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ANNUAL CORPORATE GOVERNANCE REPORT

A / OWNERSHIP STRUCTURE

A.1 Complete the following tables on the company's share capital:

Last modified	Share capital (€)	Number of shares	Number of voting rights
14-06-2006	270,078.252.34€	83,615,558	83,615,558

Indicate if there are different types of shares with different rights associated to them.

Si No

Type	Number of shares	Face value	Number of voting rights for unit	Different rights
All the same class	83,615,558	€3.23	1	-

A.2 List the direct and indirect holders of significant holdings in your company at the end of the year, excluding

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights(*)	% total of total voting rights
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	4,683,949	0	5.6018%
BNP PARIBAS, SOCIÉTÉ ANONYME	0	2,677,004	3.2016%
BANCO DE ESPAÑA	4,460,913	0	5.3350%
CHASE NOMINEES LTD	4,290,528	0	5.1313%
BANCO SANTANDER, S.A.	509,886	3,775,855	5.1255%
CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID	2,232,101	1,758,736	4.7728%
CAJA DE AHORROS Y PENSIONES DE BARCELONA	0	2,953,813	3.5326%

members of its Board Directors:

The statement presented by Chase Nominees Ltd to the Comisión Nacional del Mercado de Valores (hereinafter, CNMV) indicated that it was acting as intermediary and custodian for third parties with none holding a stake higher than 3% as far as BME is aware.

BNP Paribas' indirect holding does not include details of the group companies acting as custodians for third parties. None of these third

parties, as far as BME is aware, hold a stake higher than 3%.

Name or corporate name of direct shareholder	Number of direct voting rights	% total of total voting rights
CRITERIA CAIXACORP, S.A.	2,953,259	3.5319%
Total:	2,953,259	3.5319%

(*) Through:

Name or corporate name of shareholder	Date of the operation	Description of the operation
-	-	-

Indicate the most significant movements in the ownership structure during the year:

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights(*)	% total of voting rights
Antonio J. Zoido Martínez	704	-	0.001
Javier Alonso Ruiz-Ojeda	1	-	0.000
José Antonio Álvarez Álvarez	100	-	0.000
Joan Hortalá i Arau	704	-	0.001
Ricardo Laiseca Asla	10	-	0.000
Mariano Pérez Claver	10	-	0.000

A.3 Complete the following tables with the director's with voting rights on company shares:

Name or corporate name of direct shareholder	Number of direct voting rights	% of total of voting rights - -
Total		
% of total voting rights held by the Board of Directors		0.002%(*)

(*) Through:

(*) This figure does not include the share capital held by shareholders represented on the Board of Directors, eight of whose members are classified as non-independent external Board members. At 31 December 2007, the stake held by these shareholders was 27.5693%. Based on the above, the total share capital represented by the Board of Directors at 31 December 2007 stood at 27.5695%.

Name or corporate name of director	Number of share options held directly	Number of share options held indirectly	Number of equivalent shares	% of total of total voting rights
-	-	-	-	-

Complete the following tables on company share options held by directors:

A.4 Where applicable indicate any family, commercial, contractual or corporate relationships between owners of

Related name or corporate name	Type of relationship	Brief description
-	-	-

significant shareholdings as they become known to the company, unless they are insignificant or derive from ordinary trading or exchange activities:

A.5 Where applicable indicate any commercial, contractual or corporate relationships between owners of significant

Related name or corporate name	Type of relationship	Brief description
-	-	-

shareholdings as they become known to the company, unless they are insignificant or derive from ordinary trading or exchange activities:

A.6 Indicate any shareholders' agreements that have been reported to the company according to article 112 of the Securities' Market Law. Briefly indicate these agreements and the shareholders involved:

Yes No

Indicate any concerted actions among shareholders of which the company is aware. If so, list briefly:

Yes No

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year.

A.7 Indicate whether any person or company exercises control or may exercise control over the company under the terms set forth in article 4 of the Securities' Market Law. If so, identify:

Yes No

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
0	0	0

A.8 Complete the following tables about the company's treasury stock:

Name or corporate name of direct shareholder	Number of shares held directly
-	-
Total	-

At year end:

Date of communication	Total number of shares acquired directly	Total number of shares acquired indirectly	% of total share capital
-	-	-	-

Income / (losses) from treasury stock transactions obtained during the year:	-
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(*) Through:

List any significant changes occurring during the year, pursuant to Royal Decree 1362/2007:

A.9 Detail the terms and conditions of any authorisation(s) conferred on the Board of Directors by the General Shareholders' Meeting to purchase and/or transfer the treasury stock.

BME's Board of Directors is authorised to purchase and/or transfer treasury stock as per the following conditions which were authorised by the ordinary General Shareholders' Meeting on 26 April 2007:

"Seven.- Authorisation for the Board of Directors to effect the derivative acquisition of treasury shares, directly or via Group companies, pursuant to article 75 of the Companies Act, establishing the limits and requirements for these acquisitions and delegating to the Board of Directors the necessary powers to execute the resolutions passed at the Shareholders' Meeting in this respect."

"To authorise the Board of Directors to proceed with the derivative acquisition of treasury shares subject to the following terms:

a) The acquisition may be carried out either directly by the Company itself or indirectly through its subsidiaries.

- b) The acquisition may be in the form of a trade, swap or *dación en pago* ("giving in payment"), in one or more instalments, provided that the shares acquired do not amount to more than 5% of the share capital when added to those already owned by the Company and its subsidiaries.
- c) The Company and, if appropriate, the acquiring subsidiary, must have the funds to allocate to the non-distributable reserve required in such events under paragraph 3 of article 79 of the Companies Act without reducing capital or any reserves that are non-distributable by law or under the Articles of Association.

d) The shares acquired must be fully paid up.

e) The acquisition price must not be lower than the nominal value or 20% higher than the price at which the stock is trading on the Spanish electronic trading platform (*Sistema de Interconexión Bursátil*) at the time of the acquisition.

This authorisation, which is granted for the maximum legal timeframe, shall be without prejudice to events of open acquisition under the Act.

Therefore, for the purposes of sub-paragraph 2, paragraph 1, article 75 of the Companies Act, authorisation to acquire the Company's own shares is hereby expressly granted to any subsidiary on the same terms under this resolution.

It is hereby expressly stated that the shares so acquired may be sold, redeemed or used as remuneration as described in sub-paragraph 3, paragraph 1, article 75 of the Companies Act.

This authorisation shall replace and render null and void, in the amount not used, the authorisation given at the General Shareholders' Meeting held on 5 June 2006. "

A.10 Indicate any restrictions under law or the company's articles of association on exercising voting rights and any legal restrictions on the acquisition and/or transfer in the share capital.

Indicate whether there are any legal restrictions on voting rights:

Yes No

Even though there are no legal restrictions on the exercise of voting rights, article 69.8 of the Securities' Market Law restricts the exercise of this right in the event of the irregular acquisition of significant holdings, i.e. shares acquired without the mandatory authorisation of the CNMV, under the terms described in the following section.

Indicate whether there are any restrictions included in company's articles of association on the exercise of voting rights:

Yes No

Indicate if there are any legal restrictions on the acquisition or transfer of shares in the company's capital:

Yes No

There are no restrictions on the acquisition or transfer of BME's stock.

Notwithstanding the above, Spanish Securities' Market Law grants the Spanish regulator, the CNMV, the power to oppose the acquisition of significant holdings in the capital of BME and group companies, pursuant to Royal Decree 361/2007 of 16 March, which developed Securities' Market Law 24/1988 of 28 July, in matters related to the share capital of companies which manage secondary markets or securities registration, clearing and settlement systems.

In accordance with the afore-mentioned Royal Decree, the CNMV should be previously informed of any acquisition of BME shares which would imply any of the following percentages of its capital or voting rights: 1%, 5%, 10%, 15%, 20%, 25%, 33%, 40% or 50%.

The CNMV shall have two months - from the date the information is relayed - to oppose the acquisition. If, during this time, the CNMV issues no statement, the operation will be deemed to have been approved.

This period is reduced for acquisitions of a significant holding equal to or higher than 1% but lower than 5% of the Company's capital. If the CNMV does not issue a statement within ten working days after the date the information is relayed or from the date any additional information required to the entity is delivered, the acquisition will be deemed to have been approved.

Furthermore, the Ministry of Economy and Finance, may, following the proposal of the CNMV, oppose the acquisition of a significant holding in BME's capital if it deems this to be necessary to ensure the smooth operation of the markets and to avoid distortions, or if Spanish companies are not provided equivalent treatment in the acquirer's country of origin, or that of the entity which directly or indirectly controls the acquirer.

A.11 Indicate if neutralisation measures in the event of a takeover bid were agreed upon at the General Shareholders' Meeting pursuant to Law 6/2007:

Yes No

If so, explain the measures approved and the terms under which the inefficiency of restrictions would occur:

B / STRUCTURE OF CORPORATE ADMINISTRATION

B.1 THE BOARD OF DIRECTORS

B.1.1 List the maximum and minimum number of directorships provided in the articles of association:

Maximum number of Directors	20
Minimum number of Directors	12

B.1.2 Complete the following table with Board members' details:

Name or corporate name of director	Representative	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
Antonio J. Zoido Martínez	-	Chairman	15/02/02	24/11/05	Shareholders' Meeting
José A. Barreiro Hernández	-	First Vice-Chairman	28/04/04	28/04/04	Shareholders' Meeting
Manuel Pizarro Moreno(*)	-	Second Vice-Chairman	15/02/02	24/11/05	Shareholders' Meeting
Tomás Muniesa Arantegui	-	Third Vice-Chairman	27/04/05	27/04/05	Shareholders' Meeting
Margarita Prat Rodrigo	-	Fourth Vice-Chairman	05/06/06 (**)	05/06/06 (**)	Shareholders' Meeting
Javier Alonso Ruiz-Ojeda	-	Director	21/09/06	26/04/07	Shareholders' Meeting
José Antonio Álvarez Álvarez	-	Director	21/09/06	26/04/07	Shareholders' Meeting
Ignacio Benjumea Cabeza de Vaca	-	Director	15/09/03	26/04/07	Shareholders' Meeting
Álvaro Cuervo García	-	Director	05/06/06 (**)	05/06/06 (**)	Shareholders' Meeting
Joan Hortalá i Arau	-	Director	15/02/02	24/11/05	Shareholders' Meeting
Ricardo Laiseca Asla	-	Director	25/07/07 (Co-option)	25/07/07	Board of Directors
Karel Lannoo	-	Director	05/06/06 (**)	05/06/06 (**)	Shareholders' Meeting
Ramiro Mato García-Ansorena	-	Director	15/02/02	24/11/05	Shareholders' Meeting
Manuel Olivencia Ruiz	-	Director	05/06/06 (**)	05/06/06 (**)	Shareholders' Meeting
Mariano Pérez Claver	-	Director	25/07/07 (Co-option)	25/07/07	Board of Directors
Total number of Directors			15		

(*) Mr. Manuel Pizarro Moreno resigned as Director at the Board Meeting on 24 January 2008.

(*) These appointments were conditioned to BME's shares being admitted for trading on the Stock Exchanges.

Indicate any directors leaving the Board during this period:

Name or corporate name of director	Status of the director at the time	Leaving date
José María Abril Pérez	Non-independent external Director	17/07/2007
Carlos Vela García Noreña	Non-independent external Director	12/07/2007

Mr. José María Abril Pérez and Mr. Carlos Vela García Noreña, both non-independent external Directors, tendered their resignations as BME Board Members as their professional relationship with the entities which they represented, Banco Bilbao Vizcaya Argentaria, S.A. and Caja de Ahorros y Monte de Piedad de Madrid, respectively, had terminated.

B.1.3 Complete the following tables on Board members and their directorships:

(1) The Appointments and Remunerations Committee was created pursuant to article 36 of the Company's Articles of Association and article 18 of the Board of Directors' Regulations which came into force on 14 July 2006. Therefore, all appointments made prior to this date were neither communicated nor proposed by this committee.

(2) As, under article 18.2.b) of the Board of Directors' Regulations, these directors are classified as non-independent external, their appointment has been previously reported by the Appointments and Remunerations Committee.

> Executive Directors

Name or corporate name of director	Committee proposing the appointment	Post held in the company
Antonio J. Zoido Martínez	(1)	Chairman
Joan Hortalá i Arau	(1)	Director
Total number of Executive Directors 2		
% of the Board 13.333%		

> Non-Independent External Directors

Name or corporate name of director	Committee proposing the appointment	Name or corporate name of significant shareholder represented or proposing the appointment
Javier Alonso Ruiz-Ojeda	(2)	BANCO DE ESPAÑA
José Antonio Álvarez Álvarez	(2)	BANCO SANTANDER, S.A.
José A. Barreiro Hernández	(1)	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
Ignacio Benjumea Cabeza de Vaca	(2)	BANCO SANTANDER, S.A.
Ricardo Laiseca Asla	(2)	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
Ramiro Mato García-Ansorena	(1)	BNP PARIBAS, SOCIÉTÉ ANONYME
Tomás Muniesa Arantegui	(1)	CAJA DE AHORROS Y DE PENSIONES DE BARCELONA
Mariano Pérez Claver (2)		CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID
Total number of non-independent external directors 8		
% of the Board 53.333%		

> Independent External Directors

Name or corporate name of director	Background
Margarita Prat Rodrigo	<p>Graduate in Law from Madrid's Universidad Complutense in 1971 and in Economics and Business from Madrid's Universidad Pontificia Comillas in 1982, receiving an extraordinary prize. She obtained a PhD in Economics and Business in 1989. Ms. Prat has also published several works and articles since 1989. She was Director of the Financial Management Department in the Economics and Business faculty of Madrid's Universidad Pontificia Comillas from 1984 to 2000, Vice Dean at the same university from 1990 to 1993 and Dean from 1993 to 2002.</p> <p>She was also previously visiting lecturer at Universidad de Deusto in San Sebastian, Instituto Tecnológico de Monterrey in Mexico and Universidad Católica Argentina in Buenos Aires. She is currently a member of the Institute of Internal Auditors in Spain and sits on its Executive Committee, a member of the Institute of Financial Analysts, Director of Internal Audit and Professor at Madrid's Universidad Pontificia Comillas and is a member of various doctoral thesis tribunals and academic committees.</p>
Álvaro Cuervo García	<p>Professor of Business Economics at Madrid's Universidad Complutense, director of "Colegio Universitario de Estudios Financieros", winner of the Rey Jaime I Economics Prize (1992), the Castilla-León "Infanta Cristina" Economics Prize (1999) and recipient of honorary doctorates from the universities of Oviedo, León, Castilla-La Mancha, Las Palmas de Gran Canaria y Salamanca. He is a member of the Board of Directors of ACS (Actividades de Construcción y Servicios, S.A.) and of the SONAE Industria, S.A. (Portugal) and member of the Spanish government's Consultative Committee on Privatisations. He is also a member of the boards of trustees of the Banco Herrero Foundation, the Endesa Foundation and the advisory board of the Rafael del Pino Foundation.</p>
Karel Lannoo	<p>Karel Lannoo has been the CEO of the Centre for European Policy Studies since January 2000 and director of both Lannoo Publishing, S.A. and Distrimedia, S.A.. He previously worked at the Ferruzzi Group and an international federation. A graduate in History and International Relations from Leuven University (Belgium), he also has a Master in European Studies from Nancy University (France).</p> <p>He is an expert in the integration and regulation of the financial markets, tax policies and corporate governance and has published books and numerous articles in international journals and newspapers. He has chaired various working groups at the Centre for European Policy Studies and has taken part in several studies and working groups for Spanish and European organisations (the OECD, the Asian Development Bank and the World Bank).</p>
Manuel Olivencia Ruiz	<p>Graduate in Law, winning the Extraordinary Prize, from Seville University (1951), with a doctorate in law from Bologna University (1953); and author of numerous scientific works. He has also been decorated with four Great Crosses (the Isabel la Católica, Alfonso X el Sabio, San Raimundo de Peñafort and the Military Merit) as well as the Gold Medal of Merit of the Republic of Austria.</p> <p>Dean of the Law Faculty (1968-1971) and Economics and Business Faculty (1971-1975) at Seville University, Undersecretary for Education (1975-1976), Director of the Bank of Spain (1982-1991) and Chairman of the Special Committee for Drafting the Code of Good Governance (1998).</p> <p>Since 1960, professor of Commercial Law at Seville University, where he is currently professor emeritus, a permanent member of the General Codification Committee and of the Royal Academy of Jurisprudence and Legislation and the Royal Seville Academies of Fine Arts and Legislation and Jurisprudence. He is also an Extraordinary Ambassador for Spain, a Delegate on the United Nations International Law Commission and a specialised arbitration lawyer.</p>

Total number of independent directors	4
% of the Board	26.667%

> Other External Directors

Name or corporate name of director	Committee proposing the appointment
Manuel Pizarro Moreno (*)	(1)

(*) Mr. Manuel Pizarro Moreno resigned as Director at the Board Meeting on 24 January 2008.

Total number of other external directors	1
% of the Board	6.667 %

List the reasons why they may not be considered non-independent external or independent directors and their relationship to either the company, its executives or its shareholders:

Name or corporate name of director	Reasons	Company, executive or shareholder with whom a relationship is maintained
Manuel Pizarro Moreno(*)	Mr. Pizarro is not a non-independent external Director as he is not a company shareholder. He is not independent given his relationship with the	Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U.

(*) Mr. Manuel Pizarro Moreno resigned as Director at the Board Meeting on 24 January 2008.

List, if any, the changes in the classification of each director which may have occurred during the period:

Name or corporate name of director	Date of change	Previous type	Current type
-	-	-	-

B.1.4 Explain, if appropriate, the reasons why non independent external directors have been appointed at the behest of shareholders whose holdings are less than 5% of the share capital:

Nombre o denominación social del accionista	Justificación
BNP Paribas, Soci��t�� Anonyme	These three companies, even though they do not hold 5% of the share capital, hold a significant holding of voting rights in BME, pursuant to RD 1362/2007. Also, these three shareholders hold a greater percentage of voting rights than the other shareholders which are not represented on the Board of Directors and who hold greater holding, apart from the custodian entities.
Caja de Ahorros y Monte de Piedad de Madrid	
Caja de Ahorros y Pensiones de Barcelona	

Indicate, if any, any rejection of a formal request for a board place from shareholders whose holdings are equal to or greater than that of others applying successfully for a non-independent external directorship. If so, explain why these requests have been rejected:

Yes No

B.1.5 Indicate if any directors has given up their office before their tenure expires, if the director has explained his/her reasons, and through which means and, in case he/she has made it in writing to all members of the Board, explain below, at least, the reasons that she/he gave:

Yes No

Name of director	Reason for resignation
Jos�� Mar��a Abril P��rez	Resigned as Director as he was no longer in the position held at Banco Bilbao Vizcaya Argentaria, S.A. which he represented.
Carlos Vela Garc��a Nore��a	Resigned as Director as he was no longer professionally linked with Caja de Ahorros y Monte de Piedad de Madrid, which he represented.

B.1.6 Indicate, where applicable, any powers delegated to managing directors:

The Company has no managing director.

Article 12 of BME's Board of Directors' Regulations states that the Chairman, as the Company's most senior institutional representative, has the power to represent it on an individual basis and be the guiding force behind the governance of the Company and Group companies. He shall also promote the Board's functions of driving, directing and supervising the Company's ordinary business, and watching over the Board's responsibilities with regard to relations with shareholders and the markets.

However, BME's Chairman holds the power required to ensure the day-to-day running of the company. These powers include the commercial and legal representation of the Company, representation of the Company at Shareholders' meetings and meetings of the Board of Directors and similar boards of companies in which it holds a stake; the power to incorporate companies, associations, foundations and all types of legal enti-

ties; the power to hire and lay off employees, establish their duties and compensation; draw up all types of contract in the name of the company; delegate power to whoever they see fit and other powers necessary to ensure the day-to-day running of the business.

B.1.7 Identify, where appropriate, any Board members holding senior management or directive positions in other companies belonging to the listed company's group:

Name or corporate name of director	Name of group company	Post
Antonio J. Zoido Martínez	Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U.	Chairman
	Sociedad de Bolsas, S.A.	Chairman (*)
Ignacio Benjumea Cabeza de Vaca	Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U.	Director
Joan Hortalá i Arau	Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U.	Chairman
	Sociedad de Bolsas, S.A.	Vice-chairman (*)
Tomás Muniesa Arantegui	MEFF AIAF SENAF Holding de Mercados Financieros, S.A.U.	Chairman
	MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Variable, S.A.U.	Chairman
	MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A.U.	Chairman
	MEFF Euroservices, S.A.U., S.V.	Chairman
Manuel Pizarro Moreno(**)	Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U	Vice-chairman

(*) On the date this Corporate Governance Report was approved, Mr. Antonio J. Zoido Martínez and Mr. Joan Hortalá i Arau held the positions of Director and Chairman, respectively, of Sociedad de Bolsas, S.A.

(**) Manuel Pizarro Moreno resigned as a member of BME's Board of Directors at its meeting on 24 January 2008 and as a member of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. at its meeting on 23 January 2008.

B.1.8 List, where appropriate, all board members who are also members of the board of directors of other companies listed on official securities markets in Spain, other than your own group, that have been reported to the company:

Name or corporate name of director	Name of listed company	Post
Álvaro Cuervo García	Actividades de Construcción y Servicios, S.A. (ACS)	Director
Mariano Pérez Claver	Realia Business, S.A.	Representative of "Mediación y Diagnósticos,S.A."
Manuel Pizarro Moreno(*)	Telefónica, S.A.	Director

(*) Mr. Manuel Pizarro Moreno, who resigned as a member of BME's Board of Directors at its meeting on 24 January 2008 also resigned as a Director of Telefónica, S.A. on 23 January 2008.

B.1.9 Indicate and, where appropriate, explain if the company has established rules about the number of directorships their board members can hold:

Yes No

Explanation

Article 21, section b) of the Board of Directors' Regulations states that external independent Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets.

The same article states that Executive Directors may not hold directorships at any other listed company.

B.1.10 Regarding Recommendation 8 of the Unified Code, indicate the company's general policies and strategies that the Board reserves for plenary approval:

	Yes	No
Investment and funding policy.	X	
Design of the structure of the corporate group.	X	
Corporate governance policy.	X	
Corporate social responsibility policy.	X	
The strategic or business plan, management targets and annual budgets.	X	
Remuneration and evaluation of senior officers.	X	
Risk control and management policy, and the periodic monitoring of internal information and control systems.	X	
Pay-out policy, as well as the treasury stock policy, especially its limits.	X	

B.1.11 Complete the following tables indicating the aggregate remuneration paid to directors during the year.

Information on individual directors' emoluments is included in BME's consolidated Annual Accounts for year ended 31 December 2007.

a.) For directors of the company subject to this report:

Concept	Amount in thousands of euros
Fixed remuneration	687
Variable remuneration	412
Per diems	312
Statutory compensation	275(*)
Options on shares and/or other financial instruments	0
Other	0
TOTAL:	1,686

(*) This amount is the fixed sum paid to directors as per article 40 of the Articles of Association.

Other benefits	Amount in thousands of euros
Advances	0
Loans	0
Funds and pension plans: contributions	0
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favour of directors	0

b.) For directors belonging to other boards of directors and/or holding senior management posts in group companies:

Concept	Amount in thousands of euros
Fixed remuneration	215
Variable remuneration	0
Per diems	139
Statutory compensation	0
Options on shares and/or other financial instruments	0
Other	0
TOTAL:	354

Other benefits	Amount in thousands of euros
Advances	0
Loans	0
Funds and pension plans: contributions	0
Funds and pension plans: obligations	0
Life insurance premiums	0
Guarantees issued by the company in favour of directors	0

c.) Total remuneration by type of directorship:

Type of directorship	Company	Group
Executive	1,200	301
Non-independent external directors	241	49
Independent external directors	217	0
Other external directors	28	4
Total	1,686	354

d.) Remuneration as a percentage of parent company attributable profit:

Total remuneration received by directors (in thousands of euros)	2,040
Total remuneration received by directors/parent company attributable profit (%)	1.01

Previous amounts include the sums paid to Mr. José María Abril Pérez and Mr. Carlos Vela García-Noreña, who resigned as directors on 17 and 12 July 2007, respectively.

B.1.12 List senior management members who are not executive directors and indicate the total remuneration accruing to them during the year:

The total remuneration received by senior management includes remuneration received from both BME and other group companies.

Name or corporate name	Post
Ramón Adarraga Morales	Director of International Co-Ordination
Jaime Aguilar Fernández-Hontoria	Director of Legal Council
Luis María Cazorla Prieto	General Secretary and Secretary to the Board
Gabriel Domínguez de la Rosa	Director of Human Resources
Antonio Giralt Serra	Chairman of M.A.B. and Head of Listing
Javier Hernani Burzako	Finance Director
José Massa Gutiérrez del Álamo	Chairman of IBERCLEAR and Head of Clearing and Settlement
Francisco Nicolás Tahoces	Technology Director
Vicente Olmos Ibáñez	Director of the Internal Audit Department
Francisco de Oña Navarro	Chairman of AIAF and SENAF, Executive vice-chairman of MEFF and Head of Fixed Income and Derivatives
Jaime Sanz Sanz	Director of Corporate Communication
Jorge Yzaguirre Scharfhausen	Head of Equities
Total remuneration received by senior directors (in thousands of euros)	4,884

B.1.13 Identify in aggregate terms any guarantee or protective clauses benefiting senior management (including executive directors) of the company or its group. Indicate whether these clauses have to be reported to and/or authorised by the governing bodies of the company or its group:

1.- Executive directors.

BME's governing bodies have made no agreements which include benefits for executive directors except for the Chairman.

At BME's Extraordinary General Shareholders' Meeting held on 5 June 2006 the following resolution was adopted under item 10 of the Agenda:

"It is agreed at the Shareholders' Meeting that in the event of the Chairman of the Board of Directors being removed from his post, he will have the right to receive an amount equivalent to three times his annual fixed compensation established by the Shareholders' Meeting at the time of this event. This payment will have a non-competition condition and the Chairman shall not be permitted to work for a period of three years in any other company with a similar or identical corporate purpose or activity as BME. If this obligation is not met, the Chairman shall return the amount received.

The Chairman shall not be paid the amount mentioned above if he voluntarily leaves his post, breaches his contract or if, due to a combination of circumstances, Bolsas y Mercados Españoles is unable to effect said payment.

This agreement is subject to the Company making the share offer operation mentioned in the second resolution and its shares being admitted to trading on the stock markets in accordance with the terms specified in the third resolution.

This agreement shall automatically be rendered null and void if on 31 December 2006 the Company's shares have not been admitted for trading on the afore-mentioned stock markets via the electronic trading system."

The terms of this General Shareholders' Meeting resolutions have been included in the services agreement entered into between BME and Mr. Antonio J. Zoido Martínez, subsequent to a report by the Appointments and Remunerations Committee and approval by the Company's Board of Directors.

2.- Senior management.

Two senior directors have the right to receive compensation equivalent to 24 months of their salary and another has the right to receive compensation equivalent to 36 months of his salary.

B.1.14 Indicate the procedures for establishing board members' remuneration and any relevant clauses in the Articles of

Procedures for establishing board members' remuneration and relevant clauses in the Articles of Association

Article 40 of the Company's Articles of Association and article 29 of the Board of Directors' Regulations establish that the post of director shall be remunerated, and that this remuneration shall comprise a fixed amount and per diems for attending meetings and be set on an annual basis by the General Shareholders' Meeting.

Article 18.2 c) of the Board of Directors' Regulations states that the Appointments and Remunerations Committee is responsible for reporting on proposals for directors' remuneration submitted by the Board at the Shareholders' Meeting or those approved by the Board itself.

In this regard, article 29 of the Board of Directors' Regulations stipulates that any resolution in relation with the Directors' remuneration taken by the Board of Directors and any proposal submitted to the General Shareholders' Meeting shall be implemented on the basis of a previous report made by the Appointments and Remunerations Committee. This previous report shall have regard to corporate governance standards and market conditions, bearing in mind the Company's nature and activity and the Director's commitment. In any event, in order to be submitted at the General Shareholders' Meeting, the Board of Directors must express an opinion on the amount of the fixed remuneration and the per diems for attendance at Board and Committee meetings, the items of any type of variable remuneration, the terms and conditions that must be laid down in the contracts entered into by the Company and Directors performing senior management functions and, where applicable, benefit schemes. The Board's proposal to the General Shareholders' Meeting for setting the appropriate fixed annual sum payable to each Board member must take into account the type of Director and the offices, functions and commitment of each of the Directors on the Board and the Board Committees.

If the Board's proposal is for a fixed annual amount to be set for the whole Board, the sum set should be distributed among the Board members on the basis of same criteria as those set forth above.

Article 29 also states that it shall be the responsibility of the Board of Directors to submit to the General Shareholders' Meeting for approval any remuneration additional to that relating to their status as Directors payable to Directors with executive functions in the Company, based on service provision, senior management or similar contracts entered into by the Company and said Directors.

In compliance with the abovementioned articles of the Articles of Association and Board of Directors Regulations, the remuneration paid to directors and the Chairman in 2007 was approved at BME's General Shareholders' Meeting held on 26 April 2007, following the proposal by the Board of Directors subsequent to a favourable report by the Appointments and Remunerations Committee.

Association regarding this payment:

	Sí	No
At the proposal of the company's chief executive, the appointment and removal of senior directors, and their compensation clauses.		X
Directors' remuneration and, in the case of executive directors, the additional remuneration for their executive functions and other contract conditions.	X(*)	

(*) As set out in the Articles of Association and the Board of Directors' Regulations and as explained in the previous section, directors' remuneration, including any other remuneration paid to directors in the pursuit of their executive functions, shall be proposed for approval to the General Shareholders' Meeting by the Board of Directors prior report by the Appointments and Remunerations Committee.

Indicate if the Board has reserved for plenary approval the following decisions.

B.1.15 Indicate whether the Board of Directors approves a detailed remuneration policy and specify the points included:

	Sí	No
The amount of the fixed components, itemised where necessary, of board and board committee per diems, with an estimate of the fixed annual payment they give rise to.	X	
Variable remuneration components	X	
The main characteristics of pension systems, with an estimate of their amount or annual equivalent cost.	X	
The conditions that the the contracts of executive directors exercising executive functions shall respect. Among them:	X	

Yes No

B.1.16 Indicate whether the Board submits, as a separate point of the agenda, a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting. Explain the relevant aspects regarding the remuneration policy approved by the Board for forthcoming years, the most significant changes in remuneration policy made this year and a global summary of how the policy was applied during the year. Provide details of the role of the Remunerations Committee and, if external advisors have been engaged, their identity:

Yes No

As stated in sections B.1.14 and F of this report, the transparency on BME's director remuneration policy is highest, as the setting of remuneration for the members of the Board of Directors is reserved to the General Shareholders' Meeting.

Therefore, the Board of Directors has deemed that the above excuses it from submitting to a vote, for consultations purposes, the remunerations policy approved by the Board subsequent to a report by the Appointments and Remunerations Committee.

B.1.17 Indicate, where appropriate, the identity of any board members who sit on board(s) of directors or hold senior management posts in companies having significant shareholdings in the listed company and/or its group companies:

Name or corporate name of director	Name or corporate name of significant shareholder	Post
Javier Alonso Ruiz Ojeda	Banco de España	Managing Director of Operations, Markets and Payment Systems
José Antonio Álvarez Álvarez	Banco Santander, S.A.	Managing Director (Financial Management and Investor Relations)
José A. Barreiro Hernández	Banco Bilbao Vizcaya Argentaria, S.A.	Member of the Global Business Area Management Committee
Ignacio Benjumea Cabeza de Vaca	Banco Santander, S.A.	Managing Director and General Secretary and Secretary to the Board
Ricardo Laiseca Asla	Banco Bilbao Vizcaya Argentaria, S.A.	Global Director of Global Markets and Distribution at BBVA
Ramiro Mato García-Ansorena	BNP Paribas, Société Anonyme	Head of the BNP Group in Spain, Director of Business Banking and member of the Investment Banking Management Committee
Tomás Muniesa Arantegui	Caja de Ahorros y Pensiones de Barcelona	Assistant Executive General Manager (Financial, Insurance, International and Audit business areas)
Mariano Pérez Claver	Caja de Ahorros y Monte de Piedad de Madrid	General Manager

List, if appropriate, any relevant relations other than those indicated in the section above that link members of the board of directors with significant shareholders and/or their group companies:

Name or corporate name of director	Name or corporate name of linked significant shareholder	Relationship
José Antonio Álvarez Álvarez	Banco Santander, S.A.	Director of "Santander Consumer Finance, S.A." Director of "Santander de Titulación, S.G.F.T, S.A."
José A. Barreiro Hernández	Banco Bilbao Vizcaya Argentaria, S.A.	Chairman of "Próxima Alfa Investments, S.A."
Ricardo Laiseca Asla	Banco Bilbao Vizcaya Argentaria, S.A.	Chairman of "Próxima Alfa Investments, S.A."
Tomás Muniesa Arantegui	Caja de Ahorros y Pensiones de Barcelona	Managing Director of CAIFOR Group Chairman of "Vidacaixa, S.A. de Seguros y Reaseguros" Chairman of "Segurcaixa, S.A. de Seguros y Reaseguros" Physical representative of "Criteria CaixaCorp, S.A." on the "ADESLAS, S.A." Board of Directors
Mariano Pérez Claver	Caja de Ahorros y Monte de Piedad de Madrid	Chairman of "Caja Madrid Bolsa, Sociedad de Valores, S.A." Chairman of "Gesmadrid, S.G.I.I.C., S.A." Chairman of "Sociedad de Promoción y Participación Empresarial Caja Madrid, S.A." Chairman of "Estrategia Inversiones Empresariales, S.C.R., de régimen simplificado S.A." Chairman of "Avanza Inversiones Empresariales S.G.E.C.R., S.A." Vice Chairman of "Mapfre Caja Madrid Holding de Entidades Aseguradoras, S.A." Representative of "Mediación y Diagnóstico, S.A." in the Board of Directors of "Realia Business, S.A." Managing Director

B.1.18 Indicate any changes made to board regulations during the year:

Yes No

B.1.19 Indicate the procedures for the appointment, re-election, assessment and removal of directors. List the competent bodies, the steps to be followed and the criteria to be applied in each procedure.

Procedures for the appointment, re-election, assessment and removal of Directors are described in articles 26, 36 and 38 of the Company's Articles of Association and articles 6, 18, 20 and 21 of its Board of Directors' Regulations.

1.- Appointment

1. A.- Responsibility

The number of Company Directors shall be established at the General Shareholders' Meeting, and shall be within the maximum (20) and minimum (12) set by the Articles of Association.

In accordance with the resolution passed at the extraordinary General Shareholders' Meeting held on 5 June 2006, the Board of Directors comprises 15 members.

However, should any vacancies arise, the Board of Directors may, given its legal powers of co-option, select from among the Company's shareholders persons to fill these vacancies. Such appointments must then be ratified at the next General Shareholders' Meeting.

1. B.- Appointment requirements

Candidates proposed by the Board of Directors for appointment or re-election as Directors must be persons of high standing, integrity and reputation, who also have the necessary expertise for the performance of their functions.

The proposed candidates must not be affected by any incompatibility or prohibition pursuant to the Company's Articles of Association and Board of Directors' Regulations.

To be a shareholder is not a requirement to be appointed director except in the event of appointment by co-option when it does become a requirement.

According to article 21 b) of the Board of Directors' Regulations independent Directors may not hold directorships at more than four companies whose shares are listed on Spanish or foreign stock markets, nor may they serve as Directors for more than 12 consecutive years without a break.

The same article stipulates that Executive Directors may not hold directorships at any other listed company.

1. C.- Term of office

Directors shall hold office for a four-year term and may be re-elected one or more times for terms of equal duration, except for independent Directors who may not be re-elected for more than two consecutive terms.

1. D.- Procedures

Appointment proposals that the Board of Directors submits to the General Shareholders' Meeting, and any resolutions on appointments by co-option adopted by the Board, must be preceded by a report from the Appointments and Remunerations Committee which must assign new Directors to one of the categories envisaged in article 6 of the Board of Directors' Regulations and also assess their impact on the structure and composition of the Board.

In any event, the Appointments and Remunerations Committee shall be responsible for submitting to the Board all proposals for the appointment or re-election of independent Directors for subsequent discussion at the General Shareholders' Meeting, and for their provisional appointment by co-option.

1. E.- Breakdown of Directorships by type

The Board of Directors shall seek to distribute its members among the different types of director in the manner most fitting to the Company's ownership structure and its corporate purpose and the purpose of group companies. Moreover, the Board shall be obliged to submit its proposals to the General Shareholders' Meeting and the appointments by co-option in such a way that external or non-executive Directors are a majority over executive Directors and that there is a significant presence of independent Directors.

2.- Re-election

Proposals for the re-election of Directors shall be subject to the same rules as for their appointment, taking into particular account the quality of services rendered by Directors and their commitment during the previous term of office. Directors standing for re-election shall not take part in any discussions or decisions concerning their re-election.

3.- Resignations and removal

Directors shall vacate office at the end of the term for which they were appointed, unless they are re-elected, or when it is so decided at the General Shareholders' Meeting.

The Board of Directors may not propose the removal of any independent Director before the end of the term for which they were appointed unless they have valid grounds for doing so on the basis of a proposal from the Appointments and Remunerations Committee. Valid grounds shall be deemed to exist when Directors have failed to perform the functions inherent to their office or they are affected by any of the circumstances that are incompatible with their status as independent Directors.

Any Directors vacating office before the end of their term, and for whatever reason, must explain these reasons in a letter sent to all Board Members.

B.1.20 Indicate the circumstances under which directors would be obliged to resign.

Under article 38.3 of the Company's Articles of Association and article 20 of the Board of Directors' Regulations members of BME's Board of Directors must tender their resignation under the following circumstances:

- In cases of incompatibility or prohibition stipulated by the Company's Articles of Association and Board of Directors' Regulations.
- In the case of non-independent external Directors, when the shareholder whom they represent sells their entire shareholding, or in the appropriate numerical proportion to any reduction in that shareholder's stake.
- In general, when their continuation as Board members could jeopardise the Company's interests.

When the aforementioned circumstances affect an individual representing a legal entity that is a Director, the latter must proceed immediately to replace that representative.

In addition to the above, and as stated in the previous section, the Board of Directors shall propose the removal of independent Directors when they have failed to perform the functions inherent to their office or they are affected by any of the circumstances that are incompatible with their status as independent Directors.

B.1.21 Explain whether the duties of chief executive officer fall upon the Chairman of the Board. If so, indicate the measures taken to limit the risk of powers accumulating in a single person:

Yes No

Risk-limitation measures

Article 25 of the Company's Articles of Association and article 12 of the Board of Directors' Regulations state that the Chairman of the Board of Directors shall represent the Company and be the guiding force behind the governance of the company and group companies, also promoting the Board's functions of driving, directing and supervising the Company's ordinary business activity and watching over the Board's responsibilities with regard to relations with shareholders and the markets. The Chairman shall also direct the Company's management team, in accordance with the decisions and criteria established at the General Shareholders' Meeting and by the Board of Directors within the scope of their respective powers.

The Board of Directors, which is the Company's highest decision-making body, except for issues falling within the remit of the Shareholders' Meeting, shall entrust the running of the Company's ordinary business to the Board Committees, executive members and senior management team, as stipulated in article 7 of the Board of Directors' Regulations.

In addition, the limits arising from the attribution of powers to the Board of Directors, and the entrustment of the ordinary management of the Company to its senior management team, the following specific measures have been adopted:

- The appointment of a vice-chairman of the Board of Directors qualified as independent director, as established by article 13.2 of the Articles of Association.
 - The significant presence and proportional representation of non-executive directors on the Board Committees. Therefore, the Audit Committee and the Appointments and Remunerations Committee shall be made up exclusively of non-executive Directors and chaired by an independent director (articles 35 and 36 of the Articles of Association and articles 17 and 18 of the Board of Directors' Regulations).
 - The attribution to the Board of Directors of the general function of driving, directing and supervising matters that are of particular importance to the company, undertaking in this respect as general tasks, among others, those of defining the general strategy and management guidelines of the Company, giving impetus to and overseeing the senior management, establishing the basis of the corporate organisation in order to ensure its maximum efficiency, monitoring the transparency and veracity of the information released by the Company in its relations with investors and with the markets in general, identifying the Company's main risks and supervising the internal control systems, as well as organising its own operation. The Board of Directors shall also establish adequate coordination between group companies for their own benefit and mutual interest and those of the Company.
 - Additional to the competencies assigned to the Chairman relating to the convening of meetings and establishing the Agenda for these meetings, article 10 of the Board of Directors' Regulations stipulates that the Board of Directors shall ordinarily meet every month and in any event shall hold at least nine meetings per year; furthermore, the Board of Directors shall establish the schedule for ordinary meetings at the commencement of each financial year. Also, under article 27 of the Company's Articles of Association, members of the Board of Directors may request the Chairman to call a Board meeting and a Board meeting must necessarily be called when at least four members of the Board of Directors request one. Also the Agenda must include the items requested by them. If the Chairman fails to call a meeting in the fifteen calendar days following receipt of the request, the meeting must then be called by any of the Vicechairmen.
- Regarding the Agenda of the Meeting, Directors may request the Chairman to include items on the Agenda and the Chairman is obliged to do so when at least four Directors make the request at least 10 days in advance of the scheduled date of the meeting, as established by article 10.2 of the Board of Directors' Regulations.

And, without prejudice of the possibility that directors may raise relevant issues during the board meetings.

Indicate and, where appropriate, explain if an independent director is empowered to request the calling of board meetings or the inclusion of new items on the agenda; and coordinate and give voice to the concerns of external directors; and lead the board's evaluation of the Chairman.

Yes No

B.1.22 Are qualified majorities, other than those established by law, required for certain decisions?

Yes No

Indicate how the resolutions are adopted by the Board of Directors, including at least the minimum quorum of attendees and the types of majorities required to pass resolutions:

Description of resolution	Adopting resolutions	
	Quorum	Type of majority
Resolutions are approved by absolute majority of Directors present at the meeting in represented by proxy. For resolutions involving the permanent delegation of power to the Executive Committee or the CEO and for the appointment of Directors for these posts, the vote in favour of two thirds of the Board members shall be required.	Half plus one	Absolute majority. The Chairman of the Board of Directors shall hold the casting vote in the event of a tie.

B.1.23 Explain if there are any requirements, other than those for Directors, for being appointed Chairman.

Yes No

B.1.24 Indicate whether the chairman has the casting vote:

Subjects for which a casting vote is required

Under article 30 of the Company's Articles of Association and article 12 of the Board of Directors' Regulations, the Chairman of the Board of Directors shall hold the casting vote in the event of a tie.

Yes No

B.1.25 Indicate whether the Articles of Association or the Board of Directors' Regulations establish an age limit for Directors:

Yes No

B.1.26 Indicate whether the Articles of Association or the Board of Directors' Regulations establish a limit on the term of office held by independent Directors:

Yes No

Maximum number of years in office 8

B.1.27 If there are few or no female directors, explain the reasons and the measures taken to correct it

Explanation of the reasons and measures taken

There is currently one external independent female director on BME's Board of Directors who was appointed at the extraordinary General Shareholders' Meeting on 5 June 2006. At its meeting of 27 July 2006, the Board of Directors appointed Ms. Prat Vice Chairman of the Board of Directors, member of the Executive Committee and Chairwoman of the Audit Committee.

Under the scope of responsibilities that article 18.2.a) of the Board of Directors' Regulations attribute to the Appointments and Remunerations Committee, this article states that the Committee shall be responsible for submitting to the Board all proposals for the appointment or re-election of independent Directors for submission to the General Shareholders' Meeting, and for their provisional appointment by co-option, and must prepare a prior report on the other Directors. The abovementioned article also states that, when presenting these proposals, the Appointments and Remunerations Committee must also *"ensure that the process for the selection of Directors does not discriminate on the basis of gender."* In this regard, at its meeting on 29 November 2007, the Appointments and Remunerations Committee analyzed the suitability of beginning with the definition of the selection procedures for candidates to be appointed independent Directors and, more specifically, to assessing and determining the criteria which these candidates must met. In this regard, it was stressed that in any case, *"it should be assured that the selection of female candidates shall not be hindered"*.

In particular, indicate whether the Appointments and Remunerations Committee has established a procedure of filling board vacancies which has no implicit bias against female candidates and deliberately seeks candidates meeting the required profile:

Yes No

Indicate the main procedures

As stated in the previous paragraph, article 18.2.a) of the Board of Directors' Regulations entrust the Appointments and Remunerations Committee with ensuring that the process for the selection of Directors does not discriminate on the basis of gender.

In its endeavour to comply with said article of the Board of Directors Regulations, the Appointments and Remunerations Committee, upon beginning its analysis of the criteria to be used in the selection process of independent directors, stipulated that *"it should be assured that the selection of female candidates shall not be hindered"*.

B.1.28 Indicate whether there are any formal processes for proxy voting on the Board of Directors. If so, list briefly.

Article 29.2 of the Company's Articles of Association and article 11 of the Board of Directors' Regulations stipulate that in the event of Directors being unable to attend a meeting in person they may appoint another Director to represent them.

Representatives must be appointed in writing specifically for each meeting and the appropriate instructions as to how to represent the Director appointing them must be given. Directors may be appointed and act as proxies for more than one other Director.

B.1.29 Indicate the number of sessions held by the Board of Directors during the year. Likewise, indicate the number of times, if any, the Board has met in the absence of its Chairman:

Number of Board meetings	12
Number of Board meetings held at which the Chairman was absent	0

Indicate the number of Board Committee meetings held during the year:

Number of Executive Committee meetings	11
Number of Audit Committee meetings	12
Number of Appointments and Remunerations Committee meetings	9
Number of Markets and Systems Operating Committee meetings	13

B.1.30 Indicate the number of sessions held by the Board of Directors during the year without all its members present. Non-attendance shall also include proxies without specific instructions given:

Number of non-attendances by directors in the year	26
% of non-attendances of the total votes deposited during the year	14.61

B.1.31 Indicate whether the individual and consolidated accounts are certified prior to their formulation to the Board of Directors:

Yes No

Identify, if appropriate, the person(s) certifying the individual and consolidated accounts for their formulation by the Board:

Name	Post
-	-

B.1.32 Explain the mechanisms, if any, established by the Board of Directors to ensure the individual and consolidated accounts are not presented at the General Shareholders' Meeting with qualifications in the auditor's report.

The mechanisms established by the Company to ensure the individual and consolidated accounts formulated by the Board of Directors are not presented at the General Shareholders' meeting with qualifications in the auditor's report are established in article 35 of the Company's Articles of Association and articles 8, 17 and 31 of the Board of Directors' Regulations.

Specifically, article 8 of the Board of Directors' Regulations states that the Board of Directors shall be responsible for ensuring that the Company's annual financial statements - both individual and consolidated - and management report give a true and fair view of its net worth, financial situation and results, according to legal requirements. Furthermore, each of the Directors should have access to all the necessary information before they put their signature to the financial statements.

The Board of Directors shall be assisted in this function by the Audit Committee which, among other duties, under article 35 of the Company's Articles of Association and articles 17 and 31 of the Board of Directors' Regulations, shall be responsible for liaising with the external auditors in order to receive information on any issues connected with the auditing procedure, and to maintain with the auditors the communications envisaged in audit legislation and in the technical auditing regulations. The Committee shall also receive information from the external auditors on

a regular basis regarding the audit plan and the results of its execution, ensuring that the auditors' recommendations are taken into consideration by senior management.

Also, pursuant to article 8.1 of the Board of Directors' Regulations, in the event that the auditors' report on the financial statements contains reservations or qualifications, the Chairman of the Audit Committee and the auditors themselves shall explain to shareholders and the markets the content and scope of such reservations and qualifications.

B.1.33 Is the Secretary of the Board also a Director?

Yes No

B.1.34 Explain the procedure for appointing and removing the Secretary of the Board and indicate whether his/her appointment and removal have been reported by the Appointments and Remunerations Committee and approved by

Appointment/removal procedure

Pursuant to article 14 of the Board of Directors' Regulations and article 32.2 of the Articles of Association, the Board of Directors shall appoint a Secretary and, optionally, one or more Deputy Secretaries.

However, the procedure for appointing and removing the Secretary or, if so, the Deputy Secretaries, is not established in the Board of Directors Regulations. Nevertheless, in keeping with Recommendation 18, in 2007 the Secretary of the Board's proposal to appoint a Deputy Secretary was favourably informed by the Appointments and Remunerations Committee prior to its approval by the Board of Directors.

In future this procedure shall be applied to all appointments and removals of the Secretary or Deputy Secretaries of the Board of Directors.

	Yes	No
Is the appointment reported by the Appointments Committee?	X	
Is the removal reported by the Appointments Committee?	X	
Does the Board in full approve the appointment?	X	
Does the Board in full approve the removal?	X	

the board in plenary meeting.

Is the Secretary of the Board especially responsible for overseeing good governance recommendations?

Yes No

B.1.35 Indicate the mechanisms, if any, established by the Company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

In accordance with articles 7.4 and 31 of the Board of Directors' Regulations the Board of Directors, acting in full and through its Committees, is responsible for ensuring the external auditor is both independent and professionally acceptable.

In this regard, article 35 of the Company's Articles of Association and article 17 of the Board of Directors' Regulations establish that the Audit Committee shall liaise with external auditors in order to receive information in regard to matters which could jeopardise their independence, which it shall duly report to the Board of Directors during the course of the year.

One of the mechanisms established by the Company to preserve the independence of its auditor included in the scope of afore-mentioned article 31 of the Board of Directors' Regulations stipulates that the Board of Directors shall, in the manner laid down by law, publish the fees that the Company has paid to the audit firm both for audit and other services, including the companies in the group to which the auditors belong.

B.1.36 Indicate whether the Company changed its external auditor during the year.

If so, identify the incoming and outgoing auditor:

Yes No

Explanation

-

If there were disagreements with the outgoing auditor, explain the reasons for the same:

B.1.37 Indicate whether the auditing firm does non-audit work for the company and/or its group. If so, state the fees it receives for such work and the percentage such fees represent of the total fees invoiced to the company and/or its group.

	Company	Group	Total
Fees for non-audit work (thousands of euros)	7	22	29
Fees for non-audit work / total amount invoiced by the auditor (%)	5.22	5.90	5.72

Yes No

B.1.38 Indicate whether the audit report of the previous year's annual accounts is qualified or has reservations. Should such reservations or qualifications exist, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of such reservations or qualifications.

Yes No

B.1.39 Indicate how many consecutive years the current auditing firm has been auditing the annual accounts of the company and/or its group. Likewise, indicate how many years the current auditing firm has been auditing the accounts

	Company	Group
Number of consecutive years	6	6

	Company	Group
Number of years audited by current audit firm / Number of years the company accounts have been audited (%)	100%	100%

as a percentage of the total number of years over which the annual accounts have been audited:

B.1.40 List the stock holdings of the members of the company's Board of Directors in other companies with the same, similar or complementary types of activity to that which constitutes the corporate purpose of the company and/or its

Name or corporate name of director	Name of the Company	% holding	Post or duties
Tomás Muniesa Arantegui	MEFF AIAF SENAF, Sociedad Holding de Mercados Financieros, S.A.U.	-	Chairman of the Board of Directors

group, and which have been reported to the company. Likewise, list the posts or duties they hold in such companies:

B.1.41 Indicate and, where appropriate, give details of any procedures through which Directors may receive external advice:

Details of the procedure

Article 29.3 of the Company's Articles of Association establishes that the Chairman of the Board of Directors "may invite Company executives and technical staff, as well as Directors and executives of group companies, or any expert or third party that he considers appropriate to attend the proceedings based on the matters to be discussed at the meeting. These attendees will have the right to speak but not vote".

Yes No

B.1.42 Indicate and, where appropriate, give details on the existence of a procedure for Directors to receive the information they need in sufficient time to prepare for the meetings of the governing bodies:

Yes No

Details of the procedure

Article 27.3 of the Company's Articles of Association establishes that calls of Board meetings and the necessary documentation for these meetings shall be sent by letter, fax, telegram or e-mail, in accordance with the instructions received from each of the Board members, at least forty-eight hours before the date set for the meeting.

Furthermore, under article 22 of the Board of Directors' Regulations Directors shall have the broadest powers to obtain information on any aspect of the Company and its group, and shall be granted access to any documents, registers, past records or any other information they may require. All requests for information shall be addressed to the Chairman and shall be dealt with by the Secretary of the Board who shall directly provide the information required or put the Director in contact with the appropriate person within the Company, while ensuring that the necessary measures are taken to guarantee that the Directors' right to information is met to their full satisfaction.

B.1.43 Indicate and, where appropriate give details, whether the company has established rules obliging directors to inform and, where applicable, resign under circumstances that might harm the organisation's name or reputation:

Yes No

Explain

Within the Directors' duties of information, article 27 of the Board of Directors' Regulations stipulates that Directors shall disclose any fact or situation which may affect the nature or terms under which their appointment as Directors was made, or which could materially influence their activity as Directors. Moreover, this article estates that they must also disclose any legal, administrative or other types of claims affecting them that, because of their importance, could seriously affect the Company's reputation.

In addition to this duty, articles 38.3 of the Articles of Association and 20.4 of the Board of Directors' Regulations stipulates that Directors must resign, among other circumstances, when their continuation in office could jeopardise the Company's interests.

B.1.44 Indicate whether any director has notified the company that he/she has been sued or having any court proceedings opened against him/her for any of the offences stated in article 124 of the Companies Act.

Yes No

Indicate whether the board has examined this matter. If so, explain the reasons for the decisions reached as to whether or not the director should remain on board.

Yes No

B.2 BOARD OF DIRECTORS' COMMITTEES

B.2.1 List the Board Committees and their members:

> Executive Committee

Name	Post	Type
Antonio J. Zoido Martínez	Chairman	Executive
Javier Alonso Ruiz-Ojeda.	Member	Non-independent external
José Andrés Barreiro Hernández	Member	Non-independent external
Ignacio Benjumea Cabeza de Vaca	Member	Non-independent external
Álvaro Cuervo García	Member	Independent
Tomás Muniesa Arantegui	Member	Non-independent external
Margarita Prat Rodrigo	Member	Independent
Luis María Cazorla Prieto	Secretary Non-Director	

Mr. José María Abril Pérez resigned as member of BME's Executive Committee on 17 July 2007.

Mr. José Andrés Barreiro Hernández was appointed member of the Executive Committee on 27 September 2007

> Audit Committee

Name	Post	Type
Margarita Prat Rodrigo	Chairwoman	Independent
Álvaro Cuervo García	Member	Independent
Ramiro Mato García-Ansorena	Member	Non-independent external
Luis María Cazorla Prieto	Secretary Non-Director	

> Appointments and Remunerations Committee

Name	Post	Type
Manuel Olivencia Ruiz	Chairman	Independent
José Antonio Álvarez Álvarez	Member	Non-independent external
Manuel Pizarro Moreno	Member	Other external director
Luis María Cazorla Prieto	Secretary Non-Director	

Mr. José Andrés Barreiro Hernández resigned as member of BME's Appointments and Remunerations Committee on 27 September 2007.

Manuel Pizarro Moreno was appointed member of BME's Appointment and Remunerations Committee on 29 November 2007 and resigned as Director on 24 January 2008.

> Markets and Systems Operating Committee

Name	Post	Type
Joan Hortalá i Arau	Chairman	Executive
Ricardo Laiseca Asla	Member	Non-independent external
Mariano Pérez Claver	Member	Non-independent external
Karel Lannoo	Member	Independent
Luis María Cazorla Prieto	Secretary Non-Director	-

Mr. Carlos Vela García-Noreña resigned as member of BME's Markets and Systems Operating Procedures Committee on 12 July 2007.

Mr. Ricardo Laiseca Asla and Mr. Mariano Pérez Claver were appointed to BME's Markets and Systems Operating Procedures Committee on 29 November 2007.

B.2.2 Indicate if the Audit Committee is responsible for the following:

	Yes	No
Monitoring the preparation and the integrity of the financial information of the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.	X	
Reviewing internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.	X	
Monitoring the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and removal of the head of internal audit; propose the department's budget; receive regular reports on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.	X	
Establishing and supervising a mechanism whereby staff can report, confidentially and, where appropriate, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the Company.	X	
Proposing to the board for the selection, appointment, re-election and removal of the external auditor, and the terms and conditions of his engagement.	X	
Receiving regular information from the external auditor on the progress of the audit plan and the outcome of its execution, verifying that senior management takes due note of its recommendation.	X	
Ensuring the independence of the external auditor.	X	
In the case of groups, helping the group auditor to take on the auditing of all component companies.	X	

B.2.3 Describe the organisational and operational rules and the responsibilities attributed to each of the Board committees:

1.- Executive Committee

The Executive Committee is regulated by both article 34 of the Articles of Association and article 16 of the Board of Directors Regulations.

1.1 Organisation and operation

- The Executive Committee shall consist of at least three and not more than seven Directors designated by the Board of Directors. In any event, the Committee shall endeavour to ensure that its size and composition complies with criteria of efficiency and reflects the basic structure of the Board's composition.

The Executive Committee currently comprises seven members pursuant to the resolution adopted by the Board of Directors at its meeting on 27 July 2006.

The Chairman and Secretary of the Executive Board shall be the same as for the Board of Directors, with the substitution regime applicable by the Board in these circumstances. Accordingly, in the event of absence, inability to attend or vacancies the Chairman shall be substituted by one of the Vice Chairmen and, in case more than one Deputy Chairman, the substitution order shall be based on the serial number assigned to each of them. Likewise, the Secretary shall be substituted by the Deputy Secretary of the Board of Directors and in the event of there being several Deputies, the longest standing one or, being the same, the eldest shall be chosen.

- Except when higher voting majorities are required by law or under the Articles of Association, resolutions shall be adopted by an absolute majority of the Board members who are either present or represented at the meeting. When there is a tie in voting, the Chairman shall have the casting vote.
- The Chairman shall call a meeting of the Executive Committee at least once a month, or whenever a meeting is requested by at least two of its members.
- At each meeting of the Board of Directors the Executive Committee shall report on the items discussed and resolutions adopted at the meetings it has held since the last Board meeting.

1.2 Responsibilities

The Executive Committee has the following responsibilities, without prejudice to any other delegated to it by the Board of Directors:

- a) The continuous monitoring and supervision of the administration and day-to-day management of the Company, also ensuring that there is adequate coordination between group companies for their mutual benefit and that of the Company.
- b) Analysing and proposing to the Board of Directors the guidelines that are to define the Company's strategy, and supervising their implementation.
- c) Discussing and reporting to the Board of Directors on all issues relating to the following:
 - The Company's individual and consolidated annual budget.
 - Significant tangible or financial investments and their corresponding economic rationale.
 - Collaboration agreements with other companies which due to their size or nature are significant for the Company.
 - Financial operations of important economic scope for the Company.
 - Assessing the extent to which the Company is meeting its targets.
- d) Adopting resolutions relating to the acquisition or disposal of the Company's own shares, as authorised at the General Shareholders' Meeting, with the option of appointing a Committee member to execute decisions to buy and sell treasury stock.

In addition to the responsibilities described above, all the Board's powers have been delegated in the Executive Committee, except for those which cannot be delegated, in accordance with the resolution adopted by the Board of Directors at its meeting on 27 July 2006.

2.- Audit Committee

The Audit Committee is regulated by both article 35 of the Articles of Association and article 17 of the Board of Directors' Regulations.

2.1 Organisation and operation

- The Audit Committee consists of a minimum of three and a maximum of five Directors, who shall be appointed and removed by the Board of Directors. All of the Committee members must be non-executive Directors, and most of them must be independent Directors.
- The Audit Committee currently comprises three members pursuant to the agreement adopted by the Board of Directors at its meeting on 27 July 2006.
- The Chairman of the Audit Committee shall be appointed by the Board of Directors from among the independent Directors and must be replaced every four years and is eligible for re-election one year after completing his term. In the event of absence or temporary inability of the Chairman, his place shall be taken by the independent Director Committee member who has been designated for that purpose by the Board of Directors and, in his absence, by the eldest independent Director Committee member and, if the independent members are the same age, by the one chosen by lot.
- The Secretary to the Committee shall be appointed by the Board of Directors from among the Committee members and shall draw up the Minutes of the resolutions adopted, and report on the resolutions to the Board. The Board may also appoint the Board Secretary or any of the Deputy Secretaries as Secretary to the Committee even if they are not Committee members, as well as a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but may not vote.
- The Audit Committee shall meet whenever it is convened by the Chairman or requested by at least two of its members, and at the request of the Board of Directors.
- Resolutions must be adopted with the favourable vote of the majority of the members who are present or represented at the meeting by proxy. When there is a tie in voting, the Chairman, or the person standing in for him, shall have the casting vote.

- In order to perform its tasks the Committee may seek the assistance and collaboration of independent experts and, also, request the attendance at its meetings of Company or group senior managers.

2.2 Responsibilities

The Audit Committee shall have the following responsibilities:

- a) Report, via its Chairman, to the General Shareholders' Meeting in regard to the matters raised therein by shareholders concerning issues that fall within the Committee's remit.
- b) To propose to the Board of Directors the appointment of the external auditors referred to in article 204 of the consolidated text of the Companies Act, as approved by Royal Legislative Decree 1564/1989, of 22 December 1989, and, if applicable, the terms of their engagement, the scope of their professional remit, and the termination or renewal of their appointment. Should the external auditors relinquish their appointment, the Committee shall examine the reasons why.
- c) Supervise the Company's internal audit services which shall depend on the Audit Committee, reporting to the Board of Directors. To this end, the Committee shall monitor the independence and efficiency of the internal audit functions, proposing the selection, appointment, re-election and termination of the head of the internal audit service, as well as the budget for the service, receiving periodical information in regard to its activities and verifying that senior management takes into consideration the conclusions and recommendations of its reports. It shall also establish and supervise the proceedings whereby Company employees may anonymously report any irregularity in the internal control and risk management systems.
- d) To be cognisant with the Company's financial reporting procedures and internal control systems. To this end, the internal control and risk management systems shall be reviewed by the Committee at least once a year, to ensure that the main risks are adequately identified, managed and reported.
- e) To liaise with the external auditors in order to receive information on any issues that might jeopardise the latter's independence, and any others connected with the auditing procedure, and to maintain with the auditors the communications envisaged in audit legislation and in the technical auditing regulations. To this end, the Committee shall also receive information from the external auditors on a regular basis regarding the audit plan and the outcomes of its execution, ensuring that the auditors' recommendations are taken into consideration by senior management. The Committee shall also monitor compliance with the regulations in force concerning the provision of non-auditing services, the limits in regard to business concentration of the auditor and, in general, any other rules aimed at ensuring the auditors' independence.
- f) Any other tasks relating to reporting and proposals commissioned to it by the Board of Directors generally or specifically.

In addition to these responsibilities, the Audit Committee also has the following duties as stipulated by the Board of Directors' Regulations:

- Issue a favourable report in the event of Directors wishing to use Company assets other than in return for adequate valuable consideration, as established by article 24 of the Board of Directors' Regulations.
- Issue a prior report to the Board of Directors authorising Directors to invest or perform commercial or other transactions that they have knowledge of in the performance of their duties using the information resources of the Company or group companies, as stipulated in article 26 of the Board of Directors' Regulations.

Directors must notify the Audit Committee before accepting any directorship or management position in another company or entity, as established in article 27 of the Board of Directors' Regulations.

Lastly, in relation to information to be relayed to the market, under article 30.2 of the Board of Directors' Regulations, the Audit Committee shall monitor all briefings held by the Board of Directors concerning the Company's performance, and ensure that the aforementioned briefings in no way violate the principle of equal treatment of shareholders by granting some a position of privilege or an advantage over others.

3.- Appointments and Remunerations Committee

The Appointments and Remunerations Committee is regulated by both article 36 of the Articles of Association and article 18 of the Board of Directors Regulations.

3.1 Organisation and operation

- The Appointments and Remunerations Committee shall comprise at least three and a maximum of five Directors, appointed by the Board of Directors from among its non-executive members. The members of the Appointments and Remunerations Committee shall remain in office for as long as they remain Company Directors, unless the Board of Directors resolves to remove them.
- The Appointments and Remunerations Committee currently comprises three members pursuant to the agreement adopted by the Board of Directors at its meeting on 29 November 2007.
- The Chairman shall be appointed by the Board of Directors from among its independent members.
- The Board of Directors shall also appoint a Committee Secretary, an office which need not be held by a member of the Board and may be filled by the Board Secretary or any of the deputy secretaries, as well as by a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but not vote.
- The Committee shall meet as often as is necessary in the Chairman's opinion for the performance of its functions, at the request of the Board of Directors and whenever a meeting is requested by at least two Committee members.
- There shall be a quorum at Committee meetings when a majority of Committee members are present or represented by proxy, and resolutions shall be adopted by an absolute majority of the members who are present or represented. When there is a tie in voting, the Chairman

shall have the casting vote.

- The Committee shall report to the Board on the performance of its functions and tasks in the course of each year and the Committee Secretary shall send a copy of the minutes of all Appointments and Remunerations Committee meetings to all Board members.

3.2. Responsibilities:

The Appointments and Remunerations Committee is a non-executive body, empowered to report, advice and submit proposals to the Board on matters within its remit. The Appointments and Remunerations Committee is responsible for reporting to the Board of Directors on the following matters:

- a) Compliance with the legal requirements and requirements of the Articles of Association and Board of Directors Regulations, in respect of any proposed designation of a Director via co-option and in relation to any Board of Directors' proposals by the General Shareholders' Meeting regarding appointments, ratification or termination of a Director. Such proposals must be preceded by the relevant report by the Committee which must assign the new Director to one of the categories envisaged by the Regulations and also assess his/her impact on the structure and composition of the Board, ensuring that the process for the selection of Directors does not discriminate on the basis of gender. In any event, the Appointments and Remunerations Committee shall be responsible for submitting to the Board all proposals for the appointment or re-election of independent Directors for submission at the General Shareholders' Meeting, and for their provisional appointment by co-option.
- b) Under article 20.3 of the Board of Directors' Regulations, the Appointments and Remunerations Committee may propose to BME's Board of Directors the removal of an independent Director prior to the completion of the term for which he was appointed provided that there are valid grounds for doing so.
- c) Compliance with the Articles of Association and the Board of Directors' Regulations regarding the appointment, re-election and removal of members of the Board of Directors whose names are put forward to sit on any of the Board Committees, as well as to hold any office thereon.
- d) Proposals on the Directors' remuneration to be submitted by the Board at the General Shareholders' Meeting or to be approved by the Board in accordance with the relevant shareholders' resolution. These should consider, among other aspects, the type of Director and the offices, functions and commitment of each of the Directors on the Board and the Board Committees.

The Appointments and Remunerations Committee shall also be cognisant with the structure and policy for the senior management pay and incentives, and monitor the decisions taken and criteria applied regarding this matter at group companies. Additionally, at the request of the Board of Directors, it shall supervise compliance with the rules of corporate governance.

Lastly, according to article 21 of the Board of Directors' Regulations, Directors may not hold office or perform the functions of director, representative, manager, advisor or service provider at competing companies or companies wielding a dominant or controlling position thereupon, without the authorisation of the Board of Directors subject to a prior report by the Appointments and Remunerations Committee.

4.- Markets and Systems Operating Committee

The Markets and Systems Operating Committee is regulated by both article 37 of the Articles of Association and article 19 of the Board of Directors Regulations.

4.1 Organisation and operation

- The Markets and Systems Operating Committee shall consist of a minimum of three and a maximum of five Directors, who shall be appointed, re-elected and removed by the Board of Directors.
- The Markets and Systems Operating Committee currently comprises four members pursuant to the resolution passed by the Board of Directors at its meeting on 29 November 2007.
- The Board of Directors shall appoint the Chairman of the Markets and Systems Operating Committee from among its members.
- The Board of Directors shall also appoint a Committee Secretary, an office which need not be held by a member of the Board and which may be filled by the Board Secretary or any of the deputy secretaries, as well as by a member of the Company's Legal Advisory Services, in which cases the Secretary may speak at meetings but not vote.
- The Markets and Systems Operating Committee shall meet whenever it is convened by the Chairman and there shall be a quorum when a majority of Committee members are present or represented by proxy.
- Resolutions shall be adopted with the favourable vote of the majority of the members who are present or represented at the meeting. When there is a tie in voting, the Chairman shall have the casting vote.
- The Markets and Systems Operating Committee shall report to the Board of Directors in regard to the performance of its tasks, and shall draft the reports and proposals in this regard as requested by the Board of Directors.

4.2 Responsibilities

The Markets and Systems Operating Committee shall have the following responsibilities:

- a) To analyse and monitor that the procedures and regulations laid down by Group companies are appropriate for the proper functioning of the markets and systems they manage.
- b) To be cognisant with the procedures established so that regular market conditions and the principle of equal treatment are applied to the transactions, operations and actions which the Company, its Directors or shareholders with significant and stable capital shareholdings perform as issuers, clients or users in the markets and systems managed by Group companies.
- c) To be cognisant with the application of the Internal Regulations of Conduct of the Company, periodically receiving information in this regard

from the Standards of Conduct Committee or equivalent body as envisaged in the aforementioned Regulations, and also reporting prior to any amendment of the Regulations submitted to the Company's Board of Directors for approval.

B.2.4 Indicate any advisory or consulting powers and, where applicable, the powers delegated to each of the

Name of committee	Brief description
Executive Committee	See section B.2.3.
Audit Committee	See section B.2.3.
Appointments and Remunerations Committee	See section B.2.3.
Markets and Systems Operating Committee	See section B.2.3.

committees:

B.2.5 Indicate, if applicable, any regulations governing the Board Committees, where they are made available for consultation and any amendments to the same made during the financial year. Indicate whether any annual report has been voluntarily drawn up on the activities of each committee.

Regulations governing the composition and operations of Board Committees are detailed in the Articles of Association and Board of Directors' Regulations. The Board of Directors' Regulations are available on the Company's corporate website: www.bolsasymercados.es.

Notwithstanding the above, within the scope of article 15.4 of the Board of Directors' Regulations, the Markets and Systems Operating Committee has drawn up the regulations governing the organisation and operation of the committee. This regulation was approved by the Board of Directors at its meeting of 25 January 2007 and is available on the Company's corporate website www.bolsasymercados.es

Regarding the annual reports on the activities of each Committee, article 10.3 of BME's Board of Directors' Regulations establishes that the Board of Directors in full must annually assess the efficiency of its operation and quality of its work as well as, assess the operation of the Committees based on the reports they prepare concerning the performance of their tasks.

In compliance with this article, at its meeting on 25 March 2008 the Board of Directors approved the Board of Directors' Report for 2007 in which the efficiency of the operation and the quality of the work of its committees is assessed based on respective reports for each which had previously been approved.

The Board of Directors' Report which includes, as appendices, the reports of the Executive Committee, Audit Committee, Appointments and Remunerations Committee and Markets and Systems Operating Committee, will be available to all shareholders together with the call of the General Shareholders' Meeting on the Company's corporate website www.bolsasymercados.es.

B.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the Board of the different types of directors:

Yes No

C / RELATED PARTY TRANSACTIONS

C.1 Indicate whether the Board plenary sessions has reserved the right to approve, based on a favourable report from the Audit Committee or any other committee responsible for this task, the transactions which the company carries out with directors, significant shareholders or representatives on the Board, or related parties:

Yes No

In accordance with the provisions of article 28 of the Board of Directors' Regulations, transactions, operations or actions undertaken by Directors and significant shareholders and/or their related parties in their activities on the markets and systems managed by Group companies shall not require prior authorisation, nor shall they be subject to disclosure obligations, provided that they are within the ordinary course of business of the parties involved and on an arm's length basis, without prejudice to compliance with any regulations applicable to transactions with related parties.

C.2 List any relevant transactions entailing a transfer of resources or obligations between the company or its group companies and the significant shareholders in the company:

Name or corporate name of significant shareholder	Name or corporate name of the company or group company	Relationship	Type of transaction	Amount (Thousands of euros)
-	-	-	-	-

C.3 List any relevant transactions entailing the transfer of resources or obligations between the company or its group companies and the company's managers or directors:

Name or corporate name of company managers or directors	Name or corporate name of the company or group company	Relationship	Type of transaction	Amount (Thousands of euros)
-	-	-	-	-

C.4 List any relevant transaction undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose object and conditions set them apart from the company's habitual traffic with respect to its object and conditions:

Name of group company	Brief description of the operation	Amount (thousands of euros)
-	-	-

C.5 Identify any conflicts of interest affecting company Directors pursuant to Article 127 of the Companies Act.

Yes No

Name or corporate name of director	Description of the conflict of interest
All Directors	None have participated in discussions or voting procedures regarding establishing Directors' remuneration dealt with at the General Shareholders' Meeting on 26 April 2007.
Antonio J. Zoido Martínez	Has not participated in discussions or voting procedures on the following matters: <ul style="list-style-type: none"> - Chairman's remuneration dealt with at the Board Meeting on 20 March 2007 and the General Shareholders' Meeting on 26 April 2007. - Report on the performance of his duties as Board's Chairman and CEO, dealt with at the Board Meeting on 20 March 2007. - Provision of services contract between the Chairman and BME, at the Board Meeting on 24 May 2007.
Ignacio Benjumea Cabeza de Vaca	Has not participated in discussions or voting procedures on the following matters: <ul style="list-style-type: none"> - His resignation and re-election dealt with at the Board Meeting on 20 March 2007 and the General Shareholders' Meeting on 26 April 2007. - Ratification of Mr. José Antonio Álvarez as a Director, dealt with at the Board Meeting on 20 March 2007 and the General Shareholders' Meeting on 26 April 2007. - His appointment as member of the Executive Committee, dealt with at the Board Meeting on 26 April 2007.
Javier Alonso Ruiz Ojeda	Has not participated in discussions or voting procedures on the following matters: <ul style="list-style-type: none"> - Ratification of his post dealt with at the Board Meeting on 20 March 2007 and the General Shareholders' Meeting on 26 April 2007. - His appointment as member of the Executive Committee, dealt with at the Board Meeting on 26 April 2007.
José Antonio Álvarez Álvarez	Has not participated in discussions or voting procedures on the following matters: <ul style="list-style-type: none"> - Ratification of his post dealt with at the Board Meeting on 20 March 2007 and the General Shareholders' Meeting on 26 April 2007. - Reelection of Mr. Ignacio Benjumea Cabeza de Vaca as Director, dealt with at the Board Meeting on 20 March 2007. - His appointment as a member of the Appointments and Remunerations Committee, dealt with at the Board Meeting on 26 April 2007.
José Andrés Barreiro Hernández	Has not participated in discussions or voting procedures on the following matters: <ul style="list-style-type: none"> - Approval of the favourable report on the appointment of Mr. Ricardo Laiseca Asla as Director, dealt with at the Appointments and Remunerations Committee meeting on 18 July 2007. - His appointment as First Vice Chairman of the Board of Directors, dealt with at the Board Meeting on 25 July 2007. - Appointment of Mr. Ricardo Laiseca Asla as Director and member of the Markets and Systems Operating Committee, dealt with at the Board Meetings on 25 July and 29 November 2007 respectively.
Ricardo Laiseca Asla	Has not participated in discussions or voting procedures on the following matters: <ul style="list-style-type: none"> - Appointment of Mr. José Barreiro Hernández as First Vice Chairman of the Board of Directors and member of the Executive Committee, dealt with at the Board Meetings on 25 July and 27 September 2007 respectively. - His appointment as member of the Markets and Systems Operating Committee, dealt with at the Board Meeting on 29 November 2007.
Manuel Pizarro Moreno	Has not participated in discussions or the voting procedures on his appointment as member of the Appointments and Remunerations Committee, deal with at the Board Meeting on 29 November 2007.
Mariano Pérez Claver	Has not participated in discussions or the voting procedures on his appointment as member of the Markets and Systems Operating Committee, deal with at the Board Meeting on 29 November 2007.

C.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its Directors, management or significant shareholders.

1.- Conflicts of interest between the company and/or its group and its Directors.

Article 21.c) of the Board of Directors' Regulations states that Directors must not participate in discussions and votes by the Board of Directors and any of its Committees that refer to matters in respect of which the Directors or their related parties have a direct conflicting interest, and they must notify the Board of any such situations. Non-independent external Directors must not participate in votes on matters in which the shareholders who proposed their appointment and the Company have a direct conflicting interest.

Article 26 of these Regulations also establishes that Directors may not use the Company's name or invoke their status as Director to perform transactions on their own account or on the account of related parties. Furthermore, as mentioned in section B.2.3 above, any use of Company assets by Directors which is not made in return for adequate valuable compensation shall require a prior report from the Audit Committee.

In order to avoid possible conflicts of interest, article 21 a) of the Board of Directors' Regulations, stipulates that Directors may not hold office or perform the functions of director, representative, manager, advisor or service provider at competing companies or companies wielding a dominant or controlling position thereupon, without the authorisation of the Board of Directors subject to a prior report by the Appointments and Remunerations Committee.

Additionally, Directors must also notify the Audit Committee before accepting any directorship or management position in another company or entity, as established in article 27 of the Board of Directors' Regulations.

Notwithstanding, members of the Company's Board of Directors are also affected by the obligations established in this respect by the Internal Regulations of Conduct for BME and group employees described below.

2.- Conflicts of interest between the company and its group and its Directors and employees

BME's Internal Regulations of Conduct apply to all employees and members of the Boards of Directors of the Company and its groups. Rule V of these Regulations establishes that Individuals affected must act with due impartiality and in no case place their own interests before those of the Company and their decisions shall be based on what best serves the interests and legally attributed functions of BME.

Section B of Rule V of the Internal Regulations of Conduct states that BME's Directors, senior management and employees shall endeavour to avoid conflicts of interest with BME shareholders, members of or participants in the markets or systems governed or managed by companies belonging to the BME group, or with the issuers of the securities affected listed on those markets or systems or which have applied for listing.

If affected by a conflict of interest, they shall refrain from intervening in or influencing the discussion and taking of decisions concerning the persons or entities to which the direct interest in conflict refers, and shall notify whoever is responsible for decision-making accordingly. Notwithstanding the foregoing, the individuals affected may participate in the discussion and approval of any rules, instructions or decisions that will apply generally to all investors, market members or companies with securities admitted to trading.

All individuals affected by the Internal Regulations of Conduct must notify the Standards of Conduct Unit of any possible conflicts of interest, which may affect them or related parties, as stipulated by the same Internal Regulations of Conduct.

The existence of any conflict of interest must be notified within five days of the moment its becomes known and notification must be given before any decision or measure is taken which may be affected by the existence of this conflict of interests. Individuals affected must keep the information they supply up to date, giving notice of the termination of or any change in the situation of conflict and the emergence of new situations of this type.

Section G of Rule V stipulates that the Standards of Conduct Unit shall be made available to all individuals affected by the Internal Regulations of Conduct to address any doubts concerning possible conflicts of interest and, in the event, the correct action to be taken.

3.- Conflicts of interest between the company and its significant shareholders.

Articles 19.2.b) of the Board of Directors' Regulations and article 7.1b) of the Markets and Systems Operating Committee Regulations stipulate that the Markets and Systems Operating Committee must be cognisant with the procedures established so that normal market conditions and the principle of equal treatment are applied to the transactions, operations and actions which the Company, its Directors or shareholders with significant and stable capital shareholdings perform as issuers, clients or users in the markets and systems managed by Group companies.

C.7 Is more than one Group company listed in Spain?

Yes No

RISK CONTROL SYSTEMS

D.1 Give a general description of risk policy in the company and/or its group, detailing and evaluating the risks hedged by the system, as well as an explanation of how far these systems match the profile of each type of risk.

The inherent risks of the activity carried out by BME Group companies are managed with criteria which allows the Company to pursue its interests and maximise its value, profitability and efficiency along with its other legitimate interests, both public and private, in a way whereby it is able to grow and operate in the markets and systems where Group subsidiaries operate and fulfil the requirements of the Securities Market Law and its provisions.

BME is the owner of companies operating in securities registration, clearing and settlement systems and secondary markets in Spain, and a supplier of value added services, responsible for the unity of action, decision and strategic co-ordination of the afore-mentioned companies.

The coordinated management of the Company is run via seven Business Units, which do not correspond exactly with the legal entities making up the BME group.

As a result of this structure, the management of risks deriving from BME's several activities is carried out on two fronts: Firstly, each Business Unit and Corporate Area have their own systems in place for identifying, measuring, evaluating and managing the risk they incur. And, BME has set up a Coordination Committee responsible for permanent coordination between the Company's business areas and activities and associated companies to which all Business Unit and Corporate Area heads belong.

Additionally, the Internal Audit business area, depends on BME's Audit Committee, keeps an up-to-date Global Risk Map for the Company. In order to draw up and keep the Global Risk Map, risks are classified depending on their importance, matrices are drawn up which include operating processes to manage said risks and the controls in place and residual risk are assessed.

BME is present throughout the whole value chain in the management of several financial markets, exposing it to a variety of risks:

Operating risks: The risk of direct or indirect losses caused by inadequacies or faults committed by procedures, personnel or internal systems or due to external events. Operating risks can be classified according to whether they affect the BME group as a whole or whether they apply exclusively to one of its business areas.

Operating risks affecting all BME business groups and areas include:

- Risk of fraud: The risk of action being committed to bypass the law, causing damage to third parties or to the group itself.
- IT risk: The risk of faults occurring in the IT and electronic systems used by the group, either internally or affecting the market. Such faults could be caused by errors in communications, or hardware or software malfunctions. Includes faults in the collection and dissemination of market information. Risks also include alterations and/or violations of the Company's security systems. Given the nature of its operations, this is considered one of the main risks for the BME group.

Risk of administrative errors: These include errors resulting from miscalculations, deficient execution procedures, manual errors or the failure to keep data bases up to date. They also include errors in invoicing or following up payments.

Risks affecting the Securities Settlement System: Article 44 bis of Law 24/1988, of 28 July of the Securities Market stipulates that IBERCLEAR is Spain's central securities depository, which keeps accounting records and carries out clearing and settlement of securities listed for trading on Spanish stock exchanges, the book-entry public debt market, AIAF and Latibex, the market for Latin American stocks traded in euros.

IBERCLEAR is responsible for the correct upkeep of book entries of securities admitted to trading on the system and ensuring the settlement of market transactions based on fulfilling two of the main governing principles of the Settlement System: the multilaterality and the delivery vs. payment principles.

- **Depository risk.** Incorrect balances being fed into the system vs. balances issued, dual entries, incorrect balances in third-party accounts etc. and which may affect normal operations and the company's reputation at home and abroad as well as the overall system.
- **Inherent risk in the securities settlement system.** There are two types:
 - Insufficient guarantees when settlement is affected: These could arise from an incorrect calculation of deposits and guarantees of each participating entity or the lack of a request or payment from the participating entity to hedge the risk inherent in its transactions.
 - Risk from failure to deliver securities: Due to insufficient hedging mechanisms in the system, centralised lending, share buy back programmes.

The principles governing the buying and selling of securities in the stock markets, settlement via the CADE platform, Public Debt and Fixed Income transactions, are bilateral and, in the event of non-compliance, settlement shall not occur.

Market risks: These are the current or potential risk posed by unfavourable movements in interest rates or changes in prices or share prices, or in variations in trading volumes.

Liquidity or solvency risk: The risk that a group company is unable to meet its payments commitments.

Credit or counterparty risk: The risk of a company debtor failing to meet its payment commitments or a deterioration of its credit rating. We identify two main risks affecting the BME group:

- **Counterparty risk associated with settlement in MEFF:** In its role as the central clearing house, the risk adopted by MEFF as a counterparty of the position of a Owner or Member of MEFF is covered by guarantees requested by MEFF and constituted by the member for said risk.

- Risk deriving from non-payment of invoices or fees.

Environmental risk: Risks relating to regulatory changes, the Company's reputation, sector competency, relations with stakeholders, the political, economic, legal and tax environment, and significant regulatory changes.

The BME Group's risk control system has been drawn up in accordance with international standards. It is based on the following:

1. The Securities Market Law regulates BME Group companies which supply securities registration, clearing and settlement systems and secondary markets in Spain.
2. In keeping with the abovementioned regulation, BME's Accounts and those of its group companies are approved by an external auditor. Likewise, as stipulated by the regulation for each of the markets and registration, clearing and settlement systems, the external auditors shall review the internal control systems and assess the appropriateness of each one.
3. The company has an Internal Audit Business Unit depends on the Audit Committee that operates throughout the BME Group and which acts in keeping with the Framework for Professional Practice of the Institute of Internal Auditors.
4. BME's Group companies are members of the European Association of Central Counterparty Clearing Houses (EACH), the European Central Securities Depositories Association (ECSDA) and the Federation of European Stock Exchanges (FESE). These bodies share a common goal of obtaining greater efficiency and integration in the capital markets based on the best practice recommendations for securities settlement systems put forward by the Bank for International Settlements (BIS) and the International Organization of Securities Commissions (IOSCO).
5. In order to establish common control systems there are regulations governing the different Business Units and areas which dictate basic matters including:
 - a. Financial and accounting matters. The financial and accounting information process for the Financial business area includes:
 - i. A "Procedures and Criteria" Manual which contains valuation regulations, accounting criteria, criteria for inter-group transactions as well as closure and management control instructions.
 - ii. Corporate Accounting Plan.
 - iii. Annual calendar for financial and accounting information.
 - iv. Corporate Order Management and Follow-up procedures.
 - b. Information to markets:
 - i. Policies on the collection, treatment and dissemination of information to the markets.
 - ii. Procedure for drawing up and sending periodical information to Supervisory Bodies.
 - c. IT Security. The IT business area constantly strives to meet the most demanding standards and the sector's best practices. To this end it has:
 - i. A General Security Policy laid down by Group Management, which includes measures to involve all personnel in IT Security.
 - ii. A Security Committee, comprising senior managers from the various business areas and the person in charge of the Security Team, pursuant to regulation ISO/IEC 27001.
 - iii. A Security Team which is responsible for implementing and monitoring the security policies proposed by the Security Committee.
 - iv. A Joint Business Continuity and Contingency team specifically designed to meet the information and trading needs, the breakdown and settlement of securities and transparency to customers which does not affect its structure or make the contingency operations difficult.
 - v. An external technological audit company to detect at system level the vulnerability of all machines which are visible from the internet.
 - vi. Pursuant to BME's General Security Policy, in 2007 MEFF rolled out Version 1.0 of an IT Security, Availability and Continuity Policy which incorporates certain recommendations regarding the management and control of network terminals related to the Company's specific activity.
6. BME's Board of Directors approved the Company's Internal Regulations of Conduct which applies to all members of the Boards of Directors and employees of all group companies, and establishes the duties they are liable to perform in the area of confidentiality and integrity. The Regulations apply to certain conduct regulations which have been approved by BME group companies.
7. Given the particular nature of the activities carried out and the risks managed, the group companies have set up Risk Committees. IBERCLEAR's Board of Directors agreed to set up a Technical Risk Committee to assess, follow up and put forward proposals on the development and roll-out of an Security Settlement Risk Management Action Plan following the introduction of Royal Decree 363/2007, of 16 March which amends Royal Decree 116/1992, of 14 February regarding the book entry of securities and the clearing and settlement of security transactions. Likewise, MEFF's Risk Committee assesses risk management and every month its Central Clearing House is assessed using stress testing methodology (IOSCO).
8. Liquidity management is standard throughout the BME group and the criteria established by the Company's Board of Directors is followed. The conditions under which the Company should effect the purchase of assets, the terms of these operations and authorisation levels are specified therein. The main objective is to prioritise security and minimise investment risk, and this rules out the possibility of effecting speculative operations.
9. The Company also has in place a Communication Procedure regarding deficiencies in the risk control and management systems which has been approved by the Audit Committee whereby Company personnel may anonymously report any irregularity in the internal control and risk management systems.

D.2 Indicate whether the company has been exposed to different types of risk (operational, technological, financial, legal, reputational...) during the year:

Yes No

Indicate the circumstances and whether the established control systems worked adequately:

Of the risks covered by the system, as mentioned in D.1 above, of particular note is IT risk. Given that the risk management system is constantly being reviewed, action plans and safety policies at drawn up for some Business Units which, as well as complying with BME's policies, include recommendations regarding environments, tasks or devices which are specific to that Business Unit.

In the event of incidences regarding this risk, the internal and external prevention, information and control mechanisms have worked efficiently and the effects of said incidences were mitigated and even eliminated. We therefore consider that the risk management systems operate satisfactorily.

D.3 Indicate whether there is a committee or other governing body in charge of establishing and supervising these control systems:

Yes No

Explain its duties:

Name of Committee or Body	Duties
Board of Directors and Executive Committee	<p>The Board of Directors is the Company's most senior governing and administrative body in charge of the general function of driving, directing and supervising matters that are of particular importance to the group, pursuant to article 7 of the Board of Directors' Regulations which refers to the general duties of this governing body.</p> <p>Among these functions, the Board of Directors shall be responsible for identifying the Company's main risks and supervising the internal control systems, as well as the internal audit system.</p> <p>In addition to the responsibilities delegated to it by the Board of Directors, the Executive Committee is also responsible for the continuous monitoring and supervision of the administration and day-to-day management of the Company, also ensuring that there is adequate coordination between group companies for their mutual benefit and that of the Company.</p>
Audit Committee	<p>The Audit Committee provides the Board of Directors with additional support in identifying the Company's main risks and supervising its internal control systems.</p> <p>Pursuant to articles 35 of the Articles of Association and 17 of the Board of Directors' Regulations, the Audit Committee shall have the following responsibilities:</p> <ul style="list-style-type: none"> -To supervise the Company's internal audit services. To this end, the Committee shall monitor the independence and efficiency of the internal audit functions, receiving periodical information in regard to its activities and verifying that senior management takes into consideration the conclusions and recommendations of its reports. - As stated in D.2. above regarding the BME Group's risk control systems, the Company has in place a communication procedure regarding deficiencies in the risk control and management systems which are directly supervised by the Audit Committee. - The Audit Committee must also be cognisant with the Company's financial information process and internal control system, which shall be reviewed by the committee at least once a year to ensure that the main risks are adequately identified, managed and reported.
Markets and Systems Operating Committee	<p>Pursuant to articles 37 of the Articles of Association and 19 of the Board of Directors' Regulations, the Markets and Systems Operating Committee shall have the following functions:</p> <ul style="list-style-type: none"> - Analyse and monitor the procedures and regulations set forth by group companies for the correct operation of the markets and systems managed thereby. - To be cognisant with the application of the Internal Regulations of Conduct of the Company and its Group, periodically receiving information in this regard from the Standards of Conduct Committee.

D. 4 Identify and describe the processes for compliance with the regulations applicable to the company and/or its group.

BME Group companies supply securities registration, clearing and settlement systems and secondary markets in Spain. These activities are regulated by the Securities Market Law and its provisions. This was modified in 2007 in order to introduce the European directives on financial instrument markets, organisational requirements and operating conditions for investment companies and the terms defined in those directives into the Spanish legal framework, as well as other regulations.

Each Business Unit of the Company is responsible for compliance with regulations applicable to the sector and has developed the legally-required internal rules and procedures to ensure this compliance. The Internal Audit Committee is responsible for ensuring that each Business Unit complies with the above. It is also responsible for assessing and improving the efficiency of the management and risk control processes as well as carrying out the internal procedures of each Business Unit.

The Company's General Secretary and Secretary of the Board are responsible for ensuring that the Business Units comply with the above.

E /

THE GENERAL SHAREHOLDERS' MEETING

E. 1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the Company's Articles of Association. Describe any differences from the minimum regime set out in the Companies Act. (LSA).

Yes No

E.2 Indicate and describe the differences required for adopting shareholder agreements from the minimum regime set out in the Companies Act. (LSA):

Yes No

E.3 List all shareholders' rights regarding the General Shareholders' Meetings other than those established under the Companies Act.

Shareholders' rights under the Company's Articles of Association and the Shareholders' Meeting regulations are the same as those established by the Companies Act.

The main rights of BME's shareholders are as follows:

1. Information's right once a General Shareholders' Meeting has been called

As stipulated by article 13 of the Company's Articles of Association and sections 1 and 2 of article 11 of the Shareholders' Meeting Regulations once a shareholders' meeting has been called, any shareholder may:

- obtain from the Company at its registered office, immediately and free of charge, the annual financial statements, the proposed distribution of earnings, the directors' report and the auditors' report and the annual report on corporate governance. In addition, the Annual Report on Corporate Governance shall also be made available to shareholders.
- examine at the Company's registered office the proposals, the reports and the other documentation that must be made available in accordance with the Articles of Association and applicable legislation, as well as the text of any other draft resolutions approved by the Board of Directors at that time or, if applicable, presented by the shareholders requesting the General Meeting to be called as required by law. In such cases as may be legally applicable, shareholders may also request that the full text of the documents made available to them at the Company's registered office be delivered or sent to them at no charge.

Also, article 13 of the Company's Articles of Association and section 3 of article 11 of the Shareholders' Meeting Regulations establish that from the date of publication of the notice calling the Shareholders' Meeting to the seventh day before the date set for the meeting at first call, shareholders may:

- request in writing such information or clarification as they deem necessary, or submit such written questions as they see fit, on the items included on the Agenda.
- request information or clarifications or submit written questions on any publicly accessible information furnished by the Company to the CNMV since the date of the preceding General Shareholders' Meeting.

In requests for information, shareholders shall include their full name and provide proof of the number of shares held in order to match this with the information in the Company's shareholder register, as provided for in the Articles of Association.

Directors must provide the information requested pursuant to the preceding paragraphs in the form and within the period established by law, except in the cases where (i) it has been requested by shareholders representing less than twenty-five percent (25%) of share capital and, in the opinion of the Chairman, disclosure of the information could be detrimental to the Company's interests; (ii) the request for information or clarification does not refer to items on the Agenda or the publicly available information provided by the Company to the CNMV since the date of the preceding Shareholders' Meeting; (iii) for any reason, the information requested is considered abusive; or (iv) if there is no legal or statutory requirement to do so.

All such requests for information may be delivered at the registered office or sent to the Company by mail, and, from the 2007 General Shareholders' Meeting, by e-mail.

Pursuant to article 10 of the Shareholders' Meeting Regulations, the Company's website shall contain all information relative to the call of the General Shareholders' meeting and to the exercise of the information rights by the shareholders.

2. Right to include items in the agenda of the Shareholders' Meeting notice.

Pursuant to article 11.3 of the Company's Articles of Association and article 9.4 of the Shareholders' Meeting Regulations, any shareholder representing at least 5% of share capital may request the publication of a supplementary call of the General Shareholders' Meeting to add one or more items to the Agenda .

This right must be exercised by submitting due notice thereof to the Company's registered office within five days of publication of the notice of the meeting.

BME shall publish the supplementary Meeting call least fifteen days before the date set for the Meeting .

3.- Attendance's right.

As stipulated in article 15 of the articles of Association and article 12.1 of the General Shareholders' Meeting Regulations, all Company shareholders may attend the General Shareholders' Meeting regardless of the number of shares they own.

4.- Voting rights

Shareholders entitled to attend and vote may cast their votes on resolutions relating to business on the Agenda as provided for in the Articles of Association, the Shareholders' Meeting Regulations, and in such supplemental and enabling provisions as may be established by the Board of Directors.

Furthermore, pursuant to article 21.3 of the Company's articles of Association and article 19.8 of the Shareholders' Regulations shareholders may cast their votes on resolutions relating to business on the Agenda by mail or electronic communication.

In this regard, at its meeting on 20 March 2007, the Board of Directors adopted the appropriate rules, measures and procedures to supplement the provisions of the Shareholders' Meeting Regulations for exercising the right to vote by means of remote communication, and ruled that from the 2007 General Shareholders' Meeting shareholders would be able to exercise this right by mail or electronic means.

All information regarding the procedures established by the Company for exercising this right via means of remote communication shall be made available to shareholders from the date the General Shareholders' Meeting is announced and on the Company's corporate website: www.bolsasymercados.es.

5.- Representation's right.

According to article 16 of the Articles of Association and article 12.3 of the Shareholders' Meeting Regulations, all shareholders entitled to attend the Shareholders' Meeting may appoint another shareholder with the right to attend to represent them thereat, or any member of the Board of Directors or the Secretary or Deputy Secretaries to the Board, whether they are directors or not.

Proxies must be granted in writing specifically for each Meeting, using the formula specified by the Company for each Meeting which shall be included in the attendance card or, as appropriate, by means of remote communication.

Furthermore, as indicated above, the Board of Directors has adopted the appropriate rules, measures and procedures to supplement the provisions of the Shareholders' Meeting Regulations to allow representation by means of remote communication, in the same terms established for exercising voting rights by means of remote communication.

All information regarding the procedures established by the Company for exercising this right via means of remote communication shall be made available to shareholders from the date the General Shareholders' Meeting is announced and on the Company's corporate website, www.bolsasymercados.es.

E.4 Indicate the measures adopted to encourage the participation of shareholders in the General Shareholders' Meetings.

Article 1 of the General Shareholders' Meeting Regulations stipulates that its purpose is to guarantee and assist the exercising of the shareholders' rights in relation to the General Shareholders' Meeting.

In this regard, the Board of Directors has an express duty to facilitate shareholder participation in General Shareholders' Meetings under the Company's General Shareholders' Meeting Regulations. Article 30.1 of these Regulations stipulates that the Board of Directors is responsible for ensuring that it makes all the information required by law and under the Articles of Association available to shareholders when a General Shareholders' Meeting is called. Similarly, it shall respond with the utmost diligence to all requests for information submitted prior to the General Shareholders' Meeting or in questions asked at the Meeting thereat.

For the same purpose, the General Secretary and the Secretary of the Board of Directors shall issue an attendance card using information from the shareholders' register.

As mentioned above, to promote participation in shareholders' meetings from the 2007 General Meeting, shareholders are now able to exercise their voting rights and appoint proxies by remote means of communication pursuant to article 21.3 of the Company's Articles of Association and article 19.8 of the General Shareholders' Meeting Regulations, and the rules and procedures approved by the Board of Directors for this purpose.

The General Secretary and the Board Secretary, in conjunction with the Financial Department, has set up a permanent and straightforward communication channel, through the Shareholder Attention Service, allowing shareholders to express any doubts regarding the economic-financial, corporate information and the General Shareholders' Meetings. Shareholders may use this service to submit any suggestions, observations or comments they wish.

Also, the BME corporate website under "Information for shareholders and investors" section, guarantees to all shareholders the easy and quick access to the legal and economic-financial information. Through this section, all information regarding the General Shareholders' Meetings shall be made available to shareholders from the date its call is announced.

E.5 Indicate whether the General Shareholders' Meeting is presided by the Chairman of the Board of Directors. List the measures, if any, adopted to guarantee the independence and correct operation of the General Shareholders' Meeting:

Yes No

Describe the measures

Article 18 of the Articles of Association and article 14 of the Shareholders' Meeting Regulations stipulate that the General Meeting shall be chaired by the Chairman of the Board of Directors.

To guarantee the independence and correct operation of the General Shareholders' Meeting, the extraordinary General Shareholders' Meeting held on 5 June 2006 approved the General Shareholders' Meeting Regulations which came into force on 14 July 2006, the date BME's shares were admitted for trading.

The purpose of these Regulations is to establish the principles of organisation and operation of the Company's General Shareholders' Meeting in order for it to fulfil its functions as the Company's supreme governing body as well as to guarantee and assist the exercising of the shareholders' rights in relation to the General Shareholders' Meetings. Therefore, BME's General Shareholders' Meeting Regulations guarantee the correct operation of the General Shareholders' Meeting

E.6 Indicate the amendments, if any, made to the General Shareholders' Meeting Regulations during the year.

BME's General Shareholders' Meeting Regulations were not amended in 2007.

E.7 Indicate the attendance figures for General Shareholders' Meetings held in 2007:

Date of General Shareholders' Meeting	Details of attendance			% remote voting		Total
	% attending in person	% attending by proxy	Electronic votes	Other		
25/04/2007	25.893%	36.635% (*)	0.002%	1.344%	63.874%	

(*) Of all shareholders attending by proxy, 2,346 holders of 17,768,766 shares representing 21.250% of the share capital, used remote voting methods to delegate their vote.

E.8 Briefly describe the resolutions adopted at the General Shareholders' Meetings held during the year and the percentage of votes by which each resolution was passed.

At BME's General Shareholders' Meeting held on 26 April 2007 at second call, the following agreements were adopted:

1. Approval of the individual and consolidated annual accounts (balance sheet, income statement and notes to the financial statements) and the management report of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., and of the performance of the Board of Directors for the year ended 31 December 2006.

Votes in favour:	53,392,056
Votes against:	11,722
Abstentions:	2,680
Blank votes:	1,954

The agreement was passed with 99.969% of the votes in favour.

2. - Distribution of earnings for the year ended 31 December 2006.

Votes in favour:	53,393,316
Votes against:	11,830
Abstentions:	1,507
Blank votes:	1,759

The agreement was passed with 99.972% of the votes in favour.

3.1 Removal and re-election of Mr. Ignacio Benjumea Cabeza de Vaca as member of to the Board of Directors for a four-year term as specified in Article 38.1 of the Company's Articles of Association.

Votes in favour:	52,951,142
Votes against:	432,173
Abstentions:	23,064
Blank votes:	2,033

The agreement was passed with 99.144% of the votes in favour.

3.2 Ratification as member of the Board of Mr. José Antonio Álvarez Álvarez, appointed by the Board of Directors via co-option on 21 September 2006, for a four-year term as specified in Article 38.1 of the Company's Articles of Association.

Votes in favour:	52,950,087
Votes against:	431,550

Abstentions:	24,163
Blank votes:	2,612

The agreement was passed with 99.142% of the votes in favour.

3.3 Ratification as member of the Board of Mr. Javier Alonso Ruiz-Ojeda, appointed by the Board of Directors via co-option on 21 September 2006, for a four-year term as specified in Article 38.1 of the Company's Articles of Association.

Votes in favour:	52,950,170
Votes against:	431,550
Abstentions:	23,983
Blank votes:	2,709

The agreement was passed with 99.142% of the votes in favour.

4. Approval of the Chairman's remuneration pursuant to Article 40 of the Company's Articles of Association.

Votes in favour:	53,371,699
Votes against:	7,999
Abstentions:	25,087
Blank votes:	3,627

The agreement was passed with 99.931% of the votes in favour.

5. Approval of Directors' remuneration pursuant to Article 40 of the Company's Articles of Association.

Votes in favour:	53,370,838
Votes against:	7,994
Abstentions:	26,015
Blank votes:	3,565

The agreement was passed with 99.930% of the votes in favour.

6. Reappointment of Deloitte, S.L. as auditors of the Company's accounts and of the consolidated Group accounts for a period of one year, pursuant to article 204 of the consolidated text of the Ley de Sociedades Anónimas ("the Companies Act").

Votes in favour:	53,368,669
Votes against:	16,515
Abstentions:	21,464
Blank votes:	1,764

The agreement was passed with 99.926% of the votes in favour.

7. Authorisation for the Board of Directors to effect the derivative acquisition of treasury shares, directly or via Group companies, pursuant to article 75 of the Companies Act, establishing the limits and requirements for these acquisitions and delegating to the Board of Directors the necessary powers to execute the resolutions passed at the Shareholders' Meeting in this respect.

Votes in favour:	53,402,544
Votes against:	1,923
Abstentions:	2,126
Blank votes:	1,819

The agreement was passed with 99.989% of the votes in favour.

8. Delegation of powers to formalise, rectify, clarify, construe, define, supplement, implement and execute as a deed the adopted resolutions.

Votes in favour:	53,402,310
Votes against:	2,043
Abstentions:	1,796
Blank votes:	2,263

The agreement was passed with 99.989% of the votes in favour.

E.9 Indicate, if appropriate, the minimum number of shares required to attend the General Shareholders' Meeting.

Yes No

E.10 Indicate and explain the policies pursued by the company with reference to proxy voting at the General Shareholders' Meeting.

The right of shareholders to attend the General Shareholders' Meeting by proxy are set out in article 16 of the Company's Articles of Association and article 12 of the General Shareholders' Meeting Regulations.

All right of shareholders entitled to attend the Shareholders' Meeting may appoint another shareholder with the right to attend to represent them thereat, or any member of the Board of Directors or the Secretary or Deputy Secretaries to the Board, whether they are directors or not.

Proxies must be granted in writing specifically for each Meeting, using the formula specified by the Company for each Meeting which shall be included in the attendance card or, as appropriate, by means of remote communication as provided for herein and under the supplementary rules thereon for each Meeting.

For the same purpose, the General Secretary and the Secretary of the Board shall issue an attendance card.

In any event, regardless of whether proxies are voluntary or legal or appointed in response to public solicitation, shareholders may only be represented at a General Shareholders' Meeting by one proxy holder. However, when legally possible, provided there are sufficient guarantees of transparency and security, the Company may allow votes to be split so that the proxies attending and recognised as shareholders but acting on behalf of their clients, may cast votes as per their instructions.

A proxy may be revoked at any time. Personal attendance at the Shareholders' Meeting by the grantor of a proxy shall be deemed to constitute a revocation of the proxy.

In the event of public solicitation of proxy appointment, the document recording the appointment must contain the Agenda or have it attached to it, together with the request for instructions for exercising the right to vote and the indication of how the proxy holder will vote if precise instructions are not given. A public solicitation will be deemed to have taken place when a single person represents more than three shareholders. The proxy appointment may also include any business that may be legally transacted at the meeting even if it is not on the agenda included in the notice of the Meeting.

If there are no voting instructions because resolutions to be adopted at the Meeting are on matters that legally do not have to be included in the Agenda, the proxy holder may cast his vote in the manner he considers best suits the interests of the shareholder he represents. The attendance card also permits shareholders to instruct their proxies to abstain from questions not included in the Agenda.

If the grantor of the proxy has issued instructions, the proxy holder may vote otherwise should circumstances arise that were not known at the time the instructions were given and there is a risk of jeopardising the interests of the proxy grantor.

In both these cases, the proxy holder must inform the proxy grantor immediately, in writing, explaining the reasons for the vote.

In cases where a Director has publicly solicited appointment as a proxy and faces a conflict of interest when exercising the right to vote of the shares for which he holds the proxy with regard to the proposal being put to the vote, the proxy grantor may resolve this situation by giving instructions for the substitution of the proxy. This instruction may be included in the attendance card.

As indicated in E.3 above, in accordance with article 21.3 b) of the Company's Articles of Association and article 19.8.c) of the General Shareholders' Meeting Regulations, shareholders were able to appoint proxies using remote means of communication from the 2007 Ordinary General Shareholders' Meeting.

E.11 Indicate whether the company is aware of the institutional investors' policy on whether or not to participate in the company's decision-making.

Yes No

E.12 Indicate the address and mode of access to corporate governance content on your website.

The address of BME's corporate website is www.bolsasymercados.es; the "Information for shareholder and investors" section contains all relevant information on corporate governance.

F / DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS.

Indicate the degree of the company's compliance with Corporate Governance recommendations or where applicable, it has not followed such recommendations.

Should the company not comply with any of the afore-mentioned recommendations, explain the recommendations, rules, practices or criteria the company applies.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

Complies Explain

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:
 - a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
 - b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7.

Complies Complies partially Explain Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:
 - a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;
 - b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
 - c) Operations that effectively add up to the company's liquidation.

Complies Complies partially Explain

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Complies Explain

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

- a) The appointment or ratification of directors, with separate voting on each candidate;
- b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: B.8.

Complies Complies partially Explain

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4.

Complies Explain

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies Complies partially Explain

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

a) The company's general policies and strategies, and in particular:

- i) The strategic or business plan, management targets and annual budgets;
- ii) Investment and financing policy;
- iii) Design of the structure of the corporate group;
- iv) Corporate governance policy;
- v) Corporate social responsibility policy;
- vi) Remuneration and evaluation of senior officers;
- vii) Risk control and management, and the periodic monitoring of internal information and control systems;
- viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses;

See section: B.1.14.

- ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions;

See section: B.1.14.

- iii) The financial information listed companies must periodically disclose;
- iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

See section: B.1.14.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
2. They go through at market rates, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the board in full.

See sections C.1 and C.6.

Complies Complies partially Explain

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen member.

See section B.1.1.

Complies Explain

10. External directors, non-independent external and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14.

Complies Complies partially Explain

11. In the event that some external director can be deemed neither non-independent external nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.

See section: B.1.3.

Complies Complies partially Explain

12. That among the external directors, the relation between propriety members and independents should match the proportion between the capital represented on the board by the propriety directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of non-independent external directors is greater than would strictly correspond to the total percentage of capital they represent:

- 1 In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested;
- 2 In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies Explain

13. The number of independent directors should represent at least one third of all board members.

See section: B.1.3.

Complies Explain

At 31 December 2007 the BME Board of Directors comprised 15 members of which four, representing 26.66% of the total, were independent directors. At the present time, the number of members of the Board of Directors has fallen to 14 of which four, representing 28.57% of the total, are independent directors.

This number of independent Directors is considered sufficient for the Board of Directors to carry out its activities in keeping with the social interest of the first stage of BME as a listed company, having understood that the maintenance of the predominance of non-independent external (proprietary) Directors on the Board, who have wide knowledge of the Company and the sector in which it carries out its activities, will be very beneficial to the Company. In this regard, the Board of Directors believes it has carried out its responsibilities efficiently and actively during this time.

In any event, the Company is aware of the importance of gradually increasing the number of independent Directors on its Board of Directors. Therefore, after 18 months as a listed company, at a meeting held on 29 November, 2007, the Appointments and Remunerations Committee analyzed the suitability of beginning with the definition of the selection procedures for candidates to be appointed independent directors and, more specifically, to begin the process of assessing and defining the criteria these candidates must meet, in such a way that the procedure of selection of the same ones complies with the rigour and comprehensiveness necessary to guarantee their absolute independence.

14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of non-independent external directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a non-independent external directorship.

See sections B.1.3 and B.1.4.

Complies Complies partially Explain

15. When women directors are few or non-existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

- a) The process of filling board vacancies has no implicit bias against women candidates;
- b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

See sections: B.1.2, B.1.27 and B.2.3.

Complies Complies partially Explain Not applicable

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

See section: B.1.42.

Complies Complies partially Explain

17. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

See section: B.1.21.

Complies Complies partially Explain Not applicable

The Board of Directors considers that the measures described in section B.1.21 of this report guarantee the proper operation of the Board of Directors. These include the establishment by the Board of Directors in plenary sessions of an annual calendar for ordinary meetings at the commencement of each year, the requirement to hold a minimum of nine meetings a year and the proviso stating that the Chairman shall call a Board Meeting or include new items on the Agenda at the request of at least four Directors.

All these measures guarantee that the Board of Directors shall annually hold the necessary meetings to be able to carry out the promotion, management and supervisory functions established in the Company's internal regulations and debate on the issues its members consider relevant to the Company.

At the same time, the Appointments and Remunerations Committee, chaired by an external independent director, prepares an annual report on the performance of the Board's Chairman and BME's Chief Executive Officer.

The involvement of the Appointments and Remunerations Committee in drawing up, approving and submitting to the Board the annual report on the performance of the Board's Chairman and CEO guarantees the independence of the assessment process.

18. The Secretary should take care to ensure that the board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a board meeting in full; the relevant appointment and removal procedures being spelled out in the board's regulations.

See section: B.1.34.

Complies Complies partially Explain

Article 14.2.b) of the Board of Director's Regulations, states that the Secretary of the Board of Directors, or, in his or her place, the Deputy Secretary, shall be responsible for the functions included the first part of this recommendation.

The procedure for appointing and removing the Secretary is not established in the Board of Directors Regulations. Notwithstanding the above, in practice and in keeping with this recommendation, in 2007 the proposal to appoint a Deputy Secretary of the Board of Directors was reported by the Appointment and Remunerations Committee prior to its approval by the Board of Directors in full. This procedure shall be applied in the future to all appointments and removals of the Secretary or Deputy Secretary of the Board of Directors.

19. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29.

Complies Complies partially Explain

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30.

Complies Complies partially Explain

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Complies Complies partially Explain Not applicable

22. The board in full should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the board's operation;
- b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;
- c) The performance of its committees on the basis of the reports furnished by the same.

See section: B.1.19.

Complies Complies partially Explain

23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's remit. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42.

Complies Explain

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41.

Complies Explain

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Complies Complies partially Explain

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

See sections B.1.8, B.1.9 and B.1.17.

Complies Complies partially Explain Not

The Board of Directors' Regulations include various sections on the regulation of the Directors' duties and, in particular, the need to devote sufficient time and effort to perform their duties effectively.

In this regard, BME complies with section a) of this Recommendation as article 21.a) of the Board of Directors' Regulations states that the Appointments and Remuneration Committee must be informed of all professional commitments which may impede the Director from efficiently carrying out his functions. In keeping with this obligation, article 27 of the Regulations states that directors must notify the Company, via its Chairman, of any positions they hold at other companies or entities, and before accepting any directorship or management position in another company or entity, and should inform the Audit Committee of their intention to do so.

With regard to establishing rules on the number of directorships that the members of the BME's Board of Directors may hold, as indicated in section B.1.9 of this report, the Board of Directors' Regulations limits the participation of its independent and executive directors in other Boards of Directors but does not establish a limit on the number of directorships that the non-independent external Directors may hold.

The lack of limits placed on its non-independent external directors is justified, in view of the Company, by the fact that their appointment is put forward by the significant shareholder which they represent based on their knowledge and professional experience in the sector in which the Company operates.

In any event, the Appointments and Remunerations Committee, in compliance with its obligation to previously report on the appointment of a non-independent external Director, may deem that the candidate's other professional obligations could impede him from effectively carrying out his functions as a Director.

27. The proposal for the appointment or renewal of directors which the board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) On the proposal of the Nomination Committee, in the case of independent directors;

b) Subject to a report from the Nomination Committee in all other cases.

See section B.1.2.

Complies Complies partially Explain Not

28. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional experience and background;

b) Directorships held in other companies, listed or otherwise;

c) An indication of the director's classification as executive, non-independent external or independent; in the case of non-independent external directors, stating the shareholder they represent or have links with;

d) The date of their first and subsequent appointments as a company director, and;

e) Shares held in the company and any options on the same.

Complies Complies partially Explain Not

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2.

Complies Explain

30. Non-independent external directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to non-independent external directors, the latter's number should be reduced accordingly.

See sections: B.1.2, B.1.5 and B.1.26.

Complies Explain

31. The Board of Directors should not propose the removal of any independent director before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her

fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26.

Complies Explain

32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Public Limited Companies Law, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44.

Complies Complies partially Explain

33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation. When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the Secretary of the board; director or otherwise.

Complies Complies partially Explain Not applicable

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5.

Complies Complies partially Explain Not applicable

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

a) The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;

b) Variable components, in particular:

i) The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items;

ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;

iii) The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and

iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount of annual equivalent cost.

d) The conditions to apply to the contracts of executive directors exercising senior management functions. Among them:

i) Duration;

ii) Notice periods; and

iii) Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15.

Complies Complies partially Explain

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3.

Complies Explain

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Complies Explain

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies Complies partially Not applicable

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Complies Complies partially Not applicable

40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 34, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16.

Complies Complies partially Explain

Even though we cannot state that BME fully complies with this recommendation, the company's remuneration policy is more detailed than this recommendation.

The Board's remuneration policy is highly transparent as the Board's remuneration is set at the General Shareholders' Meeting. See articles 40 of the Articles of Association and 29 of the Board of Directors Regulations in this regard.

In this regard and subsequent to a report by the Appointments and Remunerations Committee, the Board of Directors shall submit for proposal at the General Shareholders' Meeting issues regarding Directors' remuneration and even the remuneration for the Company's Chairman and Chief Executive Officer. The process by which Directors' remuneration is determined is described in section B.1.14 of this report.

Therefore, the Board of Directors has deemed that the above policy excuses the need to submit to a vote the remunerations policy approved by the Board, with the prior report issued by the Appointments and Remunerations Committee.

Notwithstanding the above, the Board of Directors has provided shareholders with a report on Directors' remuneration for 2007 which includes the Board of Directors' remuneration for 2007 as agreed at the General Shareholders' Meeting held on 26 April 2007

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:
- a) A breakdown of the compensation obtained by each company director, to include where appropriate:
 - i) Participation and attendance fees and other fixed director payments;
 - ii) Additional compensation for acting as chairman or member of a board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - v) Any severance packages agreed or paid;
 - vi) Any compensation they receive as directors of other companies in the group;
 - vii) The remuneration executive directors receive in respect of their senior management posts;
 - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
 - b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:
 - i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
 - c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Complies Complies partially Explain

42. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Executive Committee. See sections: B.2.1 and B.2.6.

Complies Complies partially Explain Not applicable

43. The board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Complies Complies partially Not applicable

BME's Executive Committee keeps the Board of Directors informed, through its Chairman, on all matters discussed at its meetings and, where appropriate, the decisions taken. This is without prejudice to Directors requesting a copy of the minutes of these meetings as additional information to prepare sufficiently for the Board meetings.

In keeping with this Recommendation and the decision taken by the Executive Committee on 20 February 2007, all Board members shall receive a copy of the minutes of the Executive Committee's meetings as of 1 January 2008.

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation;
- c) Committees should be chaired by an independent director;
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties;

e) Meeting proceedings should be minuted and a copy sent to all board members.
See sections: B.2.1 and B.2.3.

Complies Complies partially Explain

The rules governing the composition and functions of the Audit Committee and Appointments and Remunerations Committee as set out in articles 35 and 36 of the Company's Articles of Association and articles 17 and 18 of the Board of Directors Regulations, respectively, deal with all issues regarding the appointment, composition, chairmanship and advisory role referred to in this Recommendation except for the delivery of the minutes of the Audit Committee's meetings to all directors.

As with the Executive Committee, the Audit Committee shall keep the Board of Directors permanently informed of all matters dealt with at its meetings, particularly any decisions taken regarding its responsibilities.

In keeping with this Recommendation and the decision taken by the Executive Committee on 20 February 2007, all Board members shall receive a copy of the minutes of the Audit Committee's meetings as of 1 January 2008.

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Complies Explain

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Complies Explain

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Complies Explain

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Complies Explain

49. Control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of risk events should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies Complies partially Explain

50. The Audit Committee's role should be:

1 With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles;
- b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed;
- c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- d) Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with

potentially serious implications for the firm.

2 With respect to the external auditor:

- a) Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement;
- b) Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendation.
- c) Monitor the independence of the external auditor, to which end:
 - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same;
 - ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.
- d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B. 2.2 B.2.3 and D.3.

Complies Complies partially Explain

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior office.

Complies Explain

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

- a) The financial information that listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review;
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections B.2.2 and B.2.3

Complies Complies partially Explain

53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: B.1.38.

Complies Complies partially Explain

54. The majority of Nomination Committee members - or Nomination and Remuneration Committee members as the case may be - should be independent directors.

See section: B.2.1.

Complies Complies partially Explain

As stated in section B.2.1., at 31 December 2007 the Appointments and Remunerations Committee comprised three members, all external directors - one non-independent external, one "other external" and an independent director-. The Board appointed an external independent director as Chairman of this Committee.

This composition meets the requirements set out in articles 36 of the Articles of Association and 18 of the Board of Directors Regulations.

The Board of Directors believes that the composition of the Appointments and Remunerations Committee is appropriate in order to carry out the functions for which it is responsible as, when comprising the Committee, the Board has taken into account the knowledge and experience of the Directors regarding issues for which the Committee is responsible.

In this regard, it was deemed that this knowledge and experience would guarantee the independence of their action in carrying out the tasks entrusted. Proof of this is, in those cases where professional ties could have affected the decisions taken, those members of the Appointments and Remunerations Committee did not discuss or vote on said issues.

55. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties;
- b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner;
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board;
- d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3.

Complies Complies partially Explain Not applicable

The responsibilities of BME's Appointments and Remunerations Committee, as a Board Committee, are those of its Board members. The responsibility to establish an organisational structure which guarantees the utmost efficiency of its senior management and its management team in general is granted in the Board of Directors' Regulations to the plenary session of the Board of Directors, notwithstanding that the latter may, when it deems convenient and appropriate for the correct execution of its functions, seek advice from the Appointments and Remunerations Committee.

56. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Complies Complies partially Explain Not applicable

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding:
 - i) The remuneration policy for directors and senior officers;
 - ii) The individual remuneration and other contractual conditions of executive directors;
 - iii) The standard conditions for senior officer employment contracts.
- b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14, B.2.3

Complies Complies partially Explain Not applicable

The Appointments and Remunerations Committee's responsibilities with regard to the senior management are limited to being cognisant with the structure and policy for the senior management pay and incentives, monitoring the decisions taken and criteria applied on the matter at the Group companies although the Board of Directors may, when it deems convenient and appropriate for the correct execution of its functions, seek advice from the Appointments and Remunerations Committee.

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies Complies partially Explain

G / OTHER INFORMATION OF INTEREST

Indicate if any independent director has or has had a relationship with the company, its significant shareholders or directors, which was or is sufficiently significant or important to not consider said director as an independent pursuant to the definition included in section 5 of the Unified Good Governance Code.

Yes No

This annual corporate governance report was approved by the Company's Board of Directors at its session held on 25 march 2008.