



**PROPOSED RESOLUTION PRESENTED BY THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING AS ITEM FIFTH ON THE AGENDA**

**FIFTH.-** Approval, if applicable, of a medium-term remuneration scheme to be implemented by the Company and its subsidiaries for members of the management team, including the executive directors, pursuant to article 219.1 of the Spanish Capital Companies Act.

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Section 1 of article 219 of the Spanish Capital Companies Act provides for remuneration in the form of shares, stock option rights, or share-linked remuneration, must be specifically provided for in the Articles of Association and application of those schemes calls for a resolution by the General Shareholders' Meeting.

Article 40 of the Articles of Association provides that the remuneration for the executive directors may in the form of shares, stock option rights or any share-linked scheme, subject to the adoption of a shareholders' resolution that must contain the particulars required by law.

Taking into account the importance of the links between management and the Company, executive directors included, and given that on 2016 occurred the last allocation of theoretical units related to the Stock Variable Remuneration Plan approved by the Ordinary General Shareholders' Meeting of April 30, 2014, it was considered desirable the implementation of a new medium and long-term remuneration scheme is proposed to the General Shareholders' Meeting to reinforce the bond between management, including executive directors, and the companies they work for, and to encourage them to stay.

Pursuant to the provisions of article 20.2 of the Board of Directors Regulations, the Company's Appointments and Remuneration Committee, at its meeting held on 21 March 2017, proposed to the Board of Directors elevation to the Ordinary General Meeting of Shareholders the following proposal for the establishment of a Stock Variable Remuneration Plan.

Proposal.- Approve, pursuant to the provisions of article 219 of the Spanish Capital Companies Act and other applicable legislation, a medium and long-term remuneration scheme (hereinafter Stock Variable Remuneration Plan or Plan), to be applied by the Company and its subsidiaries targeted at the members of the management team, including executive directors, with the following characteristics:

- (a) **Description:** The Remuneration Scheme will consist of the promise to deliver ordinary shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (hereinafter BME) to the members of BME's management team, including executive directors, according to the following basic conditions.

The Remuneration Scheme consists of assigning a number of shares to beneficiaries in financial year 2017, as the basis for calculating the BME shares to be delivered to



the beneficiaries, if appropriate, subject to fulfillment of the objectives set forth in the Remuneration Scheme.

The number of shares to be granted to each beneficiary will obtain based on: (i) a reference amount that will be the annual variable remuneration for financial year 2016 received by each beneficiary, that may be adjusted individually basis on beneficiary’s level of responsibility, and (ii) the average BME share price for the 30 trading sessions preceding the date of the Board meeting called by the Ordinary General Shareholders’ Meeting, weighted by daily trading volumes, will be taken. If a beneficiary does not receive an annual variable remuneration for reasons of salary structure, its reference incentive will be fixed by reference to the simple average of the variable remuneration corresponding to the year 2016 received by all the beneficiaries of the Plan of the same Professional Group.

The specific number of BME shares to be granted to each beneficiary under the Remuneration Scheme, provided the conditions are right, will be equal to the result of multiplying the number of units assigned, by a factor of 0 to 1.5, which will be established based on the evolution and on the Efficiency Ratio (ER) of BME’s Total Shareholder Return (TSR) during the period 1 January 2017 to 31 December 2019, compared with the evolution of those indicators for 5 benchmark companies over the same period. The Efficiency Ratio will be calculated excluding extraordinary items.

Each indicator will be assigned a 50% weight to determine the final number of shares, if any, to be granted.

To obtain the exact number of shares to be granted to each beneficiary, the number of shares assigned will be divided by two, associated with each of the two indicators, and each of them will be multiplied by a factor of 0 to 1.5 according to the following scale applicable to each of the two indicators:

<u>BMS’s position in the ranking</u>	<u>Coefficient</u>
1st	1.5
2nd	1
3rd	0.8
4th	0.6
5th	0
6th	0

The benchmark companies are: Deutsche Börse AG (DB), London Stock Exchange Group (LSE), Euronext N.V. NASDAQ OMX Group Inc (NASDAQ OMX) and Toronto Stock Exchange (TMX).

- (b) **Beneficiaries:** The Remuneration Scheme is targeted at executive directors, senior managers (members of the Coordination Committee, the General Secretary and the Secretary to the Board) and lower level managers of the Group companies who may be appointed as beneficiaries of the Remuneration Scheme.



The potential number of possible beneficiaries is 80 senior managers.

Should the Remuneration Scheme beneficiaries' relationship with Company or any of its subsidiaries be terminated, the beneficiary in question will lose the right to receive shares under this Remuneration Scheme, except in the event of death, retirement, disability, wrongful dismissal or winding up for reasons caused by or attributable to the Company.

- (c) **Term:** The Remuneration Scheme will last 3 years. The Plan will apply during financial year 2017 and any shares would be delivered in 2020.

Notwithstanding, the Remuneration Scheme shall be terminated early if, while the Remuneration Scheme is in effect, BME were to merge with another entity and involving this operation in a change in control, or if BME were taken over by another entity through any means.

The beneficiaries of the Plan may not perform, directly or indirectly, transactions on the value of the shares, which, if any, they might receive under the Plan.

- (d) **Maximum number of BME shares included in the Remuneration Scheme:** Taking as a reference the average BME share price for the 30 trading sessions preceding the date of the Board Meeting called by the ordinary General Shareholders' Meeting, weighted by daily trading volumes, the maximum number of BME shares included in the Remuneration Scheme is 190,263, representing 0.23% of BME's capital, of which a maximum of 24,067 shares may be granted to Antonio Zoido Martínez and 2,550 to Joan Hortalá i Arau, in their capacity as executive directors. In the event that the Ordinary General Meeting of Shareholders approves the appointment of Mr. *Javier Hernani Burzako* as a Director, qualified as an Executive Director, the maximum number of shares that may be allocated to him in this Plan is 10,203 shares.
- (e) **Value of the shares in the delivery:** the value of the shares on delivery date will be the closing price of the BME share at this date.
- (f) **Coverage:** The Company may use shares from its own portfolio as coverage for the Remuneration Scheme or else resort to another financial instrument deemed suitable by the Company.

Related to the aforementioned medium and long-term remuneration scheme, authorise the Appointments and Remuneration Committee, with specific powers of substitution, to implement, develop, formalise, prepare for execution and pay the remuneration, adopting the necessary resolution for this, and in particular, for the purposes indicated in the following non-exhaustive list:

- a) Implant the Remuneration Scheme and appoint its beneficiaries.
- b) Work out and establish the terms of the Remuneration Scheme regarding anything not covered by this resolution, including, in particular but not exclusively, the criteria and circumstances permitting early termination of the Remuneration Scheme, the declaration of compliance with the conditions which, if applicable, are binding in the event of an early termination, including circumstances involving the end of the



beneficiaries' relationship with the Company or its subsidiaries during the effective term of the Remuneration Scheme.

- c) To rectify, amend, amend or supplement this agreement, adjusting it to changes resulting from the execution, if applicable, of possible agreements on share capital (among others, capital reduction, stock split, "Contrasplit", etc.).
- d) Adapt the content of the Plan to the circumstances and corporate operations that may occur during its term, both referred to BME and the group of reference companies of the indicators, even modifying the composition of said group, under the terms and conditions considered necessary or convenient at any time to maintain the purpose of the Plan.
- e) Draft, sign and present any and all communications and supplementary documentation sent to any public or private body regarding the implementation, execution and termination of the Remuneration Scheme.
- f) Use any method of communication necessary to obtain any authorisation or information from any public or private, national or foreign, body, entity or registry to implement, execute or terminate the Remuneration Scheme.
- g) Negotiate, agree on and sign counterparty and liquidity contracts with entities that will be freely appointed under the appropriate terms and conditions.
- h) Draft and publish any announcements deemed necessary and advisable.
- i) Draft, sign and grant and, if appropriate, certify any kind of document concerning the medium-term remuneration scheme.
- j) Adapt the content of the Plan to any corporate circumstances or transactions which might arise during its validity involving both BME and any other benchmark companies listed in the Plan's description, so that the terms and conditions of said Plan remain unchanged.
- k) And, in general, take any steps and sign any public or private documents deemed necessary or advisable to ensure the validity, efficacy, implementation, development, execution, and positive outcome of the Remuneration Scheme and the resolutions already adopted.