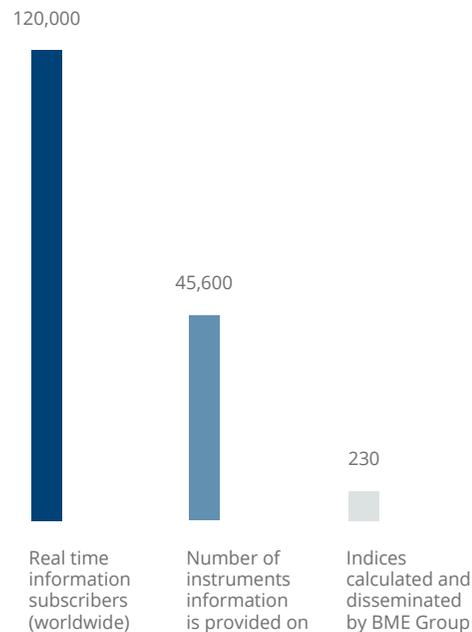
Presentation of FIA Certification - Instituto BME.



Expanding the range of services

BME has been following the regulatory process very closely so we can offer new services to help clients comply with their regulatory obligations. BME Market Data has announced that it shall be requesting authorisation to operate an Approved Publication Arrangement (APA), a figure authorised under MiFID II as part of the EU's new regime of post-trade transparency whereby investment firms must publish trade reports on OTC trades in financial instruments in real time. It also continues to provide the Operation Information System to the investment service companies and credit institutions that have to notify the CNMV of the transactions made in the non-BME markets or systems.

INFORMATION DISSEMINATION IN THE SPANISH EXCHANGE IN 2015



Infobolsa extends presence in Latin America

In 2015, Infobolsa embarked on new projects which allowed it to maintain its position as Spain's leading supplier of financial information services. It also expanded the service range provided in Latin America, consolidating its presence in Mexico and starting commercial activities in Colombia. In addition to the dissemination services for the Colombia exchange and which are fully developed and operated by Infobolsa, a new mobile app for iOS and Android was launched. This is the first ever financial app in Colombia for these platforms.

Infobolsa's presence in Mexico remains stable thanks to the supply of real-time terminals and the launch of ASP and, more specifically, tools for the IR departments of listed companies.

Online broker services were implemented in two financial entities in Spain and Andorra. Nearly half a million users benefit from Infobolsa's solutions offering content and tools to send orders via various entities and platforms.

Infobolsa uploaded new content to its website as well as added-value tools which make this the go-to site for financial information in Spain. There have been around 400,000 downloads of the iOS and Android app, putting it in the Top 3 for financial apps for this type of information. In its bid to offer content for the various devices being used today, the company launched its SmartWatch version.

Openfinance, the subsidiary offering automated process for Financial Advisory and Portfolio Management Services, signed various contracts with financial entities in Colombia and Costa Rica to supply and roll out the Openworkplace® platform. This allows entities to engage in various management activities with their customers and offer financial advisory product portfolios. These agreements are helping Openfinance cement its presence in the rest of Latin America with the professional guarantee of BME.



IT & Consulting

VISUAL TRADER

In 2015, Visual Trader continued to work to actively to unify the BME Group's routing systems. Migration of entities to the VT platform concluded on 30 November.

As a result of the imminent entry into force of the Registration, Clearing and Settlement System Reform, the company is developing a new version of the Visual Risk system to manage and control risk. This version will allow trading members to monitor in real time the amount of margins posted by each of their clients, based on the risk calculation algorithms used by clearing houses.

During the third quarter activity concerning the connection service between BME and its HUBs in London involved migrating the connected entities from the Telehouse DPC to the new BME HUB in the Equinix DPC, meaning the access points from London are now the Equinix and Interxion DPCs. The connection between London and Madrid has also been upgraded which has reduced latency by 16% and improved security as various suppliers are now involved. There are currently 18 entities connected from these centres and a further four are being installed.

In response to the increasing demand for access to the markets with ultra-low latency, Visual Trader has launched version 2.0 of the nanoDriver interface, which substantially reduces latency in the DMA access to the Spanish market thanks to greater optimisation in how the application works.

Visual Trader has also created the Smart Order Routing (SOR) services and the Transaction Cost Analysis (TCA) service with a view to complying with ESMA regulations. TCA will enable financial entities to receive detailed information on the costs involved in executing a transaction on markets in which they operate directly and in the other markets in which they trade through other brokers.

Two new global brokers joined the VT network in 2015 offering multi-market services: Liquidnet Europe Limited and Investment Technology Group Limited. The Visual Trader network now has over 190 financial entities connected and provides access to international markets via 30 global brokers.

BME Innova

In 2015, new efforts were made to expand BME's trading platforms to the international market and improve the regulatory solutions and innovation processes.

During the year, BME Innova provided various international consultancy services including the following:

- Algeria: The development and implementation of the secondary public debt market for the Algerian Treasury Department was finalised and came into production on 23 November.
- Bolivia: Phase I of the project to implement the SMART System for the Bolivian Stock Market was rolled out.
- Venezuela: Preparation for migration of the SIBE system to SMART on the Caracas Stock Market commenced, with training being offered to all employees at the end of November.
- Perú: (Diagnosis Consultancy): The company presented its findings on the operating systems infrastructure of Peru's public debt securities market to the Ministry of Finance.

In the segment of BME Innova's Regulatory Compliance Services it is worth noting that the number of customers increased in 2015 and BME Innova launched Phase III of the Integrated Service Against Market Abuse (SICAM), which can be used to analyse and monitor orders and trades in international markets. It also issued new modules of the Integrated Regulatory Reporting System (SIR) to fulfil the CNMV's reporting requirements.

Also in the year, BME HighWay, the international Financial Communication Services for companies saw its customer base and banking map grow, extending its global coverage to, inter alia, Colombia, Czech Republic, Norway, Russian, Turkey, Romania and Hungary.

BME Innova also saw the number of customers choosing its BME AlterNativ range increase. This offers contingency and outsourcing services for BME's technological infrastructure, with important financial entities contracting production solutions.