BME Overview

March 2023
Bolsas y Mercados Españoles (BME), is the operator of all stock markets and financial systems in Spain. It was incorporated in 2001, and is part of SIX Group, the third largest exchange group in Europe.

The company has a presence in Barcelona, Bilbao, Madrid and Valencia. Its headquarters are located at 1 Plaza de la Lealtad, in Madrid.

BME is structured into the following business units: Exchanges, Securities Services and Financial Information.
## Business Units

<table>
<thead>
<tr>
<th>Business Units</th>
<th>Value Chain</th>
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</thead>
<tbody>
<tr>
<td>Exchanges</td>
<td>Markets</td>
</tr>
<tr>
<td></td>
<td>Fixed Income</td>
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<tr>
<td></td>
<td>Derivatives</td>
</tr>
<tr>
<td>Securities Services</td>
<td>Market Data</td>
</tr>
<tr>
<td></td>
<td>Clearing</td>
</tr>
<tr>
<td></td>
<td>Settlement and Registration</td>
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<tr>
<td>Financial Information</td>
<td>Value Added Services</td>
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<td>Value Added Services</td>
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</tbody>
</table>
Our Vision of Management and Principles

BME gears its management towards obtaining an optimal performance from all the assets at its disposal in a responsible and sustainable manner. As operator of Spain’s financial markets and systems, BME provides a channel through which savings can be used to finance companies, while endeavouring to offer maximum speed, reliability, transparency, efficiency and security to the markets and systems it manages. Since its incorporation, BME has always been committed to being a reference for the economy and for businesses in Spain and Latin America. To achieve this, its actions are guided by the following principles:

- **Efficiency** in service provision.
- **Market integrity** which allows several centres to undertake trading activity simultaneously and under identical conditions.
- **Impartial trading** environment, achieved through strict compliance with laws and regulations governing the financial markets and systems.
- **Transparency and fairness** in the market, by providing complete information on market performance so investors can operate under the same conditions.
- **Innovation and cutting-edge technology** by providing the means necessary to help companies grow and actively participate in the creation of new financial products and the development of systems infrastructure.
- **Training** as a cornerstone for the sustainable development of a financial market.
- **Investor protection** which is crucial for creating a bond of trust between investors and the market.
Committed to Our Stakeholders

25.59 hours/employee. Ratio of training hours received per employee.

4% Leading exchange by dividend yield: 4% average annual dividend yield over the last 37 years to 2023 according to Morgan Stanley Capital International (MSCI) data.

91% of BME’s suppliers are local.
BME, a Socially Responsible Company

Each action performed by BME contains a commitment to the markets and to society

**Environmental**
- Internal energy consumption (electricity and natural gas): **25,562 GJ** (-16.43% vs 2021)
- Indirect greenhouse gas emissions (associated with electricity consumption, train and airplane business trips and employee journeys to the office in private vehicles): **917.36 tons of CO₂** (-56.60% vs 2021)

**Social**
- Economic value distributed to stakeholders: **293,129** thousand euros (+19% vs 2021)

**Economic**
- Economic value generated: **347,858** thousand euros (+23.32% vs 2021)
Equities

Domestic Capitalisation
Million euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Value in Million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>644.10</td>
</tr>
<tr>
<td>2019</td>
<td>681.67</td>
</tr>
<tr>
<td>2020</td>
<td>621.52</td>
</tr>
<tr>
<td>2021</td>
<td>685.17</td>
</tr>
<tr>
<td>2022</td>
<td>621.79</td>
</tr>
</tbody>
</table>

IPO’s

<table>
<thead>
<tr>
<th>Year</th>
<th>Value in Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>11</td>
</tr>
<tr>
<td>2021</td>
<td>19</td>
</tr>
<tr>
<td>2022</td>
<td>18</td>
</tr>
</tbody>
</table>

Capital increases in BME
Value in millions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Value in Million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>9,984.77</td>
</tr>
<tr>
<td>2019</td>
<td>13,369.38</td>
</tr>
<tr>
<td>2020</td>
<td>15,704.19</td>
</tr>
<tr>
<td>2021</td>
<td>19,002.22</td>
</tr>
<tr>
<td>2022</td>
<td>6,137</td>
</tr>
</tbody>
</table>
BME Growth Consolidating Its Growth

Stock market performance: BME Growth vs Russell 2000 indexes

BME Growth maintains its financing power

Date 30/12/2022

BME Growth. Distribution of capitalization by sector (without SOCIMIs)

- 38% Renewable energy
- 21% Electronics and software
- 17% Other services
- 5% Telecommunications and other
- 2% Media and advertising
- 2% Pharmaceutical products and Biotechnology
- 4% Engineering and others
- 11% Other
- Millions in euros of financing raised (left axis)
- Number of companies (Expansion + SOCIMI)

Source: Thomson Reuters
Fixed Income

Regulated Fixed Income Market
Volume traded on the SENAF platform
(2018–2022) millions of euros

Marf outstanding balance at the end of the period (2015–2022)
Millions of euros

- Commercial Paper
- Bonds
Derivatives

Volume traded in stock futures
Number of contracts traded in MEFF of 2021 and 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume Traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>11,346,047</td>
</tr>
<tr>
<td>2022</td>
<td>10,313,726</td>
</tr>
</tbody>
</table>

IBEX 35 futures trading volume
Number of contracts traded in MEFF. Year 2021 and 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume Traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>5,260,568</td>
</tr>
<tr>
<td>2022</td>
<td>5,445,516</td>
</tr>
</tbody>
</table>

Traded volume of equity options
Number of contracts traded in MEFF. Year 2021 and 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume Traded</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>14,065,772</td>
</tr>
<tr>
<td>2022</td>
<td>14,993,323</td>
</tr>
</tbody>
</table>
Clearing

Effective volume Italian sovereign debt

Settlement and registration

Nominal balance of public debt
Thousands of millions of euros
Products and Services
<table>
<thead>
<tr>
<th>Users</th>
<th>Products and services</th>
<th>Through</th>
<th>BME business areas and training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies, issuers. Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors.</td>
<td>Trading in shares of Spanish, European and Latin American companies, shares and units of SICAVs, venture capital firms, hedge funds, SO CIMIs, ETFs, warrants, certificates and other products. Calculation of indices (IBEX, stock markets).</td>
<td>Madrid, Barcelona, Bilbao and Valencia stock exchanges, Sociedad de Bolsas, BME Growth, LATIBEX, Pre-Market Environment</td>
<td>Equities</td>
</tr>
<tr>
<td>Issuers of Fixed Income securities. Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors.</td>
<td>Public debt (treasury bills, government bonds and debentures). Private fixed-income (commercial paper, bonds, debentures, covered and regional bonds, MBS &amp; ABS).</td>
<td>AIAF, SENAF, SEND, MARF</td>
<td>Fixed-Income</td>
</tr>
<tr>
<td></td>
<td>Regional government debt.</td>
<td></td>
<td>Barcelona, Bilbao and Valencia stock exchanges</td>
</tr>
<tr>
<td>Members of MEFF and, through the market members, private and institutional investors.</td>
<td>Options and futures on stocks and indices, 10-year bonds, dividends, sector futures.</td>
<td>MEFF</td>
<td>Derivatives</td>
</tr>
<tr>
<td></td>
<td>Registration of electricity market derivatives. Forex (xRolling) Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members of BME Clearing.</td>
<td>Clearing, central counterparty activities for equities, derivatives, public debt repos, equities, interest rate derivatives and electricity derivatives. Forex (xRolling)</td>
<td>BME Clearing</td>
<td>Clearing</td>
</tr>
<tr>
<td>Iberclear members. RENADE participants. Companies emitting CO2-REGIS-TR clients.</td>
<td>Accounting and settlement of all securities admitted for trading on Spanish stock exchanges, SENAF, AIAF, MARF, BME Growth and LATIBEX. Registration of CO2 emission allowances. Register for OTC derivative trades and Remit RRM.</td>
<td>IBERCLEAR RENADE REGIS-TR</td>
<td>Registration and Settlement</td>
</tr>
<tr>
<td>Users</td>
<td>Products and services</td>
<td>Through</td>
<td>BME business areas and training</td>
</tr>
<tr>
<td>-------</td>
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<td>---------------------------------</td>
</tr>
<tr>
<td>Large data vendors. Online brokers. Specialised Internet portals (ESIs and credit entities).</td>
<td>Primary sources of information. Primary data flow services. Dissemination of material information.</td>
<td>BME Market Data</td>
<td></td>
</tr>
<tr>
<td>Professional and private segment.</td>
<td>Collection and processing of primary sources of information.</td>
<td>BME Inntech</td>
<td></td>
</tr>
<tr>
<td>Data vendors.</td>
<td>Index user licence.</td>
<td>BME Market Data</td>
<td></td>
</tr>
<tr>
<td>Financial Intermediaries.</td>
<td>Transaction Cost Analysis (TCA).</td>
<td>BME Inntech</td>
<td></td>
</tr>
<tr>
<td>Financial markets. Regulated government agencies and financial institutions. Large companies, financial entities, SMEs, and users of financial entities.</td>
<td>Strategic advisory services for financial markets. Technological advisory services. Business continuity. Financial communication. Management software for financial institutions. Supplier of trust services.</td>
<td>BME Inntech</td>
<td></td>
</tr>
<tr>
<td>Financial entities.</td>
<td>Technological solutions for financial advisory and portfolio management.</td>
<td>Openfinance</td>
<td></td>
</tr>
</tbody>
</table>

**BME Market Data**

**Market Data**

**BME Inntech**

**VAS**

**Openfinance**

**Instituto BME**

**Training**
BME’s staff is made up of 912 employees, who are the Company’s number-one asset.

The majority of employees work in the Madrid offices, Barcelona being the office with the highest number of employees after Madrid.
The data on employees collected in this report refer in aggregate to the employees of BME and the employees of Openfinance, a company that manages its labour regime independently from the rest of the BME employees.

Total employees

912

Staff

Bilbao
25

Barcelona
74

Madrid
754

Valencia
53

Bogotá
5

Miami
1
History of the Stock Exchange
This is the century in Spanish history that saw the construction of the Lonjas or commodity exchanges, which were meeting places where markets for grain, wool and silk were set up, a very common practice in the Mediterranean culture. Some of the buildings housing these markets have survived, such as those in Palma de Majorca, Zaragoza, Valencia and Barcelona.

Historically, these Lonjas are considered to be the institutions that most closely resemble the Spanish stock exchange, both in their essence and in their operations, although the stock exchange, strictly speaking, was born in Bruges and Amsterdam. The first "Juros Reales" also appeared in the same century. These are considered to be the first securities. The "juros" were government bonds issued in guarantee of a debt or loan, and were usually requested by the King.

In 1688, the first book describing stock transactions is published, entitled “Confusión de Confusiones” [Confusion of Confusions], written by the Spaniard José de la Vega in Amsterdam.

According to the author, the book is about “Curious dialogues between a shrewd philosopher, a cautious merchant and an erudite investor, describing the business of dealing in stocks, its origin, etymology, its reality, its game and its intricacy.”

In 1809, Joseph Bonaparte I created it in Madrid, in the building of the San Felipe El Real Convent and Church in the Puerta del Sol. In spite of this, a stock exchange was not to be set up at that time.

The stock exchange in Spain begins on 10 September 1831 with the publication of the Law Founding the Madrid Stock Exchange drafted by Pedro Sáinz de Andino. The King Fernando VII founded the Madrid Stock Exchange in 1831. Its first trading session took place on 20 October.

The first companies to be listed were banks, railways and steel companies.

The Bolsa Oficial de Comercio de Barcelona is founded.

In 1953, Spain began to open up its economy, producing high growth rates that benefit the stock exchange.

The Stabilisation Plan of 1959 causes a considerable rise of the stock exchange that will last until 1970. The boom in tourism also provided a new economic stimulus.

In 1973, the oil crisis erupted.
In 1974, a new settlement system comes into operation and will constitute the basis of the book-entry system.

Bolsa de Valencia is founded.

In 1988, Spain enters the European Monetary System, thus making the country even more attractive. The Securities Market Act, which entered into force in that same year, definitively transforms the Spanish Stock Exchange.

MEFF is created as an equity and fixed income derivatives market. The Fixed Income Electronic Trading System was implemented and the Investor's Ombudsman of the Madrid Stock Exchange was established.

In 1988, the continuous market commences operations. It is based on that of Toronto, which is called "CATS" (Toronto Computer Assisted Trading System). It started by trading seven major stocks and ended the year with 51. The following institutions were also established in that year: the Spanish Securities Market Commission, better known by its Spanish acronym: CNMV, as the supervisory body of markets, the Sociedad de Bolsas, which is responsible for the technical management of the electronic trading system. The dealers and broker-dealers are replaced by Governing Companies that are incorporated as public limited companies.

The CATS share trading system was replaced, in 1995, by the SIBE. Spectacular growth is seen in trading volumes and capitalisation.

Nearly 8 million Spaniards invested in the Stock Exchange in 1998. The Stock Exchange becomes a social phenomenon driven by economic growth, the process of privatisations, initial public offerings and the modernisation of the market.
Began tragically. The terrorist attacks of 11 September 2001 put to the test stock exchanges’ strength. Following the shock and initial uncertainty, the recovery reveals the maturity and liquidity of the market and the confidence of investors. The same year of 2001 saw the creation of “Bolsas y Mercados Españoles”, a company that combines in a single group secondary markets and systems of registration, clearing and settlement of securities. Its size enables it to play a key role in the configuration of the European stock exchange map.

In 2004, and in spite of uncertainty about the world economic recovery, the upward swing in oil prices and the weakness of the dollar against the euro, the stock exchanges regained the levels seen prior to the attacks of 11 September 2001. By the end of the year, the Spanish stock exchange trebled the rise of European stock exchanges. The IBEX 35 went above 9,000 points. The Spanish stock exchange becomes a European leader in terms of financing. The new investment flows channeled by the Spanish stock exchange amounted to 39.5 billion dollars, becoming the second ranked in the world, behind only the New York Stock Exchange.

In 2007, the MiFID, or the Markets in Financial Instruments Directive, entered into force. For the Spanish securities market, the transposition of the EU Directive to Spanish law took the form of the Securities Market Reform Law, which contains significant changes in the organisation and execution of tasks associated to each of the actors involved in the value chain of the stock exchanges and financial markets in general. The main objectives of the new law were as follows: modernisation of the securities market, strengthening of investor protection and the improvement of supervisory powers.

In July 2003, the Transparency law was approved. Aimed at strengthening the transparency of listed companies, it sets out new reporting requirements and the obligation of adopting a set of mechanisms relating to corporate governance.

On its 175th anniversary, the Spanish stock exchange closed 2006 with the best and most outstanding year of its history. The IBEX 35® beats its historic high and breaks the barrier of 14,000 points. It also set a record in corporate operations of expansion, mergers and acquisitions, takeovers, and with 10 IPOs of new companies.

The MAB market is created by BME to provide a response for securities that require special treatment as small caps, SICAVs, venture capital firms and hedge funds.

In July, the first Exchange-Traded Funds (ETFs) begin to be listed in the Spanish stock exchange with the addition of the first products on the IBEX 35, followed a few months later by ETFs on the EuroStoxx 50.

In the same month of 2006, BME attained one of the most important objectives set out in its incorporation as an integrated group of all Spanish markets: its IPO on the stock exchange.

2008 is the year of the crisis. The stock exchanges began to be affected ever more intensely by the effects of the financial crisis on world economic activity and on listed companies, in particular. Falling share prices were supplemented by a massive increase in the volatility of world stock exchanges to the highest levels in twenty years.
In 2009, BME commenced securities trading with more than two decimals with the shares of Jazztel, which becomes the first company listed in the Spanish stock exchange that is traded under this modality. The reasons are based on the large number of buy and sell orders in listed Spanish securities, which include the most highly liquid shares in Europe, and with the intention of strengthening the Spanish stock market.

BME carries out the operating initiatives in order to boost the solvency and efficiency of its trading platforms. In this regard, one of the most significant actions in 2009 was the transfer of equities that were being traded in open outcry pits on the trading floor to a new electronic trading floor, with the aim of strengthening their liquidity, increasing their transparency and improving their accessibility.

In April of the same year, BME expanded the series of the IBEX 35® indices and created new tradable indices, all based on the IBEX 35®. The indices, called IBEX 35® net return, IBEX 35® double short, IBEX 35® triple short, IBEX 35® double leverage and IBEX 35® triple leverage, began to be calculated and disseminated in real time.

In 2010, the harshness of the crisis moved from the financial sector to sovereign debt in 2010, and it concentrated mainly on countries with a more critical fiscal position, which destabilised the value of the euro. After Greece and Ireland, the question of confidence in Spain and the risk premium took centre stage. The stock exchange fulfilled its role in valuating and channeling funds for business projects. During that year, initial public offerings in the stock exchange amounted to 13.7 billion euros and listed companies increased their capital by 12.5 billion, which was 27% more than in 2009.

REGIS-TR, the European Trade Repository owned by BME and Clearstream (Deutsche Börse Group) starts operations. It is the answer to demands from the regulators for more transparency in the OTC derivatives market.

In 2011, the stock exchange turned 180. On 20 October 1831, the first session of the stock exchange in Spain was held, making it one of the oldest and most consolidated economic institutions in the country. Its birth was the prelude, some decades later, of a majority of today’s economic and financial institutions. Over this long historical period, a market has developed that today trades, on average, more than 4 billion euros per session, and which lists more than 3,000 securities, with a capitalisation of nearly 1 trillion euros. The Spanish stock exchange had its fourth best year in 2011 in terms of investment flows channeled by the market.

The year 2014 marked a historic high in the number of trades, with the largest number of initial offerings in the last four years. The indicators confirmed the exit from the recession, while the stock exchange achieved records in a number of areas of activity. The Spanish stock market ended 2014 among the world’s largest, with a capitalisation of 1.1 trillion euros.

In 2013, BME became, in 2013, the fourth-ranked stock exchange in the world in terms of investment flows. The trading quality of Spanish securities once again received international recognition, as Santander, Telefónica and BBVA were the most highly liquid securities on the EuroStoxx 50 in 2013.

The Mercado Alternativo de Renta Fija (MARF) starts operations. It is an initiative aimed at channelling financial resources to a large number of solvent companies that can obtain financing using this market on the issuance of fixed-income securities.

In 2015 new flows channelled through The Exchange reached € 41.6 bn, up 15.3% year on year. Capital increases reached € 33.5 bn, up 9.3% year on year. The biggest growth since 2007. BME was the 3rd Exchange in the ranking of IPOs a Europe with 7 IPOs in main Market and 16 new companies in BME Growth, the highest in history.

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The Ibex 35 turns 25 years since its debut. This index is weighted by capitalization and is made up of the 35 most liquid companies listed on the Spanish Stock Exchange. In these years it has become the national and international benchmark of the Spanish stock market and has served as the basis for a multitude of product. TARGET2-Securities (T2S) is the pan-European settlement platform. Developed by the Eurosystem, its objective is to provide basic services for the settlement of securities transactions in a harmonized and borderless manner throughout Europe. The Governing Council of the ECB has announced a migration in four waves between 2015 and 2017. Iberclear has successfully migrated to T2S on 18 September.

BME, 10 years as listed company. (14th July 2016) In September the Reform of Clearing and Settlement concluded successfully with the reduction in the equities settlement cycle from three to two days following the trade date (T+2), a cycle that previously applied only to Fixed Income instruments.

The entry into force of the European MiFID II directive marked the beginning of the markets’ fiscal year, as it involved an important adaptation effort for BME and the intermediaries.

The celebration of the 125th anniversary of the Madrid Stock Exchange Palace, inaugurated on 7 May 1893 by Queen Regent María Cristina.

BME becomes part of the SIXGroup launches following a takeover bid for the company.

Launch of the Ibex Gender Equality Index. The index is the first to measure the presence of women in management positions in Spanish companies. With this launch, BME and the SIX Group strengthen their ESG index range as part of their commitment to sustainability.

BME launches Braindex, a 100% online financial education platform. This new educational environment, which draws on Instituto BME’s more than 30 years of experience, aims to promote financial and stock market culture. The courses, aimed at all types of students regardless of their previous level, focus on Financial Markets and Products, Disclosure, Technology and Regulation applied to the sector.

The sandbox admits a blockchain-based SME financing platform by BME. The project consists of the creation of a platform or “marketplace” for alternative financing that offers security to investors and helps small and medium-sized companies to raise financing through the issuing of participatory loans and convertible notes represented as digital assets in a blockchain network. The project envisages the creation of a platform that facilitates the financing of small and medium-sized companies through the issuance of digital tokens.