

BME's Corporate Outlook

BME: A Model of Management and its Relationship with the main Market Participants.

BME's management, like that of any other company or business, is geared toward obtaining, in a responsible and sustainable way, optimal performance from all of the main assets at its disposal, helping to make it a company with high growth potential.

This type of management seeks maximum efficiency and fosters the company's commitment to listed companies, market participants, investors, and, by extension, society at large, which BME aims to provide with the most advanced financial market in the world. To this end, BME focuses its efforts on ensuring that Spanish financial markets offer speed, reliability, transparency, efficiency and security, and that through these markets participants can access a broad range of financial products, all of them of the utmost quality.

This was one of the purposes of the 2001 signing of the so-called "Spanish Markets Protocol" by companies which at that time

managed secondary markets and securities registration, clearing and settlement systems or represented said market operating companies, and which gave rise to the current BME.

In BME's view, its role as a nexus between companies and Spanish and foreign investors is key to the economy. Savings, both of individuals and institutional investors, are channelled through BME to become a vehicle for financing the companies which are the foundation and source of wealth creation in all advanced societies.

The confidence shown in BME by society guides the Corporate Outlook of the company, with a market model based on working to consolidate BME, in a responsible and sustainable manner, as the main reference for liquidity, reliability and transparency in a global market.

BME is therefore a benchmark of the Spanish economy and companies, and, similarly, of

significant sectors of the Latin American economy, in its role as the managing body of Latibex, Latin America's No. 3 market by capitalisation.

The privileged position BME enjoys likewise entails a series of responsibilities toward the society which has entrusted it with this role. BME believes that it must place at society's disposal secure and reliable markets, featuring the most advanced technology and the best-trained human resources, markets which allow Spanish and Latin American companies to access financing, expand and create jobs.

In order to reach this goal of achieving excellence in the provision of services, BME is in close and permanent contact with all market participants, companies, investors, shareholders, employees and, more generally, society as a whole.

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This contact is regarded as a basic element for generating the utmost trust among clients and society at large, and therefore, in BME's view, market participants, their needs and satisfaction are the company's priority.

Such trust is developed by establishing in a transparent manner the following Core Company Principles of Conduct, which consistently guide the Company's Corporate Outlook and which are as follows:

- **Efficiency in service provision.** This element is essential to permit Spain's financial market to perform its key role fostering sustainable growth in the Spanish economy.
- **Market integrity.** Compliance with this principle allows trading activity to be undertaken from many market centres simultaneously and under identical conditions.
- **An impartial trading environment,** achieved through strict compliance with laws and regulations governing the financial markets and systems managed by BME.
- **Transparency and fairness in the market.** BME provides complete information on market performance and information received from entities approved for trading on the market, allowing all investors, without privileges of any sort based on trading volume, to operate under the same conditions.

- **Innovation and cutting-edge technology.** BME provides markets with the means necessary to help companies grow at a global level, and in this regard is an active participant in the creation of new financial products and the ongoing development of the systems infrastructure so essential to the development of the financial market.

- **Education.** A cornerstone of any financial market's sustainable development is the education of all market players, both professionals and individuals, on how the market operates. BME supports many educational programmes, both in-house and at other institutions, geared to both individual and professional investors.

- **Investor protection.** BME believes that assisting, defending and providing guidance to investors in financial markets, especially investors whose knowledge and experience are limited, is essential for creating a bond of trust between investors and the market.

In establishing these core principles of action, BME has taken into account the needs and priorities of the different agents participating in the market. Such needs and priorities largely coincide with those of society at large. After all, society is the ultimate beneficiary of the rewards generated when financial markets and, by extension, the Spanish economy, operate properly.

In BME's view, the main market players are as follows: investors, to which it provides its services directly; company employees; shareholders (the company's owners); service providers and society at large.

Based on this definition, the company's guidelines for behaviour with these agents, and the foundation for BME's work in the areas of its participation in, contribution to and commitment to society, may be outlined as follows:

- Compliance with the laws and regulations applicable to BME, both Spanish and international. BME's business activities must strictly meet social ethics and best practice standards. These practices build a relationship of trust both with investors and society at large.
- Highlights of BME's work in maintaining close relationships with investors include the direct assistance it offers investors through the Investor Ombudsman, as discussed in the first chapter of this report. Additionally, BME is an active participant in the array of conferences held annually as a means of raising awareness of securities markets among final users (investors), as described in greater detail in chapter 8.
- Maintaining solid and fluid relationships, through official channels, with government and oversight bodies. These relationships are crucial to financial markets' proper functioning, and enhance the relationship of trust

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which must be established with investors and society in general.

Among the relationships BME maintains with oversight authorities, a highlight is the company's fluid relationship with the CNMV, as the latter is the institution charged with supervising and inspecting securities markets and the activities of the individuals and legal entities operating in those markets.

In accordance with current legislation, Spain's secondary securities markets are represented with six seats on the CNMV's Consultant Committee, the steering committee of the CNMV board of directors, whose remit, among other duties, is to give notification of issues directly related to the securities market.

Meanwhile, BME does not make contributions to political parties or political organisations of any stripe, allowing it to maintain management independence in its relationships with government bodies at a local, regional and national level.

- Constant contact with all market players primarily takes the shape of participation in a range of conferences which draw market representatives and other participants and allow a free exchange of opinions, forecasts, etc. Examples of such forums include the aforementioned CNMV Consultant Committee, made up of representatives of

both securities issuers and investors. Additionally, at an internal level, the companies comprising BME have formed a range of technical committees in which representatives of market participating entities play an active role.

Such committees include Iberclear's Technical Advisory Committee and Technical Risk Committee, and Supervising and Monitoring committees at MEFF Renta Variable and MEFF Renta Fija, etc.

All of these committees allow BME to gain firsthand knowledge of market participants' concerns, demands, needs, etc.

All of this is in addition to the importance BME assigns to the direct, personal and fluid relationships its employees maintain with market participant entities and their respective employees. Such relationships are further fostered through festive events, such as the industry gathering held annually to celebrate the Christmas holiday.

- The implementation of clear procedures for selecting partners and marketing services and technology, with particular attention paid to compliance with the relevant regulatory scheme.
- Permanent contact with shareholders and potential investors, who have a range of communication channels at their disposal,

such as the Shareholder Office and the Investor Relations Department. Constant communication with shareholders and addressing any concerns they may convey to the Company is key to any listed firm, since the purpose of putting these mechanisms into place is to gain shareholders' trust.

- Fluid relationships between the Company, its employees and trade union organisations that have representation are a cornerstone of stable labour relations.