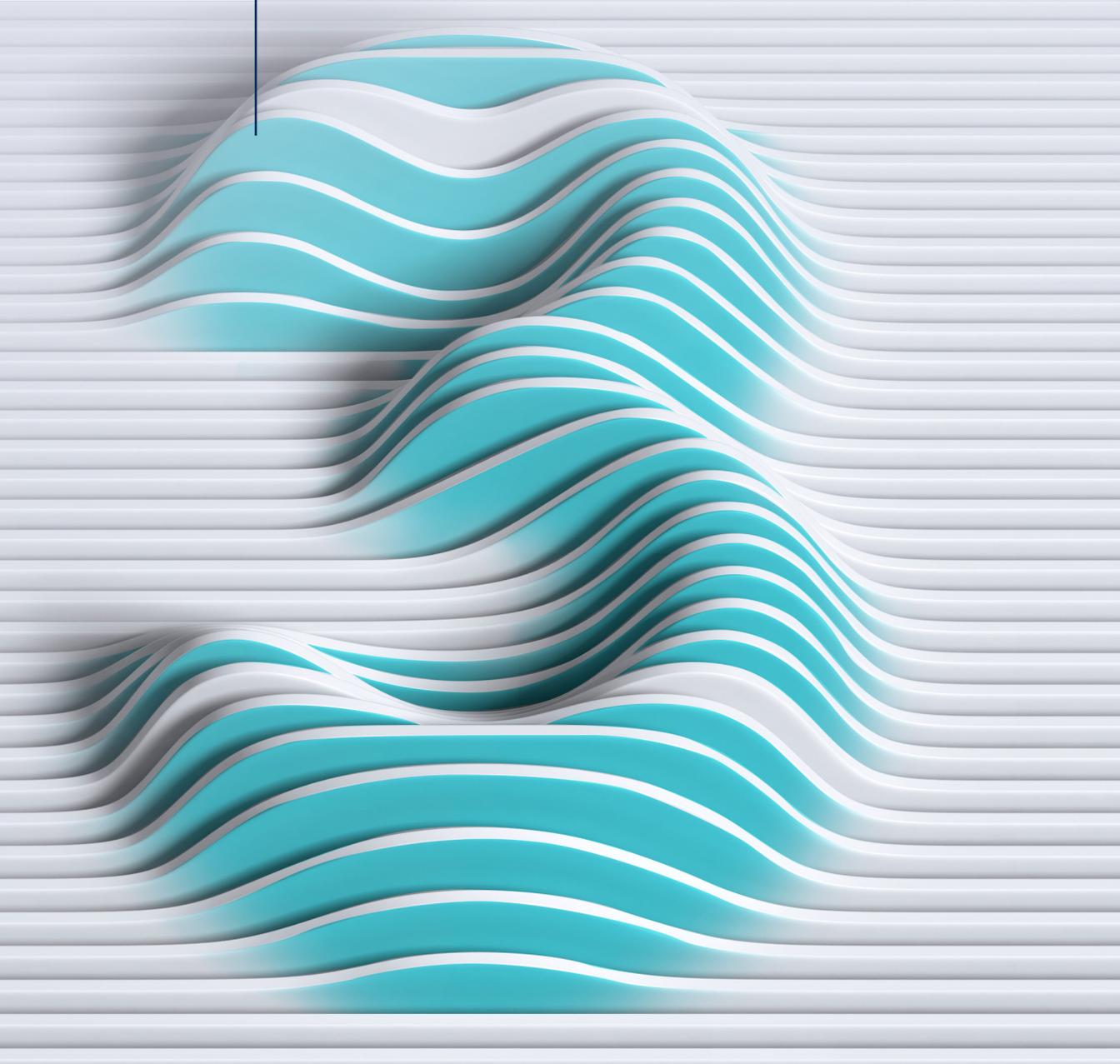

USERS

- 3.1. USER PROFILE.
- 3.2. COMMUNICATION CHANNELS WITH USERS.
- 3.3. USER PROTECTION.
- 3.4. USER EDUCATION.





3.1 User Profile

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

BME's users or clients are therefore, in general, entities supervised by the CNMV: the markets and trading systems managed by BME do not provide their services directly to individual investors, except through their auxiliary services.

The following tables summarise the types of users that access the main products and services provided by BME. The following table also contains the types of users that have benefited from the educational activities provided by BME Group companies.

Collaboration with National Archeological Museum.

Digitalization of Greek vessels.
Taking photographs of the vessels.

Access to products and services provided by BME

Users	Products y services	Through BME group companies	BME business units
<ul style="list-style-type: none"> Companies, issuers. Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors. 	<ul style="list-style-type: none"> Trading in shares of Spanish, European and Latin American companies, shares and units of SICAVs, venture capital firms, hedge funds, REITs, ETFs, warrants, certificates and other products. Calculation of indices (IBEX, stock markets). 	<ul style="list-style-type: none"> Madrid, Barcelona, Bilbao and Valencia stock exchanges, Sociedad de Bolsas, MAB, LATIBEX. 	Equities
<ul style="list-style-type: none"> Issuers of Fixed Income securities. Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors. 	<ul style="list-style-type: none"> Public debt (treasury bills, government bonds and debentures). Private fixed-income (commercial paper, bonds, debentures, covered and regional bonds, MBS & ABS). Regional government debt. 	<ul style="list-style-type: none"> AIAF, SENAF, SEND, MARF Barcelona, Bilbao and Valencia stock exchanges 	Fixed-Income
<ul style="list-style-type: none"> Members of MEFF and, through the market members, private and institutional investors. 	<ul style="list-style-type: none"> Options and futures on stocks and indices, 10-year bonds; dividends; sector futures. Registration of electricity market derivatives. 	<ul style="list-style-type: none"> MEFF 	Derivatives
<ul style="list-style-type: none"> Members of BME Clearing. 	<ul style="list-style-type: none"> Clearing, central counterparty activities for equities, derivatives, public debt repos, equities, interest rate derivatives and electricity derivatives. 	<ul style="list-style-type: none"> BME Clearing 	Clearing
<ul style="list-style-type: none"> Iberclear members. RENADE participants. Companies emitting CO₂. REGIS-TR clients. 	<ul style="list-style-type: none"> Accounting and settlement of all securities admitted for trading on Spanish stock exchanges, SENAF, AIAF, MARF, MAB, MAB and LATIBEX. Registration of CO₂ emission allowances. Register for OTC derivative trades and Remit RRM. 	<ul style="list-style-type: none"> IBERCLEAR RENADE REGIS-TR 	Registration and Settlement
<ul style="list-style-type: none"> Large data vendors. Online brokers. Specialised Internet portals (ESIs and credit entities). 	<ul style="list-style-type: none"> Primary sources of information. Primary data flow services. Dissemination of material information. 	<ul style="list-style-type: none"> BME Market Data 	Information
<ul style="list-style-type: none"> Professional and private segment. Data vendors. Financial Intermediaries. 	<ul style="list-style-type: none"> Collection and processing of primary sources of information. Index user licence. Transaction Cost Analysis. 	<ul style="list-style-type: none"> Infobolsa Sociedad de Bolsas Visual Trader Systems 	
<ul style="list-style-type: none"> Private and institutional investors. Order gatherers. 	<ul style="list-style-type: none"> Development and operation of financial market access systems. 	<ul style="list-style-type: none"> Visual Trader Systems 	
<ul style="list-style-type: none"> Financial markets. Regulated government agencies and financial institutions. Large companies, financial entities, SMEs, and users of financial entities. 	<ul style="list-style-type: none"> Strategic advisory services for financial markets. Technological advisory services. Business continuity. Financial communication. Management software for financial institutions. Supplier of trust services 	<ul style="list-style-type: none"> MEFF Tecnología y Servicios BME Innova 	IT & consulting
<ul style="list-style-type: none"> Financial entities. 	<ul style="list-style-type: none"> Technological solutions for financial advisory and portfolio management. 	<ul style="list-style-type: none"> Openfinance 	
<ul style="list-style-type: none"> Financial sector professionals and from regulatory bodies, private investors, students, etc. The media. Police. Judges and Magistrates. 	<ul style="list-style-type: none"> Training programmes. Tailored programmes. FIA accreditation. Cooperation with other institutions. Training for BME shareholders. 	<ul style="list-style-type: none"> Instituto BME Madrid, Barcelona, Bilbao and Valencia stock exchanges BME Innova 	Training

Quality certificates for the services provided

In 2016, the Group companies BME Innova and Instituto BME maintained the international UNE-EN ISO 9001:2008 quality stamp from AENOR, certifying the quality of the technology and educational services provided by these companies, respectively.

New BME projects in 2016

In 2016, BME continued to develop products and services that meet the demands of market clients and users and the new requirements of companies and financial market participants.

New services

Since 29 March 2016, REGIS-TR, the European derivatives register of which BME (through Iberclear) holds 50% with Clearstream, has been developing new services aimed at facilitating compliance with reporting obligations for trades, positions and valuations, which the Swiss Financial Market Supervisory Authority requires of all entities that trade in derivatives.

On 13 April 2016, BME reached an agreement, through Visual Trader, with BSO Network Solutions to improve latency and facilitate trading in markets managed by BME for institutions already connected to BSO,

reducing execution times through the multi-member DMA platform.

On 27 April 2016, the first phase of the reform of the securities clearing, settlement and registration system was launched. This completed a process that directly involved the equities, clearing and registration and settlement business units, and, indirectly, affected practically all of the departments of the Company and all actors in the market. The first phase concluded on 10 October 2016, cutting the settlement cycle for equities from three days after the trade date to two days.

Finally on 6 October 2016, through its subsidiary BME Innova, BME launched *BME ConfidenceNet*. This online service allows companies to send customers certified notifications, sign contracts and accept changes to terms and conditions, securely. They can also sign suitability tests once various proofs of identity have been collected and digitally stamped, including voice biometrics. This has been registered with the Ministry of Industry, Energy and Tourism as a supplier of Reliable Services.

On 23 November 2016, BME and the National Association of Business Angels, Big Ban Angels, agreed the creation of the first pre-market environment for startups. This will provide the support startups need to access the private investment offered by the markets

managed by BME, and provide them with training in capital markets. At the same time, it will also provide a shop window for the developments of these startups for professionals, companies, investors and business angels, pursuant to regulatory requirements for access to this pre-market environment and permanence in the markets.

On the international front, on 5 September 2016 BME implemented a new IT system in the Bolivian stock exchange. The new IT system, called SMART BBV, was designed and developed by BME and supports several markets operated by the Group, including equities and fixed income

New products

Since 12 April 2016, BME has been calculating sixteen new share indexes for leveraged and reverse strategies that serve as underlyings for financial products, such as warrants, certificates and ETFs. On 13 July, the Company admitted the first listed products linked to daily movements in these sixteen indexes.

On 26 May and 29 June 2016, MEFF extended the list of underlyings for futures contracts on share dividends, and admitted options with weekly maturities to trading. On 12 September 2016 it made the possibility of trading new futures contracts on the IBEX 35 Banks and IBEX 35 Energy indexes available to its members.

Finally, on 13 December 2016, MEFF launched derivative products related to wind power, facilitating risk coverage for producers of renewable energy and the "Mini-Power" contract, covering smaller derivatives than those already being traded, so as to allow access for more agents.



Brochure on MEFF new wind derivatives.

3.2 Communication Channels with Users

In addition to its traditional communication channels, BME has an active social media presence (*Twitter* (@GrupoBME), *Youtube*, *Flickr*, *Slideshare* and *LinkedIn*), where it publishes its results and the activities of its group companies, as well as bringing BME closer to its investors, potential customers and the media. This presence also provides a direct channel for the concerns, needs and opinions of its direct and indirect users.

Instituto BME, meanwhile, provides training for the youngest users on Facebook, and had 729 followers and at a more international level, 673 followers on LinkedIn.

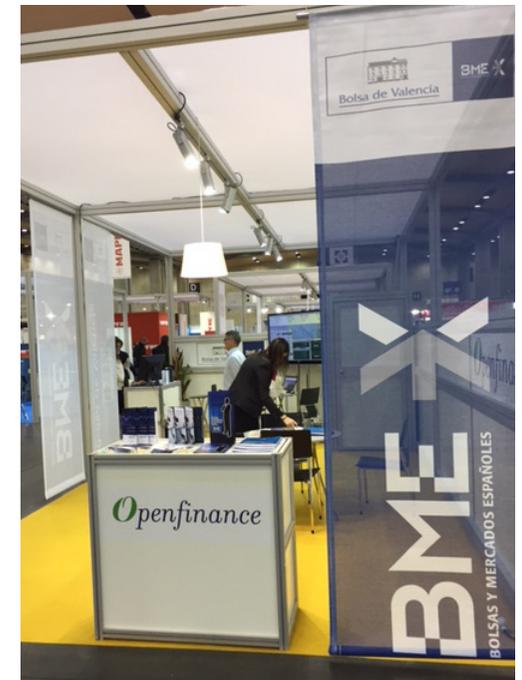
Hand-in-hand with these virtual channels, BME places great importance on direct, personal and smooth relationships between its employees and direct and indirect users.

BME is also in contact with participants in the markets and financial systems through, among other channels, the following technical committees, which provide a forum for the exchange of opinions, suggestions and requirements regarding the operation, development and activity of the markets and systems managed by BME: The Iberclear Technical Advisory Committee,

the sub-group responsible for design of the central counterparty entity for the reform of the securities registry, clearing and settlement system (which will operate until completion of the reform) and the MEFF Supervision and Monitoring Committee.

BME raises awareness of its activity through active participation in, and promotion and organisation of, forums, workshops, trade fairs and other relevant activities regarding the securities market. In 2016, these included:

- Participation through Openfinance in the "Fintech Observatory" on the current challenges facing banking in digital economies;
- organisation of the Mercado Financiapyme conferences;
- BME's participation through BME Clearing in the 41st edition of the FIA (*International Futures Industry*) Conference in Boca Raton, Florida;
- co-organisation, together with Société Générale, of the fourth IBEX Trading Day;
- participation in the sixth annual *Spain Investors Day*;
- participation in the 9th *Forinvest*, through the Valencia Stock Exchange;
- co-organisation, together with two other entities, of the fifth "*Spanish Small & Mid Caps Conference*" in New York;
- organisation of the 12th *MedCap Forum*;
- organisation of the European Midcap Event with *Beka Finance*, and *GVC Gaesco Valores* in Paris;
- organisation of the 18th *Latibex Forum*; and
- Participation in SIBOS: the financial sector's leading fair, which was held in Geneva, Switzerland.



BME was present at the 9th ed. of Forinvest in Valencia.

Visit to the
Company's facilities

Investor Ombudsman

Collaboration with trade
associations

Social Networks



Press release e-mail
alert services

E-mail

Communications channels Users

Webcast of General
Shareholders'
Meeting

Telephone hotline

Technical committee
and commissions

Press releases and
documents of interest

Training days
and forums

Articles and
other publications

Websites

BME also attended various events related to securities markets, including organising numerous informative events on the first and second phases of the reform of clearing and settlement in Spain and presenting the report *“Europe’s untapped capital market. Rethinking financial integration after the crisis”* coordinated by the Centre for European Policy Studies (CEPS) and European Capital Markets Institute (ECMI) as part of the *“Capital Markets Union”* initiative launched by the European Commission in 2015; the meeting of the Economics and Statistics Committee of the Federation of European Securities Exchanges (FESE) at the Istanbul stock exchange, to analyse the major challenges facing European stock markets with the entry into force of MIFID II and the implications for the information to be disclosed to the markets; the *“Qué piensan los responsables de Relaciones con Inversores del Ibx 35 de la Comunicación Digital (What do the heads of Investor Relations in the Ibx 35 think of Digital Communication?)”* study, which involved 31 heads of Investor Relations from the 35 companies in the Ibx 35, and was presented at the Palacio de la Bolsa; and the event organised by the Asociación de Empresas de Asesoramiento Financiero (ASEAFI - Association of Financial Advice Companies) at the Palacio de la Bolsa for its members, in which Openfinance took part.



XVIII Foro Latibex Opening Ceremony.



BME stand on SIBOS 2016.

3.3 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 enables it to help them exercise their rights.

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 queries and complaints, attempts to prevent complaints and claims from being filed regarding transactions carried out on the stock exchange, and endeavours to provide conditions to clarify facts and concerns posed by investors and intermediaries between parties in conflict. When litigious claims are lodged, the Investor Ombudsman ascertains the details thereof and, if the individuals fail to reach an agreement with the stock market members, issues a non-binding final report resolving the claim.

3.4 User Education

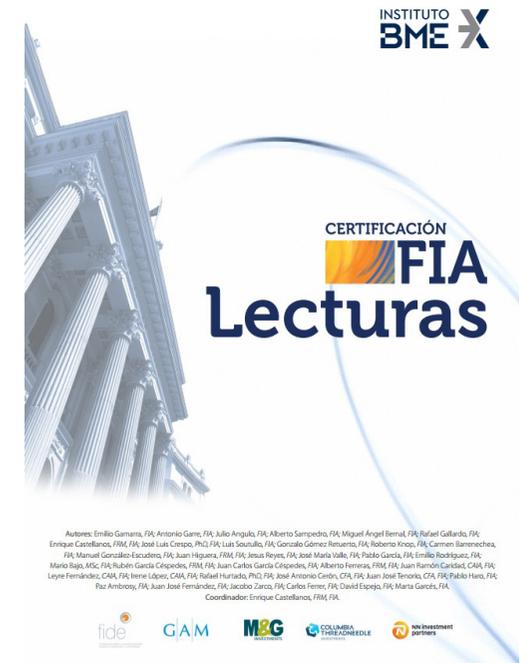
As the manager of Spain's financial markets and systems, BME endeavours to actively participate in fostering the culture of finance in Spain. In this regard, it subscribes to the Organisation for Economic Co-operation and Development's Recommendation on Principles and Good Practices for Financial Education and Awareness.

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 the markets to express their concerns, interests, demands and worries.

The importance BME attaches to education is reflected in Instituto BME, the sole activity of which is to organise educational services related to financial markets in general and issues directly related to products for BME's market and systems. This educational

activity is complemented by additional initiatives by other group companies. Through its educational programmes, Instituto BME also provides guidance and training in environmental, social and corporate governance issues for its students.

In 2016, Instituto BME prepared its FIA Lectures, as preparation for the FIA certification examination, the benchmark accreditation for technical excellence in knowledge of the financial markets and products issued by this BME group company, which it has been running since 2015. In 2016, Instituto BME also launched the activities of the FIA Community, which at year-end 2016 has 196 members, all of whom are taking the company's masters' degree in financial markets and alternative investments. It has also launched an app, enabling members to interact with each other, access free courses and job offers, and download the FIA Lectures.



MFA Certification Syllabus.
BME fosters financial education.