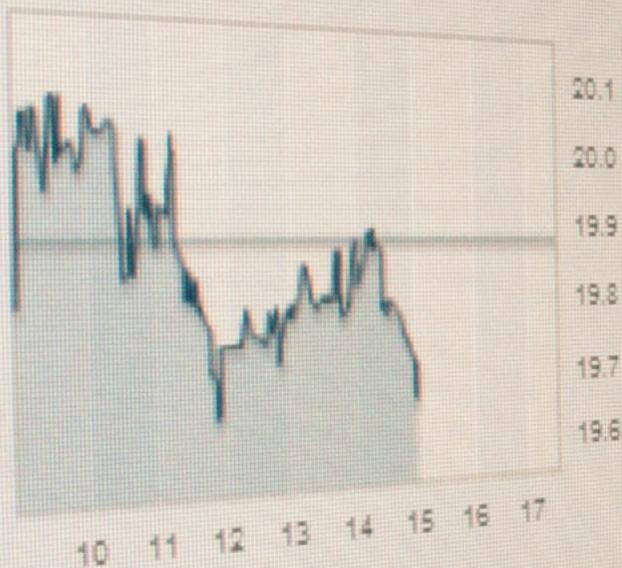


BOLSAS Y MERCADOS ESPAÑOLES

BME SHARE

BME 19.6950
27/Feb 15:00 ▼ -0.96%



INVESTOR'S CORNER

- ▶ ANNUAL REPORT 2011
- ▶ CORPORATE AND SOCIAL RESPONSIBILITY REPORT 2011

THE MARKET TODAY

- IBEX 350
- IBEX MEDIUM
- IBEX SMALL
- IBEX TOP D
- FTSE4Good
- Latibex TOP
- Latibex BRASIL
- AIAF 2000

PRESS RELEASES

- 22/02/2013
BME'S net profit in 2012 reached €135.5 million, down 12.7% from 2011
- 01/02/2013
The Spanish stock exchange traded €67.75

2013 TRADING CALENDAR

BME MARKET DATA



New e-data Services

VISUAL TRADER

BME meets user needs

- 1.1. BME's Activities
- 1.2. Products and users
- 1.3. Communication channels
- 1.4. User protection
- 1.5. User education



BME meets user needs

1.1. BME's Activities

BME currently integrates systems for registering, clearing and settling securities, secondary Spanish markets and official trading systems, and carries out a range of complementary and auxiliary services spanning, among other areas, information, consulting, information technologies, contingency services, a business continuity and contingency service and training.

The following tables provide a schematic outline of BME's main activities, showing the services it provides to users and customers, mostly entities registered with the CNMV. The markets and trading systems operated by BME do not provide services directly to retail investors, except for ancillary services. Chapter 4 of the 2012 Annual Report on the Business Areas provides a more detailed description of the information included in these tables and performance data for the last few years.



BME meets user needs

1.2. Products and users

Products and Services Provided by BME			
BME	Products and Services	Through	Users
EQUITIES	Trading in shares of Spanish, European and Latin American companies, shares and units of collective investment schemes (ETFs, SICAVs, venture capital firms, hedge funds), warrants, certificates and other products. Calculation of indices (IBEX, stock markets).	Madrid, Barcelona, Bilbao and Valencia stock exchanges, Sociedad de Bolsas, Mercado Alternativo Bursátil (MAB), LATIBEX (market for LatAm stocks traded in euros).	Companies, issuers. Market members (agencies and securities houses, credit institutions) and, through them, private and institutional investors.
FIXED INCOME	Trading in shares of Spanish, European and Latin American companies, shares and units of collective investment schemes (ETFs, SICAVs, venture capital firms, hedge funds), warrants, certificates and other products. Calculation of indices (IBEX, stock markets).	Barcelona, Bilbao and Valencia stock exchanges AIAF/SENAF/SEND	Members of AIAF, credit institutions and ESIS-registered companies and through the market members, companies and private investors.
DERIVATIVES	Options and futures on shares, bonds, indices and energy. Management and settlement of guarantees. Technology advice.	MEFF	Members of MEFF, and through the market members, power companies, private and institutional investors.
CLEARING AND SETTLEMENT	Accounting, clearing and settlement of all trades made on Spanish stock exchanges, the book-entry public debt market, AIAF and Latibex. Registration of OTC transactions. CCP for derivatives, repos on public debt and energy products. Registration of CO2 emissions.	IBERCLEAR RENADE LINK UP MARKETS REGIS-TR MEFF	Members of Iberclear. CSDs members of Link Up Markets. RENADE members.
DISSEMINATION OF INFORMATION	Primary sources of information. Primary data flow services.	BME Market Data	Large providers. On-line brokers. Specialised Internet portals. ESIs and credit institutions.
	Collection and processing of primary sources of information.	Infobolsa	Professional and private segment.
	Index user licence.	Sociedad de Bolsas	Dissemination entities.
IT & CONSULTING	Development and operation of financial market access systems.	Visual Trader Systems	Private and institutional investors. Order gatherers.
	Strategic advisory services for financial markets. Business continuity. Financial communication. Management software for financial institutions.	BME Innova	Financial markets. Regulated government agencies and financial institutions. Large companies, financial entities, SMEs, and users of financial entities.
	Technological solutions for financial advisory and portfolio management.	Openfinance	Financial entities
TRAINING	Training programmes. Tailored programmes. Cooperation with other institutions.	Instituto BME Stock exchanges BME Innova	Financial sector professionals and regulatory bodies, private investors, students, etc. Media



BME meets user needs

New BME Projects in 2012

Throughout 2012, BME continued to pay special attention to the needs of its customers and users of financial markets so that it can offer the right products and services. This is even more important, if possible, considering Spain's drawn out economic crisis.

Among the things users of equity markets demanded most were faster trading speed, shorter response times and capacity to process increasing orders. To meet these demands a new trading system was put in place in April. SIBE's technology platform was upgraded to, inter alia, improve transaction latency, which was reduced by more than ten-fold while security levels in the Spanish market were maintained.

In addition to the technological upgrade, BME undertook other projects and developed other user services in 2012.

For instance, BME Market Data expanded the range of services it offers market users further. In April, it increased the information it provides on Spanish securities markets to include data on securities lending, market credit, historic series, etc. In the third quarter, the company started up an online consultancy service, "e-Data services", offering subscribers access to all daily and historical data, as well as information on BME's fixed income markets.

In line with BME's commitment to providing users with any means possible to help them develop their activity and in light of the future regulatory changes that will require financial and non-financial institutions alike to increase liquidity and improve the management of the collateral required from their funding or risk hedging operations, in May, Iberclear and Clearstream, the international central securities depository, announced an agreement to develop a collateral management service for the Spanish market starting in 2013.

The derivatives markets featured two major developments in the year: the extension of trading hours on IBEX35[®] futures on 21 May, and the admission and registration of futures contracts on the Spanish 10-year government notional bond from 29 May, which lends an element of portfolio hedging to the maturity of divergent and volatile sovereign debt.

In July, the OTC derivatives registry, OTC REGIS-TR, announced that it had reached an agreement with the global financial messaging service provider, global SWIFT, to help its customers deal with the upcoming regulatory changes in the European derivatives industry, implying significant advantages in terms of efficiency and security for REGIS-TR users and facilitating compliance with the new European regulation.

In October, BME Innova, in conjunction with Anadat Consulting, one of the leaders in virtualisation integration in Spain, launched BME InCloud, a cloud computing service tailored to the needs of small- and medium-sized enterprises (SMEs).

On 12 November, BME launched a *co-location* service, offering a high-performance facilities where market members may house their automatic trading systems. The aim of the service is to improve the speed of access to the Spanish market, thereby enhancing liquidity and price formation. In the same vein, an agreement was reached with Interxion, Europe's leader in CPD services, to provide remote access to BME's *co-location* service from the London CPD. This will afford market participants wanting remote access from London lower communication costs and significantly lower latency in the London-Madrid connection.

In November, the number of IBEX 35[®] indices was expanded with the creation of three new tradable indices: IBEX 35[®] Triple Apalancado Neto, IBEX 35[®] X5 Apalancado Neto and IBEX 35[®] Inverso X5.

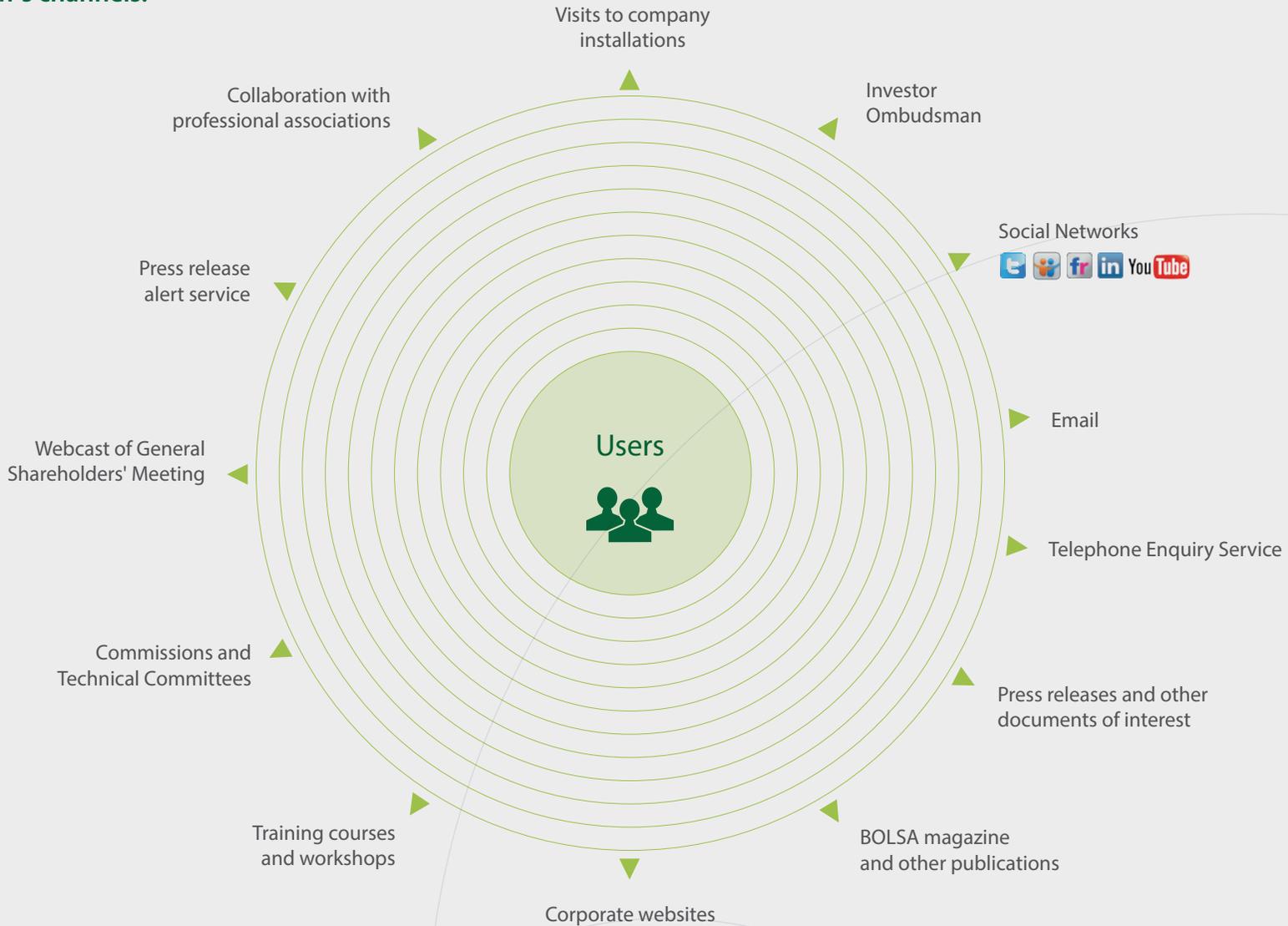
Also in November, through its BME Innova subsidiary, BME launched Treasury and Financial Management Solutions, specifically designed to meet the needs of Public Administrations so as to provide treasury departments, auditors and secretaries of different administrations with appropriate tools to achieve the most efficient financial management possible.

On the international front, another highlight of 2012 was the award to BME, through BME Innova, of the tender held by the Inter-American Development Bank (IDB) to conduct a study on "The development of stock exchange instruments for SME funding" in Latin America, with the objective of finding a private finance alternative for SMEs through securities markets, in this case, with the collaboration of AFI, the public call from Algeria's Treasury Department to create and develop a public debt trading platform for the market as part of the Debt Conversion in Public Investment programme in Algeria.



BME meets user needs

Communication's channels:





BME meets user needs

1.3 Communication channels

Communication with users at all levels is extremely important for BME as this is the only way in which we can ascertain the doubts, needs and opinions of both direct and indirect users.

The magnitude of new ways of communication has had a considerable impact on how BME communicates with its users and customers. In 2012, BME became actively involved in social networks –this mode of communication has expanded widely in recent years- while it continued with its process of standardising and updating the markets' webs, which can be accessed from the BME corporate URL: www.bolsasymercados.es.

The company is permanently in contact with all market participants mainly through technical committees (e.g. Iberclear's Technical Advisory Committee and MEFF's Supervisory and Oversight Committee), which share opinions, inter alia, about the operation, development and activities of the markets and systems managed by BME and have firsthand knowledge of the concerns, demands and needs of BME's participating entities.



Winners of the "Visit the stock exchange" contest on Twitter



Seminar on current issues surrounding listed companies.



BME meets user needs



BME, close to the retail investor, during the Bolsalia congress



Focus on the Small and Medium companies, during the 8th MedCap Forum



The 14th Latibex Forum, BME's commitment to Latin America

All of this is in addition to the importance BME assigns to the direct, personal and fluid relationships its employees maintain with market participants and their respective employees. Such relationships are fostered further through festive events.

BME's ongoing interest in publicising, via a number of means, the development of its business may be gauged through the new projects and initiatives unveiled by the company. BME helps to organise forums, workshops, trade fairs and other activities to spread word of its activities, as it believes this helps encourage direct contact between the company and market participants and between market participants themselves.



BME meets user needs

Financial forums that BME sponsored, took part in or organised in 2012 included the following:

- Organisation of a conference on legislative developments regarding listed public limited companies, attended by more than 300 professionals representing IBEX35® constituents, universities and law firms;
- Participation in the second annual Spain Investors Day, which brought together 34 large quoted enterprises that held over 500 one-on-one and other meetings with more than 200 investors in attendance;
- Participation in the 5th edition of Forinvest through the Valencia stock exchange;
- Organisation, in conjunction with Banco Português de Investimento and with the help of IESE Business School, of the inaugural “Spanish Small & Mid Caps Conference”, attended by more than 30 institutional investors from the US and 11 Spanish small and mid cap companies;
- Participation in Bolsalia, in which BME held 28 conferences;
- Organisation of the MedCap Forum, in which 75 Spanish small- and mid-cap companies participated, along with more than 200 institutional investors, brokers and analysts, which again in 2012 focused especially on companies listed on the MAB;
- Participation, through BME Innova, in the 10th edition of *Expomanagement*, at which it organised a series of conferences entitled “Strategy, technology and futures”; and,
- Organisation of the 14th Latibex Forum, at which some 40 Latin American companies met with more than 200 European investors and brokers.



Seminar on Spain's economic growth



BME meets user needs

BME was involved in organising a number of workshops on equity markets, such as *"Deleveraging and growth in Spain"*, *"The Spanish Financial System: Crisis and Reform"*, new regulations on *"Real Estate Investment Trusts"* and, in particular, access to financing by SMEs at the conference on *"SME funding in the Spanish financial market"* held in Bilbao, as well as the OE Innovators Forum held in Valencia. Adding to this was the interest showed in the development of Latin American markets, with BME organising the *"Investment Opportunities and Access to the Latin American Market"* seminar in conjunction with the Spanish Association of Financial Advisors.



Focus on the Spanish real estate investment trusts (SOCIMI), during a seminar in BME

1.4. User Protection

As the management body for Spanish financial markets and systems, BME is responsible for market participants and retail investors, even though they are not direct customers, as it considers its position allows it to intercede on their behalf with respect to market participants.

In BME's dealings with retail investors, worth noting are the services provided by the Investor Ombudsmen, set up and maintained by the stock exchange governing companies of Madrid, Barcelona and Valencia to aid and protect investors. The Investor Ombudsman handles their queries and complaints, attempts to prevent complaints and claims from being filed regarding transactions carried out on the stock exchange, endeavours to provide conditions to clarify facts and concerns posed by investors and intermediaries between parties in conflict. When claims are lodged by investors, it ascertains the details and, if the parties fail to reach an agreement, issues a (non-binding) final report.



BME meets user needs

1.5. User education

Since its incorporation, BME has considered that its role as the manager of Spanish financial markets and systems carries with it a commitment to actively participate in fostering a financial culture in Spain. In this regard, it subscribes to the OECD's *Recommendation on Principles and Good Practices for Financial Education and Awareness* launched in July 2005.

Given its significant role in the financial markets, BME regards publicising and raising awareness of financial matters in the most accessible and comprehensive manner possible to be just another function of its business activity, as well as an important channel for end customers and brokers in markets to express their concerns, interests, demands and worries.

The importance BME's attaches to education is reflected in Instituto BME, whose sole activity is to organise educational services related to financial markets in general and issues directly related to BME's own market and systems products in particular, although this activity may be complemented with additional educational initiatives carried out by other Group companies.

Instituto BME holds a quality commitment to its customers, obtaining in 1998 the AENOR Registered Firm Certificate, renewed each year in accordance with the UNE-EN ISO 9001:2008 quality standard. This assures customers seeking educational services that BME's commitment to them involves not only providing services but also the ultimate goal of addressing their true education needs, meeting their expectations and generating the utmost satisfaction. In this manner, the company achieves its ultimate objective: to gain the maximum trust of and establish lasting relationships with its customers.