June

Company financing - Capital increases

06

2013

ACERINOX	amper	bankinter
57.2 € Million	**10** € Million	**0.5** € Million
REA cartera industrial	Ercros	FAES GRUPO
2.7 € Million	**0.4** € Million	**4.8** € Million
JAZZTEL	PRISA	REPSOL
2 € Million	**0.1** € Million	**330.8** € Million

Annual Accounts

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain an of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 26). In the event of a discrepancy, the Spanish-language version prevails.

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This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

AUDITOR'S REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.:

We have audited the consolidated annual accounts of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (the Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet at 31 December 2013, the consolidated income statement, the consolidated statement of other comprehensive income, the total consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in Note 1.b, the Directors of the Company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with the legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated financial position of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and its subsidiaries at 31 December 2013 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

The accompanying consolidated directors' Report for 2013 contains the explanations which the Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.'s Directors consider appropriate regarding the group's situation, the development of its business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated directors' Report is in agreement with that of the consolidated annual accounts for 2013.Our work as auditors is limited to checking the consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by

Julián González Gómez
Partner

28 February 2014

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

BOLSAS Y MERCADOS ESPAÑOLES GROUP
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013 AND 2012
(Thousands of euros)

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 26). In the event of a discrepancy, the Spanish-language version prevails.

ASSETS	Notes	31/12/2013	31/12/2012 (*)
NON-CURRENT ASSETS			
Intangible assets		**89,637**	**90,499**
Goodwill	5	82,190	82,190
Other intangible assets	5	7,447	8,309
Property, plant and equipment	**6**	**44,694**	**47,407**
Investment properties		-	-
Investments in associates	**2**	-	**876**
Non-current financial assets	**7**	**21,797**	**29,603**
Deferred tax assets	**16**	**8,103**	**7,477**
Other non-current assets		-	-
		164,231	**175,862**
CURRENT ASSETS			
Non-current assets held for sale		-	-
Trade and other receivables-		**76,350**	**76,252**
Trade receivables	8	19,696	20,947
Current tax assets	8	55,208	54,167
Other receivables	8	1,446	1,138
Current financial assets	**7**	**97,158**	**83,431**
Other current financial assets-		**38,400,280**	**36,059,479**
Realisation of guarantees and deposits received from market	7	2,686,685	3,025,218
Financial instruments in central counterparty clearing house	7	35,703,427	33,016,601
Receivables for settlement	7	2,285	7,664
Realisation of cash withheld for unsettled operations	7	7,883	9,996
Other current assets	**10**	**1,534**	**1,110**
Cash and cash equivalents	**9**	**164,254**	**185,927**
		38,739,576	**36,406,199**
TOTAL ASSETS		**38,903,807**	**36,582,061**

EQUITY AND LIABILITIES	Notes	31/12/2013	31/12/2012 (*)
EQUITY		**392,306**	**412,831**
CAPITAL AND RESERVES		**389,140**	**408,579**
Capital	**11**	**250,847**	**270,078**
Share premium		-	-
Reserves	**11**	**81,835**	**91,727**
(Parent company shares or equity holdings)	**11**	**(7,661)**	**(7,661)**
Prior years' profit and loss		-	-
Other equity holder contributions		-	-
Profit/(loss) for the year	**11**	**143,140**	**135,473**
(Interim dividend)	**11**	**(83,278)**	**(83,278)**
Other equity instruments	**11**	**4,257**	**2,240**
VALUATION ADJUSTMENTS:		**3,000**	**4,052**
Available-for-sale financial assets	**11**	**3,000**	**4,052**
Hedging transactions		-	-
Translation differences		-	-
Other		-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**392,140**	**412,631**
NON-CONTROLLING INTERESTS	**11**	**166**	**200**
NON-CURRENT LIABILITIES			
Government grants		-	-
Non-current provisions		**11,836**	**14,466**
Other provisions	12	6,601	7,034
Long-term employee benefits	13	5,235	7,432
Non-current financial liabilities		-	-
Deferred tax liabilities	**16**	**5,687**	**6,086**
Other non-current liabilities		**11**	**11**
		17,534	**20,563**
CURRENT LIABILITIES			
Liabilities associated with non-current assets held for sale		-	-
Current provisions		-	-
Current financial liabilities		-	-
Other current financial liabilities-		**38,400,280**	**36,059,479**
Guarantees and deposits received from market	7	2,686,685	3,025,218
Financial instruments in central counterparty clearing house	7	35,703,427	33,016,601
Payables for settlement	7	2,285	7,664
Payables for cash withheld for settlement	7	7,883	9,996
Trade and other payables-		**93,299**	**88,784**
Trade payables	14	9,787	9,572
Current tax liabilities	14	60,778	57,712
Other payables	14	22,734	21,500
Other current liabilities	**15**	**388**	**404**
		38,493,967	**36,148,667**
TOTAL EQUITY AND LIABILITIES		**38,903,807**	**36,582,061**

(*) Figures presented solely and exclusively for comparison purposes.
Notes 1 to 26 and Appendix I are an integral part of the consolidated balance sheet at 31 December 2013.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 1 and 26). In the event of a discrepancy, the Spanish-language version prevails.

BOLSAS Y MERCADOS ESPAÑOLES GROUP
CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

		Debit/ Credit	
	Notes	**Financial Year 2013**	**Financial Year 2012 (*)**
Revenue	**17**	**302,273**	**292,109**
Own work capitalised	**5**	**1,758**	**1,109**
Other operating income		**3,674**	**2,953**
Employee benefits expense-	**19**	**(64,316)**	**(63,400)**
Wages, salaries and similar expenses		(52,226)	(51,842)
Social welfare expenses		(9,056)	(8,601)
Provisions and other employee benefits expense		(3,034)	(2,957)
Other operating costs-	**20**	**(34,889)**	**(35,508)**
External services		(33,579)	(34,444)
Taxes		(765)	(561)
Losses, impairment and changes in trade provisions	2 and 8	(545)	(503)
Depreciation and amortisation		**(6,933)**	**(7,859)**
Amortisation	5	(2,604)	(3,059)
Depreciation	6	(4,329)	(4,800)
Grants released to non-financial assets and other		**-**	**-**
Impairment losses and gains (losses) on disposal of non-current assets	**5 and 6**	**(481)**	**(1)**
Other gains and losses		**-**	**-**
OPERATING PROFIT (LOSS)		**201,086**	**189,403**
Finance income-		**5,429**	**8,748**
From equity investments	7 and 21	453	504
From marketable securities and other financial instruments	7, 9 and 21	4,976	8,244
Finance cost-		**(2,159)**	**(5,847)**
Third-party borrowings		(105)	(108)
Provision adjustments		(146)	(160)
Guarantees and deposits received from market	7 and 21	(1,908)	(5,579)
Change in fair value of financial instruments-		**-**	**(34)**
Held for trading and others		-	(34)
Exchange differences		**(5)**	**(5)**
Impairment and gains (losses) on disposal of financial assets		**-**	**-**
NET FINANCE INCOME		**3,265**	**2,862**
Share of profit (loss) of associates	2	**(670)**	**(593)**
PROFIT BEFORE TAX		**203,681**	**191,672**
Income tax expense	16	**(60,534)**	**(56,124)**
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**143,147**	**135,548**
Profit/(loss) after tax for the year from discontinued operations		**-**	**-**
CONSOLIDATED PROFIT FOR THE YEAR		**143,147**	**135,548**
Profit attributable to owners of the parent	11	143,140	135,473
Profit attributable to non-controlling interests	11	7	75
EARNING PER SHARE (€)			
Basic	3	1,72	1,63
Diluted	3	1,71	1,62

(*) Figures presented solely and exclusively for comparison purposes.

Notes 1 to 26 and Appendix I are an integral part of the consolidated income statement for the year ended 31 December 2013.

BOLSAS Y MERCADOS ESPAÑOLES GROUP
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

	Notes	Financial Year 2013	Financial Year 2012(*)
CONSOLIDATED PROFIT		**143,147**	**135,548**
ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS		**(179)**	**(1,689)**
From measurement of financial instruments-		-	-
Available-for-sale financial assets		-	-
Other income/(expense)		-	-
For cash flow hedges		-	-
Grants, donations and bequests received		-	-
For actuarial gains and losses and other adjustments	13	**(432)**	**(1,689)**
Translation differences		-	-
Share of profit (loss) of associates		-	-
Non-current assets and liabilities associated with non-current assets held for sale		-	-
Tax effect		**253**	-
TOTAL INCOME AND EXPENSE RECOGNISED IN CONSOLIDATED EQUITY		**(179)**	**(1,689)**
From measurement of financial instruments-		-	-
Available-for-sale financial assets		-	-
Other income/(expense)		-	-
For cash flow hedges		-	-
Grants, donations and bequests received		-	-
Translation differences		-	-
Share of profit (loss) of associates		-	-
Non-current assets and liabilities associated with non-current assets held for sale		-	-
Tax effect		-	-
TOTAL TRANSFERRED TO THE CONSOLIDATED INCOME STATEMENT		-	-

	Notes	Financial Year 2013	Financial Year 2012(*)
ITEMS TO BE RECLASSIFIED TO PROFIT OR LOSS		**(1,052)**	**2,889**
From measurement of financial instruments		(1,503)	4,127
Available-for-sale financial assets	7	(1,503)	4,127
Other income/(expense)		-	-
For cash flow hedges		-	-
Grants, donations and bequests received		-	-
For actuarial gains and losses and other adjustments		-	-
Translation differences		-	-
Share of profit (loss) of associates		-	-
Non-current assets and liabilities associated with non-current assets held for sale		-	-
Tax effect		451	(1,238)
TOTAL INCOME AND EXPENSE RECOGNISED IN CONSOLIDATED EQUITY		**(1,052)**	**2,889**
From measurement of financial instruments		-	-
Available-for-sale financial assets		-	-
Other income/(expense)		-	-
For cash flow hedges		-	-
Grants, donations and bequests received		-	-
Translation differences		-	-
Share of profit (loss) of associates		-	-
Non-current assets and liabilities associated with non-current assets held for sale		-	-
Tax effect		-	-
TOTAL TRANSFERRED TO THE CONSOLIDATED INCOME STATEMENT			
TOTAL RECOGNISED INCOME AND EXPENSE		**141,916**	**136,748**
a) Attributable to owners of the parent		141,909	136,673
b) Attributable to non-controlling interests		7	75

(*) Figures presented solely and exclusively for comparison purposes.

Notes 1 to 26 and Appendix I are an integral part of the consolidated statement of recognised income and expenses for the year ended 31 December 2013.

BOLSAS Y MERCADOS ESPAÑOLES GROUP
CONSOLIDATED STATEMENT OF TOTAL CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

	Equity attributable to owners of the parent											
	Capital and reserves											
		Share premium and reserves										
	Capital	Share premium	Reserves	Prior years'profit and loss	Other equity holder contributions	Interim dividend	Parent company shares and equity holdings	Profit for the year	Other equity instruments	Valuation adjustments	Non-controlling interests	Total net equity
Closing balance at 31 December 2011 (*)	**270,078**	**-**	**102,085**	**-**	**-**	**(83,278)**	**(7,661)**	**155,115**	**782**	**1,163**	**-**	**438,284**
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments for errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	**270,078**	**-**	**102,085**	**-**	**-**	**(83,278)**	**(7,661)**	**155,115**	**782**	**1,163**	**-**	**438,284**
Total recognised income and expense	**-**	**-**	**(1,689)**	**-**	**-**	**-**	**-**	**135,473**	**-**	**2,889**	**75**	**136,748**
Transactions with shareholders	**-**	**-**	**(30,507)**	**(49,967)**	**-**	**(83,278)**	**-**	**-**	**-**	**-**	**125**	**(163,627)**
Capital increases/(decreases)	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	(30,980)	(49,967)	-	(83,278)	-	-	-	-	-	(164,225)
Transactions with parent company shares and equity holdings	-	-	-	-	-	-	-	-	-	-	-	-
Increases / (reductions) in equity resulting from business combinations	-	-	473	-	-	-	-	-	-	-	125	598
Acquisitions / (disposals) of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	**-**	**-**	**21,838**	**49,967**	**-**	**83,278**	**-**	**(155,115)**	**1,458**	**-**	**-**	**1,426**
Equity-settled share-based payments	-	-	-	-	-	-	-	-	1,458	-	-	1,458
Transfers between equity items	-	-	21,870	49,967	-	83,278	-	(155,115)	-	-	-	-
Other changes	-	-	(32)	-	-	-	-	-	-	-	-	(32)
Closing balance at 31 December 2012 (*)	**270,078**	**-**	**91,727**	**-**	**-**	**(83,278)**	**(7,661)**	**135,473**	**2,240**	**4,052**	**200**	**412,831**
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments for errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	**270,078**	**-**	**91,727**	**-**	**-**	**(83,278)**	**(7,661)**	**135,473**	**2,240**	**4,052**	**200**	**412,831**
Total recognised income and expense	**-**	**-**	**(179)**	**-**	**-**	**-**	**-**	**143,140**	**-**	**(1,052)**	**7**	**141,916**
Transactions with shareholders	**(19,231)**	**-**	**(11,941)**	**(49,967)**	**-**	**(83,278)**	**-**	**-**	**-**	**-**	**15**	**(164,402)**
Capital increases/(decreases)	(19,231)	-	77	-	-	-	-	-	-	-	-	(19,154)
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	(11,826)	(49,967)	-	(83,278)	-	-	-	-	-	(145,071)
Transactions with parent company shares and equity holdings	-	-	-	-	-	-	-	-	-	-	-	-
Increases / (reductions) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	15	15
Acquisitions / (disposals) of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-	-	(192)	-	-	-	-	-	-	-	-	(192)
Other changes in equity	**-**	**-**	**2,228**	**49,967**	**-**	**83,278**	**-**	**(135,473)**	**2,017**	**-**	**(56)**	**1,961**
Equity-settled share-based payments	-	-	-	-	-	-	-	-	2,017	-	-	2,017
Transfers between equity items	-	-	2,228	49,967	-	83,278	-	(135,473)	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	(56)	(56)
Balance at 31 December 2013	**250,847**	**-**	**81,835**	**-**	**-**	**(83,278)**	**(7,661)**	**143,140**	**4,257**	**3,000**	**166**	**392,306**

(*) Figures presented solely and exclusively for comparison purposes.

Notes 1 to 26 and Appendix I are an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2013.

BOLSAS Y MERCADOS ESPAÑOLES GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

	Notes	Year ended 2013	Year ended 2012 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:		**139,958**	**128,157**
Profit before tax		**203,681**	**191,672**
Adjustments to profit (loss)-		**5,585**	**8,146**
Depreciation and amortisation	5 and 6	6,933	7,859
Other adjustments to profit (loss) (net)		(1,348)	287
Changes in working capital [1]		**(9,735)**	**(16,585)**
Other cash flows from operating activities:		**(59,573)**	**(55,076)**
Interest paid		(2,159)	(5,847)
Dividends paid and payments for equity instruments		-	-
Dividends received		-	-
Interest received		3,125	6,900
Income tax received (paid)	16	(60,534)	(56,124)
Other amounts received/(paid) in operating activities		(5)	(5)
CASH FLOWS FROM INVESTING ACTIVITIES:		**(7,117)**	**(88,171)**
Payments for investments-		**(7,336)**	**(88,806)**
Group companies, jointly controlled entities and associates		-	-
Property plant and equipment, intangible assets and investment properties	5 and 6	(2,085)	(4,150)
Other financial assets		(5,251)	(84,656)
Other assets		-	-
Proceeds from disposals-		**219**	**635**
Group companies, jointly controlled entities and associates		-	-
Property plant and equipment, intangible assets and investment properties	6	4	635
Other financial assets		215	-
Other assets		-	-

	Notes	Year ended 2013	Year ended 2012 (*)
CASH FLOWS FROM FINANCING ACTIVITIES:		**(154,514)**	**(155,395)**
Proceeds from and payments for equity instruments		(19,154)	-
Issue of equity instruments		-	-
Redemption of equity instruments	11	(19,154)	-
Acquisition of parent company equity instruments		-	-
Disposal of parent company equity instruments		-	-
Acquisitions of non-controlling interests		-	-
Disposals of non-controlling interests		-	-
Grants, donations and bequests received		-	-
Proceeds from and payments for financial liabilities-		-	-
Issue		-	-
Redemptions and repayment		-	-
Dividends and interest on other equity instruments paid		**(135,112)**	**(155,363)**
Gross dividend	11	(145,071)	(164,225)
Withholding	16	9,959	8,862
Other cash flows from financing activities-		**(248)**	**(32)**
Interest paid		-	-
Other amounts received/(paid) in financing activities	11	(248)	(32)
EFFECT OF EXCHANGE RATE FLUCTUATIONS		**-**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(21,673)**	**(115,409)**
Cash and cash equivalents at beginning of year		185,927	301,336
Cash and cash equivalents at end of year		164,254	185,927
COMPONENTS OF CASH AND CASH EQUIVALENTS AT YEAR END			
Cash in hand and at banks	9	6,420	6,271
Other financial assets	9	157,834	179,656
Less: bank overdrafts repayable on demand		-	-
TOTAL CASH AND CASH EQUIVALENTS AT YEAR END		**164,254**	**185,927**

(*) Figures presented solely and exclusively for comparison purposes.

Notes 1 to 26 and Appendix I are an integral part of the consolidated statement of cash flows for the year ended 31 December 2013.

1) In order to more clearly illustrate changes in working capital, this measure does not include fund inflows from "Guarantees and deposits received from market" (Note 7), which are fully invested in other current financial assets, or the effect of recognising (in the same amount on the asset and liability side of the balance sheet) the financial instruments to which BME Clearing, S.A. – Sociedad Unipersonal acts as central counterparty (CCP), the realisation of cash withheld for unsettled operations, or receivables (payables) for the settlement of daily trading in options and futures (Note 7).

July

2013

07

Company financing - Capital increases

ACS	BBVA	CaixaBank	deoleo	ezentis
170.8 € Million	**1.23** € Billion	**481.4** € Million	**30** € Million	**0.3** € Million
IBERDROLA	NH HOTELES	POPULAR	PRISA	Santander
448.1 € Million	**234.3** € Million	**0.8** € Million	**0.3** € Million	**1.60** € Billion

Bolsas y Mercados Españoles Group

Notes to the consolidated financial statements for the year ended 31 December 2013

1. Background, basis of presentation of the consolidated financial statements and other information

a) Background

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (hereinafter the "Company", "Bolsas y Mercados Españoles" or "BME") was incorporated by public deeds dated 15 February 2002, following the execution of the preliminary agreement signed between the shareholders of the companies administrating the markets and systems for the trading, registration, settlement and clearing of securities (hereinafter the "Affected Companies", namely Bolsas y Mercados Españoles Consulting, S.A.; Sociedad Unipersonal (then called FC&M, Sociedad Rectora del Mercado de Futuros y Opciones sobre Cítricos, S.A.); MEFF AIAF SENAF Holding de Mercados Financieros, S.A.; Servicio de Compensación y Liquidación de Valores, S.A.; Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.; Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.; Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.; and Sociedad Rectora de la Bolsa de Valores de Valencia, S.A.).

On 7 May 2002, the Board of Directors of Bolsas y Mercados Españoles resolved to carry out a wide-reaching share swap for all the shares of the Affected Companies. In 2003, with effect from 1 January of that year, Bank of Spain acquired 9.78% of the Group's share capital in a rights issue in which the preferential subscription rights of the remaining shareholders were waived. Bank of Spain was accordingly the sole subscriber of the non-monetary capital increase carried out by Bolsas y Mercados Españoles. The in-kind consideration contributed by Bank of Spain for this ownership interest consisted of 100% of the 4,541 shares it held at that time in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (hereinafter "Sociedad de Sistemas"). As a consequence of this transaction, the Bolsas y Mercados Españoles Group (hereinafter the "Group"), of which Bolsas y Mercados Españoles is the parent company, started to perform not only the registration, settlement and clearing of securities already carried out by the Affected Companies, but also the clearing, settlement and registration activities which up until that time had been carried out by the Central de Anotaciones del Mercado de Deuda Pública en Anotaciones del Bank of Spain (the Banco de España public debt book-entry trading system, hereinafter "CADE"). This transaction also gave rise to the recognition by the Group of goodwill, specifically attributed to the functions formerly tasked to CADE and supported by expectations for revenue from this activity, as well as operating and business synergies deriving from the consolidation of the settlement platforms (Notes 2-b and 5).

On 14 July 2006, the shares of Bolsas y Mercados Españoles were admitted for trading on the stock exchanges of Madrid, Barcelona, Valencia and Bilbao, and all the outstanding shares of Bolsas y Mercados Españoles were included in the Spanish electronic trading platform (Sistema de Interconexión Bursátil).

The corporate purpose of Bolsas y Mercados Españoles is active ownership of the share capital of the companies that manage the securities registration, settlement and clearing systems, central counterparties, secondary markets, and multilateral trading systems; and responsibility for the unity of action, decision and strategic co-ordination of trading, registration, clearing and settlement systems, central counterparties, secondary markets and multilateral trading systems. To this end, it may implement operational, functional and structural improvements, including raising its international profile. Without prejudice to the above, the Affected Companies shall maintain their own identity, operating capacity, governing bodies and managerial and general staff.

The registered offices of Bolsas y Mercados Españoles are located in Madrid at Plaza de la Lealtad, 1.

Appendix 1 provides significant information on the companies comprising the Group.

b) Bases of presentation of the consolidated financial statements

The Group's consolidated financial statements for 2013 were authorised for issue by the Company's directors (at the Board meeting on 27 February 2014) in accordance with the regulatory framework applicable to the Group, which is set forth in the Code of Commerce and other mercantile legislation, and in the International Financial Reporting Standards (IFRSs) endorsed by the European Union, and taking into consideration Circular 9/2008 of the Spanish National Securities Commission ("CNMV"), of 10 December, amended by CNMV Circular 6/2011, of 12 December, and applying the consolidation, accounting and measurement principles, policies and bases set forth in Note 2, to present fairly the Group's consolidated equity and financial position at 31 December 2013, and its financial performance and changes in its consolidated equity and cash flows in the year then ended. These consolidated financial statements, which were prepared from the auxiliary accounting records of the Company and of each of the entities comprising the Group, include the restatements and reclassifications required to standardise the accounting policies and measurement bases applied across the Group.

The 2013 consolidated financial statements have yet to be approved by BME's shareholders in a general meeting. However, the Company's directors believe that they will be approved without modification. The consolidated financial statements for 2012 were authorised for issue by the Company's directors (at the Board meeting on 28 February 2013) and approved by the General Shareholders' Meeting held on 30 April 2013.

Unless indicated otherwise, the consolidated financial statements are presented in thousands of euros (€).

All the 2012 figures in these notes to the consolidated financial statements are presented solely and exclusively for comparison purposes.

The consolidated balance sheet, income statement, statement of recognised income and expense, statement of total changes in equity, and statement of cash flows for the financial years 2013 and 2012 presented in these consolidated financial statements, were prepared in accordance with the formats provided in Rule 36 of CNMV Circular 9/2008, of 10 December, having included the amendments pursuant to CNMV Circular 6/2011, of 12 December, to the extent that Rule 36 includes templates for the balance sheet, income statement, statement of recognised income and expense, statement of total changes in equity, and statement of cash flows applicable to groups of companies issuing consol-

idated annual financial statements in accordance with IFRSs adopted by the European Union and provides that for the remaining financial statements, the presentation templates be adjusted to the formats or provisions which, in this connection, are stipulated by the regulatory framework applicable to the Group. Accordingly, the presentation formats of the aforementioned financial statements contained herein do not significantly differ from those contained in CNMV Circular 1/2008, of 30 January. The present additional disclosures for some headings by including lines items provided for in CNMV Circular 9/2008, of 10 December (amended by CNMV Circular 6/2011, of 12 December) to provide readers with a better understanding.

All mandatory accounting principles and measurement bases with a significant effect on the consolidated financial statements were applied.

i. Adaptation to new standards and interpretations issued

Standards and interpretations effective in 2013

The following Standards and Interpretations, adopted by the EU and the Group, became effective in 2013, but did not have a significant impact on the consolidated financial statements:

- IAS 19 Employee Benefits (Amendment) The amendment to IAS 19 results in a significant change in the recognition and measurement of defined benefit plans and termination benefits, as well as disclosures of all benefits paid to employees. Changes in IAS 19 included the following:

  - Actuarial gains and losses (now called "remeasurements") may only be recognised in other comprehensive income. The options of deferring the recognition of actuarial gains and losses using the "corridor approach" and recognising them directly in profit and loss have been eliminated. Gains and losses recognised in other comprehensive income cannot be transferred to profit or loss.

  - Past service cost must be recognised in the period of the plan amendment; unvested benefits in a period of future service may not be deferred. Curtailments only occur when there is a significant reduction in the number of employees covered by a plan. Gains and losses on curtailments are recognised in the same manner as the past service cost.

  - The annual expense of a funded benefits plan shall include the net interest income or expense, calculated by applying the discount rate to the net defined asset or liability.

  - Benefits that require a future service shall not be considered termination benefits.

IAS 19 as amended is applied retrospectively and is mandatory for annual periods beginning on or after 1 January 2013.

The application of this amendment had an impact on the Group, as until then past service cost had been deferred, but after the amendment became effective it was recognised in equity (Notes 11 and 13). The Group's directors estimate that applying this standard retrospectively from 1 January 2012 to 31 December 2012 would have reduced equity and profit for the year, net of the tax effect, by €653 thousand (less than 0,2% of equity) and €202 thousand, respectively, compared to the figures presented in the consolidated financial statements for the year ended 31 December 2012.

- IAS 1 *Presentation of Financial Statements (Amendment)*: The amendment changed the presentation of items other comprehensive income, requiring this section to include line items grouped into two categories between those items that may be reclassified subsequently to profit or loss and those that cannot be reclassified to profit or loss. Items that are not to be reclassified to profit or loss, such as revaluation surpluses relating to property, plant and equipment, are presented separately from those that will affect the income statement in subsequent periods, e.g. gains and losses on cash flow hedges. This amendment is mandatory for all annual periods beginning on or after 1 July 2012.

  This standard did not have a significant effect on the consolidated annual accounts, although it required changes in the presentation of certain items in the consolidated statement of recognised income and expense.

- IFRS 1 *(Amendment) Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters:* The amendments related to severe hyperinflation provide guidance on how to present, for the first time, or resume presenting IFRS financial statements after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. This amendment is mandatory for all annual periods beginning on or after 1 January 2013.

- IAS 12 *Deferred Tax: Recovery of Underlying Assets* The amendment to IAS 12 offers a practical approach to measuring deferred tax assets and liabilities related to *investment property* measured at fair value, which is one of the measurement options provided in IAS 40 Investment Property. This amendment is mandatory for all annual periods beginning on or after 1 January 2013.

- IFRS 13 *Fair Value Measurement:* IFRS 13 explains how to measure items at fair value and is designed to improve and expand disclosure requirements about fair value. It does not establish which items must be measured at fair value or add new requirements for fair value measurement relative to existing requirements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Disclosure requirement in the new standard include, *inter alia*, the measurement methods used, the inputs used in valuations and change in valuation techniques used. The new standard is mandatory for all annual periods beginning on or after 1 January 2013.

- IFRS 1 *Government Loans* (Amendment) : Amendment of IFRS 1 *First-time Adoption of International Financial Reporting Standards* to allow first-time adopters to apply the provisions of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* applicable to existing IFRS preparers regarding government loans with a below-market rate of interest. This amendment is mandatory for all annual periods beginning on or after 1 January 2013.

- *Improvements to IFRSs, 2009-2011 cycle*

  These improvements to the IFRSs imply minor changes and clarifications to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IAS 1 *Presentation of Financial Statements*, IAS 32 *Financial Instruments: Presentation*, IAS 16 *Property, Plant and equipment* and IFRS 7 *Offsetting Financial Assets and Financial Liabilities.*

  The amendments will be applied retrospectively for the periods beginning on or after 1 January 2013. Their application is not expected to have a significant effect on the Group.

- IFRS 7 *Offsetting Financial Assets and Financial Liabilities* (Amendment)

  In December 2011, the IASB issued an amendment to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities.*

  The IASB also issued an amendment to IFRS 7 *Financial Instruments: Disclosure.* The amendment to IFRS 7 requires the disclosure of quantitative information on both recognised financial instruments that have been set off in the balance sheet and on financial instruments subject to master netting arrangements, regardless of whether they have been offset or not in the balance sheet. The amendment to IFRS 7 is mandatory for annual periods beginning on or after 1 January 2013 and applied retrospectively.

Standards and interpretations issued but not yet effective

At the date of preparation of these consolidated financial statements, the most significant standards and interpretations that had been published by the IASB but had not become effective, either because their effective date was subsequent to the reporting date or because they had yet to be adopted by the European Union, are as follows:

Standards, amendments and interpretations		Mandatory application for periods beginning on or after:
Endorsed for use in the EU		
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
Amendment to IAS 27	Separate Financial Statements	1 January 2014
Amendment to IAS 28	Investments in Associates and Joint Ventures	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	1 January 2014
Amendment to IAS 32 and IFRS 7	Financial Instruments: Presentation	1 January 2014
Amendment to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendment to IAS 39	Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Not endorsed for use in the EU		
IFRS 9	Financial Instruments (and subsequent amendments)	-
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	1 July 2014
IFRIC interpretation	Levies	1 January 2014

- IFRS 10 *Consolidated Financial Statements:* Replaces current IAS 27 and SIC 12. Amends current definition of control. The new definition of control comprises three mandatory elements, power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of these returns. Although this standard is mandatory for annual periods beginning on or after 1 January 2013 according to the effective mandatory date established by the IASB, for the European Union, the effective mandatory date is for annual periods beginning on or after 1 January 2014.

  The application of this standard is not expected to have a material impact on the Group.

- IFRS 11 *Joint Arrangements:* IFRS 11 will replace the current IAS 31. The main change with respect to the current standard is the transition from proportionate consolidation to the equity method for joint ventures.

  The entry into effect of this standard is not expected to have a material impact on the Group since the change in the method of consolidating the Group's interests in Infobolsa, S.A. and Regis-TR, S.A. from proportionate consolidation to the equity method will not result in significant changes with respect to these consolidated financial statements. Although this standard is mandatory for annual periods beginning on or after 1 January 2013 according to the effective mandatory date established by the IASB, for the European Union, the effective mandatory date is for annual periods beginning on or after 1 January 2014.

- IFRS 12 *Disclosure of Interests in Other Entities*: This is a disclosure regulation encompassing all the financial disclosure requirements concerning interests in other entities (including subsidiaries, associates, joint ventures or other holdings), introducing new disclosure requirements. Although this standard is mandatory for annual periods beginning on or after 1 January 2013 according to the effective mandatory date established by the IASB, for the European Union, the effective mandatory date is for annual periods beginning on or after 1 January 2014.

  The application of these amendments is not expected have a material impact on the Group.

- IAS 27 *Separate Financial Statements* (Amendment): The previous requirements of IAS 27 regarding the preparation of consolidated financial statements have been included in the new IFRS 10. Therefore, the scope of application has been limited to the accounting for investments in subsidiaries, joint ventures and associates in the separate IFRS statements of the investment entity, which are unchanged from the previous standard. Although IAS 27 is mandatory for annual periods beginning on or after 1 January 2013 according to the effective mandatory date established by the IASB, for the European Union, the effective mandatory date is for annual periods beginning on or after 1 January 2014.

  The application of these amendments is not expected have a material impact on the Group.

- IAS 28 *Investments in Associates and Joint Ventures:* IAS 28 has been updated to include references to joint ventures which, under the new IFRS 11 *Joint Arrangements*, must be accounted for using the equity method. Although IAS 28 is mandatory for annual periods beginning on or after 1 January 2013 according to the effective mandatory date established by the IASB, for the European Union, the effective mandatory date is for annual periods beginning on or after 1 January 2014.

  The application of these amendments is not expected have a material impact on the Group.

- IFRS 10 (Amendment), IFRS 12 (Amendment) and IAS 27 (Amendment) Investment Entities: Include amendments to entities that meet the definition of *"Investment entity"* and present specific characteristics. IFRS 12 has also been amended to include disclosure requirements of an investment entity in its consolidated financial statements. Application of the amendments to these standards is mandatory for annual periods beginning on or after 2014. Early application is permitted provided that all are adopted at the same time.

  The application of these amendments is not expected have a material impact on the Group.

- IAS 32 (Amendment) and IFRS 7 (Amendment) *Offsetting Financial Assets and Financial Liabilities:* The amendment to IAS 32 provides additional clarification in application guidance regarding the requirements for offsetting financial assets and financial liabilities shown on the balance sheet. IAS 32 already indicates that a financial asset or liability may only be offset when the entity has the current legal right to set off the recognised amounts. The amended application guidance states, *inter alia*, that to meet this condition, the right to offset should not be contingent on the occurrence of a future event and should be legally enforceable in the normal course of business, as well as in the event of breach, insolvency or bankruptcy of the entity and all its counterparties. The amendment to IAS 32 is mandatory for annual periods beginning on or after 1 January 2014 and applied retrospectively.

  The parallel amendment of IFRS 7 introduces a specific section on new disclosure requirements for financial assets and liabilities shown net on the balance sheet, as well as for those financial instruments that are subject to a netting or similar agreement, regardless of whether they have been shown net in accordance with IAS 32. The amendment to IFRS 7 is mandatory for annual periods beginning on or after 1 January 2013 and applied retrospectively,

  The application of these amendments is not expected have a material impact on the Group.

- IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets:* The amendment requires additional disclosures with regards to the measurement of the recoverable amount of assets for which an impairment loss was recognised or reversed. It removes the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or an intangible asset with an indefinite useful life, but for which no impairment loss has been recognised, and requires disclosure of the recoverable amount of an asset or cash-generating unit when an impairment has been recognised or reversed, and a detailed explanation of how fair value less costs of disposal is measured when an impairment loss has been recognised or reversed. This amendment is applicable for annual periods beginning on or after 1 January 2014 and applied retrospectively.

The application of these amendments is not expected have a material impact on the Group.

- IAS 39 *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* (Amendment): Under IAS 39, an entity is required to discontinue hedge accounting when a derivative designated as a hedging instrument is novated to a CCP as the original derivate no longer exists. The new derivative of the CCP is recognised at the time of the novation. These amendments are applicable to annual periods beginning on or after 1 January 2014, although early adoption is permitted.

  The application of these amendments is not expected have a material impact on the Group.

- IFRS 9 *Financial Instruments:* IFRS 9 simplifies the accounting of financial assets and introduces new requirements for classifying and measuring them. It requires financial assets that are held primarily to collect cash flows that represent the payment of principal and interest to be measured at amortised cost, while all other financial assets, including those held for trading, are measured at fair value. Therefore, an impairment model is only required for financial assets measured at amortised cost. This standard will be applicable to annual periods beginning on or after 1 January 2015, although early adoption is permitted.

  The application of these amendments is not expected have a material impact on the Group.

- IFRS 9 (Amendment) and IFRS 7 (Amendment) *Mandatory Effective Date and Transition Disclosures:* The IASB has issued an amendment under which the effective date of IFRS 9 *Financial Instruments* is delayed and becomes mandatory for annual periods beginning on or after 1 January 2015.

  The application of these amendments is not expected have a material impact on the Group.

- IAS 19 *Defined Benefit Plans: Employee Contributions* (Amendment): The amendments to IAS 19 clarify and modify the accounting requirements for contributions from employees or third parties to a defined-benefit plan. In particular, if the amount of the contributions is independent of the number of years of service (e.g. when the contributions are a fixed percentage of the employee's salary), the contributions may be recognised as a reduction in the service cost in the period when the service is rendered, instead of allocating the contributions to periods of service. If the amount of contributions is dependent on the number of years of service, the amendments require the entity to allocate these contributions to the periods of service using the same attribution method applied to the gross benefit under the current IAS 19.

  The application of these amendments is not expected have a material impact on the Group.

- IFRIC 21 Levies: This is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets addressing the accounting of levies imposed by a government other than income taxes, fines and other penalties imposed for failure to comply with legislation. The main issue is when to recognise a liability for an obligation to pay a levy in accordance with IAS 37, IAS 37 establishes the conditions for recognition of a liability, one of which is when the entity has a present obligation resulting from a past event. This interpretation is mandatory for annual periods beginning on or after 1 January 2014. Early application is permitted.

The application of these amendments is not expected have a material impact on the Group.

c) Use of estimates

The Group's consolidated profits and the determination of its equity are determined by the accounting policies and rules, measurement bases and estimates applied by management in the preparation of the consolidated financial statements. The main accounting policies and rules and measurement bases used are disclosed in Note 2.

These consolidated financial statements rely occasionally on estimates made by the executives of the Group and of the consolidated entities in order to quantify certain assets, liabilities, revenue, expenses and commitments recognised. These estimates basically relate to the following:

- The assessment of potential impairment losses on certain assets (Notes 2, 5, 6, 7, 8, 9, 10 and 16).
- Assumptions used in the actuarial calculation of provisions for long-term employee benefits (Notes 2-k and 13).
- The useful life of property, plant and equipment and of intangible assets (Notes 2-c, 2-d, 5 and 6).
- The assessment of potential impairment of goodwill (Notes 2-b and 5).
- The fair value of certain financial instruments (Notes 2-e and 7).
- The calculation of provisions (Notes 2-i, 2-j, 2-k, 12 and 13).
- Assumptions used to determine share-based payment arrangements (Notes 2-m and 19-c).

These estimates were drawn up on the basis of the best information available at 31 December 2013. However, it is feasible that future events may require them to be modified (upwards or downwards) in subsequent years. Under IAS 8, the effect of a change in accounting estimates is recognised prospectively by including it in profit or loss in the period of the change.

d) Environmental impact

In view of the business activities carried on by the Group companies, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its consolidated equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

e) Events after the reporting period

No other significant events occurred between 1 January 2014 and the date of approval of these consolidated financial statements that have not been disclosed herein.

2. Accounting policies and measurement bases

The accounting policies and rules and measurement bases applied in preparing these consolidated financial statements were as follows:

a) Consolidation principles

i. Subsidiaries

"Subsidiaries" are defined as entities over whose management the Company has the ability to exercise control. Control is presumed to exist when the parent, whether directly or indirectly through other subsidiaries, holds more than half of the voting rights of the enterprise, unless it can be clearly demonstrated that such possession does not constitute control. Control is also deemed to exist when a the parent, owning half or less of the voting rights of the enterprise, holds:

1. power over more than half the voting rights, pursuant to agreements with other shareholders;

2. power to govern the financial and operating policies of the entity, according to a legal or statutory provision or any kind of agreement; power to appoint or revoke the majority of members of the Board of Directors or equivalent governing body, provided the entity is controlled thereby;

3. power to cast the majority of votes at meetings of the Board of Directors' meetings or of the equivalent governing body, provided the entity is controlled thereby.

The share of non-controlling interests of subsidiaries in Group's equity is presented in "Non-controlling interests" in the accompanying consolidated balance sheet and in "Profit attributable to non-controlling interests" in the accompanying consolidated income statement.

The financial statements of subsidiaries are fully consolidated with those of the Company. Therefore, all material balances and results of transactions carried out between consolidated companies are eliminated on consolidation. Where necessary, adjustments are made to the subsidiaries' financial statements to adapt the accounting policies used to those of the Group.

The results of subsidiaries acquired during the year are included in the consolidated income statement only from the date of acquisition to the year-end. Similarly, the results of subsidiaries disposed of during the year are included on the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I details a list of subsidiaries, along with key information (corporate name, registered address, and ownership interest held by the parent).

All subsidiaries are consolidated using full consolidation, except for the 50% shareholdings in Infobolsa, S.A. and its subsidiaries, and Regis-TR, S.A., which are accounted for using proportionate consolidation method (see section below).

In December 2013, the Group acquired control of investee Link Up Capital Markets, S.A. after acquiring shares representing 74.82% of its share capital through successive purchases from the former shareholders (section iv,b). At 31 December, its ownership interest in this company was 98.29% (23.47% at 31 December 2012). The shareholding was consolidated in 2012 and from 1 January 2013 until the date control was obtained using the equity method (see "Associates"), and using the full consolidation method at 31 December 2013.

The Group's share of Link-Up's results from the date of control to 31 December 2013 was not significant.

ii. Joint ventures

"Joint ventures" are investments in companies that are not subsidiaries, but which are jointly-controlled by two or more unrelated companies. Joint control is evidenced by a contractual arrangement whereby two or more entities ("venturers") invest in entities (jointly-controlled entities) or undertake activities or hold assets such that any strategic financial or operating decision affecting the joint venture requires the unanimous agreement of all the venturers.

The financial statements of jointly-controlled entities are consolidated using proportionate consolidation, combining the balances and subsequent eliminations only in proportion to the Group's interest in these companies' share capital.

Information on jointly-controlled entities is disclosed in Appendix I to these notes to the consolidated financial statements.

iii. Associates

Associates are entities over which the Group has significant influence and that are neither a subsidiary nor a jointly-controlled entity. Usually, this influence is evidenced by a direct or indirect holding of 20% or more of the investee's voting power.

The Group accounts for its investments in associates using the equity method, i.e. at the Group's share of the net assets of the associate, after taking into account the dividends received and other equity eliminations. Gains and losses resulting from transactions with an associate are eliminated to the extent of the Group's interest in the associate.

The value of investments in associates is recognised in "Investments in associates" in the consolidated balance sheet. At 31 December 2012, the balance of this item related entirely to the Group's investment in Link Up Capital Markets, S.A., amounting to €876 thousand (Appendix I and preceding section).

The Group recognised losses generated by Link Up Capital Markets, S.A. in the period from 1 January 2013 until the date control was obtained, which amounted to €670 thousand (€593 thousand in 2012), under "Share of profit (loss) of associates" – Note 11 and Appendix I.

Information on Link Up Capital Markets, S.A. is disclosed in Appendix I to these notes to the consolidated financial statements.

iv. Changes in the scope of consolidation

Financial Year 2013

The following changes in the scope of consolidation occurred during 2013:

a. Partial spin-off of BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A.- Sociedad Unipersonal) to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (previously BME Gestión de Estudios y Proyectos, S.A. - Sociedad Unipersonal):

   On 27 June 2013, the Boards of Directors of BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal) and MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (previously BME Gestión de Estudios y Proyectos, S.A. – Sociedad Unipersonal) agreed the partial spin-off of BME Clearing, S.A. – Sociedad Unipersonal (the spun-off company) to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (absorbing company), entailing the transfer of the business unit, comprising the assets, technical and human resources necessary to manage the official secondary market for the derivative products of BME Clearing, S.A. – Sociedad Unipersonal, to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal, which acquired all the assets and liabilities, rights and obligations of the business unit through universal succession.

   The transaction is subject to the fiscal neutrality regime provided for in Chapter VIII of Title VII of Royal Legislative Decree 4/2004, of 5 March, approving the consolidated text of the Corporate Income Tax Law.

   The deed for the partial spin-off was granted on 9 September 2013 and filed with the Madrid Companies Register on 30 September 2013.

The partial spin-off described above was conducted to reorganise the Bolsas y Mercados Españoles Group companies involved in activities in the derivatives markets and the technical services on which this market is based with a view to making the supervised Group's structure more efficient, and to reorganise the activities of the companies involved.

b. Acquisition of control of capital of Link Up Capital Markets, S.A.:

In December 2013, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., - Sociedad Unipersonal acquired control of Link Up Capital Markets, S.A. after acquiring shares representing a 74.82% stake in successive purchases from the former shareholders, for €658 thousand. Following these acquisitions, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., - Sociedad Unipersonal's stake in Link Up Capital Markets, S.A. at 31 December 2013 stood at 98.29%. On 14 January 2013. Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., - Sociedad Unipersonal acquired the remaining 1.71% of Link Up Capital Markets, S.A., giving it 100% ownership at the date of authorisation for issue of these consolidated financial statements.

The transactions outlined above gave rise to the following changes in the scope of consolidation at 31 December 2013 in comparison with that at 31 December 2012:

- Change in the method for consolidating Link Up Capital Markets, S.A. from the equity method at 31 December 2012 to the full consolidation method at 31 December 2013.

Financial Year 2012

The following changes in the scope of consolidation occurred during 2012:

a. Merger and takeover by MEFF Sociedad Rectora de Productos Derivados, S.A.- Sociedad Unipersonal (absorbing company) of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A.- Sociedad Unipersonal (absorbed company), and partial spin-off of MEFF Tecnología y Servicios, S.A. – Sociedad Unipersonal (spun-off company) to MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal):

On 28 June 2012, the Board of Directors of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. (Sociedad Unipersonal) and of MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal) agreed the merger and takeover by MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal) of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. (Sociedad Unipersonal), with the latter being wound up through dissolution without liquidation and the transfer in bloc of its assets and liabilities to MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal), which acquired through universal succession the rights and obligations of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. (Sociedad Unipersonal).

On 28 and 29 June 2012, the Board of Directors of MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal) and of MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal), respectively, agreed the partial spin-off of MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) to MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal), which involved transferring the business unit comprising the derivatives market technical and human resources of MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) to MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal), with the latter acquiring through universal succession all the assets, liabilities, rights and obligations of the aforementioned business unit.

The public deed of merger and partial spin-off was executed on 26 November 2012, and filed with the Barcelona and Madrid Companies Registers on 14 and 28 December 2012, respectively.

The merger and partial spin-off described above were conducted to reorganise the Bolsas y Mercados Españoles Group companies involved in activities in the derivatives markets and the technical services on which this market is based, with a view to making the supervised Group's structure more efficient, and to reorganise the activities of the companies involved.

b. Incorporation of BME Gestión de Estudios y Proyectos, S.A. (Sociedad Unipersonal):

BME Gestión de Estudios y Proyectos, S.A. (Sociedad Unipersonal) was incorporated in Madrid for an indefinite period on 21 November 2012, with share capital of €60 thousand (represented by 60,000 fully subscribed and paid up shares with a par value of €1 each).

The transactions outlined above gave rise to the following changes in the scope of consolidation at 31 December 2012 in comparison with that at 31 December 2011:

- Inclusion in the scope of consolidation of Grupo Bolsas y Mercados Españoles de BME Gestión de Estudios y Proyectos, S.A. - Sociedad Unipersonal using the proportionate consolidation method in the Group.

- The winding up through dissolution of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. - Sociedad Unipersonal and its removal from the scope of consolidation as it was absorbed by MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal.

Also in 2012, Infobolsa, S.A. considered that, due to the performance of OpenFinance, S.L. and the conditions established in the private sale-purchase agreement between the latter and Infobolsa, S.A. (Appendix I), the cross options stipulated in the agreement could not be exercised. Therefore, at 31 December 2012, the Infobolsa sub-group (Appendix I) recognised the non-controlling interest, which is included in the accompanying consolidated financial statements through the proportionate consolidation of this sub-group in the Group (Note 11).

b) Goodwill

Goodwill represents advance payments made by the acquirer for future economic benefits arising from assets that have not been individually identified and separately recognised. Goodwill is recognised only when the business combination is set up for valuable consideration. Goodwill is not amortised, but is tested periodically for impairment and in the case of impairment the appropriate write-down is made. For the purposes of these consolidated financial statements, goodwill refers both to that arising on consolidation and that originating in Group companies' financial statements (in the latter case, only with reference to Iberclear - Note 5).

For the purposes of impairment, goodwill is assigned to one or more cash-generating units (CGUs) which are expected to benefit from the synergies deriving from the business combinations. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows for the Group that are largely independent of the cash inflows generated from other assets or groups of assets. Each unit or units to which goodwill is assigned:

- Represents the lowest level at which the goodwill is monitored for internal management purposes; and

- Is not larger than an operating segment.

Cash-generating units to which goodwill has been allocated are tested for impairment including the portion of the goodwill allocated to their carrying amount. This test is performed at least annually, and whenever there are indications of impairment.

For the purposes of measuring impairment in the value of a cash-generating unit to which a portion of goodwill has been allocated, the unit's carrying amount, adjusted, as appropriate, for the amount of goodwill attributable to non-controlling interests, unless the non-controlling interests are measured at fair value, is compared with its recoverable amount.

The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

If the carrying amount of the cash-generating unit exceeds its recoverable amount, the Group recognises an impairment loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, if losses remain, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. If non-controlling interests are measured at fair value, the impairment of goodwill attributable to these non-controlling interests is recognised. In any event, impairment losses relating to goodwill cannot be reversed.

Goodwill impairment losses are recognised in "Impairment losses and gains (losses) on disposal of non-current assets" on the consolidated income statement. No goodwill impairment losses were recognised in 2013 or 2012.

c) Other intangible assets

Intangible assets are identifiable (i.e. separable from other assets) non-monetary assets without physical substance which arise from contractual or other legal rights or which are developed internally by the Group. They are only recognised when their cost can be estimated reliably and when it is probable that the expected future economic benefits will flow to the Group.

Intangible assets are measured initially at cost or production, and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets can have an indefinite useful life (when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group) or a finite useful life (all other cases).

All the Group's intangible assets have a finite useful life and correspond primarily to computer software. Most of the computer applications are developed internally by the Group (Note 5). These assets are amortised over the best estimate of their useful lives, using methods similar to those used to depreciate property, plant and equipment (Note 2-d).

Expenditure on in-house research initiatives related to software are recognised as expense as incurred. Expenditure during the development phase of computer software of an internal project is recognised as an intangible asset with a credit to "Own work capitalised" in the consolidated income statement, if, and only if, the entity can demonstrate all of the following:

1. the availability of adequate technical, financial and other resources to complete the development and to use or sell the software.

2. the intention to complete the software and use or sell it.

3. the ability to use the software.

4. the usefulness of the software.

5. its ability to measure reliably the expenditure attributable to the software during its development.

The annual amortisation charge for software is recognised under "Depreciation and amortisation - Amortisation of intangible assets" in the consolidated income statement.

Maintenance costs of computer systems are recognised in the consolidated income for the period in which they are incurred.

The Group recognises any impairment losses on intangible assets with a balancing entry against "Impairment losses and gains (losses) on disposal of non-current assets" in the consolidated income statement. The criteria for recognising impairment losses on these assets and any recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 2-d).

d) Property, plant and equipment

Property, plant and equipment for own use (which represents all the property, plant and equipment and includes, basically, own assets intended for continued use) is presented at acquisition cost less accumulated depreciation and any impairment losses estimated by comparing the carrying amount of each item with its recoverable amount.

Depreciation is calculated by applying the straight-line method to the acquisition cost of the assets less their residual value. The land on which Group buildings and other constructions are located is deemed to have an indefinite life and, therefore, is not depreciated.

The annual depreciation charge for property, plant and equipment is recognised with a balancing entry in "Depreciation and amortisation - Depreciation of property, plant and equipment" in the consolidated income statement. Generally, the following annual depreciation rates are used (based on the remaining estimated useful lives of the different items taken as an average):

	%
Buildings (except land)	2%
Furniture and installations	8-20%
Information technology equipment	17-33%
Motor vehicles and other	5-17%

At the end of each reporting period, management assesses whether there are any internal or external indications that the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, in which case the asset is written down to the recoverable amount and the future depreciation charges are adjusted in proportion to the revised carrying amount and the new remaining useful life, if it needs to be re-estimated.

Similarly, if there is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased, the impairment loss previously recognised is reversed and the future depreciation charges are adjusted accordingly. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Similarly, the useful lives of all items of property, plant and equipment for own use are reviewed at least at each financial year-end. If expectations differ significantly from previous estimates, the changes are recognised prospectively in the consolidated income statement by adjusting the depreciation charges to reflect the new estimated useful lives.

Upkeep and maintenance expenses on property, plant and equipment for own use are charged to the consolidated income statement in the year in which they are incurred.

Impairment losses, and any reversals therefore, are recognised in "Impairment losses and gains (losses) on disposal of non-current assets" in the consolidated income statement.

No assets of significant amounts had been acquired by the Group under finance lease arrangements at 31 December 2013 or 2012.

e) Definitions, recognition, classification and measurement of financial instruments

i. Definitions

A "financial instrument" is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

An "equity instrument" is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A "financial derivative" is a financial instrument whose value changes in response to changes in an observable market variable (such as an interest or exchange rates, financial instrument price or market index, including credit ratings) and that requires only a very small initial investment relative to other financial instruments that have a similar response to changes in market factors, and is generally settled at a future date.

The following are scoped out of the accounting rules for financial instruments:

- Investments in subsidiaries, jointly-controlled entities and associates.

- Rights and obligations under employee benefit plans (Note 13).

- Contracts and obligations related to share-based payment transactions (Note 19-c).

ii. Recognition and classification of financial assets for measurement purposes

Financial assets are recognised in the Group's balance sheet upon acquisition. Financial assets are initially measured at fair value (which, unless there is evidence to the contrary, is equivalent to cost), plus, in general, attributable transaction costs.

The financial assets held by the Group are classified as follows:

- Loans and receivables: includes mainly financial assets originated by the Group companies in exchange for supplying cash (including reverse repurchase agreements and deposits given) or in exchange for providing the services that constitute the corporate purpose of each company (this item includes the balances pending next day settlement for futures margin calls and for daily option trades).

- Financial assets held for trading: includes all fixed income securities (cleared through MEFFRepo) and option trades in which the Group acts as the CCP, which is why the positions held in these financial assets are matched by equivalent positions in financial liabilities (section (v) below).

- Held-to-maturity investments: includes debt securities that are traded in an active market, have a fixed maturity, and generate fixed or determinable payments on fixed or determinable dates, for which the Group has the positive intention and ability to hold to maturity.

- Available-for-sale financial assets: includes all financial assets that are not held for trading and that are not classified as held-to-maturity, as such loans or receivables originated by the Group, or at fair value through profit or loss.

iii. Classification of financial assets for presentation purposes

In the accompanying consolidated balance sheets, financial assets and liabilities are classified by maturity; those maturing in 12 months or less are classified as "current" and those maturing in over 12 months as "non-current".

The various classes of financial instruments outlined above are classified in the balance sheet as follows:

- Non-current financial assets: includes mainly listed and unlisted equity securities and long-term guarantees extended in respect of the lease of the buildings where the Bolsas y Mercados Españoles Group companies currently conduct their activities, as well as any debt securities and deposits in which any surplus cash held by the Group companies is invested.

- Current financial assets: includes mainly debt securities in which any surplus cash held by the Group companies is invested, and short-term guarantees and deposits.

- Other current financial assets – realisation of guarantees and deposits received from market: includes, basically, reverse repurchase agreements, deposits given and other cash equivalents in which the Group invests the funds temporarily obtained as a result of transactions involving the guarantee deposits held by Iberclear and the Barcelona, Valencia and Bilbao stock exchange management companies (Sociedades Rectoras de las Bolsas de Valores) (Appendix I) as a consequence of settlement risk hedging systems involving cash deposits, and the statutory deposits that the members of BME Clearing, MEFF Euroservices (Appendix I) and the market makers in the electricity market, where MEFF Tecnología y Servicios and MEFF Euroservices (Appendix I) act as a clearing house for settlements and guarantees, are required to make to guarantee open positions in their respective markets (section (v) below).

- Other current financial assets – Financial instruments in CCP: includes fixed-income securities (cleared through MEFFRepo) and options in which the Group acts as the CCP, presented at the position held by each counterparty (section (V) below).

- Other current financial assets – Receivables for settlement: includes outstanding balances receivable (for next day settlement) on futures margin calls and daily option trades, presented at the position held by each clearing member (section (V) below).

- Other current financial assets – Realisation of cash withheld for unsettled operations: includes the cash related to positions of purchasing members payable through settlement of the balance with Iberclear and the Barcelona, Valencia and Bilbao stock exchange management companies, which the Group temporarily controls or withholds in order to decide how to apply it, in accordance with the regulation governing the settlement system (section (V) below).

- Trade and other receivables (current assets): includes mainly balances arising from the provision of the services that constitute the Group companies' corporate purposes and with public bodies.

- Cash and cash equivalents (current assets): includes cash, reverse repurchase agreements, short-term bank deposits and other cash equivalents (maturity of less than three months) in which any surplus cash held by the Group companies is invested.

iv. Measurement and recognition of gains (losses) on financial assets

Available-for-sale financial assets are measured at fair value at subsequent measurement dates. Gains or losses arising from changes in fair value are recognised directly in equity (under "Valuation adjustments - Available-for-sale financial assets") until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is recognised under "Impairment losses and gains (losses) on disposal of financial assets" in the consolidated income statement.

Financial assets held for trading are also measured at fair value at subsequent measurement dates (in all cases fair value is deemed to be the quoted prices published on MEFF's own active market). Given the exact match between the asset and liability positions under this heading (financial liabilities), changes in fair value have an impact on the amounts shown in the balance sheet, but do not affect the consolidated income statement.

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date between two knowledgeable, willing parties in an arms' length transaction acting prudently. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an active, transparent and deep market ("quoted price" or "market price").

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of valuation techniques commonly used by the international financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. Notwithstanding the foregoing, the limits of the valuation models developed and possible inaccuracies in the assumptions required by these models may lead to the fair value of a financial instrument measured using this method not coinciding exactly with the price at which the instrument might be bought or sold on the measurement date.

Equity investments in other companies whose fair value cannot be determined in a sufficiently objective manner are carried at cost adjusted for any impairment losses.

Loans and receivables and held-to maturity investments are measured at amortised cost and interest income accrued is recognised in the consolidated income statement (under "Finance income") using the effective interest rate method (EIR). Amortised cost is the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation of any difference between the initially recognised amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument based on its contractual conditions, but without considering future credit losses. For fixed-rate financial instruments, the effective interest rate coincides with the contractual rate of interest at the time of acquisition, adjusted as necessary for any commissions or fees which by their nature are assignable to a rate of interest. In the case of floating-rate financial instruments, the effective interest rate coincides with the prevailing total yield for all items up to the earliest resetting of the benchmark interest rate.

All derivatives are recognised in the balance sheet at fair value from the trade date. If the fair value is positive, they are recognised as an asset, and if the fair value is negative, they are recognised as a liability. The fair value on the trade date is deemed, in the absence of evidence to the contrary, to be the transaction price. Given the exact match between the asset and liability positions on all derivatives entered into by the Group, changes in the fair value of derivatives from the transaction date are not recognised with a balancing entry in the consolidated income statement. Specifically, the fair value of standard financial derivatives included in the portfolios of financial assets or liabilities held for trading is deemed to be their daily quoted price and If, for exceptional circumstances, the quoted price cannot be determined on a given date, these financial derivatives are measured using methods similar to those used to measure OTC derivatives.

v. Classification of financial liabilities for measurement and presentation purposes

Financial liabilities classified for measurement purposes as "Financial liabilities held for trading" include fixed income securities (cleared through MEFFRepo) and option trades in which the Group acts as the CCP, which is why the positions held are matched by equivalent positions in financial assets (section (ii) above). Therefore the criteria applied to these assets are also used to measure these liabilities (previous section).

For measurement purposes, all other financial liabilities are classified as "Debts and payables", and are therefore measured at amortised cost (see above) using the effective interest rate method.

In the accompanying consolidated balance sheets, financial liabilities are classified by maturity; those maturing in 12 months or less are classified as "current" and those maturing in over 12 months as "non-current".

In 2013 and 2012, financial liabilities at amortised cost were recognised basically under "Trade and other payables" in the consolidated balance sheets (Note 14), except for guarantees and deposits received from the market, recognised in "Other current financial liabilities – Guarantees and deposits received from market", for unsettled balances for futures margin calls and daily option trades pending next day settlement, which are recognised in "Other current financial liabilities – Payables for settlement" on the consolidated balance sheets, and for the balancing entry for initial recognition of the cash withheld for settlement described in section iii, of this note, which is recognised in "Other current financial liabilities – Payables for cash withheld for settlement".

All financial liabilities classified as "Financial liabilities held for trading" were recognised in "Other current financial liabilities - Financial instruments in CCP" in 2013 and 2012 (section iii, of this note and Note 7).

vi. Impairment of financial assets

A financial asset is considered to be impaired (and therefore its carrying amount is adjusted to reflect the effect of impairment) when there is objective evidence that loss events have occurred which:

- have an adverse impact on the future cash flows estimated at the transaction date, in the case of debt instruments (mainly trade receivables and marketable debt securities).

- mean their carrying amount may not be fully recovered, in the case of equity instruments.

As a general rule, impairment losses on financial instruments are recognised in the income statement in the period in which the impairment is identified. Reversals, if any, of previously recognised impairment losses are recognised in the income statement in the period in which the impairment is eliminated or decreases. In all cases, impairment losses are recognised with a charge or credit to "Other operating costs – Losses, impairment and changes in trade provisions" in the consolidated income statement, in the case of impairment of non-performing trade receivables and any reversals thereof (Note 8), and to "Impairment losses and gains (loss) on disposal of financial assets" in all other cases (Notes 7 and 9).

When the recovery of any recognised amount is considered unlikely, the amount is written off, without prejudice to any actions that the Group may initiate to seek collection until its rights are extinguished due to expiry of the statute-of-limitations period, forgiveness or any other cause.

Impairment losses for each class of financial asset are calculated as follows:

- Financial assets at amortised cost: the amount of the loss on these instruments is the negative difference between the asset's carrying amount and the present value of estimated future cash flows, and is presented as a reduction in the carrying amount of the impaired assets.

  Specifically, as regards impairment losses arising from materialisation of the insolvency risk of the obligors (credit risk), a debt instrument is impaired due to insolvency when there is evidence of a deterioration of the obligor's ability to pay, either because it is in arrears or for other reasons.

  The process of assessing these assets for potential impairment losses is performed individually for the vast majority of financial assets measured at amortised cost.

- Available-for-sale financial assets: the amount of the loss is measured as the positive difference between acquisition cost (net of any principal repayments in the case of debt securities) and fair value less any impairment loss on that financial asset previously recognised in the consolidated income statement.

  When, at the measurement date, there is objective evidence that these assets are permanently impaired, the cumulative loss that had been recognised directly in equity in "Valuation adjustments – Available-for-sale financial assets" is removed from equity and recognised in full in the consolidated income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases in part or in full, the impairment loss shall be reversed, with the amount of the reversal recognised in the consolidated income statement in the period in which the reversal occurs (or in "Valuation adjustments – Available-for-sale financial assets" in the case of equity instruments).

- Equity instruments measured at cost: the amount of the impairment loss as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the market rate of return for similar securities.

  Impairment losses are recognised in the consolidated income statement under "Impairment losses and gains (losses) on disposal of financial assets" in the period in which they arise, by directly reducing the cost of the instrument. These losses can only be reversed subsequently if the related assets are sold.

All impairment losses recognised by the Group in 2013 and 2012 corresponded to losses on trade and other receivables, for amounts of €545 thousand and €503 thousands, respectively (Note 8).

vii. Valuation techniques

A summary of the valuation techniques used by the Group to measure financial instruments at fair value (except financial assets held for trading, which relate entirely to financial instruments in CCP) using the fair value hierarchy in the following levels at 31 December 2013 and 2012 (Note 7) is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: quoted prices for similar assets and liabilities in active markets, prices of recent transactions or expected cash flows or other valuation techniques in which all the significant inputs are based on directly or indirectly observable market data.

- Level 3: unobservable inputs for the asset of liability.

The detail of level 1, 2 and 3 fair value measurements at 31 December 2013 and 2012 is as follows:

			Thousands of euros		
			Fair value hierarchy		
2013	**Total balance (*)**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets	17,371	17,371	10,350	7,021	-
	17,371	**17,371**	**10,350**	**7,021**	-

(*) Does not include certain unquoted equity securities measured at cost (Note 7).

			Thousands of euros		
			Fair value hierarchy		
2012	**Total balance (*)**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets	18,874	18,874	11,853	7,021	-
	18,874	**18,874**	**11,853**	**7,021**	-

(*) Does not include certain unquoted equity securities measured at cost (Note 7).

There were no transfers between Levels 1 and 2 in 2013 and 2012.

viii. Derecognition of financial assets and financial liabilities

Financial assets are only derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred, i.e., the risks and rewards incidental to ownership of the financial assets have been substantially transferred. Similarly, financial liabilities are only derecognised when the obligations they generate have been extinguished or when they are acquired (with the intention either to cancel them or resell them).

f) Own equity instruments

i. Definition

Own equity instruments are those that meet the following conditions:

- The instrument includes no contractual obligation: (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the issuer.

- If the instrument will or may be settled in the issuer's own equity instruments, it is: (i) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or (ii) a derivative that will be settled only by the issuer by exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Capital and other equity instruments issued by the Group are recognised in equity at the amount received, net of direct issuance costs.

Treasury shares acquired by the Company during the year are recognised at the amount of consideration paid and are deducted directly from equity under "Parent shares and equity holdings" (Note 11),

Gains or losses on transactions with own equity instruments, including issuance and cancellation of these instruments, are recognised directly in equity.

g) Classification of payables into current and non-current

Payables in the accompanying consolidated balance sheets are classified by maturity, i.e., those maturing in 12 months or less are classified as current, and those maturing in over 12 months as non-current.

h) Other assets and other liabilities (current and non-current)

"Other assets" and "Other liabilities" in the consolidated balance sheets include amounts not recognised in other items. These balances correspond basically to accrual accounts (excluding accrued interest, which is recognised in the items including the financial instruments that rise to the interest).

i) Provisions and contingent liabilities (assets)

At the date of authorisation for issue of the consolidated annual financial statements, the directors distinguished between:

- Provisions: present obligations at the balance sheet date arising from past events which could give rise to a loss for the entities, which is considered to be likely to occur and certain as to nature, but uncertain as to its amount and/or timing.

- Contingent liabilities: possible obligations arising from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated entities, and

- Contingent assets: possible assets arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or uncertain future events not wholly within the control of the Group. Contingent assets are not recognised in either the consolidated balance sheet or the consolidated income statement, are disclosed in the accompanying notes when an inflow of resources embodying economic benefits is probable.

The consolidated financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled (Note 12). Contingent liabilities are not recognised in the consolidated financial statements, but disclosed in the accompanying notes.

Provisions (which are quantified based on the best available information about the consequences of the events giving rise to them and reviewed at each reporting date) are recognised to meet specific obligations for which they were originally recognised, and are reversed, fully or partially, whenever these obligations cease to exist or are reduced.

j) Ongoing litigation and/or claims

At year-end 2013 and 2012 a number of legal proceedings and claims had been filed against consolidated companies in connection with the ordinary course of their businesses. Both the Group's legal advisors and directors believe that the outcome of these proceedings and claims will not have any effect on the consolidated financial statements of the years in which they are resolved that has not been adequately provisioned (Note 12).

k) Post-employment and other long-term benefits

Certain Group companies are required, under their prevailing collective bargaining agreements and/or the extra-statutory collective bargaining agreement, which applies to most of the companies in the Group, to fulfil a number of commitments vis-à-vis their employees.

i. Post-employment obligations

Post-employment benefits are amounts payable to employees that are settled upon termination of employment. Post-employment benefits, whether covered with internal or external pension funds, are classified as defined-contribution or defined-benefit plans according to the terms of the obligations, considering all the commitments assumed within and outside the contractual arrangements with the employees.

Post-employment obligations are classified as "defined contribution plans" when the Group pays fixed contributions into a separate entity (recognised under "Employee benefits expense – Social welfare expenses" in the consolidated income statement) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. All other post-employment benefit plans are "defined benefit plans".

Defined contribution plans

The contributions made each year in this connection are recognised under "Employee benefits expense – Social welfare expenses" in the consolidated income statement. The amounts not yet contributed at each year-end are recognised under "Non-current provisions – Long-term employee benefits" on the liability side of the consolidated balance sheet, discounted to present value where warranted.

The Group has an agreement with a small group of employees whereby it undertakes to contribute a fixed percentage of the pensionable salary of these employees to a defined contribution plan. This contribution is made to an external plan called the "Plan de Pensiones AIAF Mercado de Renta Fija", part of the Santander Colectivos Renta Variable Mixta 2 pension fund, which is managed by Santander Pensiones, S.A., E.G.F.P. The expense recognised for the contributions made by the Group in this connection in 2013 and 2012, totalling €72 thousand and €67 thousand, respectively, was recognised under "Employee benefits expense – Social welfare expenses" in the consolidated income statement (Note 19).

The Group has also taken out a collective life insurance policy carrying social provision benefits, covering the retirement, death or permanent disability of certain Directors (Note 4). The annual contribution to this insurance, including contributions on account of other Group employees not classified as senior management, amounted to €626 thousand in 2013 (€611 thousand in 2012), recognised in "Employee benefit expense – Social welfare expenses" in the consolidated income statement (Note 19).

Defined benefit plans

The Group recognises under "Non-current provisions – Long-term employee benefits" on the liability side of the consolidated balance sheet (Note 13) the present value of defined benefit post-employment obligations, net of the fair value of the plan assets.

The present value of defined-benefit post-employment obligations is calculated by discounting the expected future cash flows using a discount rate determined by reference to market yields on high quality corporate bonds, consistent with the currency and estimated terms under which the post-employment benefit obligations will be settled.

If the treatment described in the previous paragraph gives rise to an asset, it is recognised under "Non-current financial assets" up to the present value of any economic benefits that could return to the Group in the form of direct refunds from the plan or reductions in future payments to the plan. Any adjustments are to be made to the measurement of a post-employment benefits asset are recognised directly in equity as reserves.

The "plan assets" are those assets that will be used directly to settle the obligations and meet the following conditions:

- They are not held by the consolidated entities, but by a legally separate entity that is not a related party of the Group.

- They are available to be used only to pay or fund employee benefits, and are not available to the Group's own creditors (even in bankruptcy).

- They cannot be returned to the consolidated entities unless the remaining assets of the plan are sufficient to meet all the related employee benefit obligations of the plan or the entity with current or former employees, or they are returned to the Group to reimburse it for employee benefits already paid,

- They are not non-transferable financial instruments by the Group.

Defined benefit plans are recognised as follows:

a) Actuarial gains and losses arising in the year from changes in financial-actuarial assumptions of differences between assumptions and what actually occurred are recognised immediately in the period in which they arise directly under "Other recognised income and expense" in the consolidated statement of recognised income and expense. These amounts may not be reclassified to profit or loss in a subsequent period.

b) Current service cost, understood to be the increase in the present value of the obligations resulting from employee service in the current period, and past service cost, which is the change in existing post-employment benefits or the introduction of new benefits, are recognised fully in the consolidated income statement under "Employee benefits expense - Provisions and other employee benefits expense".

c) The interest cost of the obligation and expected return on plan assets are determined as a net interest amount by multiplying the defined benefit liability (asset) by the discount rate at the beginning of the year and recognised under "Finance cost – Provision adjustments".

The defined benefit post-employment obligations held by the Group include:

- Retirement bonus commitments in connection with the obligation undertaken by certain Group companies to pay a bonus to employees who leave the company after a specific age (60-65) to retire, and

- Health benefit commitments, understood as the obligation, restricted to a specific number of Group employees, to take out health insurance to supplement the social security medical coverage. The policy cover current employees and their beneficiaries, defined as those entitled to health care under the state Social Security scheme under the same social security number as the employee, as regulated by prevailing social security legislation, and those retiring after this agreement comes into effect and their beneficiaries (as defined above, plus those becoming widows/widowers and orphans after the agreement comes into effect that are also stipulated beneficiaries of the policy holder).

The Group externalised its retirement bonus commitments in 2006. The vehicle used by the Group to outsource these commitments was an insurance policy written with Aegón España, S.A. de Seguros y Reaseguros.

ii. Other long-term employee benefits

Other long-term employee benefits, including the obligation entered into by certain Group companies to pay a bonus for good conduct and outstanding employee loyalty, as reflected in the number of years of ongoing service, after 25, 30, 35 and 45 years of effective service, are recognised, where applicable, as described above for defined benefit post-employment plans, except that the actuarial gains and losses are recognised in the consolidated income statement under "Employee benefit expenses - Wages, salaries and similar expenses".

l) Termination benefits

In accordance with current legislation, the Group is required to pay termination benefits to any employee whose employment is terminated without due cause. The Group recognised the expense incurred in connection with termination benefits accrued on redundancies agreed in 2013 under "Employee benefits expense – Wages, salaries and similar expenses" (Note 19). Outstanding termination benefits payable were recognised on the liability side of the consolidated balance sheet at year-end under "Trade and other payables – Other payables". There was no detailed redundancy plan warranting recognition of a provision in this connection at 31 December 2013 and 2012.

m) Share-based payment arrangements

The delivery of own equity instruments (shares) to employees as consideration for their services when these are delivered after a defined service period is recognised as a service cost (with a corresponding increase in equity) as the employees provide their services over the period. At the grant date, the services received (and the corresponding increase in equity) are measured at the fair value of the equity instruments granted. If the equity instruments vest immediately, the full amount of the grant-date fair value is expensed immediately. When the performance conditions of the payment arrangement include external market-based performance features (e.g. achieving a specified price in the equity instruments granted), the amount ultimately recognised in equity depends on the degree of achievement of the other performance conditions, regardless of whether the market conditions stipulated have been met. If the non-market conditions are met, but the market conditions are not, the amounts previously recognised in equity are not reversed, even when employees do not exercise their rights to receive the equity instruments (Note 19-c).

n) Recognition of revenue and expense

The paragraphs below summarise the most significant criteria applied by the Group to recognise revenue and expense:

i. Revenue

Revenue from the rendering of services (e.g. trading, settlement, market listings, ongoing listing fees and delistings) is recognised on an accrual basis in accordance with the fees and tariffs applicable for each year, as established in the respective listing bulletins.

ii. Non-finance income and costs

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

iii. Finance income and costs

BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A. - Sociedad Unipersonal) earns finance income for its clearing house activities, interest income on the funds held in guarantee for market members (Note 7). These amounts are passed on to the market members in full, with a credit to "Finance income – From marketable securities and other financial instruments" and a charge to "Finance cost – Guarantees and deposits received from market", respectively, on the consolidated income statement (see Notes 7 and 21).

Similarly, as a trader of EUREX, MEFF Euroservices, S.A. S.V. - Sociedad Unipersonal requires guarantee deposits from members of MEFF Productos Derivados for the open positions they maintain on its books, and it additionally arranges these guarantees (Note 7). The Group recognises the finance income obtained on the margins posted arranged in "Finance income – From marketable securities and other financial instruments" on the consolidated income statement, while recognising the portion of this income that is passed on to the deposit holders in "Finance cost – Guarantees and deposits received from market" (Notes 7 and 21).

Lastly, from its securities clearing and settlement activities and as a result of settlement risk hedging via cash deposits, Iberclear and the Barcelona, Valencia and Bilbao stock exchange management companies (Appendix I) obtain deposits that they may invest, passing a portion of the returns generated on to the depositories. The finance income obtained and passed on is recognised in "Finance income – From marketable securities and other financial instruments" and "Finance cost – Guarantees and deposits received from market", respectively, on the consolidated income statement (Notes 7 and 21).

o) Offsetting

Financial assets and liabilities are offset, i.e., reported in the consolidated balance sheet at their net amount, only if the entities have a legally enforceable right to set off the amounts of such instruments and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

p) Income tax

Income tax expense is recognised on the consolidated income statement, expect when it results from a transaction recognised directly in equity, in which case the tax effect is also recognised in equity, or from a business combination, in which case the deferred tax is recognised as an asset thereof.

Current income tax is calculated as the amount payable for taxable profit for the year adjusted for any changes in recognised deferred tax assets and liabilities from temporary differences, tax credits and relief and tax loss carryforwards.

A temporary difference is deemed to exist when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. A taxable temporary difference is one that will generate a future obligation for the Group à-vis the related tax authorities. A deductible temporary difference is one that will generate a future claim for the recovery of taxes paid or a reduction in the amount payable to the pertinent tax authorities in the future.

Unused tax credits and tax losses are amounts that, after the performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the condition for doing so established in tax regulations are met and it is probable that the Group will use them in future periods.

Current tax assets and liabilities are taxes expected to be recovered from or paid to the taxation authorities within 12 months from the date of recognition. Deferred tax assets and liabilities are amounts of income taxes expected to be recovered from or paid to the taxation authorities in future periods.

Deferred tax liabilities are recognised for all significant taxable temporary differences. The Group only recognises deferred tax assets arising for deductible temporary differences, the carryforward of unused tax credits and unused tax losses when the following conditions are met:

- Deferred tax assets are only recognised to the extent that it is probable that the consolidated entities will generate future taxable profit against which they can be utilised, and

- The unused tax losses result from identifiable causes which are unlikely to recur.

Pursuant to applicable legislation, tax loss carryforwards may be offset against taxable income in the following 18 years, under certain conditions.

Royal Decree Law 20/2012, of 13 July 2012, on measures to ensure budgetary stability and on encouraging competitiveness provides that, for taxpayers whose turnover exceeded €6,010,121.04 during the 12 months prior to the start of the tax periods of 2012 and 2013, the offset of loss carryforwards will be limited to 50% of the taxable income prior to said carryforward, when in these 12 months revenue is at least €20 million and less than €60 million; and 25% of the taxable income prior to said offset when revenue in the 12 months is at least €60 million. In 2013 and 2012, the Group offset tax loss carryforwards, and the aforementioned limitation did not have an impact.

Royal Decree-Law 14/2013, of 29 November, amended the consolidated text of the Corporate Income Tax Law as follows:

a) With effect for tax periods beginning on or after 1 January 2011, deferred tax assets arising from impairment of loans or other insolvency-related assets vis-à-vis debtors unrelated to the taxpayer, or arising from allowances or contributions to welfare and, as appropriate, early retirement schemes are included in the tax base pursuant to the corporate income tax up to the limit of the taxpayer's taxable income prior to their inclusion and before any tax losses are offset.

b) Deferred tax assets arising from impairment of loans or other insolvency-related assets vis-à-vis debtors unrelated to the taxpayer, or arising from allowances or contributions to welfare and, as appropriate, early retirement schemes will be converted into credits that give risk to a receivable from the taxation authorities if the taxpayer recognises losses in its annual accounts or is in liquidation or has legally been declared insolvent. In addition, deferred tax assets arising from the right to offset tax losses in subsequent periods may be converted to credits that give rise to a receivable from the taxation authorities when they result from the inclusion in the tax base, as of the first tax period commencing in 2014, of the impairment of loans or other insolvency-related assets of the debtors, or allowances or contributions to welfare and, as appropriate, early retirement schemes that gave rise to the aforementioned deferred tax assets.

These assets may be exchanged for Spanish government debt once the offset period for tax losses provided for in the Income Tax Law from the recognition of the assets has elapsed. For assets that could not be recognised by the entry into force of this rule, the period begins from this date.

The application of this law did not have a significant effect on the amount of tax assets arising from tax losses recognised, or in deductions for tax loss carryforwards or unused tax credits or the amount of deferred assets recognised.

Deferred tax assets and liabilities arising the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit or loss are not recognised.

The carrying amounts of recognised deferred tax assets and liabilities are reviewed at each reporting date and are adjusted as appropriate based on the outcome of the analysis performed.

Bolsas y Mercados Españoles files consolidated tax returns for the tax group of which it is the parent company. This tax group's policy is to allocate the resulting consolidated income tax charges on a proportional basis according to each company's tax base.

q) Foreign currency transactions

The Group's functional currency is the euro. Consequently, all non-euro balances and transactions are considered foreign currency balances and transactions.

Foreign currency transactions carried out by consolidated companies are initially recognised in their respective financial statements at their functional currency equivalent, applying the exchange rates in force on the corresponding transaction dates. In general, foreign currency balances were converted to euros at the average official market spot exchange rates prevailing at each year-end.

Exchange differences arising on translating foreign currency balances into the consolidated companies' functional currency (in all instances, the euro) are generally recognised at their net amount in the consolidated income statement under "Exchange differences" (Note 21), except for exchange differences arising on financial instruments at fair value through profit and loss, which are recognised, without separate presentation, in the consolidated income statement together with other fair value changes.

At 31 December 2013 and 2012, the Group's exposure to exchange rate risk was not material. Accordingly, the impact on the Group's consolidated equity and consolidated income statement of an appreciation or depreciation of exchange rates of other currencies relative to the euro would not be material.

r) Accounting for operating leases

Under operating leases, the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset.

When the consolidated entities act as lessee, lease expenses, including any incentives granted by the lessor, are charged to "Other operating costs – External services" in the consolidated income statement on a straight-line basis (Note 20).

s) Consolidated statement of cash flows

The following terms are used on the consolidated statements of cash flows:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investment activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- Financing activities are activities that result in changes to the size and composition of equity and borrowings of the entity.

For the purposes of drawing up the consolidated statements of cash flows, "Cash and cash equivalents" are understood to be short-term, highly liquid investments that are subject to an insignificant risk of changes in value, and which do not entail the realisation of guarantees and deposits received from the market, without taking into account the financial instruments for which BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rector de Productos Derivados, S.A. – Sociedad Unipersonal) acts as CCP, the realisation of cash withheld for unsettled operations, or receivables (or payables) in connection with the settlement of daily options and futures trades.

t) Consolidated statements of recognised income and expenses

In accordance with the options allowed under section 81 of IAS 1, the Group has elected to present a separate statement of consolidated profit and loss ("Consolidated income statement") and a statement, based on consolidated profit or loss for the year, showing the components of other income and expenses in the year ("Consolidated statement of recognised income and expense").

The "Consolidated statement of changes in equity" shows the income and expense generated by the Group as a result of its activity during the year, distinguishing between items of income and expense that are recognised in profit and loss for the year and other income and expense that, as required under current regulations, are recognised directly in consolidated equity.

This financial statement therefore presents:

a. Consolidated profit for the year.

b. Items of income and expense which, under prevailing measurement criteria, are recognised directly in equity.

c. Any transfers from equity to the consolidated income statement under the provisions of adopted IFRS.

d. The tax effects of a), b) and c) above, except in relation to impairment losses on investments in associates or joint ventures consolidated using the equity method, which are presented on a net basis.

e. Total recognised consolidated income and expense for the period (calculated as the sum of (a) through (d) above), showing separately the total amounts attributable to equity holders of the parent and to non-controlling interests.

Any items of income and expense recognised directly in equity in connection with investments in entities consolidated using the equity method are presented net of tax under "Income and expense recognised directly in equity – Share of profit (loss) of associates" and any transfers of these items to the income statement are recognised in "Amounts transferred to the income statement – Share of profit (loss) of associates".

u) Statement of changes in total equity

These statements show all changes in net equity, including the effects of changes in accounting policies and corrections of errors. These statements accordingly present a reconciliation between the carrying amount of each component of consolidated equity at the beginning and the end of the period, separately disclosing each change into the following headings:

a. Adjustments for changes in accounting criteria and adjustments for errors: include any changes in consolidated equity arising from the retrospective restatement of financial statement balances due to changes in accounting criteria or for the correction of errors.

b. Total recognised income/(expense): comprises an aggregate of all the aforementioned items recognised in the statement of recognised income and expense.

c. Transactions with shareholders: changes in equity due to dividend payments, capital increases (decreases), share-based payments, etc.

d. Other changes in equity: other items recognised in equity, such as distribution of profit, transfers between equity items and any other increase or decrease in consolidated equity.

3. Distribution of Bolsas y Mercados Españoles' profit and earnings per share

a) Distribution of the Company's profit

The proposed distribution of the profit of Bolsas y Mercados Españoles, the Group's parent company, for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012 (**)**
Dividends:		
Interim	83,278	83,278
Final	54,131	49,967
Voluntary reserves	20,256	1,534
Profit for the year of Bolsas y Mercados Españoles (*)	**157,665**	**134,779**

(*) Profit obtained by the parent company, as stated in its separate financial statements for 2013 and 2012. This profit measure constitutes the basis of distribution under prevailing Spanish legislation.
(**)At 30 April 2013 the proposed distribution of 2012 profit was ratified at the General Shareholders' Meeting without modification.

In its meetings of 22 July 2013 and 19 December 2013, the Board of Directors of Bolsas y Mercados Españoles agreed to distribute two dividends from 2013 profit in the amount of €33,311 thousand and €49,967 thousand, respectively, recognised under "Interim dividend", with a reduction to "Equity" in the consolidated balance sheet at 31 December 2013 (Note 11). At that date, both dividends had been fully paid.

In its meetings of 26 July 2012 and 20 December 2012, the Board of Directors of Bolsas y Mercados Españoles agreed to distribute two dividends from 2012 profit in the amount of €33,311 thousand and €49,967 thousand, respectively, recognised under "Interim dividend", with a reduction to "Equity" in the consolidated balance sheet at 31 December 2012 (Note 11). At that date, both dividends had been fully paid.

The provisional statement of accounts which, in accordance with the provisions of Article 277 of the consolidated text of the Spanish Corporate Enterprise Act, were prepared by the Board of Directors of Bolsas y Mercados Españoles, on the dates indicated, confirming the existence of sufficient liquidity to pay the interim dividends, is as follows:

	Thousands of euros	
	30-06-2013	**18-12-2013**
Profit for the year available at the dividend date (*)	77,913	142,306
Interim dividend paid in the year	-	(33,311)
Amount available for distribution	**77,913**	**108,995**
Available liquidity	46,356	69,789
Interim dividend	(33,311)	(49,967)
Retained earnings	**13,045**	**19,822**

(*) From the separate financial statements of Bolsas y Mercados Españoles.

b) Earnings per share from continuing and discontinued operations

i. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the parent by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	2013	**2012**
Profit for the year attributable to owners of the parent (thousands of euros)	143,140	135,473
Weighted average number of shares outstanding	83,278,225	83,278,225
Conversion of convertible debt	-	-
Adjusted number of shares	83,278,225	83,278,225
Basic earnings per share (euros)	**1.72**	**1.63**

ii. Diluted earnings per share

Diluted earnings per share is calculated by adjusting both profit for the year attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, net of treasury shares, for all the effects of dilutive potential ordinary shares.

Accordingly:

	2013	2012
Profit for the year attributable to owners of the parent (thousands of euros)	143,140	135,473
Weighted average number of shares outstanding	83,278,225	83,278,225
Conversion of convertible debt	-	-
Dilutive effective of Pluri-Annual Variable Remuneration Programme in Shares (Note 19-c)	428,801	304,655
Adjusted number of shares	83,707,026	83,582,880
Diluted earnings per share (euros)	**1.71**	**1.62**

At 31 December 2013 and 2012, there were dilutive ordinary shares resulting from the Pluri-Annual Variable Remuneration Programme in Shares approved by the Ordinary General Shareholders' Meeting of BME on 28 April 2011 whose maximum number of units assigned at 31 December 2012 and convertible into shares potentially deliverable to all the programme's beneficiaries corresponding to the first, second and third three-year periods totalled 428,801 shares (304,655 shares at 31 December 2011 corresponding to the first and second three-year periods of the Programme) (Note 19-c),

4. Remuneration and other benefits of Bolsas y Mercados Españoles' board of directors and senior management

a) Director remuneration

Each year the Board of Directors of Bolsas y Mercados Españoles approves the bylaw-stipulated remuneration and per diems for attendance at meetings to be paid to the directors of Bolsas y Mercados Españoles for discharging duties as members of the Board of Directors.

In 2013 and 2012, serving and former members of the Board of Directors of Bolsas y Mercados Españoles accrued the following gross amounts for sitting on the boards of Bolsas y Mercados Españoles and of other Group companies:

Thousands of euros

	Per diems		Bylaw-stipulated fixed remuneration		Variable Remuneration		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Antonio Zoido Martínez	111	112	732	732	530 (*)	273 (**)	1,373	1,117
José A. Barreiro Hernández	22	18	30	30	-	-	52	48
Tomás Muniesa Arantegui (****)	47	67	-	-	-	-	47	67
Joan Hortalá i Arau	74	85	259	259	46 (*)	-	379	344
Ramiro Mato García Ansorena	20	22	30	30	-	-	50	52
Ignacio Benjumea Cabeza de Vaca	31	37	30	30	-	-	61	67
Álvaro Cuervo García	42	44	30	30	-	-	72	74
Karel Lannoo	19	21	30	30	-	-	49	51
Javier Alonso Ruiz-Ojeda (*****)	14	22	-	30	-	-	14	52
José Antonio Álvarez Álvarez	15	18	30	30	-	-	45	48
Margarita Prat Rodrigo	34	33	30	30	-	-	64	63
Manuel Olivencia Ruiz	28	28	30	30	-	-	58	58
Ricardo Laiseca Alsa	20	16	30	30	-	-	50	46
Rosa María García García	15	13	30	30	-	-	45	43
Carlos Stilianopoulos Ridruejo (***)	-	2	-	-	-	-	-	2
Pablo Forero Calderón (******)	10	-	-	-	-	-	10	-
Total	**502**	**538**	**1,291**	**1,321**	**576**	**273**	**2,369**	**2,132**

(*) Amount of variable remuneration in 2013 to be paid in 2014.
(**) Amount of variable remuneration for 2012 paid in 2013.
(***) Mr Stilianopoulos Ridruejo stood down from the Board on 14 March 2012.
(****) Mr Muniesa Arantegui stood down from the Board on 21 January 2014.
(*****) Mr Alonso Ruiz-Ojeda stood down from the Board on 19 November 2013.
(******) Mr Forero Calderón stood down from the Board on 21 January 2014.

In ordinary general meetings on 30 April 2013 and 26 April 2012, the shareholders of Bolsas y Mercados Españoles ratified, among other resolutions, the system for determining the variable remuneration to Antonio Zoido Martínez for the years ended 31 December 2013 and 2012, respectively, which is accrued before each year-end. The variable remuneration accrued by Antonio Zoido Martínez in 2013, calculated as a percentage of his fixed remuneration depending on the level of budgetary compliance, amounted to €530 thousand (€273 thousand in 2012).

Joan Hortalá i Arau accrued €46 thousand of variable remuneration in 2013, which will be submitted for approval by the sole shareholder of Barcelona stock exchange management company.

b) Other director benefits

The maximum number of shares in Bolsas y Mercados Españoles to be delivered, where applicable, to the Executive Directors of Bolsas y Mercados Españoles who are beneficiaries of the Pluri-Annual Variable Remuneration Programme in Shares (included in the 2011-2016 Plan), hereinafter, the "Programme", described in Note 19-c) herein, corresponding to the first, second and third three-year periods of the Programme, is established at 65,467 shares, corresponding to 43,645 assigned units, and no amount was settled at 31 December 2013 in this connection. The theoretical units corresponding to the third three-year period were assigned to the executive directors who are beneficiaries of the Programme, Mr. Zoido and Mr. Hortalá, by the Appointments and Remuneration Committee at its meeting held 19 February 2013, giving rise to 22,091 shares for the 14,727 units assigned. There follows a breakdown of this remuneration:

	Maximum number of theoretical shares (*)		
	First three-year period	Second three-year period	Third three-year period
Pluri-Annual Variable Remuneration Programme in Shares:			
Antonio Zoido Martínez	18,712	19,707	19,567
Joan Hortalá i Arau	2,415	2,542	2,524
	21,127	**22,249**	**22,091**

(*) Based on units assigned, although the maximum number of shares attributable, where applicable, under the entire Programme (including the third three-year period), to Antonio Zoido Martínez and Joan Hortalá i Arau are 56,134 and 7,246 shares, respectively.

In addition, under the terms of the Programme, the Appointments and Remuneration Committee, at its meeting held 30 May 2013, confirmed that the amount of extraordinary variable remuneration paid to the Chairman and other members of the Board of Directors under the medium-term Variable Remuneration System amounted to €265 thousand and €34 thousand, respectively, which was settled in 2013. Provisions for the full amounts were recognised at 31 December 2012 under "Non-current provisions – Long-term employee benefits" in the consolidated balance sheet (Note 13).

Expenses recognised in the Group's income statement in 2012 in connection with this remuneration amounted to €149 thousand, recognised under "Other operating costs – External services" (Note 20). No amounts accrued in relation to the medium-term Extraordinary Variable Remuneration System in 2013.

At 31 December 2013 and 2012, no additional post-employment benefits or long-term benefits had been extended to former or serving members of the Board of Directors of Bolsas y Mercados Españoles. Likewise, at 31 December 2013 and 2012, the Company had not assumed any pension or life insurance obligations.

c) Loans

At 31 December 2013 and 2012, no loans or advances had been extended to former or serving members of the Board of Directors of Bolsas y Mercados Españoles.

d) Senior management

For the purposes of preparing these consolidated financial statements, 10 executives of Bolsas y Mercados Españoles' were deemed to be senior management in 2013 (10 in 2012).

Remuneration accrued to these executives in 2013 and 2012 amounted to €3,458 thousand and €3,212 thousand, respectively recognised under "Employee benefits expense" in the consolidated income statements (Note 19-a), while per diems accrued during 2013 and 2012 totalled €498 thousand and €525 thousand, respectively, recognised under "Other operating costs - External services".

Furthermore, in 2013 post-employment benefits were granted to these executives in the amount of €545 thousand (€532 thousand in 2012), €359 thousand for the annual periodic contribution to the insurance arranged in 2006 with Aegon España, S.A. de Seguros y Reaseguros, in the way of a supplementary pension (€350 thousand in 2012); €167 thousand in premiums payable for a collective life insurance policy carrying social provision benefits to cover retirement, death and permanent disability (€163 thousand in 2012); and €19 thousand in the Group's contributions to defined contribution plans (€19 thousand in 2012) (Note 2-k).

Furthermore, the maximum number of shares in Bolsas y Mercados Españoles to be delivered, where applicable, to the executive directors of Bolsas y Mercados Españoles who are beneficiaries of the Pluri-Annual Variable Remuneration Programme in Shares (2011-2016 Plan), hereinafter, the "Programme", described in Note 19-c) herein, corresponding to the first, second and third three-year periods of the Programme, is established at 58,950, 62,090 and 61,647 shares, respectively, corresponding to 39,300, 41,393 and 41,098 assigned units, respectively; no amount had been settled at 31 December 2013 in this connection. Expenses recognised in the Group's income statement in 2013 in connection with this remuneration amounted to €832 thousand, recognised under "Employee benefit expenses – Wages, salaries and similar expenses" (€578 at 31 December 2012, with no amount having been settled in this connection during 2013 (Note 19).

Lastly, the maximum cash amount deliverable to the senior management of Bolsas y Mercados Españoles who are beneficiaries of the medium-term Extraordinary Variable Remuneration System (also included in the 2011-2016 Plan), approved by the General Shareholders' Meeting of BME, was set at €1,060 thousand. Under the terms of this scheme, the Appointments and Remuneration Committee, at its meeting held 30 May 2013, confirmed the coefficients to be applied to the target bonus notified to each beneficiary of senior management, having settled the amounts in 2013. A provision for the full amount was recognised at 31 December 2012 under "Non-current provisions – Long-term employee benefits" in the consolidated balance sheet (Note 13). Expenses recognised in the Group's income statement for 2012 in connection with this remuneration amounted to €423 thousand, recognised under "Employee benefit expenses – Wages, salaries and similar expenses"(Note 19). No amounts accrued in relation to this remuneration system in 2013.

No other long-term benefits were extended to senior management of Bolsas y Mercados Españoles in either 2013 or 2012. Likewise, at 31 December 2013 and 2012 the Company had not assumed any pension or life insurance obligations vis-à-vis, or extended loans or advances to senior executives of Bolsas y Mercados Españoles other than the arrangements outlined above.

e) Termination benefits

In the event of termination of the contractual relationship with Antonio J. Zoido Martínez, he is entitled to receive an amount equal to 3 times the fixed annual remuneration set for him by the General Shareholders' Meeting at the time of the termination. The aforementioned payment to the Chairman shall not have to be made in the event that he voluntarily leaves his position, fails to fulfil his duties or any of the cases needed for Bolsas y Mercados Españoles to be able to take corporate action against him for liability concur.

Four senior directors have signed a senior management contracts entitling them to receive termination benefits equivalent to 45 days', 36, 22 and 12 months' salary, respectively, while three senior directors have an ordinary employment contract entitling them to receive remuneration in the event of dismissal equivalent to 45 days' salary in two instances, and 24 months' salary in the other.

f) Information required under Article 229,2 of the Corporate Enterprises Act

In accordance with the provisions of Article 229,2 of the Spanish Corporate Enterprise Act, in order to enhance the transparency of corporations, by signing these annual accounts, the Company's executives expressly state that neither they nor persons relating hold any stakes, positions or discharge any duties in a company with the same, analogous or similar corporate purpose as that of the Company, nor do they, for their own account or the account of others, engage in this type of business.

5. Intangible assets

a) Goodwill

i. Breakdown

Goodwill at 31 December 2013 and 2012 breaks down as follows:

Consolidated companies (Appendix I)		
	Thousands of euros	
	2013	**2012**
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. (Sociedad Unipersonal)	16,995	16,995
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. (Sociedad Unipersonal)	6,184	6,184
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. (Sociedad Unipersonal)	4,940	4,940
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad Unipersonal) -Iberclear-	52,500	52,500
Open Finance, S.L.	1,571	1,571
	82,190	**82,190**

In 2011, the Group recognised goodwill totalling €1,571 thousand arising on the acquisition of the 62% stake in Open Finance, S.L. by Infobolsa, S.A.

The goodwill allocated to Iberclear arose from a corporate transaction undertaken in 2003 (Note 1-a) and is supported by the estimated future earnings from the clearing, settlement and registration of public debt securities formerly carried out by the CADE, and the business and operating synergies arising from the consolidation of the settlement platforms.

In accordance with the internal and external estimates, projections and measurements available to them, the Administrators of Bolsas y Mercados Españoles have checked for signs of previous goodwill impairment losses, based on the estimate of their recoverable amount. The results of the analyses show that there have been no impairment losses on these goodwill (Note 2-b).

ii. Measurement

The valuation methodology used by the independent expert to obtain the value in use associated with the CADE business was discounted future free cash flows (DCF method) associated with the business for a 5-year projection period (through 2018), equating the cash flows to the results generated by the business since the operating income and costs basically coincide with the cash inflows and outflows, the changes in working capital are not significant and the amortisation and depreciation charges are similar to maintenance capex of production capacity of property, plant and equipment. In particular, the expectation discounted was net operating profit. The key variables on which financial projections are based correspond to a very prudent estimate of the future performance of revenue and expenses associated with the clearing and registration of Public Debt and the induced income from the clearing and registration of AIAF in the CADE system.

The present value of future flows to be distributed to obtain value in use was calculated using as the discount rate the yield on risk-free assets plus a specific risk premium in line with the business analysed. Based on this method, the discount rate used was between 10.7% and 11.4%. Residual value was estimated as the present value of a income to perpetuity which the CADE business is expected to generate from the last year projected (based on normalised net operating profit in the year 2017) and considering, for the purpose of analysing sensitivity, a nominal annual growth rate of between 0% and 2%. The sensitivity of the value to the growth assumption for total revenues from the registration, clearing and settlement of trades performed on the public debt market is calculated at between -25% and -5%, while no impairment losses were calculated under any scenario.

b) Other intangible assets

i. Breakdown and significant changes

The breakdown of this heading, which comprises entirely intangible assets with finite useful lives, is as follows:

		Thousands of euros	
	Estimated useful life	**2013**	**2012**
Computer software	3-15 years	47,231	45,489
Total, gross		**47,231**	**45,489**
Of which:			
Internally generated	4-5 years	25,289	23,996
Purchased	3-15 years	21,942	21,493
Less:			
Accumulated amortisation		(39,784)	(37,180)
Total, net		**7,447**	**8,309**

The changes in this heading (stated gross) were as follows:

	Thousands of euros	
	2013	**2012**
Opening balance	45,489	43,988
Additions:		
Internally generated	1,758	1,109
Purchased	449	1,027
In connection with business combinations	-	-
Disposals/other changes	-	(635)
Impairment losses	(465)	-
Closing balance	**47,231**	**45,489**

All of the additions due to internally developed software in 2013 and 2012 were recognised with a credit to "Own work capitalised" in the consolidated income statements in the amounts of €1,758 thousand and €1,109 thousand, respectively.

Fully amortised intangible assets with a finite useful life at 31 December 2013 and 2012 amounted to €33,552 and €32,714 thousand, respectively. There were no restrictions on ownership of recognised intangible assets and none of these assets were held for sale at either year-end.

ii. Amortisation of intangible assets with a finite useful life

The table below summarises the changes affecting accumulated amortisation of intangible assets with finite useful lives:

	Thousands of euros	
	2013	**2012**
Opening balance	(37,180)	(34,121)
Provisions recognised in income	(2,604)	(3,059)
Closing balance	**(39,784)**	**(37,180)**

ii. Impairment losses

Impairment losses of €465 thousand were identified on intangible assets in 2013 (no amount in 2012), recognised under "Impairment losses and gains (losses) on disposal of no-current assets" in the consolidated income statement.

6. Property, plant and equipment

The changes in this consolidated balance sheet heading, which exclusively comprises property, plant and equipment for own use, were as follows:

	Thousands of euros					
	Property, plant and equipment for own use					
	Land	Buildings	Furniture and installations	Information technology equipmen	Information technology equipment	Total
Cost:						
Balances at 1 January 2012	**24,375**	**9,902**	**29,943**	**62,810**	**231**	**127,261**
Acquisitions	-	-	1,156	1,967	-	3,123
Disposals/other changes	-	-	(3)	(777)	-	(780)
Balance at 31 December 2012	**24,375**	**9,902**	**31,096**	**64,000**	**231**	**129,604**
Acquisitions	-	-	453	1,183	-	1,636
Disposals/other changes	-	-	(81)	(411)	4	(488)
Balance at 31 December 2013	**24,375**	**9,902**	**31,468**	**64,772**	**235**	**130,752**
Accumulated depreciation:						
Balances at 1 January 2012	**-**	**1,106**	**18,258**	**58,642**	**170**	**78,176**
Depreciation and impairment (Note 2-d)	**-**	**198**	**2,227**	**2,353**	**22**	**4,800**
Disposals/other changes	**-**	**-**	**(3)**	**(776)**	**-**	**(779)**
Balance at 31 December 2012	**-**	**1,304**	**20,482**	**60,219**	**192**	**82,197**
Depreciation and impairment (Note 2-d)	-	198	2,261	1,861	9	4,329
Disposals/other changes	-	-	(54)	(415)	1	(468)
Balance at 31 December 2013	**-**	**1,502**	**22,689**	**61,665**	**202**	**86,058**
Property, plant and equipment, net:						
Balances at 31 December 2012	**24,375**	**8,598**	**10,614**	**3,781**	**39**	**47,407**
Balances at 31 December 2013	**24,375**	**8,400**	**8,779**	**3,107**	**33**	**44,694**

Fully depreciated items of property, plant and equipment amounted to €68,024 and €66,332 thousand at 31 December 2013 and 2012, respectively.

On 21 December 2005, the Group acquired a plot of land and some buildings, together with their installations, and the Group companies located in Madrid moved there in 2006. The overall acquisition cost was €37,185 thousand. Some of the Group companies have, however, carried on their business in 2013 and 2012 in leased premises. The rent paid in this respect in those years totalled €3,007 thousand and €3,006 thousand, respectively, and is recognised under "Other operating costs – External services - Leases" in the consolidated income statement (Note 20).

"Other changes" includes derecognised items of property, plant and equipment with a net carrying amount of €18 thousands and disposals of items for €4 thousand with a net carrying amount of €2 thousand, giving rise to impairment losses and gains on disposal of €18 thousand and €2 thousand, respectively, recognised under "Impairment losses and gains (losses) on disposal of non-current assets" in the consolidated income statement (no amounts in this connection in 2012). The Group has arranged insurance policies to cover the possible risks to which the various components of property, plant and equipment are exposed.

There were no encumbrances on any item of property, plant and equipment at either 31 December 2013 or 2012, nor had any assets of significance been acquired under a finance lease arrangement at these dates.

7. Current financial assets, other current financial assets (liabilities) and non-current financial assets

a) Non-current financial assets, current financial assets and other current financial assets

i. Breakdown

The breakdown of these consolidated balance sheet line items, excluding balances under "Cash and equivalents" (Note 9), by classification for measurement purposes, origin, currency and nature of the transaction is as follows:

Thousands of euros

	31-12-2013		31-12-2012	
	Non-Current	**Current**	**Non-Current**	**Current**
Classification for measurement purposes:				
Financial assets held for trading	-	35,703,427	-	33,016,601
Available-for-sale financial assets	20,594	-	22,097	-
Loans and receivables	1,203	2,731,109	1,499	3,043,128
Held-to-maturity investments	-	62,902	6,007	83,181
	21,797	**38,497,438**	**29,603**	**36,142,910**
Source and classification for presentation:				
Other current financial assets-				
Realisation of guarantees and deposits received from market	-	2,686,685	-	3,025,218
Financial instruments in CCP	-	35,703,427	-	33,016,601
Receivables for settlement	-	2,285	-	7,664
Realisation of cash withheld for unsettled operations	-	7,883	-	9,996
Other third-party financial investments				
Current financial assets	-	97,158	-	83,431
Non-current financial assets	21,797	-	29,603	-
	21,797	**38,497,438**	**29,603**	**36,142,910**
Currency:				
Euro	9,994	38,497,438	16,297	36,142,910
Other currencies	11,803	-	13,306	-
	21,797	**38,497,438**	**29,603**	**36,142,910**
Nature:				
Equity instruments-				
Equity securities	13,573	-	15,076	-
Debt securities-				
Spanish sovereign debt	-	19,869	-	59,288
Other fixed-income securities	7,021	38,585	12,028	23,893
Financial instruments in CCP-				
Fixed income securities in CCP (MEFFRepo)	-	35,522,450	-	32,717,041
Options in CCP	-	180,977	-	299,560
Other financial assets				
Reverse repurchase agreements on sovereign debt	-	2,494,550	-	2,795,320
Bank deposits (own)	-	38,158	1,000	-
Bank deposits (third-party)	-	188,684	-	226,529
Deposits extended (third-party)	-	11,334	-	13,365
Receivable for settlement of daily futures and options	-	2,285	-	7,664
Guarantees given	1,203	-	1,083	-
Other	-	546	385	250
Post-employment benefits-				
Defined benefit plans (Note 13)	-	-	31	-
	21,797	**38,497,438**	**29,603**	**36,142,910**
Less- Impairment losses	-	-	-	-
Total financial assets	**21,797**	**38,497,438**	**29,603**	**36,142,910**

Financial assets held for trading

Details at each month end of all fixed income securities (cleared through MEFFRepo) and option trades in which the Group acted as the CCP in 2013 and 2012 (the positions held in these financial assets are matched by equivalent positions in financial liabilities - section (b) of this note) are as follows:

Thousands of euros

	2013			2012		
	Fixed income securities in CCP (MEFFRepo)	Options inCCP	Total	Fixed income securities in CCP (MEFFRepo)	Options in CCP	Total
January	28,161,211	274,355	28,435,566	26,546,694	416,930	26,963,624
February	30,919,827	303,411	31,223,238	28,991,567	441,522	29,433,089
March	40,256,916	295,110	40,552,026	33,182,917	523,275	33,706,192
April	30,445,676	267,426	30,713,102	23,719,986	677,846	24,397,832
May	29,707,458	287,333	29,994,791	25,902,884	795,002	26,697,886
June	36,647,726	320,454	36,968,180	32,965,431	526,491	33,491,922
July	24,087,602	261,299	24,348,901	25,071,118	550,824	25,621,942
August	34,199,020	281,172	34,480,192	21,236,491	454,073	21,690,564
September	32,670,491	244,300	32,914,791	31,860,608	468,896	32,329,504
October	29,702,903	259,234	29,962,137	32,955,301	445,201	33,400,502
November	32,201,142	269,414	32,470,556	32,687,153	435,317	33,122,470
December	35,522,450	180,977	35,703,427	32,717,041	299,560	33,016,601

With regard to futures held for trading, since valuation adjustments are calculated daily and settled D+1, only receivables and payables corresponding to the daily margins payable at 31 December 2013 and 2012 are recognised in the balance sheet under "Other current financial assets – Receivables for settlement" and "Other current financial liabilities – Payables for settlement". The balance of these items and the total amount of futures margins calls paid during 2013 and 2012 are disclosed in "Loans and receivables" hereon.

Available-for-sale financial assets

A breakdown of available-for-sale financial assets (all non-current) at 31 December 2013 and 2012 is provided below:

	% ownership	Thousands of euros	
		31-12-2013	31-12-2012
Quoted equity securities measured at fair value:			
Bolsa Mexicana de Valores, S.A., de C,V,	0.99%	10,350	11,853
Unquoted equity securities measured at cost:			
Operador del Mercado Ibérico de Energía. Polo Español, S.A. (OMEL)	5.65%	524	524
OMIP – Operador do Mercado Ibérico (Portugal). SGPS, S.A.	5.00%	1,246	1,246
Cámara de Riesgo Central de Contraparte de Colombi, S.A.	9.99%	1,453	1,453
		13,573	**15,076**
Quoted debt securities measured at fair value:			
Mortgage covered bonds		7,021	7,021
		20,594	**22,097**

In 2013 and 2012, the Bolsas y Mercados Españoles Group received dividends from these securities amounting to €453 thousand and €504 thousand, respectively, which were recognised under "Finance income – From equity investments" in the consolidated income statement (Note 21).

Loans and receivables

At 31 December 2013 and 2012, loans and receivables, virtually all of which are current, corresponded to the following financial investments of guarantees and deposits received from the market (section (b) below):

- Reverse repurchase agreements and Bank of Spaincurrent accounts, in the amount of €2,274,292 thousand and €187,873 thousand, respectively at 31 December 2013 (at 31 December 2012: €2,523,603 thousand and €226,065 thousand, respectively), which represent the investments in which the statutory deposits that the members of BME Clearing and MEFF Euroservices are required to make to guarantee the open positions held in their respective markets, as well as the statutory deposits required of the members of the electricity settlement clearance market in MEFF Tecnología y Servicios, to guarantee their open positions in that market.

- Reverse repurchase agreements, in the amount of €216,524 thousand at 31 December 2013 (€268,229 thousand at 31 December 2012), representing the investment of funds obtained as a result of the liquidity risk hedging system through cash deposits, as regulated by Iberclear Circular 7/2007, of 30 November, governing market guarantees, and as a consequence of security sell trades that are not duly justified.

- Reverse repurchase agreements and Bank of Spain current account balances, in the amount of €3,734 thousand and €811 thousand, respectively, at 31 December 2013 (€3,418 thousand and €464 thousand, respectively, at 31 December 2012), representing the investment of guarantees extended by way of cash deposits and the investment of the funds obtained as a result of security sell trades that are not duly justified, by Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A., Sociedad Unipersonal, Sociedad Rectora de la Bolsa de Valores de Valencia, S.A., Sociedad Unipersonal and Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., Sociedad Unipersonal.

- The guarantees deposited by the Group with the corresponding clearing member to operate in Eurex amounting to €11,334 thousand at 31 December 2013 (€13,365 thousand at 31 December 2012), which are invested and revert to the Group at the EONIA rate less a spread.

- Balances receivable for the settlement (settled at T+1 by each clearing member) of daily options trades in the amount of €106 thousand at 31 December 2013 and €260 thousand 31 December 2012, and of daily futures margin calls in the amount of €2,179 thousand and €7,404 thousand at 31 December 2013 and 2012, respectively, €7,414,779 thousand and €7,442,072 thousand of futures traded and futures margin calls payable at 31 December 2013 and 2012 were settled in 2013 and 2012, respectively. The amount settled for daily margin calls receivable (debtor balance) is the same as the aggregate of the daily margin calls payable (creditor balance) and therefore, neither are recognised with a balancing entry in the consolidated income statement.

Also included in this category is €33,710 thousand related to the guarantee required by Banco de España from the Group made in a blocked, interest-earning current account with Banco de España to guarantee that payments are immediately made in the event a cash settlement fails. Banco de España calculates these guarantees quarterly, adjusting the blocked amount in the current account with the same frequency.

The carrying amount of all these assets is similar to their fair value.

The revenue generated on these assets in 2013 and 2012 amounted to €1,998 thousand and €5,688 thousand, respectively, recognised under "Finance income – From marketable securities and other financial instruments" in the consolidated income statement (Note 21).

Held-to-maturity investments

Details of "Held-to-maturity investments" at 31 December 2013 and 2012 are shown below. These financial assets basically consist of financial investment in which the Group has invested its cash surpluses that cannot be classified under "Cash and cash equivalents".

Thousands of euros

	31-12-2013		31-12-2012	
	Non-current	current	Non-current	current
Debt securities:				
Spanish sovereign debt	-	19,869	-	59,288
Other fixed-income securities	-	38,585	5,007	23,893
	-	58,454	5,007	83,181
Other financial assets:				
Bank deposits	-	4,448	1,000	-
	-	**62,902**	**6,007**	**83,181**

"Bank deposits" includes €1,600 thousand related to the guarantee required by Banco de España from Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. – Sociedad Unipersonal in a fixed-term deposit to guarantee that payments are immediately made in the event a cash settlement fails.

ii. Residual maturities and average interest rates

Details, by maturity, of the consolidated balance sheet headings "Non-current financial assets" (excluding equity instruments, receivables for post-employment obligations, guarantees extended and others), "Current financial assets" (except others), and "Other current financial assets" (excluding fixed-income securities in CCP (MEFFRepo), options in CCP, receivables for the settlement of daily options and futures trades), are as follows:

Non-current financial assets

	Thousands of euros			Average interest rate
	1 to 3 years	3 to 5 years	Total	
31 December 2013:				
Debt securities-				
Other fixed-income securities-				
Mortgage covered bonds	7,021	-	7,021	3.69%
	7,021	**-**	**7,021**	
31 December 2012:				
Debt securities-				
Other fixed-income securities-				
Commercial paper	5,007	-	5,007	4.10%
Mortgage covered bonds	7,021	-	7,021	3.69%
Other financial assets				
Bank deposits	1,000	-	1,000	4.00%
	13,028	**-**	**13,028**	

Current financial assets and other current financial assets

	Thousands of euros					Average interest rate
	Up to 1 week	1 week to 1 month	1 to 3 Months	3 to 12 Months	Total	
31 December 2013:						
Other financial assets						
Reverse repurchase agreements	2,494,550	-	-	-	2,494,550	0.02%
Bank deposits (own)	-	-	33,710	4,448	38,158	0.39%
Bank deposits (third-party) (*)	188,684	-	-	-	188,684	0.00%
Deposits extended	11,334	-	-	-	11,334	-
Debt securities-						
Spanish government debt	-	-	-	19,869	19,869	1.41%
Other fixed-income securities (**)	-	-	866	37,719	38,585	2.04%
	2,694,568	**-**	**34,576**	**62,036**	**2,791,180**	
31 December 2012:						
Other financial assets						
Reverse repurchase agreements	2,794,726	-	594	-	2,795,320	0.20%
Bank deposits (third-party) (*)	226,529	-	-	-	226,529	0.00%
Deposits extended	13,365	-	-	-	13,365	-
Debt securities-						
Spanish government debt	-	-	-	59,288	59,288	2.79%
Other fixed-income securities (**)				23,893	23,893	3.82%
	3,034,620	**-**	**594**	**83,181**	**3,118,395**	

(*) Current accounts in Banco de España
(**) Commercial paper

iii. Acquisitions and disposals

Equity instruments

The main acquisitions and disposals of equity instruments undertaken in 2013 and 2012 were as follows:

	Thousands of euros
Balance at 1 January 2012	10,996
Capital reduction	(47)
Plus – Valuation adjustments (gross)	4,127
Balance at 31 December 2012	**15,076**
Less – Valuation adjustments (gross)	(1,503)
Balance at 31 December 2013	**13,573**

The most significant variations in equity instruments classified as available-for-sale financial assets are as follows:

Financial Year 2013

A €1,503 thousand loss in the fair value of Bolsa Mexicana de Valores, S.A., de C.V. (quoted company) compared to 31 December 2012, net of tax effect (a €4,127 thousand gain in fair value was recognised in 2012) was recognised in "Equity – Valuation adjustments - Available-for-sale financial assets") (Note 11). At 31 December 2013, the Group owned 6,250,000 shares in Bolsa Mexicana de Valores, S.A., de C.V. equivalent to an approximate stake of 0.99% in that company's share capital.

Financial Year 2012

At the Extraordinary General Shareholders' Meeting on 20 April 2012, the shareholders of Bolsa Mexicana de Valores de C.V., S.A. resolved to decrease with a return of contributions to shareholders. In October 2012, the Group received the refund, equivalent to the proportionate part of the reduction in respect of its percentage shareholding, amounting to €47 thousand, which was recognised by reducing the cost of the shareholding.

Debt securities and other financial assets

The main acquisitions and disposals of debt securities and other financial assets (excluding third-party bank deposits, deposits given, receivables in connection with the settlement of daily options and futures trades, guarantees given and others) during 2013 and 2012 are as follows:

	Thousands of euros					
	Government-backed debt	**Spanish sovereign debt**	**Private-sector fixed income**	**Mortgage backed bonds**	**Term deposits**	**Total**
Balance at 1 January 2012	**10,044**	**-**	**-**	**-**	**-**	**10,044**
Assset purchase	-	58,252	28,798	7,021	1,000	95,071
Sales	(10,250)	-	-	(145)	(11)	(10,406)
Plus – Restatements for amortised cost (gross)	206	1,036	102	145	11	1,500
Balance at 31 December 2012	**-**	**59,288**	**28,900**	**7,021**	**1,000**	**96,209**
Assets purchased	-	19,719	38,247	-	37,089	95,055
Repayments	-	(60,000)	(29,540)	(159)	(87)	(89,786)
Plus – Restatements for amortised cost (gross)	-	862	978	159	156	2,155
Balance at 31 December 2013	**-**	**19,869**	**38,585**	**7,021**	**38,158**	**103,633**

In 2013, the Group acquired €19,719 thousand of treasury bills and €38,247 thousand of commercial paper of companies listed on AIAF, whose counterparties were Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A., and CaixaBank, S.A., and opened time deposits amounting to €37,089 thousand at Banco Santander, S.A., CaixaBank, S.A. and Banco de España.

During 2012, the Group acquired mortgage backed bonds (cédulas) totalling €7,021 thousand from Kutxabank, S.A., in addition to €28,798 thousand of commercial paper of companies listed on AIAF, the counterparties of which were Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A. and CaixaBank, S.A.

In 2013, the Group recognised interest income on the aforementioned debt securities and other financial assets totalling €1,999 thousand and €156 thousand, respectively (€1,489 thousand and €11 thousand, respectively in 2012) under "Finance income – From marketable securities and other financial instruments" in the consolidated income statement (see Note 21).

The main acquisitions and disposals of reverse repurchase agreements in 2013 and 2012 are disclosed in Note 9, which analyses cash and cash equivalents.

iv. Impairment losses

No impairment losses were identified in either 2013 or 2012 that affect "Non-current financial assets", "Other current financial assets" and "Current financial assets".

b) Other current financial liabilities

The breakdown of this consolidated balance sheet heading by classification for measurement purposes, origin, currency and class is as follows:

	Thousands of euros	
	31-12-2013	**31-12-2012**
Classification for measurement purposes:		
Financial liabilities held for trading	35,703,427	33,016,601
Debt and payables	2,696,853	3,042,878
	38,400,280	**36,059,479**
Source and classification for presentation:		
Other current financial liabilities-		
Guarantees and deposits received from market	2,686,685	3,025,218
Financial instruments in CCP	35,703,427	33,016,601
Payables for settlement	2,285	7,664
Payables for cash withheld for settlement	7,883	9,996
	38,400,280	**36,059,479**
Currency:		
Euro	38,400,280	36,059,479
Other currencies	-	-
	38,400,280	**36,059,479**
Nature:		
Derivatives		
Fixed-income securities in CCP (MEFFRepo)	35,522,450	32,717,041
Options in CCP	180,977	299,560
Other financial liabilities		
Guarantees and deposits from BME Clearing, MEFF Euroservices and MEFF Tecnología y Servicios	2,462,165	2,749,668
Funds originating in Iberclear	216,524	268,299
Funds originating in stock exchange management companies	4,545	3,882
Guarantees and deposits extended to operate in Eurex	11,334	13,365
Payables for settlement of daily options and futures transactions	2,285	7,664
	38,400,280	36,059,479
Total financial liabilities	**38,400,280**	**36,059,479**

The directors consider that the carrying amount of the balances under "Other current financial liabilities" in the consolidated balance sheet are equivalent to their fair value.

The finance costs passed on to members and depositors are recognised under "Finance cost – Guarantees and deposits received from market" in the consolidated income statements (Note 21).

The residual maturity of "Other current financial liabilities", with the exception of fixed income securities and options held in CCP, changes daily as a function of the market positions held by the owners of these instruments.

8. Trade and other receivables

i. Breakdown

The table below details the composition of this consolidated balance sheet heading

	Thousands of euros	
	31-12-2013	**31-12-2012**
Trade receivables	22,756	23,615
Less- Impairment losses	(3,060)	(2,668)
	19,696	**20,947**
Current tax assets (Note 16)	55,208	54,167
Other receivables-		
Public bodies (Note 16)	550	388
Loans to employees	896	750
	1,446	1,138
	76,350	**76,252**

"Trade receivables" relates mainly to amounts receivable from services rendered by the various Group companies.

The carrying amount of trade and other receivables is similar to fair value. These balances do not generate interest.

ii. Impairment losses

The movement in provisions for impairment losses on assets included under "Trade receivables" in the consolidated balance sheets is as follows:

	Thousands of euros	
	2013	**2012**
Balance at 1 January	2,668	2,207
Provisions recognised in the income statement and write-downs	897	695
Release of provisions with a credit to income	(352)	(192)
Net provisions (releases) for the year and write-downs	545	503
Amounts used with no impact on profit or loss	(153)	(42)
Balance at 31 December	**3,060**	**2,668**

Net provisions recognised in 2013 and 2012, amounting to €484 thousand and €503 thousand, respectively, in connection with impairment losses on the assets included in "Trade receivables" are recognised under "Other operating costs – Losses, impairment and changes in trade provisions" in the consolidated income statement (Note 20).

The Group also recognised impairment losses on the write-down of irrecoverable "Trade receivables" of €61 thousand (no amount was recognised in this connection in 2012) under "Other operating costs – Losses, impairment and changes in trade provisions" in the consolidated income statement (see Note 20).

The breakdown of "Trade receivables" and "Other receivables" at 31 December 2013 and 2012, by maturity and geographical areas where the risks are located, is as follows:

	Thousands of euros						
	Balances not yet due and past due up to 3 months	**Unpaid balances past-due by**					**Total**
		Between 3 and 6 months	**Between 6 and 12 months**	**Between 12 and 18 months**	**Between 18 and 24 months**	**More than 24 months**	
31 December 2013:							
By geographic area-							
Spain	16,288	194	601	227	327	1,752	19,389
Rest of the world	4,184	167	85	17	53	307	4,813
	20,472	**361**	**686**	**244**	**380**	**2,059**	**24,202**
31 December 2012:							
By geography -							
Spain	18,014	205	434	173	363	1,440	20,629
Rest of the world	3,551	196	102	14	23	238	4,124
	21,565	**401**	**536**	**187**	**386**	**1,678**	**24,753**

9. Cash and cash equivalents

"Cash and cash equivalents" includes the short-term financial assets in which the Bolsas y Mercados Españoles Group invests its surplus cash. The breakdown in 2013 and 2012 was as follows:

	Thousands of euros	
	2013	**2012**
Category:		
Cash	6,420	6,271
Reverse repurchase agreements	156,190	164,015
Short-term deposits	1,644	681
Treasury Bills	-	14,960
	164,254	185,927
Less- Impairment losses	-	-
Net balance	**164,254**	**185,927**

The carrying amount of these assets is similar to their fair value.

The maturities and average returns on the assets included under "Cash and cash equivalents" in the consolidated balance sheets, excluding actual cash balances, at 31 December 2013 and 2012 are as follows:

	Thousands of euros				
	Up to 1 week	**1 week to 1 month**	**1 to 3 Months**	**Total**	**Average interest rate**
31 December 2013:					
Reverse repurchase agreements	101,985	54,205	-	156,190	0.41%
Short-term deposits	-	1,644	-	1,644	1.24%
	101,985	**55,849**	**-**	**157,834**	
31 December 2012:					
Reverse repurchase agreements	137,747	26,268	-	164,015	0.23%
Short-term deposits	681	-	-	681	1.15%
Treasury Bills	-	-	14,960	14,960	1.32%
	138,428	**26,268**	**14,960**	**179,656**	

The changes in 2013 and 2012 in reverse repurchase agreements included under "Other current financial assets" (Note 7) and "Cash and cash equivalents" and in treasury bills and short-term deposits under "Cash and cash equivalents" consolidated balance sheet were as follows:

	Thousands of euros				
Item	**Reverse repurchase agreements**	**Short-term deposits**	**Treasury bills**	**Private fixed income**	**Total**
Balances at 1 January 2012	4,024,733	673	34,770	-	4,060,176
Purchases	563,086,156	98	31,430	-	563,117,684
Sales	(564,151,554)	(90)	(51,240)	-	(564,202,884)
Balances at 31 December 2012	2,959,335	681	14,960	-	2,974,976
Purchases	735,712,128	9,702	9,040	64,900	735,730,870
Sales	(736,020,723)	(8,739)	(24,000)	(64,900)	(736,053,462)
Balances at 31 December 2013	**2,650,740**	**1,644**	**-**	**-**	**2,652,384**

No impairment losses were recognised for these financial assets in 2013 and 2012.

The income generated on these assets in 2013 and 2012, recognised under "Finance income – From marketable securities and other financial instruments" in the consolidated income statements (Note 21), is as follows.

	Thousands of euros				
Year	**Reverse repurchase agreements**	**Short-term deposits**	**Treasury bills**	**Private fixed income**	**Total**
2013	270	7	48	98	423
2012	752	4	259	-	1,015

10. Other current assets

This consolidated balance sheet heading at 31 December 2013 and 2012 includes prepaid expenses recognised by the various Group companies in connection with their operating activities.

11. Equity

"Equity" on the consolidated balance sheets primarily includes the contribution by owners and retained earnings recognised in the consolidated income statement. Amounts in respect of subsidiaries are presented under separate headings.

Movements in the various balances included in equity in 2013 and 2012 were as follows:

Thousands of euros

	Capital	Share premium	Reserves			Parent shares and equity holdings	Profit/(loss) for the year attributable to owners of the parent	Interim dividend (Note 3)	Other equity instruments	Valuation adjustments	Non-controlling interests	Total equity
			Legal reserve	Other reserves	Reserves in consolidated companies							
Balances at 1 January 2012	270,078	-	54,016	295,524	(247,455)	(7,661)	155,115	(83,278)	782	1,163	-	438,284
Distribution of 2011 profit	-	-	-	21,870	-	-	(155,115)	83,278	-	-	-	(49,967)
Actuarial gains and losses (Note 13)	-	-	-	(1,689)	-	-	-	-	-	-	-	(1,689)
Share-based payments, net (Note 19)	-	-	-	-	-	-	-	-	1,458	-	-	1,458
Valuation adjustments (Note 7)	-	-	-	-	-	-	-	-	-	2,889	-	2,889
Transfers between equity items	-	-	-	273	(273)	-	-	-	-	-	-	-
Profit (loss) for the year attributable to owners of the parent	-	-	-	-	-	-	135,473	-	-	-	-	135,473
Profit/(loss) attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	75	75
Increases due to business combinations (Note 2-a)	-	-	-	-	473	-	-	-	-	-	125	598
Dividend charged against reserves	-	-	-	(30,980)	-	-	-	-	-	-	-	(30,980)
Interim dividend from profit in 2012	-	-	-	-	-	-	-	(83,278)	-	-	-	(83,278)
Other changes	-	-	-	(32)		-	-	-	-	-	-	(32)
Balances at 31 December 2012	**270,078**	**-**	**54,016**	**284,966**	**(247,255)**	**(7,661)**	**135,473**	**(83,278)**	**2,240**	**4,052**	**200**	**412,831**
Balances at 1 January 2013	270,078	-	54,016	284,966	(247,255)	(7,661)	135,473	(83,278)	2,240	4,052	200	412,831
Capital reduction	(19,231)	-	-	77	-	-	-	-	-	-	-	(19,154)
Distribution of 2012 profit	-	-	-	2,228	-	-	(135,473)	83,278	-	-	-	(49,967)
Actuarial gains and losses and other (Note 13)	-	-	-	(179)	-	-	-	-	-	-	-	(179)
Share-based payments, net (Note 19)	-	-	-	-	-	-	-	-	2,017	-	-	2,017
Valuation adjustments (Note 7)	-	-	-	-	-	-	-	-	-	(1,052)	-	(1,052)
Transfers between equity items	-	-	-	38,130	(38,130)	-	-	-	-	-	-	-
Profit/(loss) for the year attributable to owners of the parent	-	-	-	-	-	-	143,140	-	-	-	-	143,140
Profit attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	7	7
Increases due to business combinations (Note 2-a)	-	-	-	-	-	-	-	-	-	-	15	15
Dividend charged against reserves	-	-	-	(11,826)	-	-	-	-	-	-	-	(11,826)
Interim dividend from profit in 2013	-	-	-	-	-	-	-	(83,278)	-	-	-	(83,278)
Other changes	-	-	-	(192)	-	-	-	-	-	-	(56)	(248)
Balances at 31 December 2013	**250,847**	**-**	**54,016**	**313,204**	**(285,385)**	**(7,661)**	**143,140**	**(83,278)**	**4,257**	**3,000**	**166**	**392,306**

a) Capital

i. Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros (parent company)

At the ordinary General Shareholders' Meeting of the Company held on 30 April 2013, a resolution was adopted to reduce the Company's share capital by €19,231 thousand by lowering the par value of each Company share by €0.23, from €3.23 to €3.00 per share, to return contributions to all Company shareholders.

Pursuant to the resolutions adopted by the Board of Directors on 30 May 2013 and by the Executive Committee on 19 June 2013, the resolution adopted at the ordinary General Shareholders' Meeting of 27 June 2013 was executed after the term for exercising the right to challenge the capital reductions provided for in Article 336 of the Corporate Enterprises Act, had expired.

At 31 December 2013 and 2012, Bolsas y Mercados Españoles' share capital consisted of 83,615,558 fully subscribed and paid in shares with a par value of €3.00 and €3.23 each. The Company's shares are listed on the electronic trading system ("continuous market") of the Spanish stock exchanges and all enjoy the same voting and dividend rights.

The breakdown of shareholders holding interests of 3% or over in Bolsas y Mercados Españoles at 31 December 2013, according to the information in Shareholders' Register, which contains trades carried out in 2013, was as follows:

Name or corporate name of shareholder	Percentage holding
Caixabank, S.A.	5.010%

In January 2014, CaixaBank, S.A. sold its entire stake in Bolsas y Mercados Españoles.

At 31 December 2013, Bank of the New York Mellon, Chase Nominees and State Street Bank and Trust Co. groups appeared in the Shareholder Register with stakes in BME's share capital of 7.155%, 5.323% and 3.430%, respectively. However, the company believes that these shares are being custodied for third parties and that, as far as BME is aware, none of these hold over 3% of the Company's share capital or voting rights.

ii. Subsidiaries

At 31 December 2013:

1. None of the shares of the Group's subsidiaries (Appendix I) were listed on the official stock exchanges.

2. No subsidiary had uncalled share capital.

3. No subsidiaries are in the process of increasing their capital or at least any such issuances were not material in respect of the overall Group.

4. No authorisations have been granted by the General Shareholders' Meetings to subsidiaries to increase capital, or at least not for amounts material in respect of the overall Group.

b) Reserves

i. Legal reserve

Under the consolidated text of the Corporate Enterprises Act, an amount equal to 10% of the profit for the year must be earmarked for the legal reserve until such reserve represents at least 20% of share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2013 and 2012 the parent company of the Group had fully allocated the legal reserve in the amount of € 54,016 thousand, included under "Reserves" in the accompanying consolidated balance sheet.

ii. Other reserves

At its meeting on 30 April 2013, the Company's General Shareholders' Meeting resolved to pay out an extraordinary dividend of €11,826 thousand, charged to voluntary reserves, which had been paid at year-end.

The remaining reserves are unrestricted.

iii. Reserves in consolidated companies

The breakdown of this consolidated balance sheet heading by company, after consolidation adjustments, is as follows:

	Thousands of euros	
	2013	**2012**
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., - Sociedad Unipersonal (*)	(180,856)	(170,656)
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A., - Sociedad Unipersonal (**)	(22,251)	(17,896)
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A., - Sociedad Unipersonal	(10,234)	(8,615)
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., - Sociedad Unipersonal	(20,999)	(23,170)
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal	4,576	(1,053)
Instituto Bolsas y Mercados Españoles, S.L., - Sociedad Unipersonal	34	33
MEFF Euroservices, S.A., Sociedad de Valores, Sociedad Unipersonal	(790)	(790)
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal (***)	1,062	-
BME Clearing, S.A. – Sociedad Unipersonal (***)	(32,739)	(24,117)
MEFF Tecnología y Servicios, S.A., - Sociedad Unipersonal	(2,379)	(1,859)
AIAF Mercado de Renta Fija, S.A., - Sociedad Unipersonal	(860)	4,410
Bolsas y Mercados Españoles Innova, S.A., - Sociedad Unipersonal	(2,251)	(2,281)
Bolsas y Mercados Españoles Market Data, S.A., - Sociedad Unipersonal	(7,555)	753
Bolsas y Mercados Españoles Sistemas de Negociación, S.A.	354	354
Sociedad de Bolsas, S.A.	(8,332)	(774)
Infobolsa, S.A.	886	547
Link Up Capital Markets, S.A.	(2,333)	(1,740)
Regis-TR, S.A.	(718)	(401)
	(285,385)	**(247,255)**

(*) Comprises the reserves in consolidated companies of the Sociedad Rectora de la Bolsa de Valores de Madrid Subgroup, excluding Sociedad de Bolsas, S.A., Bolsas y Mercados Españoles Sistema de Negociación, S.A. and Bolsas y Mercados Españoles Market Data, S.A. which are presented separately (Appendix I).
(**) Comprises the reserves in consolidated companies of the Sociedad Rectora de la Bolsa de Valores de Barcelona Subgroup, excluding Sociedad de Bolsas, S.A., Bolsas y Mercados Españoles Sistema de Negociación, S.A. and Bolsas y Mercados Españoles Market Data, S.A., which are presented separately (Appendix I).
(***) Includes the reserves spun-off from the partial spin-off of BME Clearing, S.A. – Sociedad Unipersonal (spun-off companies, previously MEFF Sociedad Rectora de Productos Derivados, S.A.- Sociedad Unipersonal) to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (absorbing company, previously BME Gestión de Estudios y Proyectos, S.A. - Sociedad Unipersonal) (Note 2-a).

The negative balances of reserves in consolidated companies shown in the preceding table arose as a consequence of the distribution of dividends to Bolsas y Mercados Españoles by some of the Affected Companies with charges against reserves generated in respect of income earned prior to 1 October, 2002 (the date on which the Affected Companies began to generated profit for Bolsas y Mercados Españoles).

c) Treasury shares

At 31 December 2013 and 2012, the breakdown of treasury shares held by the Company was as follows:

	No. of shares	**Par value** (euros)	**Average acquisition price** (euros)	**Total acquisition** (Thousands of euros)
Treasury shares at 31 December 2013	337,333	3.00	22.71	7,661
Treasury shares at 31 December 2012	337,333	3.23	22.71	7,661

At its meeting on 31 July 2008, the Board of Directors of the Company approved the acquisition of 337,333 shares in BME, equivalent to 0.40% of share capital, and the acquisition was carried out in August 2008, for the purpose of implementing the share-based payment plan approved in 2008, which was due for settlement on 31 December 2010. However, as the targets established under this plan had not been met at that date, no share – based bonuses were paid to beneficiaries. However, the Company opted to retain these shares.

d) Profit (loss) for the year attributable to owners of the parent company

The contributions to consolidated profit for the year in 2013 and 2012 by the companies included in the consolidation scope break down as follows:

	Thousands of euros	
	2013	**2012**
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	(9,072)	(8,284)
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. (Sociedad Unipersonal)	44,257	38,376
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. (Sociedad Unipersonal)	12,764	10,280
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. (Sociedad Unipersonal)	5,201	6,640
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. (Sociedad Unipersonal)	4,442	4,493
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad Unipersonal)	47,062	46,320
Instituto Bolsas y Mercados Españoles, S.L. (Sociedad Unipersonal)	40	45
MEFF Euroservices, S.A., Sociedad de Valores, Sociedad Unipersonal	96	188
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal	4,320	(1)
BME Clearing, S.A. – Sociedad Unipersonal	7,964	9,592
MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal)	751	783
AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal)	4,735	7,543
Bolsas y Mercados Españoles Innova, S.A. (Sociedad Unipersonal)	1,050	351
Bolsas y Mercados Españoles Market Data, S.A., Sociedad Unipersonal	15,942	16,300
Bolsas y Mercados Españoles Sistemas de Negociación, S.A.	1,033	855
Sociedad de Bolsas, S.A.	2,941	2,565
Infobolsa, S.A. (Note 2-a and Appendix I)	166	337
Link Up Capital Markets, S.A. (Note 2-a and Appendix I)	-	(593)
Regis-TR, S.A. (Note 2-a and Appendix I)	(552)	(317)
	143,140	**135,473**

e) Valuation adjustments

This consolidated balance sheet heading reflects the effect (net of the tax effect) of changes in the fair value of assets classified as available-for-sale that, pursuant to Note 2-e above, must be classified directly in equity attributable to owners of the parent. These changes are recognised in the consolidated income statement when the assets giving rise to them are sold.

The change in this heading in 2013 and 2012 was as follows:

	Thousands of euros
Balance at 1 January 2012	1,163
Net valuation gains (loss)	2,889
Balance at 31 December 2012	**4,052**
Net valuation gains (loss)	(1,052)
Balance at 31 December 2013	**3,000**

Net valuation gains (losses) recognised correspond in their entirety to valuation adjustments due to changes in the fair value of the Group's shareholding in Bolsa Mexicana de Valores, S.A., de C.V. (Note 7).

f) Non-controlling interests

At 31 December 2013, this consolidated balance item comprises the amount of equity of subsidiaries attributable to shares that do not directly or indirectly belong to the Group, including the amount attributable to them of profit or loss for the year.

At 31 December 2013, non-controlling interests related to two natural persons, who held a stake of 38% in Openfinance, S.L., and one legal person that held a stake of 1.71% in Link Up Capital Markets, S.A. (Note 2-a).

The table below details the composition of this consolidated balance sheet heading at 31 December 2013 and 2012:

	Thousands of euros	
	2013	**2012**
Capital	2	1
Share/issue premium and reserves	157	124
Profit attributable to non-controlling interests	7	75
Balance at 31 December 2013	**166**	**200**

12. Non-current provisions - Other provisions

The table below shows the provisions recognised, by purpose, under this heading in the consolidated balance sheet at 31 December 2013 and 2011 and the changes in 2013 and 2012:

a) Breakdown

The breakdown of "Non-current provisions – Other provisions" at 31 December 2013 and 2012 was as follows:

	Thousands of euros	
	2013	**2012**
Provisions arising from tax assessments (Note 16)	893	859
Other provisions	5,708	6,175
	6,601	**7,034**

b) Movement

The changes in "Other provisions" in 2013 and 2012 were as follows:

	Thousands of euros	
	2013	**2012**
Balance at 1 January	7,034	6,986
Provisions recognised in income	134	457
Recoveries credited to income	(315)	(407)
Amounts used	(252)	(2)
Balance at 31 December	**6,601**	**7,034**

In 2013, provisions for €34 thousand and €100 thousand were recognised in the consolidated income statement with a charge to "Finance cost – Third-party borrowings" with respect to late payment interest, and "Other operating costs – External services" for expenses expected to be incurred for software maintenance and other, respectively, while €315 thousand of provisions were released with a charge to "Other operating income" in the consolidated income statement (net provisions of €50 thousand in 2012 with a charge to "Finance costs – Third-party borrowings").

13. Non-current provisions – Long-term employee benefits

The breakdown of this heading is as follows:

	Thousands of euros	
	2013	**2012**
Provisions for employee benefits-		
Performance, loyalty and length-of-service bonuses	903	924
Retirement bonuses	536	-
Health benefits	3,788	3,672
	5,227	**4,596**
Medium-term employee remuneration and other	8	2,836
	5,235	**7,432**

Provisions for employee benefits

At 31 December 2013, the asset arising from "Long-term employee benefits" corresponding to retirement bonuses, amounting to €31 thousand, was recognised under "Non-current financial assets" in the consolidated balance sheet (Note 7).

Certain Group companies have undertaken, under the terms of their extra-statutory collective bargaining agreements (and collective bargaining agreements in other cases) to pay their employees certain bonuses in reward of performance, loyalty and years of uninterrupted service, subject to certain requirements, in addition to retirement bonuses and health benefits (Note 2-k).

The Group measured the present value of pension obligations using the following criteria:

- Calculation method: "Projected credit unit", this considers each year of service as the generator of an additional unit of a right to remuneration, with each unit being valued separately.

- Actuarial assumptions used: unbiased and mutually compatible. In general, the most important actuarial assumptions used in the calculations are as follows:

	2013	**2012**
Discount rate	2.56% - 3.10%	2.21% - 2.74%
Mortality tables	PERMF-2000P	PERMF-2000P
Retirement age	65	65
Estimated return on plan assets (*)	3.10%	2.74%
Increase in health benefit cost	3.5%	3.5%
Future salary increase	3.3%	3.3%
Growth in retirement bonuses	1.5%	1.5%
Life expectancy (**)		
Employees retired in 2013		
Men	22.31	22.20
Women	26.80	26.68
Employees retired in 2033		
Men	24.67	24.56
Women	29.04	28.94

(*) Range of market rates applied by the various Group companies, depending on the average length of time until bonus payments fall due in each of the collective bargaining agreements.
(**) Statistic data based on mortality tables.

- Discount rate: The Group determined the discount rate by reference to market yields at the end of the reporting period on high quality corporate bonds and debentures of a currency and term consistent with the currency and term of the post-employment benefit obligations. Specifically, the Group used the market yields of the Markit iBoxx € Corporates AA index. The weighted average duration of post-employment benefit obligations through retirement plans and health benefits is 14 years and 27 years, respectively.

The sensitivity of post-employment defined benefit obligations for retirement plans and health benefits to changes in the main weighted assumptions, by weighting, is as follows:

	Change in assumptions in bp	Increase in assumptions	Decrease in assumptions
Retirement benefits:			
Discount rate	50	-5.91%	6.47%
Salary increases	50	6.79%	-6.24%
Bonus increases	50	6.79%	-6.24%
Health benefits:			
Discount rate	50	-10.00%	11.63%
Health benefit increases	100	25.43%	-19.55%

This sensitivity analysis is based on a change in assumptions, ceteris paribus, all other things being equal.

The expected maturity of undiscounted post-retirement pension benefits, in thousands of euros, is as follows:

	2014	2015	2016	2017	2018	2019 - 2023
Retirement benefits	73	124	277	383	414	3,570
Health benefits	51	54	62	72	82	653

The changes in the net accumulated balances of these provisions in 2013 and 2012 were as follows:

	Thousands of euros	
	2013	**2012**
Balance at 1 January	4,596	3,063
Increases due to:		
Service cost and net actuarial gains/(losses) (*) and other adjustments (**)	971	2,266
Finance cost (Note 21)	146	160
Decreases due to:		
Benefits paid	(107)	(101)
Premium payment for externalisation	(348)	(796)
Transfers (Note 7) (**)	(31)	4
Balance at 31 December	**5,227**	**4,596**

(*) This balance includes current and past service cost (only past service cost in 2012 – Note 1.b) for: retirement bonuses; performance, loyalty and length of service premiums; and health benefit obligations amounting to €352 thousand, €42 thousand, and €169 thousand (€317 thousand, €34 thousand and €67 thousand in 2012), respectively. It also includes actuarial gains associated with performance, loyalty and length of service premiums of €24 thousand (losses of €159 thousand in 2012), recognised with a charge to "Employee benefit expenses - Wages, salaries and similar expenses" in the consolidated income statement (Notes 16 and 19). It also includes actuarial gains for retirement bonuses and health benefits of €401 thousand and €101 thousand (actuarial losses of €453 and €1,236 thousand, respectively, in 2012), recognised at their net amount with a charge to "Equity - Reserves" (Note 11).

(**) Includes €934 thousand for the recognition of unrecognised past service cost at 31 December 2012 (Note 1-b), and €31 thousand for the derecognition of the retirement bonus asset existing at 31 December 2012, which was recognised under "Current non-financial assets" (Note 7).

The amounts recognised in the income statement and directly in equity in respect of retirement bonuses were as follows:

Long-term employee benefits – Retirement benefits	Thousands of euros	
	2013	**2012**
Current service cost	352	237
Interest costs	187	215
Projected return from insurance policies	(157)	(193)
Actuarial gains (losses) recognised in equity	(401)	453
Unrecognised past service cost at 31 December 2012 recognised in equity (Note 1.b)	934	-
Past service cost	-	80
	915	**792**

The change in the fair value of the obligations accrued in respect of retirement commitments were as follows:

Long-term employee benefits – Retirement benefits	Thousands of euros	
	2013	**2012**
Present value of obligations at 1 January	6,464	4,298
Current service cost	352	237
Interest costs	187	215
Past service cost (*)	-	369
Actuarial gains (losses) recognised in equity	(664)	1,345
Present value of obligations at 31 December	**6,339**	**6,464**

(*) Includes €369 thousand due to a change to the retirement benefit conditions of a Group company in 2012.

The change in the fair value of the insurance policies linked to the retirement commitments during 2012 and 2011 were as follows:

Long-term employee benefits – Retirement benefits	Thousands of euros	
	2013	**2012**
Fair value of insurance policies linked to pensions at 1 January	5,561	3,680
Projected return from insurance policies	157	193
Actuarial gains/(losses)	(263)	892
Premiums paid (*)	348	796
Fair value of insurance policie linked to pensions at 31 December	**5,803**	**5,561**

(*) Premiums paid in 2012 related to the premium for the year of €807 thousand, net of returned premiums of €11 thousand.

The status of retirement bonus commitments at year end is set forth below:

	Thousands of euros	
	2013	**2012**
Present value of the liabilities	6,339	6,464
Less:		
Fair value of assets in the plan	5,803	5,561
Unrecognised past service (Nota 1.b)	-	934
Provisions (assets) for employee benefits – retirement bonuses (Note 7)	**536**	**(31)**

Plan assets comprise qualifying insurance policies at 31 December 2013 and 2012, respectively.

Expected contributions to post-employment benefits for 2014 amount to € 304 thousand.

Medium-term employee remuneration

During 2012, the Group recognised provisions of €1,252 thousand and €167 thousand with a charge to "Employee benefits expense - Wages, salaries and similar expenses" and "Other operating costs – External services", respectively, in the consolidated income statement, for the accrued portion of the medium-term Extraordinary Variable Remuneration System under the Medium-Term Remuneration Plan implemented by the Group (Note 19-c).

No amounts accrued in relation to the medium-term extraordinary variable remuneration system in 2013, as this remuneration system expired in 2012 and was settled in 2013.

14. Trade and other payables

The breakdown of this consolidated balance sheet heading at 31 December 2013 and 2012 was as follows:

	Thousands of euros	
	2013	**2012**
Trade payables	9,787	9,572
Current tax liabilities (Note 16)	60,778	57,712
Other payables-		
Public bodies (Note 16)	14,809	13,450
Wages and salaries payable (Note 19)	7,925	8,050
	22,734	21,500
	93,299	**88,784**

"Trade payables" mainly comprises amounts payable for business related procurements and related costs.

The directors believe that the carrying amount of the balances grouped under "Trade and other payables" on the consolidated balance sheet are equivalent to their fair value.

15. Other current liabilities

At 31 December 2013 and 2012, this consolidated balance sheet heading mainly comprised deferred income recognised by the various Group companies.

16. Tax

a) Consolidated tax group

Under prevailing tax legislation, the consolidated tax group includes Bolsas y Mercados Españoles as parent company plus all the consolidated entities (Appendix I) except for Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., Sociedad Unipersonal, Infobolsa, S.A. and its subsidiaries, Link Up Capital Markets, S.A. and Regis-TR, S.A.

The other Group subsidiaries file individual tax returns in accordance with applicable tax laws and regulations.

b) Years open to inspection

In 2004, Centro de Cálculo de Bolsa, S.A., a subsidiary of Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A., Sociedad Unipersonal (Appendix I) was the subject of a tax audit for corporate income tax returns filed in 1998, 1999, 2000, 2001 and 2002 and for VAT returns filed in 1999 and 2000. The following issues are noteworthy in relation to these inspections: on 16 November 2004, the tax authorities notified this company of a fine in the amount of €859 thousand in respect of corporate income tax in 1998, 1999 and 2000. This fine has been appealed, and is pending a ruling. This amount, for which a provision was recognised in 2004 with a charge to "Other operating costs", and the late-payment interest of €34 thousand for which a provision was recognised in 2013 with a charge to "Finance cost - Third-party borrowings" were recognised at 31 December 2013 and 2012 under "Non-current provisions – Other provisions" (Note 12).

In addition, in 2012 the Group recognised €278 thousand in refunds of undue revenue relating to the self-assessment of corporate income tax (fiscal consolidation regime) filed in 2011 (€1,008 thousand in 2012 in refunds of undue revenue relating to the self-assessment of corporate income tax -fiscal consolidation regime- filed in 2010), under "Other operating income" (Note 17) in the consolidated income statement, as the Company's directors and their tax advisors considered that there was no uncertainty regarding the future collection of this amount and the resulting economic gain for the Group. At 31 December 2013, the receivable in this connection was recognised under "Trade and other receivables - Current tax assets - Other tax assets" on the assets side of the consolidated balance sheet. In this regard, in May 2013, the Spanish central tax administration's office for large taxpayers accepted the request to rectify the self-assessment of income tax for 2009, refunding an amount of €2,160 thousand which, together with late-payment interest of €301 thousand, was settled in full in May 2013.

All the Group companies have all operations carried out in the last four years (or since incorporation for those companies set up during this period) open to tax inspections in respect of the applicable taxes.

Due to the different possible interpretations of tax regulations, any tax audits of the years open to inspection that could be carried out in the future by the tax authorities could result in additional tax liabilities, the amount of which cannot be objectively quantified at present. However, Bolsas y Mercados Españoles' tax advisors and directors consider the possibility of significant additional liabilities arising in this respect to be remote.

c) Tax receivable and payable

Receivables from and payable to public bodies at 31 December 2013 and 2012 are as follows:

	Thousands of euros	
	2013	**2012**
Deferred tax assets:		
Deferred taxes arising on - Differences between accounting and tax criteria	8,103	7,477
	8,103	**7,477**
Current tax assets (Note 8):		
Tax assets arising on -		
Income tax withholdings and payments on account	54,135	50,893
Deferred taxes	221	227
Other tax assets	852	3,047
	55,208	**54,167**
Other receivables (Note 8):		
Value added tax	440	279
Other tax assets	110	109
	550	**388**
Deferred tax liabilities:		
Deferred taxes arising on -		
Differences between accounting and tax criteria	5,687	6,086
	5,687	**6,086**
Current tax liabilities (Note 14):		
Tax liabilities arising on -		
Income tax provision	60,778	57,712
Deferred taxes	-	-
	60,778	**57,712**
Other payables (Note 14):		
Tax liabilities arising on -		
Withholdings and contributions payable to Social security	13,057	11,727
Other tax liabilities	1,752	1,723
	14,809	**13,450**

At 31 December 2013, "Deferred tax assets" (non-current assets)" included basically the temporary differences resulting from the recognition of non-current provisions (Notes 12 and 13) and the contributions to insurance arranged in the way of a supplementary pension (Note 2-k).

At 31 December 2013, "Deferred tax liabilities" mainly comprised the tax effect of the amortisation of goodwill in Iberclear (Note 5) of €4,264 thousand (31 December 2012: €4,077 thousand) At 31 December 2013, this balance also included €1,285 thousand relating to the tax effect of the valuation adjustment made to the Group's shareholding in Bolsa Mexicana de Valores, S.A., de C.V. (€1,736 thousand at 31 December 2012) - Note 7.

At 31 December 2013 and 2012, "Withholdings and contributions payable to Social Security" included withholdings on dividends of €9,959 thousand and €8,862 thousand, respectively.

Income tax payable in 2013 amounted to €60,610 thousand (€56,156 thousand in 2012), recognised under "Income tax expense" in the consolidated income statement. Also included was income of €76 thousand related to the difference between the provisions for income tax recognised in 2012 and the amount finally declared and paid in 2013 (€32 thousand in 2012 in a similar connection).

At 31 December 2013, the provision in connection with this tax, net of withholdings, amounted to €60,778 thousand (€57,712 thousand in 2012), recognised under "Current tax liabilities" (current liabilities). All the consolidated companies pay income tax at a rate of 30% of taxable income, except for Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., Sociedad Unipersonal, whose tax rate is 20%. At 31 December 2013 and 2012, the taxable income of this company was €9,130 thousand and €5,676 thousand, respectively.

d) Reconciliation of accounting profit to taxable income, and accounting profit to income tax expense

The reconciliation of accounting profit to taxable income and the income tax expense in 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Consolidated profit before tax	203,681	191,672
Impact of permanent differences and consolidation adjustments	36	(2,651)
Impact of temporary differences:		
Increase	5,968	7,744
Decrease	(4,904)	(2,043)
Consolidated taxable income	204,781	194,722
Offset of tax loss carryforwards	(1,160)	(292)
Average tax rate	29.83%	29.76%
Tax charge	61,096	57,953
Impact of temporary differences	(328)	(1,687)
Tax credits	(158)	(110)
Total tax expense recognised in the income statement	**60,610**	**56,156**

e) Tax loss carryforwards

At 31 December 2013 the Group had recognised the following tax loss carryforwards which it expects to be able to utilise against taxable income in future years:

Year of origin	Thousands ofeuros	Deadline for offset
2000	33	2018
2001	349	2019
2002	1,762	2020
	2,144	

At 31 December 2013, the Group's directors decided not to recognise the tax loss carryforwards generated in Sociedad y Bolsas y Mercados Españoles Innova, S.A. - Sociedad Unipersonal in the consolidated balance sheet.

17. Revenue and other operating income

The breakdown of "Revenue" by business unit is as follows:

	Thousands of euros	
	2013	**2012**
Business unit (Note 18):		
Equities	115,904	108,564
Clearing and Settlement	81,376	78,896
Listing	19,772	20,910
Information	32,163	33,319
Derivatives	27,774	25,475
IT & Consulting	16,651	15,716
Fixed Income	8,428	9,057
Corporate unit	205	172
	302,273	**292,109**

The revenue included under the Equities business unit includes revenue generated by trading equities on the stock market and post-trading activities, such as breaking down, tallying and documenting trades, before they are sent to the settlement system.

The revenue generated by the Derivatives unit includes revenue obtained on the activities engaged in by BME Clearing, MEFF Sociedad Rectora del Mercado de Productos Derivados and MEFF Euroservices in trading, clearing management and settlement of derivatives.

The fixed income unit reflects revenue generated on fixed income security trades performed by the AIAF fixed income market and the four Spanish stock exchanges.

The Clearing and Settlement business unit includes revenue generated on the registration, clearing and settlement of trades performed on the stock markets, on the AIAF listed fixed income market and on the public debt market, specifically from the activities engaged in by Iberclear and by the local clearance and settlement services run by the Barcelona, Bilbao and Valencia stock exchange management companies.

The Information business unit includes revenue arising on direct-from-source information, revenue from the distribution of secondary information and royalties on licences for the use of the Ibex 35® trademark and other sundry items.

Listing revenues include fees generated on first-time listings on the stock markets and AIAF listed fixed-income securities market, as well as annual listing fees and other sundry items.

IT & Consulting revenues include other Group-wide value added activities such as the sale of market solutions, consultancy, training and other lines of business pursued to boost the Group's diversification into activities that complement its core business.

The amounts included in this note differ from those disclosed in Note 18, which breaks down revenue by operating segments. The operating segment allocation of revenue includes amounts later eliminated upon consolidation for the purposes of consolidated revenue disclosed here.

"Other operating income – Non-trading and other operating income" included mainly €1,226 thousand of passed on expenses (€1,194 thousand in 2012) and €278 thousand in refunds of undue revenue relating to the self-assessment of income tax (fiscal consolidation regime) for 2011 (€1,088 thousand in 2012). (Note 16)

18. Operating segments

Basis of segmentation

Segment disclosures are presented according to the business units into which the Bolsas y Mercados Españoles Group is structured for management purposes.

Because virtually all the Group's operations are performed in Spain, it was not deemed necessary to present secondary geographic segmentation.

Main business segments

The business lines outlined below were established on the basis of the Bolsas y Mercados Españoles Group's organisational structure at year end 2013 and 2012, primarily taking into account the nature of the services provided.

In 2013 and 2012, the Bolsas y Mercados Españoles Group focused its activities on the following major business units:

Operating segments (business units)	Description of the core activity of each business uni
Equities	Electronic and pit trading of equity securities and the corresponding post-trade activities
Derivatives	Trading, central counterparty clearing and settlement of derivatives
Fixed Income	Trading of private and public listed fixed income securities
Clearing and Settlement	Registration, clearing and settlement of equity and private and public fixed income security trades
Information	Dissemination of information, primary and secondary sources
Listing	Issuer services via initial listings and ongoing listing fees
IT & Consulting	Development and sale of software, global access services, consultancy and training

Income and expenses that cannot be specifically attributed to any operating line or that are a result of decisions affecting the Group as a whole – including expenses incurred in projects or activities affecting several lines of business – are attributed to the so-called "Corporate Unit".

Ordinary revenue from the provision of services is presented separately for revenue from services rendered to third parties and services provided in-house. The latter component comprises primarily IT consultancy services and the sale of information across Group entities.

Basis and methodology for segment reporting

The segment information provided below is based on monthly reports prepared by the Group's Finance Department and generated via by the Group's comprehensive management information system, which is configured for all the parameters necessary to reflect the resources consumed by each business unit. In this way, revenues from the provision of services are allocated based on the nature of the activity carried out, independent of the Group company providing the service. Likewise, costs are allocated on the basis of an internal allocation system and are reviewed on a regular basis to ensure the information is accurate and that the data generated is comparable over time.

The Group's management relies on "Operating profit (loss)", and the breakdown of revenue and expense used to arrive at this reading, as key performance indicators. Due to the nature of the Group's business and its internal organisational structure, the following balances are allocated to the Corporate Unit: "Property, plant and equipment" and "Other intangible assets", and the related income statement headings (basically "Own work capitalised" and "Depreciation and amortisation"), "impairment losses", "net finance income" and "other assets".

All the Group's non-current assets are in Spain, with the exception of the shareholdings in Bolsa Mexicana de Valores, S.A., de C.V.; OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. and Cámara de Riesgo Central de Contraparte de Colombia S.A. (Note 7), which represented 7.95% of total non-current assets at 31 December 2013 (8.27% at 31 December 2012).

Lastly, the Group had no material reconciling balances at 31 December 2013 or 2012.

Segment information about these businesses is presented below:

	Thousands of euros																			
	Equities		Clearing and Settlement		Listing		Information		Derivatives		IT & Consulting		Fixed Income		Corporate Unit		Consolidation adjustments		Total Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue:																				
Revenue-																				
Services rendered	115,904	108,564	81,376	78,896	19,772	20,910	32,163	33,319	27,774	25,475	16,651	15,716	8,428	9,057	205	172	-	-	302,273	292,109
Services rendered among operating segments	52	31	61	79	79	87	831	959	40	32	325	617	-	-	6,469	4,682	(7,857)	(6,487)	-	-
Other operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,229	5,479	(2,555)	(2,526)	3,674	2,953
Own work capitalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,758	1,109	-	-	1,758	1,109
Expenses:																				
Employee benefits expense	(20,990)	(21,200)	(9,430)	(9,432)	(5,970)	(5,977)	(4,015)	(3,874)	(8,004)	(8,092)	(5,338)	(5,416)	(2,518)	(2,448)	(8,051)	(6,961)	-	-	(64,316)	(63,400)
Other operating costs	(10,492)	(10,871)	(4,639)	(4,601)	(3,474)	(3,404)	(3,466)	(3,480)	(3,080)	(3,169)	(4,925)	(4,954)	(687)	(565)	(14,538)	(13,477)	10,412	9,013	(34,889)	(35,508)
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,933)	(7,859)	-	-	(6,933)	(7,859)
Impairment losses and gains (losses) on disposal of non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(481)	(1)	-	-	(481)	(1)
Operating profit/(loss)	**84,474**	**76,524**	**67,368**	**64,942**	**10,407**	**11,616**	**25,513**	**26,924**	**16,730**	**14,246**	**6,713**	**5,963**	**5,223**	**6,044**	**(15,342)**	**(16,856)**	**-**	**-**	**201,086**	**189,403**
Net finance income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,265	2,862	-	-	3,265	2,862
Entities consolidated using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(670)	(593)	-	-	(670)	(593)
Profit (loss) before tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	203,681	191,672
Balance sheet:																				
Assets-																				
Other intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,447	8,309	-	-	7,447	8,309
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,694	47,407	-	-	44,694	47,407
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,851,666	36,526,345	-	-	38,851,666	36,526,345
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,903,807**	**36,582,061**	**-**	**-**	**38,903,807**	**36,582,061**

Inter-segment sales are carried out at prevailing market prices.

19. Employee benefits expense

a) Breakdown

The breakdown of "Employee benefits expense" is provided below:

	Thousands of euros	
	2013	**2012**
Wages, salaries and similar expenses:		
Wages and salaries (*) (**)	49,318	50,615
Share-based payment arrangements (Note 19-c)	1,685	1,227
Termination benefits (Note 2-l)	1,223	-
	52,226	51,842
Social welfare expenses:		
Social Security	8,358	7,923
Contributions to defined contribution plans (Note 2-k)	698	678
	9,056	8,601
Provisions and other employee benefits expense (*)	3,034	2,957
	64,316	**63,400**

(*) Balance includes provisions for employee benefits made in 2013 and 2012 of €539 thousand and €577 thousand, respectively (Note 13).

(**) The balance in 2012 included €1,252 thousand in provisions for medium-term employee remuneration (Note 13 and section c) of this Note).

At 31 December 2013 and 2012, wages and salaries payable to employees amounted to €7,925 thousand and €8,050 thousand, respectively, recognised under "Trade and other payables – Other payables" in the consolidated balance sheet (Note 14).

b) Number of employees

The average number of Group employees at 31 December 2013 and 2012 by professional category and gender, was as follows:

	Employees			
	2013		**2012**	
	Men	**Women**	**Men**	**Women**
Senior management	10	-	10	-
Middle management	46	19	50	19
Specialist technicians	264	149	252	143
Auxiliary staff	127	96	129	99
Support staff	-	2	6	2
	447	**266**	**447**	**263**

At 31 December 2013 and 2012, the Group's headcount totalled 733 and 730, respectively, including all employees of the Infobolsa subgroup (Appendix I).

In compliance with Additional Provision Twenty-six of Organic Law 3/2007, dated 22 March, regarding effective gender equality, the breakdown of the Board of Directors of Bolsas y Mercados Españoles by gender is: male, 85.71% and female, 14.29%.

The average number of Group employees in each year, by category, was as follows:

	Employees	
	2013	**2012**
Senior management	10	10
Middle management	67	67
Specialist technicians	408	383
Auxiliary staff	222	245
Support staff	2	5
	709	**710**

The average number of Group employees in 2013 and 2012 with a disability of 33% or more, by category, was as follows:

	Employees	
	2013	**2012**
Specialist technicians	6	3
Auxiliary staff	2	3
	8	**6**

c) Share based payment arrangement and other medium-term remuneration system

2011-2016 Plan

On 28 April 2011, the shareholders of BME in a general meeting approved the implementation of a Medium-Term Incentive Programme (hereinafter, the "Programme") comprising a Pluri-annual Variable Remuneration Programme in Shares and a medium-term Extraordinary Variable Remuneration System, whose beneficiaries may receive, subject to delivery of the targets set to this end in the Programme, a fixed number of BME shares and an amount payable in cash, respectively (hereinafter, the "incentives").

i. Pluri-annual Variable Remuneration Programme in Shares

The Programme consists of the promise to deliver ordinary shares of BME to Executive Directors, Senior Management and lower management of Group companies who have been designated as beneficiaries. The Programme entails assigning a number of shares to beneficiaries in financial years 2011, 2012 and 2013, as the basis for calculating the BME shares to be delivered to the beneficiaries, if appropriate, subject to fulfilment of the objectives set forth in the Programme. This Programme involves implementing successive cycles for delivering shares to beneficiaries, each with a duration of three years, so that each year a cycle begins and, from 2013, another also ends.

The number of BME shares to be granted to each beneficiary, provided the conditions are right (including their remaining in the Group), will be equal to the result of multiplying the number of units assigned, by a factor of 0 to 1.5, which will be established based on the evolution of BME's Total Shareholder Return (TSR) and Efficiency Ratio (ER) during the periods (i) 1 January 2011 to 31 December 2013, (ii) 1 January 2012 to 31 December 2014, and (iii) 1 January 2013 to 31 December 2015, compared with the evolution of those indicators for five benchmark companies over the same periods, in accordance with the following scale, separately weighting 50% for each of the aforementioned indicators:

BME's position in the ranking	Factor
1	1.5
2	1
3	0.8
4	0.6
5	0
6	0

The number of units, convertible in shares, attributable to the designated beneficiaries of the Programme corresponding to the first, second and third three-year periods, respectively, were assigned in 2011, 2012 and 2013. The maximum number of BME shares included in the "Pluri-Annual Variable Remuneration Programme in Shares (the "Programme") is 428,801 shares. The total number of units assigned was 97,368, 102,553 and 101,827, which correspond to a maximum number of theoretical shares of 146,052, 153,830 and 152,741, respectively.

Since the remuneration consists of an equity-settled share-based payment and the fair value of the services received by the Programme beneficiaries cannot be estimated reliably, this amount was determined indirectly by reference to the fair value of the equity instruments granted (BME shares).

The first period of the Programme expired on 31 December 2013. At the date of authorisation for issue of these consolidated financial statements, the Appointments and Remuneration Committee had yet to evaluate the targets of the Programme to determine compliance and, accordingly, the specific number of shares receivable by each beneficiary, including Executive Directors, in the first period of the Programme.

In this connection, with the exception of market based performance features, transfer terms under the Programme are not taken into consideration to estimate the fair value of the equity instruments granted. Non-market performance features are considered by adjusting the number of shares included in the measurement of the costs of employee (beneficiary) service, so that ultimately, the amount recognised on the income statement does reflect the number of shares transferred. With respect to the market performance features, the charge for services received is recognised regardless of whether or not the market conditions are met, although non-market performance conditions must be fulfilled. Share price volatility was estimated using the historical volatility of BME's shares in the 750 trading sessions prior to 30 December. In particular, at least at the end of every accounting period, the number of BME shares to be delivered to each beneficiary associated with the Efficiency Ratio ("ER") shall be recalculated, since this is not an indicator that is subject to market conditions.

In view of the nature of this incentives plan it was deemed advisable to base its valuation on a model that generates a large number of scenarios (10,000), using the Monte Carlo Method. The share price scenarios were generated based on daily volatility and correlations observed in the historic share performance series of BME and the benchmark companies for the three years immediately prior to the valuation date, taking into account the following variables:

	First three-year period	Second three-year period	Third three-year period
Price of the underlying asset (euros)	21.96	21.04	21.18
Risk-free interest rate	2.032%	0.402%	0.000%
Volatility of underlying shares	26.39%	26.63%	22.93%
Expected duration of the Programme	3 years	3 years	3 years

As a result, the estimated fair value of the equity instruments granted for the first, second and third three-year periods of the Programme (i.e. from 1 January 2011 to 31 December 2013, from 1 January 2012 to 31 December 2014 and from 1 January 2013 to 31 December 2015), which amounted to €2,318 thousand, €2,001 thousand and €1,864 thousand, respectively, according to the latest estimates, will be recognised under "Employee benefits expense - Wages, salaries and similar expenses" in the consolidated income statement for beneficiaries who are Group employees (see section a) of this Note), and under "External services - Other expenses" for Plan beneficiaries who are not Group employees, over the specific period during which the beneficiaries render services to the Group, with a credit in both cases to "Other equity instruments" (Note 11). At 31 December 2013, the amount recognised under "Employee benefits expense - Wages, salaries and similar expenses" and "External services – Other expenses" in the consolidated income statement amounted to €1,685 thousand and €332 thousand, respectively (€1,227 thousand and €231thousand in 2012).

In 2013, the estimated fair value of the equity instruments granted and the number of units for beneficiaries leaving the Programme in the year were adjusted.

ii. Medium-Term Extraordinary Variable Remuneration System

The Extraordinary Variable Remuneration consists of the possibility of obtaining a cash bonus, provided certain objectives are met, after two years.

The specific amount of the incentive payable to each beneficiary, provided the conditions are met, will be equal to the result of multiplying, on the one hand, a factor of between 0 and 1.5 associated with the performance of Earnings Per Share ("EPS"), compared with the evolution of said indicator for another 5 benchmark companies during the same periods, in a manner similar to the aforementioned Pluri-Annual Variable Remuneration Programme in Shares, and on the other hand a factor of between 0 and 1 associated with the Coverage Ratio ("CR"), assigning a factor of 1 in the event that said ratio exceeds 102%. Each indicator is weighted separately at 50%.

The provision for the aforementioned incentive is re-calculated at the end of every accounting period, based on the aforementioned indicators, until the Programme expires. In 2012, the Group recognised under "Employee benefits expense - Wages, salaries and similar expenses" for beneficiaries who are Group employees, and under "External services - Other expenses" for beneficiaries who are not Group employees, the present value of the obligation undertaken in connection with this remuneration, for amounts of €1,252 thousand and €167 thousand, respectively, with a charge, in both cases, to "Provisions - Long-term employee benefits" on the liabilities side of the consolidated balance sheet (Note 13). No amounts accrued in relation to the medium-term extraordinary variable remuneration system in 2013, as this remuneration system expired in 2012 and was settled in 2013.

20. Other operating costs

The breakdown, by item, of this consolidated income statement heading, was as follows:

	Thousands of euros	
	2013	**2012**
External services:		
Leases	3,038	3,064
Information technology equipment and computer software	4,971	5,489
Communications network	3,807	4,068
Travel. marketing and promotion	3,990	4,248
Independent professional services	4,400	3,980
Information services	1,808	1,913
Power and utilities	1,410	1,374
Security, cleaning and maintenance	4,178	4,115
Publications	148	195
Other	5,829	5,998
	33,579	34,444
Taxes	765	561
Net impairment losses on trade receivables (Note 8)	545	503
	34,889	**35,508**

"Leases" essentially includes amounts relating to rental expenses for the offices that are the operating headquarters of the various Group companies.

"Taxes" includes adjustments to income tax, adjustments to indirect tax via value added tax on working capital and investments, and taxes other than income tax paid by the various Group companies, essentially on the following items: business activity tax, property tax, and fees paid to chambers of commerce, local councils and the CNMV.

"Other" includes expenses incurred for security, cleaning, messenger services and other sundry expenses as well as the amount paid to members of the Board of Directors of Bolsas y Mercados Españoles for serving on the Board of Directors of Bolsas y Mercados Españoles and other Group companies (Note 4). It also includes the amount accruable to consolidated income and expenses for the estimated fair value of the equity instruments granted to Antonio Zoido Martínez and Joan Hortalá i Arau under the Pluri-annual Variable Remuneration Programme in Shares (and the medium-term Extraordinary Variable Remuneration System in 2012) described in Note 19-c above.

At year end 2013 and 2012, prepaid expenses in respect of sundry items were recognised under "Other current assets" on the asset side of the consolidated balance sheet (Note 10).

Fees paid to PricewaterhouseCoopers Auditores, S.L. for the audit of the consolidated financial statements and the separate financial statements of certain Group companies in 2013 amounted to €456 thousand. Fees paid to the auditor for other services amounted to €14 thousand. Fees paid for audit services provided by other audit firms amounted to €52 thousand.

Fees paid to Deloitte, S.L. for the audit of the consolidated financial statements and the separate financial statements of certain Group companies in 2012 amounted to €601 thousand. Fees paid to the auditor and other companies belonging to the Deloitte network for other services amounted to €107 thousand. Fees paid for audit services provided by other audit firms amounted to €9 thousand.

Information on deferred payments to suppliers in commercial transactions

The following table gives the information required by Act 15/2010, of 15 July, which amends Act 3/2004, of 29 December, establishing measures against late payments in commercial transactions:

	Payments made and outstanding		Payments made and outstanding	
	2013		2012	
	Amount (thousand euros)	% (*)	Amount (thousand euros)	% (*)
Within the statutory period	41,485	100%	48,179	100%
Other	-	-	-	-
Total payments in the year	**41,485**	**100%**	**48,179**	**100%**
Weighted average days late	-	-	-	-
Payment deferrals surpassing statutory period at the reporting date	-	-	-	-

(*) % of total.

Information on leases

Future minimum rentals payable by the Group under operating leases on buildings is as follows:

	Thousands of euros (*)
Within one year	2,693
After one year but not more than five years	9,462
More than five years	33,804

(*) Amounts not updated for CPI.

These buildings, all under operating leases, are mainly operating headquarters of stock exchange management companies, as well as other buildings used to provide technical support to various Group companies. The main lease contracts expire in 2017 and 2034.

In addition, it should be noted that these contracts do not contain contingent fees, restrictions or purchase options, but do contain annual review clauses for the contract validity periods, using the Retail Price Index ("RPI") as the reference.

21. Net finance income

The breakdown of net finance income in 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Finance income:		
From equity investments (Note 7)	453	504
From marketable securities and other financial instruments		
Treasury bills (Notes 7 and 9)	910	1,295
Commercial paper (Notes 7 and 9)	1,076	102
Government-backed debt (Note 7)	-	206
Mortgage covered bonds (Note 7)	159	145
Reverse repurchase agreements (own) (Note 9)	270	752
Guarantees and deposits received from market (Note 7)	1,998	5,688
Time deposits at credit institutions (Notes 7 and 9)	163	15
Other finance income	400	41
	4,976	8,244
	5,429	**8,748**
Finance cost-		
Third-party borrowings	(105)	(108)
Provisions adjustments (Note 13)	(146)	(160)
Guarantees and deposits received from market (Note 7)	(1,908)	(5,579)
	(2,159)	**(5,847)**
Change in fair value of financial instruments-		
Held for trading and others	-	(34)
	-	**(34)**
Exchange differences	**(5)**	**(5)**
Net finance income	**3,265**	**2,862**

22. Related party transactions

The entire balance of related party transactions relates to the balances outstanding with and transactions entered into with members of the Board of Directors and senior management disclosed in Note 4.

Due to the nature of the core businesses of the Group companies and the vast majority of their shareholders (primarily financial institutions and investment service providers) virtually all related party transactions involve the trading, settlement or issuance of securities, generating revenue for the Group. They are conducted on an arm's length basis. Nevertheless, no single shareholder had a significant influence on the Group's business at 31 December 2013 and 2012.

23. Other information

Other disclosures at 31 December 2013 and 2012 are provided below:

	Thousands of euros	
	2013	**2012**
Collateral and guarantees managed:		
Guarantees received-		
Received as surety	202,617	332,184
Received as pledge	1,991,309	697,007
Other	761,200	696,882
	2,955,126	1,726,073
Collateral and guarantees received	856,182	908,519
Credit line:		
Undrawn amount	34,336	118,615
Amount drawn	-	-
Purchases pending settlement	3,932,493	3,469,545
Sales pending settlement	2,548,133	2,196,293
Sales pending confirmation	1,339,560	1,229,005
Sales pending repurchase	22	-
	11,665,852	**9,648,050**

The main items included in these accounts are as follows:

1. Guarantees received (in addition to guarantee deposits made in cash – Note 7): includes non-cash guarantee deposits received by the members of the clearing and settlement service of Iberclear, totalling €574,262 thousand (€602,653 thousand in 2012), and of the Bilbao, Valencia and Barcelona stock exchange management companies, totalling €855 thousand (€853 thousand in 2012). This item also includes the guarantees (in addition to cash guarantees received - Note 7) received by BME Clearing and put by members as collateral for their open positions in their respective segments, totalling €2,380,009 thousand (€1,122,567 thousand in 2012).

2. Credit lines: includes the undrawn amount of the credit lines of MEFF Tecnología y Servicios set up for members of the electricity settlement clearance market according to prevailing legislation of €34,336 thousand and €117,415 thousand in 2013 and 2012, respectively, and the undrawn amount of the credit line granted to the Bilbao stock exchange management company, for €1,200 thousand in 2012, to guarantee cash settlements in Bank of Spain.

3. Transactions pending settlement: purchase and sell orders pending settlement, as well as sell orders pending settlement that have yet to be confirmed in respect of Iberclear and the Bilbao, Valencia and Barcelona stock exchange management companies.

24. Risk management

The main risks to which the Group is exposed from management of various financial markets are discussed below:

a) Operational risks

The risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Operational 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.

Operational risks affecting all BME business groups and areas include:

- Fraud risk: The risk of losses for third parties or the Group itself due to acts intended to circumvent regulations.
- IT risk: The risk of failed internal or market IT and electronic systems used by the Group. This could arise communications errors, or hardware or software malfunctions. IT risk includes failures in the collection and dissemination of market information to market users. It also include alterations and/or violations of the Company's security systems. Given the nature of the BME Group's operations, this is considered one of its main risks.
- Risk of administrative errors: These include errors resulting from miscalculations, deficient execution procedures, manual errors or the failure to keep databases up to date. They also include errors in invoicing or following up payments.

b) Securities settlement risk

La Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR) is Spain's central securities depository, governed pursuant to Article 44 bis of the Securities Market Act and 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 as well as Latibex, the market for Latin American stocks traded in euros and MAB (Mercado Alternativo Bursátil).

These responsibilities mean that IBERCLEAR is responsible for fulfilling the specific regulation applicable to the upkeep of book entries of securities admitted to trading on the system and ensuring the settlement of market transactions concluded over systems subject to two of the main governing principles of the Settlement System: the multilaterality and the delivery vs. payment principles.

- Custody risk. Incorrect balances being fed into the system vs. balances issued caused by dual entries, incorrect breakdowns in third-party accounts, etc. that could 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 and share buyback programmes.

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

c) Market risk

This of current or potential losses in positions arising from adverse movements in interest rates, prices or trading volumes.

Given that the portfolio of financial assets is mainly made up of reverse repos (with public debt as the underlying asset), exposure to interest risk is minimal are maturities very short-term and returns adapt quickly to changes in interest rates. Meanwhile, the lack of borrowings or financial liabilities implying a finance charge means the Company is not exposed to risks in interest rates that could erode its margins or require a specific hedging policy.

The Company does not hold financial instruments in foreign currency other than the non-current financial investments described in Note 7.

The main risks and uncertainties faced by the Company in terms of delivering its strategic targets relate to trends in market trading volumes which, in turn, are its key revenue driver.

Experience shows that financial markets are subject to cycles of varying duration and intensity, which have a significant influence on ongoing business. Additionally, as the Company operates in a highly regulated sector, any changes in the regulatory framework could affect the Company's ability to improve on its results.

d) Liquidity and solvency risk

The risk that a Group company is unable to meet its payments commitments.

Financially, the Group is able to generate sufficient liquid funds to maintain its short-term liquidity and its medium- and long-term solvency, as shown in the respective consolidated statements of cash flows in the consolidated financial statements. The Group's liquidity position and cash flow generation ability enables it to fund its operating and investing activities with the cash flow generated from the activities without incurring financial debt.

The BME Group's liquidity generation ability is underpinned mainly by the effective collection of a large part of its revenue in very short terms, moderate capex requirements thanks to the internal IT model and ongoing cost-containment efforts, guaranteeing its future operations.

Irrespective of the possible other investment decisions that the Group may take, subject to approval by their governing bodies and, where necessary, the Board of Directors, Group-level criteria have been determined for investment of cash in financial assets with a view to minimising exposure to credit and interest-rate risks. In order to ensure compliance with these objectives and policies, financial management regularly reviews the level of compliance with the investment policies in place. No incidents were detected in 2013 or 2012.

No contractual obligations, contingent liabilities or other firm commitment are known to date that could change the Group's liquidity and capital requirements. There are also no off-balance sheet transactions that could affect the Group's future liquidity.

e) 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 BME Clearing: In its role as the central clearing house, the risk assumed by BME Clearing, S.A.U., as counterparty of the position of an owner or member is covered by margins called from and posted by clearing members for this risk.

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

EIn this respect, the Group's main financial assets, not including the assets for which BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal) acts as CCP, are assets purchased under resale agreements, cash balances, mortgage covered bonds, commercial paper, Spanish public debt securities, and trade and other receivables, which represent the Group's maximum exposure to credit risk with respect to its financial assets.

The credit risk associated with assets and liquid funds is minimal, since the counterparties are banks assigned adequate ratings by international credit rating agencies.

With regard to the credit risk associated with the collection in cash of the various charges established by the Company by way of consideration for its services, most customers in terms of volume of billings are financial institutions subject to supervision by the pertinent regulators. Furthermore, as most of the aforementioned services are settled in the standard settlement period for the corresponding transactions in each market, there are practically no balances receivable from clients for normal operations. In any event, credit risk attributable to trade receivables is reflected in the balance sheet net of the provisions for insolvency estimated by the Group's management based on experience of previous years and their assessment of the prevailing economic situation.

In terms of clearing and settlement activities, it is important to distinguish between Iberclear and BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal). In accordance with prevailing legislation, Iberclear cannot assume any risk vis-à-vis participating entities, which provide all guarantees based on their individual activities and on a joint and several basis under the terms established in Royal Decree 116/1992, of 14 February, and enabling regulations. BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal) operates as the CCP for the derivatives market and, therefore, incurs counterparty risk. It hedges this by managing the guarantees required of all market participants based on a sophisticated system of measurement and control of open positions that enables it to request additional guarantees depending on the day-to-day activity of members in real time, under the terms set out in Royal Decree 1282/2010, of 15 October.

The concentration of credit risk is not significant as the Group's exposure is distributed among a large number of counterparties and customers.

f) Industry 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.

25. Capital management

At 31 December 2013 and 2012, capital managed by the Group comprised primarily capital, reserves and profit for the year attributable to owners of the parent, which are recognised on the consolidated balance sheets under "Equity", less interim dividends and treasury shares, which are also recognised under this heading in the consolidated balance sheets (Note 11).

Capital is managed by the Group at two levels: regulatory and financial.

Regulatory capital management is based on an analysis of the minimum capital requirement established by relevant legislation. In this regard, it should be mentioned that as well as the general restrictions on equity established by the Spanish Corporate Enterprise Act applicable to limited liability companies, for some Group companies the criteria adopted for managing capital comply with the minimum capital requirements established in specific legislation governing these entities, specifically:

1. Article 17.1 of Royal Decree 726/1989, of 23 June, on Stock Exchange Management Companies and Members, Stock Brokers, and Collective Funds, as set out in Royal Decree 363/2007, dated 16 March, establishing that "the capital of stock exchange management companies must be sufficient to ensure that they can fulfil their corporate purpose. The level of borrowings shall at no time exceed the carrying amount of equity".

2. Article 71 of Royal Decree 116/1992, of 14 February, on the representation of shares through book entries and the clearing and settlement of stock market transactions, establishing that "the capital of the electronic trading system must be sufficient to ensure it can fulfil its corporate purpose. The level of borrowings shall at no time exceed the carrying amount of equity". In the same terms, Article 10 of the Rules of Organisation and Functioning of Clearing Houses, the content of which was approved by Ministerial Order ECO/689/2003, of 27 March, establishes that "[…] clearing houses will be subject to the principles dictating that their capital be sufficient to finance the assets and long-term investments required to fulfil their corporate purpose and maintain the carrying amount of their equity over and above that of borrowings. Any reduction in capital due to the return of shareholder contributions requires prior approval from the CNMV".

3. Article 17 of Royal Decree 1282/2010, of 16 December, regulating official futures and options markets, which is applicable to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. (Sociedad unipersonal), establishes that "the capital of stock exchange management companies must be sufficient to ensure they can fulfil their corporate purpose. The management company's equity must not be lower than €18 million nor the sum of the guarantees provided by management company."

4. CNMV Circular 12/2008, dated 30 December, on the solvency of investment service firms and their consolidated groups (amended by Circular 1/2011, of 21 January and Circular 5/2011, of 12 December, and in force since 1 January 2012), which is applicable to MEFF Euroservices, S.V., S.A. (Sociedad Unipersonal) regulates the minimum capital requirements of such companies, the manner in which this capital is determined and the self-assessment processes that these entities must implement and the reporting thereon, as well as the public information they must disclose.

   Brokerage companies must also maintain a liquidity coverage ratio requiring high-quality liquid assets equivalent to 10% of total eligible liabilities. At 31 December 2013 and 2012, MEFF Euroservices, S.V., S.A. (Sociedad Unipersonal) complied with this ratio.

At 31 December 2013 and 2012, the various Group companies subject to the aforementioned special rules on capital requirements complied with the requirements established therein.

Capital management from a financial perspective aims to optimise value creation in the Group and its business segments, and maximise value creation for shareholders.

In order to adequately manage the Group's capital, it is necessary to analyse future borrowing requirements based on estimates that allow projections of minimum capital requirements for regulatory and financial purposes to be made. These projections can then be used to devise the necessary management measures to reach these capital targets.

Irrespective of the possible other investment decisions that the Group may take, subject to approval by their governance bodies and, where necessary, the Board of Directors, criteria have been devised for the entire group to invest cash in financial assets, which minimise exposure to credit and interest-rate risks.

With regard to capital management processes, Bolsas y Mercados Españoles has a treasury department in its financial area, which is responsible for investing in financial assets on behalf of all Group companies.

In order to ensure these objectives and policies are adhered to, financial management regularly reviews the level of compliance with the investment policies in place. No issues in this regard have been detected during 2013 and 2012.

26. Explanation added for translation to English

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 1-b). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

August

2013

08

Company financing - Capital increases

ezentis

3.1 € Million

PRISA

18.1 € Million

Quabit Inmobiliaria

19 € Million

urbas

1.8 € Million

Appendix I

2013

Company	Data at 31 December 2013 (Thousands of euros)								
	Registered address	Direct ownership interest	Indirect ownership interest	Capital	Share premium and reserves	Interim dividend	Profit/(loss)		Other equity
							Operating	Net	
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., (Sociedad Unipersonal) (1)	Madrid	100.00%	-	21,348	8,952	(45,408)	61,631	48,692	471
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A., (Sociedad Unipersonal) (1)	Barcelona	100.00%	-	8,564	2,741	(15,988)	17,741	17,137	342
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., (Sociedad Unipersonal) (1)	Bilbao	100.00%	-	2,957	3,360	(8,305)	5,362	8,823	149
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A., (Sociedad Unipersonal) (1)	Valencia	100.00%	-	4,111	1,105	(9,420)	7,338	9,717	282
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., (Sociedad Unipersonal) (1)	Madrid	100.00%	-	114,380	45,085	(40,498)	66,708	46,887	892
Bolsas y Mercados Españoles Innova, S.A., (Sociedad Unipersonal) (1)	Madrid	100.00%	-	3,884	111	(600)	968	1,050	17
Instituto Bolsas y Mercados Españoles, S.L. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	10	44	-	58	40	49
Bolsas y Mercados Españoles Market Data, S.A. (1) (2)	Madrid	51.00%	49.00%	4,061	756	(13,159)	22,734	15,942	29
AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	3,005	3,548	(4,182)	6,604	4,674	761
BME Clearing, S.A. (Sociedad Unipersonal) (1) (3)	Madrid	100.00%	-	18,030	24,436	(8,430)	11,170	9,418	599
MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) (1)	Barcelona	100.00%	-	60	540	-	1,051	751	-
MEFF Euroservices, S.A., S.V. (Sociedad Unipersonal)(1)	Barcelona	100.00%	-	4,508	1,022	-	134	96	-
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A., (Sociedad Unipersonal)(1)	Madrid	100.00%	-	6,650	2,365	(3,759)	5,954	4,232	197
BME Servicios Corporativos, S.A. (1) (3)	Madrid		100.00%	25,000	24,988	-	927	795	-
Link Up Capital Markets, S.A. (1) (4)	Madrid	-	98.29%	60	3,673	-	(2,857)	(2,854)	-
Subsidiaries through the Spanish stock exchange management companies:									
Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (1)	Madrid		100.00%	60	414	(713)	1,473	1,033	-
Sociedad de Bolsas, S.A. (1)	Madrid		100.00%	8,414	2,331	(2,355)	3,924	2,854	393
Visual Trader, S.L. (1)	Madrid		100.00%	2,375	3,063	(662)	977	685	64

(1) Data obtained from the separate financial statements corresponding to the year ended 31 December 2013, which are audited, excluding those for Instituto Bolsas y Mercados Españoles, S.L. (Sociedad Unipersonal).

(2) Indirect shareholding via the Spanish stock exchange management companies, AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) and MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. (Sociedad Unipersonal).

(3) Relates to the partial spin-off of BME Clearing, S.A. – Sociedad Unipersonal (spun-off companies, previously MEFF Sociedad Rectora de Productos Derivados, S.A.- Sociedad Unipersonal) to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (absorbing company, previously BME Gestión de Estudios y Proyectos, S.A. - Sociedad Unipersonal) (Note 2-a).

(4) In December 2013, controlled was obtained of Link Up Capital Markets, S.A., which was fully consolidated from then (Note 2-a).

2012

Company	Data at 31 December 2012 (Thousands of euros)								
	Registered address	Direct ownership interest	Indirect ownership interest	Capital	Share premium and reserves	Interim dividend	Profit/(loss)		Other equity
							Operating	Net	
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., (Sociedad Unipersonal) (1)	Madrid	100.00%	-	21,348	22,476	(37,842)	53,507	40,245	385
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A., (Sociedad Unipersonal) (1)	Barcelona	100.00%	-	8,564	9,145	(11,936)	14,651	12,685	241
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., (Sociedad Unipersonal) (1)	Bilbao	100.00%	-	2,957	3,316	(6,699)	5,596	6,898	107
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A., (Sociedad Unipersonal) (1)	Valencia	100.00%	-	4,111	5,014	(8,701)	9,491	9,044	208
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., (Sociedad Unipersonal) (1)	Madrid	100.00%	-	114,380	41,825	(37,886)	63,882	43,860	635
Bolsas y Mercados Españoles Innova, S.A., (Sociedad Unipersonal) (1)	Madrid	100.00%	-	3,884	80	-	251	351	17
Instituto Bolsas y Mercados Españoles, S.L. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	10	42	-	63	45	35
Bolsas y Mercados Españoles Market Data, S.A. (1) (2)	Madrid	51.00%	49.00%	4,061	752	(13,591)	23,261	16,300	15
AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	3,005	8,863	(6,840)	10,631	7,508	544
MEFF Sociedad Rectora de Productos Derivados, S.A., (Sociedad Unipersonal) (1)	Madrid	100.00%	-	18,030	33,765	(9,708)	13,124	10,717	568
MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) (1)	Barcelona	100.00%	-	60	462	(705)	1,093	783	-
MEFF Euroservices, S.A., S.V. (Sociedad Unipersonal) (1)	Barcelona	100.00%	-	4,508	1,022	-	257	188	-
BME Gestión de Estudios y Proyectos, S.A. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	60	-	-	1	-	-
BME Servicios Corporativos, S.A. (1)	Madrid	-	100.00%	25,000	24,379	-	831	611	-
Subsidiaries through the Spanish stock exchange management companies:									
Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (1)	Madrid	-	100.00%	60	414	(691)	1,217	855	855
Sociedad de Bolsas, S.A. (1)	Madrid	-	100.00%	8,414	9,956	(2,269)	3,460	2,498	285
Visual Trader, S.L. (1)	Madrid	-	100.00%	2,375	3,048	-	497	538	46

(1) Data taken from the separate financial statements for the year ended 31 December 2012, which are audited, with the exception of those of Instituto Bolsas y Mercados Españoles, S.L. (Sociedad Unipersonal) and BME Gestión de Estudios y Proyectos, S.A. (Sociedad Unipersonal).
(2) Indirect shareholding via the Spanish stock exchange management companies, AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) and MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal).

2013

	Registered address	Ownership interest	Data at 31 December 2013 (Thousands of euros)								
			Non-current investments in jointly controlled entities and associates								
							Equity				
									Profit/(loss)		
			Assets	Liabilities	Revenue	Expenses	Capital	Share premium and reserves	Operating	Net	Non-controlling interests
Proportionate consolidation:											
Infobolsa, S.A.[3]	Madrid	50.00%	13,924[2]	1,739[2]	9,945[3]	(9,613)[3]	331	11,221	442	332	301
Regis-TR, S.A.[1]	Luxemburgo	50.00%	2,239[4]	1,179[4]	-	(1,103)	3,600	(1,437)	(1,076)	(1,103)	-

(1) Data taken from the financial statements for the year ended 31 December 2013, which are audited.

(2) Assets comprises €3,753 thousand of "Non-current assets" and €10,171 thousand of "Current assets", Liabilities comprises €16 thousand of "Non-current liabilities" and €1,723 thousand of "Current liabilities".

(3) Data taken from the financial statements of Infobolsa, S.A. and subsidiaries at 31 December 2013, the separate financial statements of which are audited (limited review in the case of Difubolsa – Serviços de Difusão e Informação de Bolsa, S.A., Infobolsa Deutschland, GmbH and Openfinance, S.L.).

(4) Comprises income and expenses along with the Bolsas y Mercados Españoles Group amounting to €1,023 thousand and €1,548 thousand, respectively, 50% of which are recognised in the consolidated income statement.

(5) Assets comprises €1,316 thousand of "Non-current assets" and €923 thousand of "Current assets", Liabilities comprises €1,179 thousand of "Current liabilities".

2012

	Registered address	Ownership interest	Data at 31 December 2012 (Thousands of euros)								
			Non-current investments in jointly controlled entities and associates								
							Shareholders Equity				
									Profit/(loss)		
			Assets	Liabilities	Revenue	Expenses	Capital	Share premium and reserves	Operating	Net	Non-controlling interests
Proportionate consolidation:											
Infobolsa, S.A. (4)	Madrid	50.00%	14,644 (2)	2,514 (2)	10,817 (5)	(10,162) (5)	331	11,144	1,094	655	400
Regis-TR, S.A. (1)	Luxemburgo	50.00%	3,548 (6)	1,384 (6)	1	(636)	3,600	(802)	(635)	(635)	-
Equity method:											
Link Up Capital Markets, S.A. (1)	Madrid	23.47%	5,474 (3)	1,741 (3)	1,217	(3,742)	60	6,198	(2,534)	(2,525)	-

(1) Data taken from the financial statements for the year ended 31 December 2012, which are audited.

(2) Assets comprises €3,782 thousand of "Non-current assets" and €10,862 thousand of "Current assets", Liabilities comprises €26 thousand of "Non-current liabilities" and €2,488 thousand of "Current liabilities".

(3) Assets comprises €2,386 thousand of "Non-current assets" and €3,088 thousand of "Current assets", This company's liabilities solely comprise "Current liabilities".

(4) Data taken from the financial statements of Infobolsa, S.A. and subsidiaries at 31 December 2012, the separate financial statements of which are audited (limited review in the case of Difubolsa – Serviços de Difusão e Informação de Bolsa, S.A., Infobolsa Deutschland, GmbH and Openfinance, S.L.).

(5) Comprises income and expenses along with the Bolsas y Mercados Españoles Group amounting to €930 thousand and €1,730 thousand, respectively, 50% of which are recognised on the consolidated income statement.

(6) Assets comprises €1,730 thousand of "Non-current assets" and €1,818 thousand of "Current assets", Liabilities comprises €771 thousand of "Non-current liabilities" and €613 thousand of "Current liabilities".

Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. (Sociedad Unipersonal)

This company was incorporated in Madrid on 7 June 1989, under the simultaneous incorporation procedure with the name of Sociedad Promotora de la Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. and on 27 July 1989 then became Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.

In 2009, the company acquired 15,025 shares in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A. - Sociedad Unipersonal -), equivalent to a 25% shareholding, from Bolsas y Mercados Españoles Sociedad Holding de Mercados y Sistemas Financieros, S.A., for €118,600. As a result of this purchase, at 31 December 2013 and 2012 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A. Sociedad Unipersonal). In addition, at 31 December 2013 and 2012, the company held long-term shareholdings in Sociedad de Bolsas, S.A. Visual Trader Systems, S.L. and Bolsas y Mercados Españoles Servicios Corporativos, S.A. with ownership interests of 25%, 90% and 48%, respectively.

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company accepted the capital increase at Bolsas y Mercados Españoles Market Data, S.A., subscribing 8,408 new shares, each with a par value of €50, equivalent to a 10.35% shareholding, which it maintained at 31 December 2012. The share capital increase was filed with the Madrid Companies Register on 16 August 2011. In this regard, in accordance with the abovementioned protocol, on 1 January 2011 the Company transferred the information dissemination business to Bolsas y Mercados Españoles Market Data, S.A.

Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. (Sociedad Unipersonal)

Sociedad Promotora de la Bolsa de Valores de Barcelona, S.A. was incorporated on 8 June 1989, subsequently becoming Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A., on 26 July 1989.

In 2009, the company acquired 15,027 shares in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A. Sociedad Unipersonal), equivalent to a 25% ownership interest, from Bolsas y Mercados Españoles, for 118,600 euros. As a result of this purchase, at 31 December 2013 and 2012 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A. Sociedad Unipersonal). At 31 December 2013 and 2012, the company also held long-term shareholdings in Centro de Cálculo de Bolsa, S.A. and Sociedad de Bolsas, S.A. with the respective ownership interests of 100% and 25%.

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company accepted the capital increase at Bolsas y Mercados Españoles Market Data, S.A., subscribing 8,268 new shares, each with a par value of €50, equivalent to a 10.18% ownership interest. This capital increase was registered with the Madrid Companies Register on 16 August 2011.

Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. (Sociedad Unipersonal)

This company was incorporated on 26 July 1989 as a public limited company (Sociedad Anónima) for an indefinite period.

In 2009, the company acquired 15,025 shares in Bolsas y Mercados Españoles Sistema de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A., - Sociedad Unipersonal -), equivalent to a 25% ownership interest, from Bolsas y Mercados Españoles, for €118,600 thousand. As a result of this purchase, at 31 December 2013 and 2012 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A. Sociedad Unipersonal). At 31 December 2013 and 2012, the company also held a long-term 25% shareholding in Sociedad de Bolsas, S.A.

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company accepted the capital increase at Bolsas y Mercados Españoles Market Data, S.A., subscribing 8,268 new shares, each with a par value of €50, equivalent to a 10.18% ownership interest. This capital increase was registered with the Madrid Companies Register on 16 August 2011.

Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. (Sociedad Unipersonal)

This company was incorporated on 25 July 1989 as a public limited company (Sociedad Anónima) for an indefinite period.

In 2009, the company acquired 15,025 shares in Bolsas y Mercados Españoles Sistema de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A., - Sociedad Unipersonal -), equivalent to a 25% ownership interest, from Bolsas y Mercados Españoles, for €118,6 thousand. As a result of this purchase, at 31 December 2013 and 2012 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (previously Mercado Alternativo Bursátil, S.A. Sociedad Unipersonal). At 31 December 2013 and 2012, the company also had long-term shareholdings in Visual Trader Systems, S.L. and Sociedad de Bolsas, S.A. with respective ownership interests of 10% and 25%.

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company accepted the capital increase at Bolsas y Mercados Españoles Market Data, S.A., subscribing 8,268 new shares, each with a par value of €50, equivalent to a 10.18% ownership interest. This capital increase was registered with the Madrid Companies Register on 16 August 2011.

The most important information concerning the main companies in which the four stock exchange management companies have shareholdings is given below.

Sociedad de Bolsas, S.A.

Sociedad de Bolsas, S.A. was incorporated in Madrid on 16 March 1989 under the simultaneous incorporation procedure under the name of Mercado Continuo, S.A. Its initial share capital (€8,414 thousand) was subscribed and paid up by the four Spanish stock exchange management companies.

On 1 February 1990, its share capital was redistributed through the purchase and sale of shares between the four Spanish stock exchange management companies, in accordance with Securities Market Act 24/1988, of 28 July, which stated that the Company's share capital must be owned by the four stock exchange management companies in equal parts.

On 26 February 1990, Mercado Continuo, S.A. changed its name to Sociedad de Bolsas, S.A., and partially modified its articles of association to adapt them to the requirements of Article 50 of Law 24/1988, of 28 July, and Articles 18 to 22 of Royal Decree 726/1989, of 23 June, on Stock Exchange Management Companies and Members, Stock Brokers and Collective Funds.

The Company's activity basically involves operating the programs enabling the trading of securities listed on the electronic stock market of the four official Spanish stock exchanges, and supervising the members of the market in relation to these securities.

In order to provide an additional service to market members, at the end of 1991 the Company also acquired the MEFF-30 and FIEX-35 indices, combining them into a single index, the IBEX 35®, which underpins the trading of futures and options on stock markets. The Company owns the IBEX indices and is responsible for managing, supervising and marketing them, and publishing them on a daily basis.

The company transferred the information dissemination business to Bolsas y Mercados Españoles Market Data, S.A. on 1 January 2011, in accordance with the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group.

Bolsas y Mercados Españoles Sistemas de Negociación, S.A.

Bolsas y Mercados Españoles Sistema de Negociación, S.A. was incorporated in Madrid, for an indefinite period of time, on 21 February 2006, as Mercado Alternativo Bursátil, S.A., via the simultaneous incorporation procedure, by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.

For the purposes of complying with the requirements set out in Article 119 of the Securities Market Act, Law 24/1988, dated 28 July, amended by Law 47/2007, dated 19 December, and as a prerequisite to becoming the management company of the aforementioned multilateral trading facilities, on 15 December 2009 Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. (Sociedad Unipersonal), Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. (Sociedad Unipersonal), Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. (Sociedad Unipersonal) and Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. (Sociedad Unipersonal) acquired 100% of this company's capital, in equal shares, from Bolsas y Mercados Españoles, (until then, the company's sole shareholder). As a result, the four stock exchange management companies became the company's shareholders, each holding a 25% stake. The company is therefore legally considered the management company of the MAB and Latibex.

Its corporate purpose is to organise, manage and oversee the multilateral trading facilities, the Alternative Equity Market (MAB for its initials in Spanish) and Latin American Securities Market (Latibex), and to take responsibility for their organisation and internal functioning, for which it shall be endowed with the necessary resources.

The creation of the MAB was authorised by the Spanish Cabinet, based on a proposal made by the CNMV, on 30 December 2005. It is a nationwide organised trading system. Its organisation and operations are supervised by the CNMV and its overriding purpose is to provide an organised system for arranging, settling, clearing and recording trades in:

a. Shares and other instruments of Collective Investment Institutions.

b. Shares and instruments issued by or relating to small-cap entities.

c. Other securities and instruments which, because of their special characteristics, require specific regulations.

In addition, in 2008, the company introduced two new business segments for the admission to trading of growth companies and hedge funds.

Latibex, created pursuant to authorisation by the Spanish Parliament on 29 November 1999, is a nationwide organised trading system. Its organisation and operations are supervised by the CNMV and its overriding purpose is to provide a multilateral facility for arranging, settling, clearing and recording trades involving securities issued by entities domiciled in Latin America and previously admitted to trading on a stock exchange in Latin America.

On 16 April 2010, the company was authorised by the CNMV to transform MAB and LATIBEX into multilateral trading facilities. Subsequently, on 6 May 2012, the company executed the change in its corporate purpose as a deed, expanding it to include organising, managing and overseeing the Latibex market, and adopting its current name.

Bolsas y Mercados Españoles Market Data, S.A.

Bolsas y Mercados Españoles Market Data, S.A. was incorporated in Madrid on 23 May 2008 for an indefinite period with share capital of €61,000 (consisting of 1,220 shares with a par value of €50 each). Its sole shareholder is Bolsas y Mercados Españoles.

On 22 December 2010, as sole shareholder, the Company decided to increase the amount of share capital by €2,000,000 (in the form of 40,000 new shares, each with a par value of €50, fully subscribed and paid in by the Company). The public deed for the capital increase were granted on 28 December 2010 and filed with the Companies Register on 3 January 2011.

During 2011, the Company decided to increase the amount of share capital by €2,000,000 (in the form of 40,000 new shares, each with a par value of €50). The capital increase was subscribed and paid in full by the Madrid, Barcelona, Bilbao and Valencia stock exchange management companies, AIAF Mercado de Renta Fija, S.A., (Sociedad Unipersonal), MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal) and the Company, and was registered in the Madrid Companies Register on 16 August 2011.

At 31 December 2013 the Company's shareholders and their ownership interests were as follows:

Company	Ownership interest
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	51%
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. (Sociedad Unipersonal)	10.35%
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. (Sociedad Unipersonal)	10.18%
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. (Sociedad Unipersonal)	10.18%
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. (Sociedad Unipersonal)	10.18%
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. (Sociedad Unipersonal)	7.97%
AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal)	0.14%

The Company took on the information dissemination business on 1 January 2011, in accordance with the Information Dissemination Protocol of Grupo Bolsas y Mercados Españoles.

The company's corporate purpose is:

a. To receive, process, prepare, manage, disseminate, market and distribute any type of financial, economic, stock market, monetary and commercial information of any type by electronic or other means.

b. To prepare, develop and market programs, computer materials, systems or other elements designed to capture, handle, disseminate and use all kinds of financial, economic, stock market, monetary and commercial information.

c. To receive, process, develop, handle, disseminate and distribute information on transactions in financial instruments and communicate this information to all kinds of national or international, public or private institutions and authorities.

d. To perform consultancy and advisory activities related to the procedures, development and management of the aforementioned activities.

Such activities may be carried out directly by the company or via interests in the activities of other companies with a similar corporate purpose, to which end it may promote the incorporation of such companies or take equity interests in them.

The Company will carry on the activities comprising its corporate purpose without prejudice to the application of the supervisory and legal regimes, administrative control and any inspections to which the information on these activities may be subject.

MEFF Euroservices, S.A., Sociedad de Valores (Sociedad Unipersonal)

This company was incorporated as a public limited company on 4 August 1998.

Its corporate purpose is to perform the activities described in Article 63 of Securities Market Act 24/1988, of 28 July, on the financial instruments described in Article 2 of the same law, in the regulatory terms established in Royal Decree 217/2008, of 15 February 2008, on the legal framework for investment service companies and other entities rendering investment services, or any other law enforcing or replacing this law.

BME Clearing, S.A. – Sociedad Unipersonal (previously denominada MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal)

MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal) was incorporated on 7 December 1988 as OM Ibérica, S.A., and began operating on 8 November 1989.

Its principal activity was the management of the Equity Derivative Financial Products Market and the clearing and settlement house for operations in this market. In 2010, as a result of publication of Royal Decree 1282/2010, of 15 October, regulating official secondary markets for futures, options and other derivative financial instruments, the company amended its Articles of Association, mainly to include the change in its name to MEFF Sociedad Rectora de Productos Derivados, S.A. and the inclusion in its corporate purpose of the performance of activities set forth in Article 59 of the Securities Market Act, as well as those provided by Article 44 ter relating to the central counterparty activities stipulated in said Royal Decree, its corporate purpose now being understood to include all activities permitting this purpose to be fulfilled and which are within the law, in particular those rules governing the markets at any given time.

In this connection, on 21 December 2010, the CNMV published in the Official State Gazette (BOE) the new official secondary futures and options markets (MEFF) regulation, which entered into force on 24 January 2011.

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company accepted the capital increase at Bolsas y Mercados Españoles Market Data, S.A., subscribing 6,473 new shares, each with a par value of €50, equivalent to a 7.97% shareholding. This capital was filed in the Madrid Companies Register on 16 August 2011. In this connection, and in accordance with the aforementioned protocol, on 1 January 2011 the company had transferred to Bolsas y Mercados Españoles Market Data, S.A. the information dissemination business unit.

On 28 June 2012, the Board of Directors of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. (Sociedad Unipersonal) and the company agreed the merger and takeover by the company of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. (Sociedad Unipersonal), with the latter being wound up through dissolution without liquidation and the transfer en bloc of its assets and liabilities to MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal), which has acquired through universal succession the rights and obligations of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. (Sociedad Unipersonal).

On 28 and 29 June 2012, the Board of Directors of the company and of MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal), respectively, agreed the partial spin-off of MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) to the company, which involved transferring the business unit comprising the derivatives market technical and human resources of MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) to the company, with the latter acquiring through universal succession all the assets, liabilities, rights and obligations of the aforementioned business unit.

The public deed of merger and partial spin-off was executed on 26 November 2012, and filed with the Barcelona and Madrid Companies Register on 14 and 28 December 2012, respectively.

The merger and partial spin-off described above were conducted to reorganise the Bolsas y Mercados Españoles Group companies involved in activities in the derivatives markets, providing the technical services on which this market is based, to increase the Group's efficiency and reorganise the activities of the companies involved.

Lastly, as a result of the new fixed-income securities clearing house activities carried on by the Company, its Regulations were amended on 31 October 2012.

On 27 June 2013, the Boards of Directors of BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal) and MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (previously BME Gestión de Estudios y Proyectos, S.A. – Sociedad Unipersonal) agreed the partial spin-off of BME Clearing, S.A. – Sociedad Unipersonal (the spun-off company) to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (absorbing company), entailing the transfer of the business unit, comprising assets, technical and human resources necessary to manage the official secondary market for the derivative products of BME Clearing, S.A. – Sociedad Unipersonal, to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal, which acquired all the assets and liabilities, rights and obligations of the business unit through universal succession.

The deed for the partial spin-off was granted on 9 September 2013 and filed with the Madrid Companies Register on 30 September 2013.

BME Clearing's corporate purpose is to intervene on its own account in the clearing and settlement of securities or financial instruments as set forth in Article 44 ter of the Securities Market Act and the implementing provisions thereof applicable at any given time.

The partial spin-off described above was conducted to reorganise the Bolsas y Mercados Españoles Group companies involved in activities in the derivatives markets and the technical services on which this market is based with a view to making the supervised Group's structure more efficient, and to reorganise the activities of the companies involved.

MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal)

MEFF Tecnología y Servicios, S.A. formerly Mercado Español de Futuros Financieros Services, S.A. was incorporated with limited liability on 4 July 1996.

On 11 May 2006, MEFF Tecnología y Servicios signed a contract with Red Eléctrica de España, S.A., through which this latter company authorised MEFF Tecnología y Servicios to operate as a third party authorised to make collections and payments, and issue the corresponding invoices, as well as receive and manage guarantee deposits, in its role as CCP between electricity suppliers and purchasers, referred to as Market Subjects. Red Eléctrica de España, S.A. is the operator of the Spanish electricity system and, as established by Law 54/1997 amended by Royal Decree Law 5/2005, is responsible, *inter alia*, for the settlement and notification of payments and collections, as well as the receipt and management of guarantee deposits, where applicable, for operations performed by Market Subjects in relation to system adjustments and the power guarantee.

On 28 and 29 June 2012, the Board of Directors of MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal) and the Company, respectively, agreed the partial spin-off of the company to MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal). This involved transferring the business unit comprising the derivatives market technical and human resources to MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal), with the latter acquiring through universal succession all the assets, liabilities, rights and obligations of the aforementioned business unit. The public deed of the partial spin-off was executed on 26 November 2012, and filed with the Barcelona and Madrid Companies Registers on 14 and 28 December 2012, respectively.

Furthermore, during 2012, MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. (Sociedad Unipersonal) was taken over by MEFF Sociedad Rectora de Productos Derivados, S.A. (Sociedad Unipersonal) (see previous section in this Note). As with the partial spin-off described above, this was intended to reorganise the Group companies conducting activities in the derivatives markets and providing derivative market technical services, to increase the Group's efficiency and reorganise the activities of the companies involved.

AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal)

The corporate purpose of AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) after the merger with Sistema Electrónico de Negociación de Activos Financieros, S.A., as described below, is to supervise, manage and operate the fixed income securities market. AIAF MERCADO DE RENTA FIJA (hereafter the AIAF Market), and to supervise, manage and operate the multilateral trading facility Sistema Electrónico de Negociación de Activos Financieros (SENAF, SMN) and the activities performed through this platform.

AIAF Mercado de Renta Fija is an official, active, regulated and decentralised secondary market for fixed income securities. It was authorised by The company was authorised by a Ministry for the Economy and Finance Order, of 1 August 1991, and its official status was recognised in accordance with the Sixth Transitional Provision of Law 37/1998, of 16 November, of the Reform of Securities Market Act 24/1988, of 28 July.

In meetings held on 22 April 2009, the Board of Directors of AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) and Sistema Electrónico de Negociación de Activos Financieros, S.A. approved the merger and takeover of Sistema Electrónico de Negociación de Activos Financieros, S.A. (absorbed company) by AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) (absorbing company), with the former being wound up through dissolution without liquidation.

In meetings held on 25 May 2009, the sole shareholder of AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) and the shareholders of Sistema Electrónico de Negociación de Activos Financieros, S.A., in an extraordinary general meeting, approved the merger of both entities through the takeover by AIAF Mercado de Renta Fija, S.A. (Sociedad Unipersonal) of Sistema Electrónico de Negociación de Activos Financieros, S.A. and the winding up by dissolution without liquidation of the latter, and the subsequent transfer en bloc of the absorbed company's assets and liabilities to the absorbing company, which acquired all the rights and obligations of the absorbed company by universal succession.

The public merger deed were executed on 17 July 2009 and filed with the Companies Register on 22 July 2009.

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company accepted the capital increase at Bolsas y Mercados Españoles Market Data, S.A., subscribing 113 new shares, each with a par value of €50, equivalent to a 0.14% shareholding, which it maintained at 31 December 2012. The capital increase was filed with the Madrid Companies Register on 16 August 2011. In this connection, in accordance with the abovementioned protocol, on 1 January 2011 the company transferred the information dissemination business to Bolsas y Mercados Españoles Market Data, S.A.

Since 7 October 2013, AIAF Mercado de Renta Fija is the governing body of the Mercado Alternativo de Renta Fija (MARF) multilateral trading facility.

Bolsas y Mercados Españoles Innova, S.A. (Sociedad Unipersonal)

Bolsas y Mercados Españoles Innova, S.A. Sociedad Unipersonal (formerly, FC&M, Sociedad Rectora del Mercado de Futuros y Opciones sobre Cítricos. S.A.) was incorporated on 5 February 1993 under the name Sociedad Promotora del Mercado de Futuros de Cítricos en Valencia, S.A. In 1995, the company became the management company of the citrus futures and options market. Lastly, on 30 October 2003 the company relinquished its license to act as the management company of an official secondary market and changed its corporate purpose.

On 27 April 2011, Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. agreed to take over the company and Bolsas y Mercados Españoles Innova, S.A. (Sociedad Unipersonal) and to change the

company's corporate purpose in order to bring it in line with the activities conducted by the absorbed company, and to change the company's registered name to the current name - Bolsas y Mercados Españoles Innova, S.A. (Sociedad Unipersonal) - amending its Articles of Association accordingly. The public merger deed was filed with the Madrid Companies Register on 1 July 2011.

After the merger, the current corporate purpose of Bolsas y Mercados Españoles Innova, S.A. (Sociedad Unipersonal) is to: provide consultancy, training, advisory and technical support services in relation to business organisation and structuring projects, regulatory and corporate regimes, financial management and operating procedures, and also to design, create, develop, operate, provide support for and market, in any modality, procedures, programs, systems, services or computer, electronic or communication networks of all kinds whose purpose is to contribute, simplify, speed up, and, in general, improve, the development of financial activities or activities relating to securities markets. These activities may be carried on directly by the company or via interests in the activities of other companies with a similar corporate purpose, to which end it may incorporate or invest in such companies.

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad Unipersonal)

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad de Sistemas) was incorporated on 7 June 2000 under the name Promotora para la Sociedad de Gestión de los Sistemas Españoles de Liquidación, S.A.

This company's initial corporate purpose resulted from Act 44/2002 of 22 November, on measures for the reform of the financial system (the Spanish Finance Act), which established the legal changes necessary to complete the integration of the registration, clearing and settlement systems and designed a legal regime to enable the creation of the Sociedad de Sistemas (Systems Company) by integrating the S.C.L.V. and CADE.

In application of the aforementioned provisions of the Financial Systems Act, the Universal Extraordinary General Meeting held on 22 January 2003 adopted, *inter alia*, the following resolutions: to change the company's name to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." and to amend the corporate purpose and the articles of association and to increase the company's share capital by means of non-cash contributions, namely: (i) 100% of the share capital of the S.C.L.V., contributed by Bolsas y Mercados Españoles; and (ii) the necessary resources to carry out the relevant public debt book-entry market functions consisting, among others, of goodwill in respect of public debt clearing, settlement and registration activity transferred from CADE to Sociedad de Sistemas, contributed by Bank of Spain.

Lastly, with economic effect from 1 January 2003, Sociedad de Sistemas merged and absorbed the S.C.L.V. under the terms laid down in the Financial Systems Act.

Following the change in the corporate purpose of Sociedad de Sistemas and the amendment of its articles of association in accordance with the Financial Systems Act, the company is now tasked with the following functions:

a. To keep, in accordance with the provisions of current legislation, the accounting records of:

(i) Securities represented by book entries that are traded on the Spanish securities exchanges or on the government debt book-entry market;

(ii) Securities represented by book entries or certificates that are traded on other secondary markets, trading systems or other trading forums, at the request of their governing bodies;

(iii) Securities in relation to which an application has been or will be made for them to be listed on any of the aforementioned markets;

(iv) Securities represented by book entries or certificates that are not admitted to traded on official secondary markets, where the company is qualified to do so under prevailing legislation;

(v) Other financial assets or instruments, when they are the object of transactions whose registration, clearing and settlement is the responsibility of Sociedad de Sistemas.

b. To manage the clearing and settlement of securities or other financial assets or instruments and cash arising out of ordinary or extraordinary transactions performed on the securities exchanges, the government debt book-entry market, and on other secondary markets, trading systems or other trading forums, when so appointed.

c. To provide technical and operational services directly related with the registration, clearing and settlement of securities or other financial assets or instruments, and any others required in order for Sociedad de Sistemas to assist and coordinate its actions with other securities registration, clearing and settlement forums and systems and to participate in the same.

d. To develop the business of registering, clearing and settling transactions involving securities or other financial assets or instruments carried on by firms in which Sociedad de Sistemas may own a majority shareholding or with which it may enter into agreements under which it self-reserves oversight powers.

e. To invest, directly or indirectly, in the equity of companies engaged in clearing and settlement activities, or that manage or keep securities accounting records.

f. To provide central counterparty clearing services, directly or through subsidiaries, when so authorised under Section 44 (iii) of the Securities Markets Act (Law 24, dated 28 July 1988) and other applicable regulations.

g. To study, promote and participate in processes of updating and overhauling Spanish and international registration, clearing and settlement systems.

h. Any other duties assigned to it by the Spanish government, subject to prior reports from the CNMV and, if applicable, Bank of Spain.

To optimise delivery of its goals and corporate purpose, Sociedad de Sistemas shall perform all functions attributed to it by the regulations in its jurisdiction, and any others, under the umbrella of its legal remit, that contribute to the better functioning of the securities markets.

At 31 December 2013 and 2012, the Company held long-term shareholdings in Bolsas y Mercados Españoles Servicios Corporativos, S.A., of 21% in both years, and Link Up Capital Markets, S.L. (incorporated in 2008) of 98.29% and 23.47%, respectively. At 31 December 2013 and 2012, the Company also held a long-term shareholding of 50% in Regis-TR, S.A.

The most relevant information about Link Up Capital Markets, S.A. and Regis-TR, S.A. is provided below.

Link Up Capital Markets, S.A.

Link Up Capital Markets, S.L. (Sociedad Unipersonal) was incorporated for an indefinite period in Madrid in March 2008 by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad Unipersonal), a wholly-owned subsidiary of Bolsas y Mercados Españoles, with €3 thousand of share capital (in the form of 376 shareholding units with a par value of €8 each).

The company's corporate purpose is to design, establish, create, exploit and market, in any format, all kinds of products, services, systems, procedures and IT networks, devised to capture orders, information and any class of message issued or received by entities acting as central depositories or engaged in keeping accounting records for securities and financial instruments, and the provision of services related to these entities.

On 28 June 2011, the Ordinary and Extraordinary General Shareholders' Meetings agreed, among other aspects: (i) to transform the company, until then, Sociedad Mercantil de Responsabilidad Limitada, into a public limited company, (ii) to increase the company's share capital, by increasing the par value of the previously existing 703 shareholding units, from €8 to €86 euros each, charged to the unit share premium, thereby maintaining unchanged the percentage interest of the company's shareholders, (iii) to remove the distinction between class A and class B shareholding units, so that all the company's shares comprise a single series, granting their holders the same rights and obligations, (iv) to change, as a result of the foregoing, the company's Articles of Association. The deed of transformation for the company was executed on 19 December 2011.

From 2008 through 2011, various capital increases and sales of shares were conducted, with the result that at 31 December 2012 shareholders of Link up Capital Markets, S.A. and their ownership interests were as follows:

Name or corporate name	Number of shares	Ownership interest
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U	165	23.47%
Clearstream Banking AG	165	23.47%
Bolsa de Valores de Grecia Sociedad Anónima de Participaciones, Liquidación, Ajustes y Asiento (HELEX)	72	10.24%
Verdipapirsentralen A/S	36	5.12%
Oesterreichische Kontrollbank Aktiengesellschaft	36	5.12%
SIX SIS AG	165	23.47%
Verdipapircentralen ASA	36	5.12%
MISR For Central Clearing Depository and Registry-MCDR	12	1.71%
Strate Limited	8	1.14%
Cyprus Stock Exchange	8	1.14%
	703	**100%**

In December 2013, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., - Sociedad Unipersonal acquired control of Link Up Capital Markets, S.A. following the acquisition of a 74.82% stake in successive purchases from the former shareholders. At 31 December 2013, following these purchases, the shareholders of Link Up Capital Markets, S.A. and their ownership interests were as follows:

Name or corporate name	Number of shares	Ownership interest
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U	691	98.29%
MISR For Central Clearing Depository and Registry-MCDR	12	1.71%
	703	**100%**

On 14 January 2013. Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., - Sociedad Unipersonal acquired the remaining 1,71% of Link Up Capital Markets, S.A., giving it 100% ownership.

Regis-TR, S.A.

On 9 December 2010. Regis-TR, S.A. was incorporated in Luxembourg for an indefinite period by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad Unipersonal) and Clearstream Banking, S.A., with share capital totalling €3,600 thousand (in the form of 36,000 shares, each with a par value of €100, fully subscribed and paid in, in equal amounts, by the two companies).

Its corporate purpose is:

a. To act as a trade repository under the provisions of applicable Luxembourg legislation.

b. To provide administrative and registry services, financial information services relating to any OTC derivative contract and with transactions entered into by financial and non-financial counterparties, as well as reporting of information received on these OTC derivative contracts and transactions, *inter alia*, to the market, regulatory authorities and OTC derivative market participants.

c. To provide collateral evaluation and management services in relation to OTC derivative contracts and transactions. It may also delegate its services to a third party, and perform any commercial activity with regard to intellectual property in relation to the company's corporate purpose described above,

d. To provide supplementary financial, commercial and/or industrial services necessary to fulfil and develop its corporate purpose.

Instituto Bolsas y Mercados Españoles, S.L., (Sociedad Unipersonal)

This company was incorporated in Madrid, for an indefinite time period, on 28 July 2006.

Its corporate purpose is to organise and give courses, seminars, lectures, postgraduate programmes, advanced training and, in general, any training activity connected with the financial industry and the securities markets, and to draw up, edit and publish related academic material of all kinds.

Infobolsa, S.A.

This company was incorporated in Madrid in May 1990 under the name of Sociedad de Difusión de Información de la Bolsa de Valores de Madrid, S.A.

Its corporate purpose is to gather, process, market and distribute any kind of economic, stock market, financial, monetary or commercial information relating to the securities markets.

In 2008, Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. (Sociedad Unipersonal) sold its entire shareholding in Infobolsa, S.A., equivalent to a 50% stake, to Bolsas y Mercados Españoles.

At 31 December 2013 and 2012, the share capital of Infobolsa, S.A. consisted of 55,000 shares (all with the same voting and dividend rights) with a par value of €6.01 each, all of them fully subscribed and paid in. On these dates, the Group (through Bolsas y Mercados Españoles) and Deutsche Börse, A.G. each held 50% of Infobolsa, S.A. Deutsche Börse, A.G. became a shareholder of Infobolsa, S.A. when it acquired a stake in this company from Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., Sociedad Unipersonal in 2002.

On 25 March 2011, Infobolsa, S.A. acquired 62% of the share capital of Openfinance, S.L., for €3,514 thousand. Furthermore, in an additional agreement, Infobolsa, S.A. and all non-controlling shareholders of Open Finance, S.L. signed long-term sale-purchase agreements on the remaining 38% share capital of Open Finance, S.L. (cross options). Despite this and pursuant to the performance of the latter and the conditions established in the private sale-purchase agreement, this company's directors consider that these cross options will not be exercised.

Furthermore, at 31 December 2013 and 2012 Infobolsa, S.A. held shareholdings of 99.99% in Difubolsa – Serviços de Difusão e Informação de Bolsa, S.A. and 100% in Infobolsa Deutschland, GmbH.

MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (anteriormente denominada BME Gestión de Estudios y Proyectos, S.A. – Sociedad Unipersonal)

MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal was incorporated in Madrid, for an indefinite period of time, on 21 November 2012 by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. with share capital of €60 thousand (consisting of 60,000 shares with a par value of €1 each, all of them fully subscribed and paid in).

Its corporate purpose was to analyse and prepare projects related to developing and managing markets for financial products.

On 27 June 2013, the Boards of Directors of BME Clearing, S.A. – Sociedad Unipersonal (previously MEFF Sociedad Rectora de Productos Derivados, S.A. – Sociedad Unipersonal) and MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (previously BME Gestión de Estudios y Proyectos, S.A. – Sociedad Unipersonal) agreed the partial spin-off of BME Clearing, S.A. – Sociedad Unipersonal (the spun-off company) to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal (absorbing company), entailing the transfer of the business unit, comprising assets, technical and human resources necessary to manage the official secondary market for the derivative products of BME Clearing, S.A. – Sociedad Unipersonal, to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. – Sociedad Unipersonal, which acquired all the assets and liabilities, rights and obligations of the business unit through universal succession.

On 26 June 2013, BME, as the sole shareholder of both companies, agreed the partial spin-off to this company and the amendment of its articles of association including, *inter alia*, the change of its name to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U. and its corporate purpose which, on authorisation by the Ministry of Economy and Competitiveness, became that of a management company of an official secondary market for futures and options, which "to oversee and manage trading and recording trades in futures, options and other derivative financial instruments, irrespective of the underlying assets, provided for in Article 2 of Act 24/1988, of 28 July, on the Securities Market".

On 5 September 2013, as the sole shareholder of the company, it carried out a capital increase with cash contributions of €6,590,000 through the issuance of 6,590,000 shares of €1 par value each, with an issue premium of €0.2019 per new share.

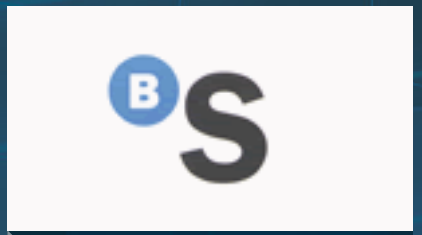
The deeds for the partial spin-off and capital increase were granted on 9 September 2013 and filed with the Madrid Companies Register on 30 September 2013.

September

Company financing - Capital increases

09

2013

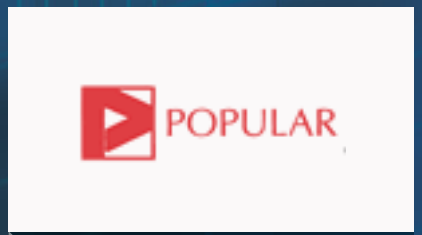


1.36 € Billion

552.9 € Million

3.5 € Million

382.4 € Million



0.2 € Million

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and Subsidiaries comprising the Bolsas y Mercados Españoles Group ("BME")

Director's Report for 2013

This report has been prepared following the recommended guide for the preparation of management reports by listed companies published by the CNMV in September and structured according to the nine sections established in these guidelines.

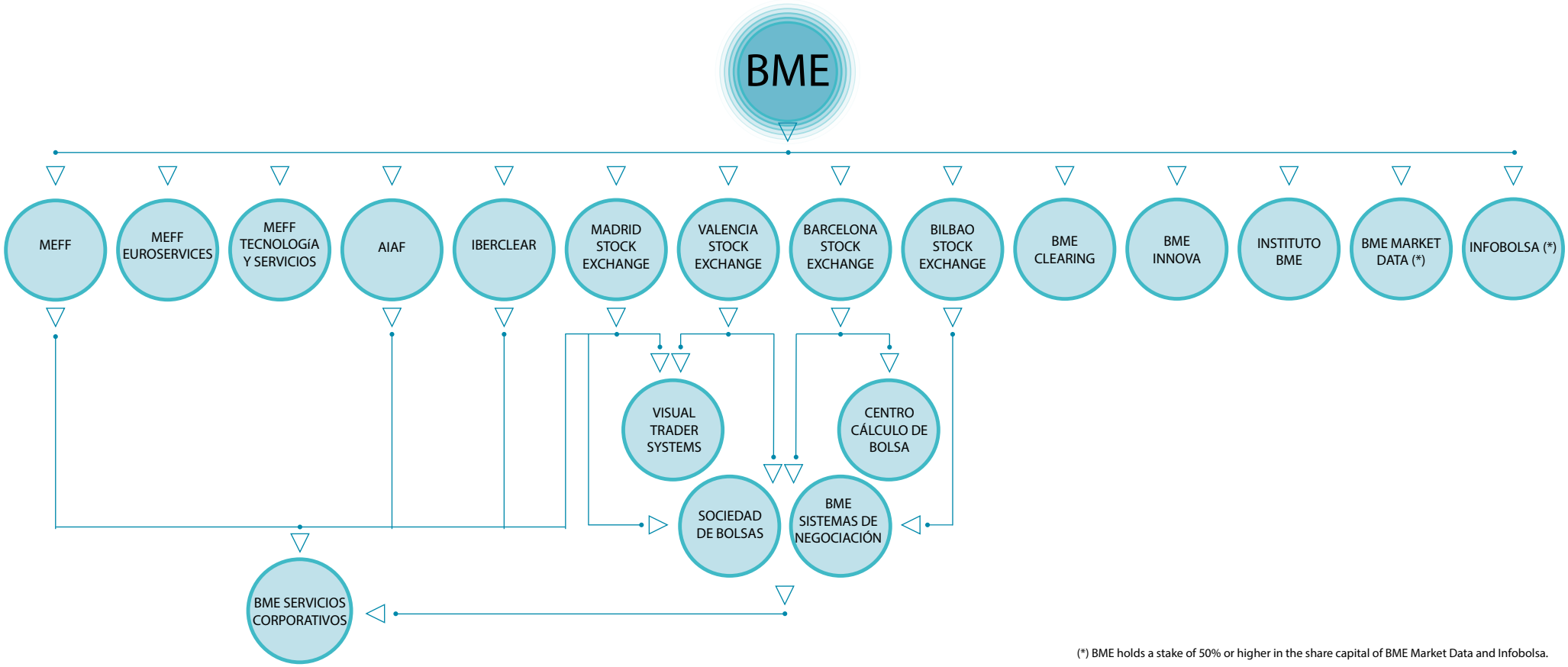
1. Situation of the Entity

1.1 Organisational structure

BME is the operator of all stock markets and financial systems in Spain. A public limited company (sociedad anónima), BME has been a listed company since 14 July 2006. BME forms part of the IBEX 35® and the FTSE4Good IBEX®.

BME group companies

Appendix I of the consolidated financial statements lists the Entity's main subsidiaries, jointly-controlled entities and associates, and information pertaining to them. A summary of this information is shown in the flow chart of the corporate structure of the BME Group shown below.



(*) BME holds a stake of 50% or higher in the share capital of BME Market Data and Infobolsa.

Corporate Governance

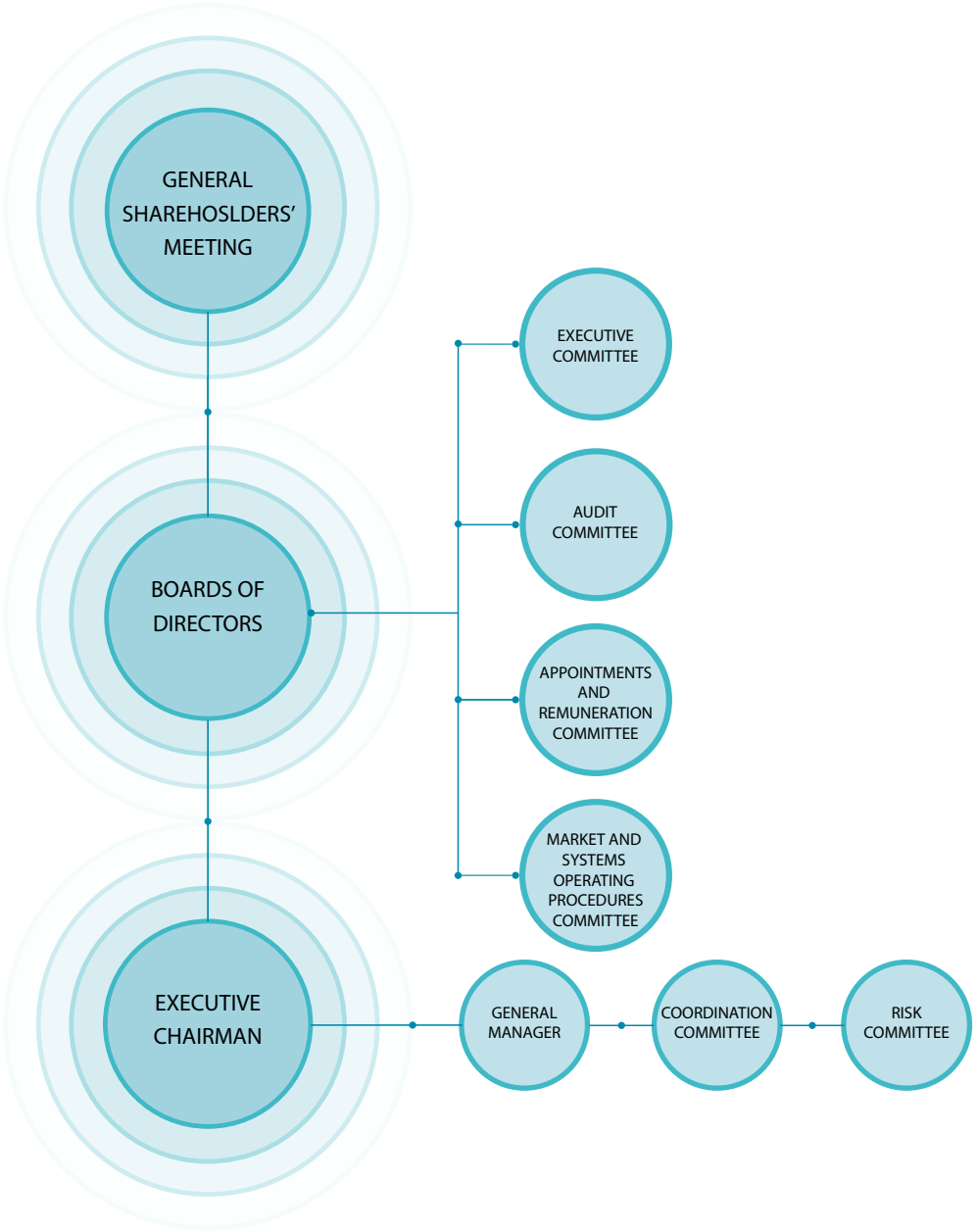
BME's corporate governance structure conforms to the highest market standards in this field. Its guiding principles are transparency, shareholder participation and independence of the external auditor.

BME's internal regulations are available under the "Information for Shareholders and Investors" section of the corporate website: www.bolsasymercados.es

The Board of Directors is BME's most senior governing and administrative body. At 31 December 2013 it was made up of 14 members of recognised capacity, integrity and independence.

The composition of the Board complies with the recommendations of the Unified Code of Good Governance as 12 members are external directors (7 external non-independent and 5 independent) and only two are classified as executive directors.

Governing Bodies



Board of Directors

			COMMITTEES			
Director	**Position on the Board**	**Class**	**Executive Committee**	**Audit Committee**	**Appointments and Remuneration Committee**	**Systems Operating Procedures Committee**
Antonio J. Zoido Martínez	Chairman	Executive	Chairman	-	-	-
José A. Barreiro Hernández	First Vice Chairman	External non-independent	Member	-	-	-
Tomás Muniesa Arantegui	Third Vice Chairman	External non-independent	Member	-	-	-
Margarita Prat Rodrigo	Fourth Vice Chairwoman	External independent	Member	Member	-	-
José Antonio Álvarez Álvarez	Director	External non-independent	-	-	Member	-
Ignacio Benjumea Cabeza de Vaca	Director	External non-independent	Member	-	-	-
Álvaro Cuervo García	Director	External independent	Member	Chairman	-	-
Rosa María García García	Director	External independent	-	-	Member	-
Pablo Forero Calderón	Director	External non-independent	-	-	-	Member
Joan Hortalá i Arau	Director	Executive	-	-	-	Chairman
Ricardo Laiseca Asla	Director	External non-independent	-	-	-	Member
Karel Lannoo	Director	External independent	-	-	-	Member
Ramiro Mato García-Ansorena	Director	External non-independent	-	Member	-	-
Manuel Olivencia Ruiz	Director	External independent	-	-	Chairman	-

All information on corporate governance can be found in the Annual Corporate Governance report included in this document, the Corporate Social Responsibility report, the Annual Report on Directors' Remuneration for 2013 and the Report on Board of Directors' activity, which will all be made available to shareholders in advance of the General Shareholders' Meeting on the corporate website: www.bolsasymercados.es.

Organisation

As established in the company's Articles of Association and Board of Directors' Regulations, the Board of Directors has entrusted the running of its ordinary business to the delegate bodies, the Board's executive members and the senior management team.

Accordingly, the Chairman and the General Manager coordinate the business units and areas and the activities of the company and group companies through a Coordination Committee set up for these purposes, as described below:

Coordination Committee
Antonio J. Zoido Martínez (Chairman)
Javier Hernani Burzako (General Manager)
Ramón Adarraga Morales
Jaime Aguilar Fernández-Hontoria
Antonio Giralt Serra
José Massa Gutiérrez del Álamo
Francisco Nicolás Tahoces
Francisco de Oña Navarro
Jorge Yzaguirre Scharfhausen

Given the group's corporate structure, at 31 December, the coordinated management of its activities is based on a structure of seven business units and seven corporate areas providing support functions to all business units.

Business Units	Description of the core activity of each business unit
Equities	Trading of securities through the electronic trading platform (Sistema de Interconexión Bursátil) or on the stock exchange floor and all corresponding post-trade activities.
Derivatives	Trading, counterparty management and settlement of derivatives products, public debt repos and electricity derivatives.
Fixed Income	Trading of private fixed income and public debt securities.
Settlement	Registration, clearing and settlement of equity and private and public fixed income security trades.
Information	Dissemination of information, primary and secondary sources.
Listing	Issuer services via initial listings and ongoing listing fees.
IT & Consulting	Production and sale of software, global access, advisory and training services.

Corporate Areas
Human Resources
Technology
Financial
International Relations
General Secretary
Legal
Corporate Communications

1.2 Operations

Main objectives

As manager of Spain's financial markets and systems, BME is the nexus between Spanish and international companies and investors. It provides a channel through which savings can be used to finance companies, while endeavouring to offer maximum speed, reliability, transparency, efficiency and security to the markets and systems it manages. To achieve this its actions are guided by the following *principles*:

- *Efficiency in service provision*, which is essential for the financial market to perform its key role in fostering sustainable economic growth.
- *Market integrity*, which allows several centres to undertake trading activity simultaneously and under identical conditions.
- *An impartial trading environment*, achieved through strict compliance with laws and regulations governing the financial markets and systems.
- *Transparency and fairness in the market*, by providing complete information on market performance so investors, without any privileges, can operate under the same conditions.
- *Innovation and cutting-edge technology*, by providing the means necessary to help companies grow and actively participate in the creation of new financial products and the development of systems infrastructure.
- *Training*, as a cornerstone for the sustainable development of a financial market.
- *Investor protection*, which is crucial for creating a bond of trust between investors and the market.

In establishing these core principles of conduct, BME has taken into account the needs and priorities of the different market agents, as well as society in general as the ultimate beneficiary when financial markets and, by extension, the economy, operate properly.

Business model

BME's business model is predicated on three core executive pillars: integration of the value chain for products traded on its platforms, diversification of underlyings and businesses, and focus on internally developed technologies. This has positive effects on the company's profitability. BME's modus operandi is backed by generating a consistent flow of net free cash flow, keeping capex low, achieving a high critical mass, obtaining wide margins with low leverage, maintaining low marginal costs on new products or projects added to the business range and, in short, achieving a high degree of efficiency and healthy returns on equity.

Regulatory framework

Given the importance of the activities carried out by BME in ensuring the smooth running of the financial markets and, by extension, the Spanish economy, the company must maintain a fluid relationship with public bodies through official channels predicated on strict adherence to applicable regulations. Furthermore, Spanish industry legislation governs BME's role as manager of regulated markets and trading systems. Therefore, BME and most of its subsidiaries are supervised by the Spanish National Securities Commission (Comisión Nacional del Mercado de Valores) or CNMV, with which it participates actively in the forums established therein, namely the CNMV's Consultative Committee, which is its Board of Directors' advisory body.

BME continues to adhere to the Code of Best Tax Practices, designed to foster a relationship of reciprocal cooperation between the Spanish tax administration agency and companies.

The Spanish securities market has undergone a deep process of change and growth over the last two decades. The technical, operating and organisational systems which support the market today have enabled substantial investment flows to be channelled and provided the markets with greater transparency, liquidity and efficiency.

As a result of the implementation of the Markets in Financial Instruments Directive (MiFID), there have been broad changes in the structure and functioning of European securities markets. The new trading environment has been opened up to increased competition, where regulated markets work alongside newly created entities, of which the Multilateral Trading Systems (MTS) stand out. However, MiFID recognises the regulated market as the main, benchmark market and has determined the need for strict authorisation requirements for regulated markets, as well as operators and intermediaries. In the case of the Spanish securities market, the transposition of the EU directive into Spanish law was made explicit in the publication of Law 47/2007, which modified Law 24/1988 on the Spanish Securities Market.

In Article 31 of the new law, regulated markets are defined as those multilateral systems that allow interested parties in the purchase and sale of financial instruments to be brought together to exchange contracts with respect to financial instruments that have been listed for trading. Spanish regulated markets are known as official secondary markets. For such purposes, the following are considered to be official secondary equity markets:

- Stock exchanges
- Book-Entry Public Debt Market
- the Futures and Options Market, MEFF,
- and the Private Fixed Income Market, AIAF.

In addition to the regulated markets, Multilateral Trading Systems (MTS) operate in Spain, trading both shares that are listed in regulated markets (Stock Exchanges) and Book-Entry Public Debt issues.

The Spanish securities market also holds other specific markets managed by BME, such as the Market for Latin American Securities (LATIBEX), the Alternative Equity Market (MAB), or the more recently created Alternative Fixed Income Market (MARF), all of which are for trading securities with special characteristics. The MAB market has distinct sections for open-ended collective investment schemes (SICAVs), venture capital firms (VCFs), hedge fund (HF) companies, and for small- and medium-sized enterprises. Trading in these markets is carried out via multilateral electronic trading systems.

Main products and services

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

The following tables offer a schematic outline of BME's main activities, showing the services it provides and its users and customers, mostly entities registered with the CNMV. BME's markets and trading systems do not provide services directly to retail investors, except for ancillary services.

Products and services provided by BME

BME	Products and services	Through	Users
EQUITIES	Trading in shares of Spanish, European and Latin American companies, shares and units of SICAVs, venture capital firms, hedge funds, REITs, ETFs, warrants, certificates and other products. Calculation of indices (IBEX, stock markets).	Madrid, Barcelona, Bilbao and Valencia stock exchanges, Sociedad de Bolsas, MAB, LATIBEX.	Companies, issuers. Market members (investment services companies and credit institutions) and, through them, private and institutional investors.
FIXED INCOME	Private fixed income (commercial paper, bonds, debentures, covered and regional bonds, MBS & ABS, and government-backed debt issues) Public debt (treasury bills, government bonds).	Madrid, Barcelona, Bilbao and Valencia stock exchanges, AIAF, SENAF, SEND, MARF	Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors.
DERIVATIVES	Options and futures on shares, bonds and indexes. CCP for derivatives, public debt repos and electricity derivatives.	MEFF BME CLEARING	Members of MEFF and, through the market members, private and institutional investors. Members of BME Clearing. Electricity utilities.
SETTLEMENT	Registration and settlement of all securities admitted for trading on Spanish stock exchanges, SENAF, SEND, AIAF, MARF, MAB and LATIBEX. Registration of derivative transactions.	IBERCLEAR RENADE REGIS- TR	Members of Iberclear. RENADE members.
INFORMATION	Primary sources of information. Primary data flow services.	BME Market Data	Large providers. Online brokers. Specialised Internet portals. ESIs and credit entities.
	Collection and processing of primary sources of information.	Infobolsa	Professional and private segment.
	Index user licence.	Sociedad de Bolsas	Dissemination entities.
IT & CONSULTING	Development and operation of financial market access systems.	Visual Trader Systems	Private and institutional investors. Order gatherers.
	Strategic advisory services for financial markets. Technological advisory services. Business continuity. Financial communication. Management software for financial institutions.	MEFF Tecnología y Servicios BME Innova	Financial markets. Regulated government agencies and financial institutions. Large companies, financial entities, SMEs, and users of financial entities.
	Technological solutions for financial advisory services and portfolio management.	Openfinance	Financial entities.
	Training: Training programmes. Tailored programmes. Cooperation with other institutions. Training for BME shareholders.	Instituto BME Stock exchanges BME Innova	Financial sector professionals and regulatory bodies, private investors, students, etc. Media.

Projects and actions in progress

BME has kept to its strategy of integrating the greatest number of products and services wherever possible, provided they add value and are a good fit with its core business. Throughout 2013, BME continued to develop products and services in order to facilitate and support mechanisms that can provide the market with new forms of financing. In doing so, BME collaborated with public and private institutions, while also driving the incorporation of key regulatory changes.

To that end, in March 2013 a new trading segment was rolled out in the Alternative Equity Market, for listed real-estate investment trusts (REITs). These public limited companies develop, renovate and operate leased property held in conjunction with other REITs, and provide auxiliary real estate activities. In 2013, two companies were listed for trading in this segment. At year-end 2013, 3,066 were listed for trading on the MAB.

Further, 68 exchange-traded funds (ETFs) were listed in the market at the year-end, in addition to 8,125 warrants issues listed.

With the backing of the Ministry of Economy and Competitiveness, on 8 April 2013 the scope of securities traded on the SEND platform was enlarged to incorporate public debt issues. This brings greater transparency to this market and provides private investors with counterparties so they can buy and sell public debt securities and easily access trading prices for these securities.

Among the initiatives to allow small and medium-sized enterprises to access financing at feasible costs, on 7 October 2013, BME, through its subsidiary AIAF and in collaboration with the Ministry of Economy and Competitiveness, launched the Alternative Fixed Income Market (Mercado Alternativo de Renta Fija), MARF. Through MARF, a multilateral trading system targeting institutional investors, issuers that wish to sell fixed-income assets can benefit from fewer formal requirements, more streamlined procedures, and lower issue costs.

On the technical front, in 2013 work was completed on migrating the fixed-income market to the S/MART environment, improving access to investment in fixed-income instruments traded in BME.

On 7 November 2013, REGIS-TR, the European trade registrar created by BME and Clearstream Banking Luxembourg, S.A. received the requisite authorisation from the European supervisor ESMA to operate as a trade repository as from February 2014. Throughout 2013, the entity carried out intense commercial efforts and entered into several collaboration agreements in order to improve the exchange of information with securities depository entities in other countries (the Russian central securities depository, National Settlement Depository - NSD) and other collateral management services platforms, as well as to offer additional services such as data portfolio reconciliation and MiFID-compatible reporting.

The development implementation phase of the Collateral Management service was completed and its is expected to start operating in the first half of 2014.

In response to the high demand, in 2013 BME created a new family of eight target volatility indices to round out the IBEX35® index series. On 24 September 2013, BME began calculating and publishing these indices.

On the international front, BME worked on the Algerian Treasury Department's project to create and operate a public debt trading platform as part of the Debt Conversion in Public Investment programme in Algeria. BME also collaborated on a project to promote financing to Mexican SMEs through corporate debt issues.

BME Innova further extended its range of services, which were offered to a larger number of customers.

Seasonal trends in the main business segments

BME's business is closely linked to the market environment and trading volumes, where trends are generally hard to forecast. Economic cycles and the economic situation prevailing at a given time, especially in Spain, are also likely to have an influence. Therefore, as part of its adherence to the principle of transparency, the group publishes on a daily basis on its website the main indicators of the markets it manages, on which the company's results are largely predicated.

2. Business performance and results

2.1. Key financial and non-financial indicators

The net profit of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and Subsidiaries comprising the Bolsas y Mercados Españoles Group ("BME") totalled €143.1 million in 2013, an increase of 5.7% on net profit in 2012. EBITDA for the year amounted to €208.5 million, up 5.7% year on year.

In 2013, operating costs rose 0.3% on the previous year to €99.2 million.

The 2013 efficiency ratio was 32.2% compared to 33.4% in 2012. This enabled the group to stay 12 points above the sector average.

Return on Equity (ROE) was 35.9% in FY13 and 32.0% in FY12, representing a lead of more than 24 points over the sector average.

The coverage ratio was 114% at year end. This ratio measures the company's diversification into revenue sources not associated with market activity.

The flows channelled through the Exchange (including rights issues, scrips and new issues) in 2013 stood at €32.102 billion, up 11.9% on 2012, making the Spanish market one of the world leaders in channelling capital flows.

On 31 January 2013, the Comisión Nacional del Mercado de Valores (CNMV) resolved not to extend the ban on short selling pursuant to the provisions of Regulation (EU) No. 236/2012 on short selling and the procedure established by the European Securities and Markets Authority (ESMA).

Results and management indicators

Key indicators

- Total revenue excluding net finance revenue amounted to €307,705 thousand, 3.9% higher than the previous year.
- Costs performed well, marking a moderate 0.3% increase. External and operating expenses were reduced by 2.4%.
- 2013 EBITDA amounted to €208,500 thousand, up 5.7% year on year.
- Profit before tax totalled €203,681 thousand, up 6.3%, and net profit attributable to the parent company was €143,140 thousand, up 5.7%.

Management ratios

The prudent fund management referred to in section 1.2 of this report, aimed at optimising usage and boosting BME's value, was rendered evident yet again in 2013 by two standard metrics for the comparison of BME's performance vis-à-vis its competitors.

BME continued to present benchmark key management ratios:

- **ROE** (return on equity) ended the year at 35.9%, an increase on the 32.0% reported the previous year. The rise in profits was partially offset by the lower equity base in 2013 as a result of ordinary and extraordinary dividend payments. BME continues to post a higher ROE than most of its sector peers, ending the year at 24 points above average.
- **Cost to Income** (operating costs to operating income), the efficiency ratio, measured for the year as whole, stood at 32.2%, i.e. 12 points below the global sector average, compared to 33.4% in 2012. This ratio measures the percentage of cost incurred on each unit of income. BME remains a sector benchmark for this indicator.

Results of Business Units

BME's integrated business model is structured around seven business units that provide stability and diversification. The section below sets out the contribution made by each in 2013 and 2012 (figures include intragroup transactions that are eliminated on consolidation):

Revenue			
Bolsas y Mercados Españoles Thousands of euros	**Total at 31/12/13**	**Total at 31/12/12**	**Δ**
Equities	115,956	108,595	6.8%
Clearing and Settlement	81,437	78,975	3.1%
Listing	19,851	20,997	-5.5%
Information	32,994	34,278	-3.7%
Derivatives	27,814	25,507	9.0%
Fixed Income	8,428	9,057	-6.9%
IT & Consulting	16,976	16,333	3.9%

EBITDA		
Total at 31/12/13	**Total at 31/12/12**	**Δ**
84,474	76,524	10.4%
67,368	64,942	3.7%
10,407	11,616	-10.4%
25,513	26,924	-5.2%
16,730	14,246	17.4%
5,223	6,044	-13.6%
6,713	5,963	12.6%

Equity

Revenue for the Equity unit at year-end 2013 amounted to €115,956 thousand, 6.8% up on the figure reported at 31 December 2012. EBITDA rose by 10.4% to €84,474 thousand.

Bolsas y Mercados Españoles (Equity Business Unit Income) (thousands of euros)	**Total at 31/12/13**	**Total at 31/12/12**	**Δ**
Operating revenues	115,956	108,595	6.8%
Operating costs	(31,482)	(32,071)	-1.8%
EBITDA	84,474	76,524	10.4%

Equity market turnover totalled €704,522 million in 2013, 0.7% more than in FY12.

The number of trades in 2013 as a whole was up 19.5% on 2012. There were 6.4 million trades in October, a monthly record.

The turnover in the warrants and certificates market was down 3.5% year on year to €754 million. The number of trades was down 11.5% compared with 2012.

Turnover on exchange-traded funds (ETFs) was up 56.6%, with a 19.1% increase in the number of trades compared to 2012. This increase in ETFs is largely explained by the expansion and development of funds on IBEX® indexes, for which assets under management increased by 278% in 2013, with more than one billion euros being indexed to the performance of the indicator for the first time.

The average bid-ask spread of securities traded on the IBEX 35® narrowed to 6.4 basis points. The improvement in the spread implies sizeable savings on trading costs due to the reduction in the implied cost of securities traded on the BME platform, reflecting the higher liquidity and greater depth of the order book.

Bolsas y Mercados Españoles (Equity - Trading)	**Total at 31/12/13**	**Total at 31/12/12**	**Δ**
Trading (millions of euros)	704,522	699,768	0.7%
Equity			
Turnover (millions of euros)	699,484	696,251	0.5%
Number of trades	48,541,400	40,553,230	19.7%
Average value per trade (euros)	14,410	17,169	-16.1%
Exchange traded funds (ETFs)			
Turnover (millions of euros)	4,284	2,736	56.6%
Number of trades	65,493	55,012	19.1%
Warrants			
Turnover (millions of euros)	754	781	-3.5%
Number of trades	179,473	202,714	-11.5%
Number of shares (millions)	200,715	198,334	1.2%
CAPITALISATION (millions of euros)	1,045,203	945,935	10.5%

Clearing and settlement

Revenue at the Clearing and Settlement unit deriving from settlement, registration and services provided to issuers rose by 3.1% to €81,437 thousand in 2013. EBITDA generated during the year reached €67,368 thousand, up 3.7% on the unit's EBITDA in 2012.

Bolsas y Mercados Españoles (Clearing & Settlement - Results performance) (thousands of euros)	**Total at 31/12/13**	**Total at 31/12/12**	**Δ**
Revenues	81,437	78,975	3.1%
Operating costs	(14,069)	(14,033)	0.3%
EBITDA	67,368	64,942	3.7%

Stripping out the impact of the default management service's activity on the unit's performance, settlement revenue in the quarter grew by 62.7% (15.7% for the year as a whole), while registration revenue fell 6.5% (3.6% for the year).

The registered volume to the end of 2013 was up 3.4% at 2.19 trillion, compared to 2.12 trillion at year-end 2012.

The composition of the registered volume was mixed during the year. Registered fixed income nominal amounts fell by 4.8% on the previous year, but increased for equities by 28.1% year on year to €675.9 billion.

In total, 47,917,033 operations were settled in 2013, up 2.4% on 2012.

The average daily turnover settled in 2013 totalled €256.2 billion, 5.7% lower than the average settled in the previous year.

On 7 November, the pan-European registration platform REGIS-TR® obtained its license to act as a TR under the supervision of ESMA, and started operating on 12 February 2014, the date the reporting requirements came into effect.

The collateral management service has completed the development implementation stage, with many entities accessing the system during the test phase to enter trades and get to know the system. The service is scheduled to come into production in the first half of 2014, on completion of reviews and approval from the Banco de España and CNMV.

Circulars 7/2013 and 8/2013 published on 18 December set out the role of trading members who are not Iberclear participants for the Latin American securities market and MAB.

Bolsas y Mercados Españoles (Clearing & Settlement - Activity)	**Total at 31/12/13**	**Total at 31/12/12**	**Δ**
Operations settled	47,917,033	46,815,060	2.4%
Turnover settled (daily average, billions of euros)	256.2	271.8	-5.7%
Volume registered at year end (billions of euros)	2,109.0	2,117.9	3.4%
Nominal registered in Fixed Income	1,514. 1	1,590.3	-4.8%
Market Cap registered in Equity	675.9	527.6	28.1%

Listing

This business unit posted revenue of €19,851 thousand in 2013, a 5.5% reduction on the previous year's figure. EBITDA totalled €10,407 thousand, down 10.4% year on year.

Bolsas y Mercados Españoles (Listing-Results performance) (thousands of euros)	**Total at 31/12/13**	**Total at 31/12/12**	**Δ**
Revenues	19,851	20,997	-5.5%
Operating costs	(9,444)	(9,381)	0.7%
EBITDA	10,407	11,616	-10.4%

At 31 December 2013, the total market capitalisation of issuers admitted to trading on markets managed by BME stood at €1,045,203 million, up 10.5% year on year.

Investment flows channelled through the Exchange (including capital increases, scrips and new issues) in 2013 stood at €32,102 million, up 11.9% on 2012, making the Spanish market one of the world leaders in channelling capital flows.

The first two SOCIMIS were admitted to the Alternative Equity Market during the year. 3,066 entities were admitted to this segment to 31 December 2013, up 1.69% year on year.

68 ETFs were listed in the segment. At year-end 2013, the value of ETF assets tied to IBEX indexes was €1,245 million, up 278% on year-end 2012.

8,125 warrants were listed in 2013, 16.3% more than in 2012.

Bolsas y Mercados Españoles (Listing - Activity)	Total at 31/12/13	Total at 31/12/12	Δ
Equity Market			
Number of companies listed	3,317	3,273	1.3%
Market capitalisation (millions of euros)	1,045,203	945,935	10.5%
Investment flows channelled through exchange (millions of euros)			
New listed companies	1,292	165	683.0%
Already listed companies	30,810	28,514	8.1%
Fixed Income Market			
AIAF fixed income volume (nominal value in millions of euros)	130,492	363,974	-64.1%
Public debt outstanding balance (millions of euros)	793,594	705,782	12.4%
Private fixed income outstanding balance (millions of euros)	709,303	880,174	-19.4%

Market Data & information

Revenues at this business unit fell by 3.7% to €32,994 thousand in 2013. Operating costs were up 1.7%, bringing the resulting EBITDA to €25,513 thousand, i.e. 5.2% less than in 2012.

Bolsas y Mercados Españoles (Information - Results performance) (thousands of euros)	Total at 31/12/13	Total at 31/12/12	Δ
Revenues	32,994	34,278	-3.7%
Operating costs	(7,481)	(7,354)	1.7%
EBITDA	25,513	26,924	-5.2%

Total connection requests to the primary sources continued to increase (up by 10.7% on the previous year) reaching a new peak in the total number of connected clients.

The total number of information distribution service subscribers bounced back by 7.0% in the last quarter compared to the same period in the previous year.

The "End of Day" information product range was broadened, with a 25% increase in clients in the fourth quarter compared to the previous year. The trend observed in previous quarters for existing clients to expand the content they receive also continued.

The wealth of the content offering increased in the quarter with the addition of new information, including autonomous community fixed income instruments, warrants, SICAVs and SOCIMIs. In addition, work continued on the launch of a network of contributors to enable significant events to be issued in English for leading companies listed on BME markets.

Derivatives

Revenue at this business unit rose by 9.0% to €27,814 thousand in 2013. Costs fell by 1.6%, pushing EBITDA to €16,730 thousand (+17.4%).

Bolsas y Mercados Españoles (Derivatives - Results performance) (thousands of euros)	Total at 31/12/13	Total at 31/12/12	Δ
Revenues	27,814	25,507	9.0%
Operating costs	(11,084)	(11,261)	-1.6%
EBITDA	16,730	14,246	17.4%

54.7 million derivative contracts were traded in 2013, 18.6% down on 2012. Most of this decline relates to contracts of smaller notional size, such as equity options and Mini futures contracts, whilst trading in large IBEX 35® futures and IBEX 35® options increased significantly.

Trading in contracts on individual equities was up by 3.6% in the last quarter for futures and 8.6% for options, offsetting the declines in such contracts over the year as a whole. The notional value of these contracts decreased by 23.3% to €35.1 billion in the full year.

The fourth quarter saw increases in all equity derivatives, with 12.1% quarter-on-quarter growth in total contracts traded. The volume of the main product (IBEX 35® futures) traded in the quarter was 78.1% higher than the same period in 2012. The size of this increase is mostly explained by the ban on short selling of Spanish securities in force in the fourth quarter of 2012, but not in 2013, and a recovery in stock market volumes. Volumes of this product ended the year 17.6% up on 2012.

The notional value of IBEX 35® contracts traded in 2013 increased by 35.9%, to €546.1 billion.

The total number of trades was up 9.6% in the year, with 4.3 million trades in 2013.

Open interest comprised 9.8 million contracts at year-end 2013, 3.5% down year on year.

Bolsas y Mercados Españoles (Derivatives - Activity)	Total at 31/12/13	Total at 31/12/12	Δ
Derivatives contracts (number of contracts)	**54,694,502**	**67,176,527**	**-18.6%**
Index derivatives (number of contracts)			
IBEX 35® Index Futures	5,578,607	4,745,067	17.6%
Mini IBEX 35® Index Futures	1,987,362	2,424,766	-18.0%
IBEX 35® Div Impact Futures	3,520	2,162	62.8%
IBEX 35® Index Options	5,172,426	4,206,058	23.0%
Total notional value (millions of euros)	546,144	401,979	35.9%
Equity derivatives (number of contracts)			
Equity Futures	14,927,659	21,220,876	-29.7%
Equity dividend Futures	66,650	25,000	166.6%
Equity Options	26,944,611	34,507,360	-21.9%
Total notional value (millions of euros)	35,139	45,797	-23.3%
Bono 10 Futures (number of contracts)	13,667	45,238	-69.8%
Open interest (number of contracts)	**9,840,349**	**10,195,290**	**-3.5%**
Total number of trades	**4,326,484**	**3,948,989**	**9.6%**

Fixed Income

Lower revenue (-6.9%) and expenses (6.4%) pushed EBITDA down 13.6% to €5,223 thousand.

Bolsas y Mercados Españoles (Fixed Income - Results performance) (thousands of euros)	Total at 31/12/13	Total at 31/12/12	Δ
Revenues	8,428	9,057	-6.9%
Operating costs	(3,205)	(3,013)	6.4%
EBITDA	5,223	6,044	-13.6%

The Fixed Income business unit encompasses solely fixed income trading.

The unit's total for the year as a whole was €1.397 trillion euros, 47.6% down year on year.

Public debt trading volume was €66,854 million in 2013, 63.7% more than in FY12.

Private fixed income trading volume saw a sharp 49.9% year on year drop to €1.29 trillion, due to the decrease in the Spanish banking sector's drawdowns on ECB funding. Trading in repos and reverse repos fell by 68.1% in the fourth quarter, and by 53.3% over the year. Trading to maturity also fell by 32% in the year as a whole.

Trading through the SEND platform grew at a strong pace during 2013. The total volume of Private Fixed Income trading was up 111.4%, with the number of trades up 155.6%, accounting for over 50% of all private fixed income trades in the fourth quarter. Public debt trading through SEND was introduced in April 2013 and is increasing in terms of both the amount traded and number of trades. Since its launch, the average monthly amount traded has multiplied by 5.2, now accounting for around 25% of all public debt trades.

On the technical front, work ended on the migration of the fixed-income market to the S/MART environment, improving access to investment in fixed-income instruments traded at BME.

On 7 October 2013 the Alternative Fixed Income Market (MARF) was launched, a Multilateral Trading Facility (MTF) system aimed at institutional investors. MARF aims to provide a complementary and alternative financing channel for small- and medium-sized enterprises, which are almost exclusively reliant on the banking system. The objective is to help them tap the pool of savings of institutional investors with adjusted costs.

The increase in fixed income trading volumes on the platform has offset the drop in volumes in institutional fixed income trades.

Bolsas y Mercados Españoles (Fixed Income - Activity)	Total at 31/12/13	Total at 31/12/12	Δ
Public debt trades (millions of euros)	66,854	40,840	63.7%
Private Fixed Income turnover (millions of euros)	1,286,687	2,566,485	-49.9%
Cash	284,504	418,498	-32.0%
Repo	1,002,183	2,147,987	-53.3%
Other types of fixed income listed on the stock exchange (millions of euros)	43,175	56,164	-23.1%
Total fixed income turnover (millions of euros)	**1,396,716**	**2,663,489**	**-47.6%**
Total fixed income operations	**1,030,129**	**1,405,450**	**-26.7%**

IT & Consulting

The IT and Consulting Unit ended 2013 with revenue growth of 3.9% at €16,976 thousand and a 1% fall in costs, putting EBITDA up 12.6% in the year.

Bolsas y Mercados Españoles (IT & Consulting - Results performance) (thousands of euros)	Total at 31/12/13	Total at 31/12/12	Δ
Revenues	16,976	16,333	3.9%
Operating costs	(10,263)	(10,370)	-1.0%
EBITDA	6,713	5,963	12.6%

The increase in trading volumes has boosted the number of orders routed through the VT system. Demand for contingency services has picked compared to the previous year, through new client connections and requests for services.

Activity also increased in the financial HighWay segment, proximity and co-location and consulting.

The financial communication segment, BME HighWay, focused on financial communication and cash-flow management services for local government, whilst the company area focused on reviewing collection and payment systems to adapt to the SEPA.

In technical infrastructure services, new customers signed up for the co-location service and the low-latency remote connection hub in London. Market access through direct connection interfaces increased by 26.9% in 2013.

The average number of maX terminals installed in client premises increased by 7% on 2012. A new version of the system was developed in 2013 to improve the trading of fixed income instruments. Order routing for international markets was up 3%, supported by an increase in the number of global brokers connected.

2.2. The Environment and Employees

Each year the Board of Directors approves the Corporate Social Responsibility report made available to shareholders prior to the Ordinary General Shareholders' Meeting. Chapters 3 and 5 of this report include details of the initiatives carried out during the year in relation to employees and the environment.

2.2.1. The Environment

BME's business activities do not have a direct impact on the environment. However, the company is aware of the potential environmental risks any business generates, manages its business in a sustainable manner and has undertaken to reduce any indirect effects its activities may have on the environment.

BME's main lines of action in this area are as follows:

- Compliance with prevailing national, regional and local legislation, as well as with BME's own commitments to minimise the environmental impact of its activities.
- Fostering measures to reduce the use of the resources consumed directly and indirectly by BME.
- Encouraging the recycling of waste in order to minimise the company's environmental impact. BME fosters compliance with the three "R" approach to environmental protection: reduce, reuse, recycle.
- Advancement of environmentally-responsible behaviour by BME employees through the implementation of best environmental practices.
- Contribution to corporate social responsibility in Spain through projects encouraging socially responsible business practices.

Since 2007 BME has taken part in initiatives such as the Carbon Disclosure Project.

At 31 December 2013, BME's financial statements do not include any item that should be included in the environmental information document stipulated by Ministry of Economy Order of 8 October 2001.

In 2013, BME received no fines or sanctions for failing to comply with environmental legislation.

2.2.2. Employees

BME's employees are the company's chief asset. The Human Resources Area works to ensure the professional and personal development of company employees by constantly improving the services and activities offered to them, their training and professional development programmes, and the technical tools available to facilitate any procedures, consultations or requests they may have.

BME encourages the professional and personal development of its employees, in addition to the equality, diversity and individuality of each professional and has fully implemented the labour practices outlined in the United Nations Universal Declaration of Human Rights and its protocols. Further, in 2011 the group adhered to the United Nations Global Compact.

BME's selection and hiring policies ensure diversity and equal opportunities and eradicate any discriminatory treatment, both in terms of physical access to work stations and with respect to occupying different positions within the company.

Further, BME is actively committed to the ongoing improvement of the services and activities it makes available to its employees and training and professional development programmes.

The Corporate Social Responsibility Report also lists the results of previous commitments, services, activities and programmes, the number of company employees (classified by professional category, gender, age bracket, geographical area, work centre, type of contract and number of disabled employees) and rotation rate, giving details of the number of people joining and leaving the company during the course of the year.

Note 19 to these Consolidated Financial Statements shows information relating to the employees.

BME guarantees the health and safety of its employees and promotes flexibility and work/life balance for its permanent and temporary workers through a number of policies which are reflected in the Corporate Social Responsibility Report.

The Head of Human Resources oversees all employee matters and coordinates and supervises, among other aspects, occupational health and safety at BME as well as the company-wide training plans prepared by the Training Department.

On 17 July 2013 the nation-wide statutory collective agreement was signed, regulating the labour relations between the different BME group companies. The agreement has a duration of three years, starting on 1 January 2012 and ending on 31 December 2014.

Trade union workers' representation bodies provide a constant channel of dialogue between the company and its employees, not only for collective bargaining but also to resolve any potential conflicts.

BME guarantees all of its employees the right to form trade unions for the defence and promotion of their economic and social interests.

Work/life balance policy and benefits

BME promotes flexibility and work/life balance for its permanent and temporary workers through a number of policies: unpaid and paid leave and working day reductions for legal guardianship and nursing.

Other work/life balance measures benefitting all employees include flexible starting and finishing times, a 5.5 hour work day on Fridays and the eves of holidays, and the possibility of requesting vacation days at any time and split over different periods.

BME employees are also entitled to social benefits that allow them to achieve a work/life balance, mainly in the form of financial support.

Services for employees

BME provides its employees with various services at some offices to facilitate travelling to work and allowing them to perform their work more easily; these include a coach service between company facilities in Madrid and to and from the nearest public transport links, restaurant, rest areas and an on-site travel agent. It also organises educational activities such as shows, workshops and games to bring children into contact with nature, in addition to various sports and leisure activities, which are explained in detail in the Corporate Social Responsibility report to be published in March.

Employee communication channels

BME is aware of the importance that sound and efficient communication channels with its employees have on the successful operation of the company and the well-being of its employees.

The company's main communication channels for employees is the Online Human Resources tool, which was redesigned and improved in 2013 to include new functionalities, such as academic data, information security training, and commercial offers for employees.

Other channels of communication between the company and employees include the Intranet, which is constantly being developed and improved (including a translation service for employees), a telephone enquiry hotline, internal communications, corporate website (www.bolsasymercados.es), an in-house magazine ACTIVO, and other corporate publications such as Bolsa magazine.

As part of BME's policy to equip employees with multimedia instruments for internal communications, on 27 February 2013 the company launched an Intranet-based internal platform called Yammer. This platform, available only to BME group employees, aims to enhance communication between company employees and enrich work performance and projects. Among other functions, Yammer features an electronic messaging system that can be used in tandem with email, as well as a real-time group chat between two or more people, who can create groups for specific interests.

Group personnel guidelines on ethics and transparency

BME's Board of Directors regularly updates the company's Internal Regulations of Conduct (IRC), applicable to the Board of Directors, managers and employees of BME and of all group companies.

The IRC contains the basic principles to guide all employees. In performing their duties, all individuals must always act in accordance with the principles of impartiality and good faith.

The Standards of Conduct Committee, reporting to the Markets and Systems Operating Procedures Committee, is in charge of applying, interpreting and monitoring these Regulations as well as approving the instructions or guidelines for their implementation. It is assisted in this task by the Secretary General and the Secretary of the Board of Directors and the Standards of Conduct Unit.

According to the provisions of the IRC, and in line with the guide for the transfer of inside information to third parties, BME's "Policy for the treatment and transfer of inside information", lists the measures and internal control procedures that should be established at BME and its group companies to safeguard inside information, so preventing possible leaks.

In addition, BME approved the Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and Group Companies Crime Prevention Guidelines, which form the basis for the crime prevention system approved on 29 November 2012. The prevention system includes a Code of Conduct setting out the ethical principles and rules of conduct to which all BME group directors, legal representatives, managers and employees must adhere, and establishes an internal whistle-blowing channel for reporting any issues that could imply a breach of group policies, procedures or the Code of Conduct, and any other acts that could constitute a possible crime.

Training

The Human Resources Area promotes training and refresher courses for its employees through the BME In-house Training Programme and other complementary courses, in order to contribute to their professional development. Detailed information on this programme is available on BME's training tool, through which employees can register for courses and access relevant training activities.

There is also a library service that offers the internal lending of books and periodicals, informing employees of the latest bibliographies, legislation and documentation relating to stock market issues and processing requests for information. BME employees have online access to the library and documentation centre catalogue through the company Intranet. As such, employees can regularly consult information on projects and actions in different group companies and departments, as well as on events carried out by the company.

Diversity and equal opportunities

BME not only encourages equality, diversity and the individuality of each employee, but has also fully implemented the labour practices outlined in the United Nations Universal Declaration of Human Rights and its protocols. Additionally, in 2011 the group adhered to the United Nations Global Compact.

The concept of gender equality permeates all BME's human resources management policies, such as hiring, recruiting, training, performance evaluation, promotion, compensation, working conditions, work/life balance issues and communications.

BME's recruitment and hiring policies ensure equal opportunities and eradicate any discriminatory treatment, both in terms of physical access to work stations and with respect to occupying different positions within the company. Personnel are selected first through internal processes that ensure confidentiality, independence and equal opportunities, and subsequently through external channels.

Career advancement

BME employees can advance professionally and be promoted to higher levels within their professional group by achieving targets in three main areas: annual performance assessment, training, and length of service at current level.

Salary policy

Salaries of BME employees are established using the salary table provided in the statutory Collective Labour Agreement, which applies to the majority of personnel. The other Collective Agreements applicable to group employees have drawn up their own salary tables, which are standardised.

At BME there are no differences in salary between male and female employees. Any differences that do occur are the result of the variation in professional categories, based on different levels of responsibility.

Both the collective labour agreement and the salary table contained therein preclude any gender, race or other bias in determining salaries.

Furthermore, the base salaries mentioned above are enhanced with a series of remuneration items, all of which are regulated by the statutory collective agreement.

Meanwhile, each employee's compensation is increased in accordance with the level of responsibility of the position, job performance and whether the employee meets targets.

Lastly, during 2013, the procedure for calculating the annual increase in fixed remuneration of BME employees was modified to reflect the new statutory collective labour agreement for 2013 and 2014. Accordingly, the annual salary rise was de-pegged from the variation in the consumer price index (CPI). The new formula takes into account the CPI, but is primarily based on the variation between two consecutive years in EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation).

Occupational health and safety

BME guarantees the health, safety and risk prevention measures established in labour risk prevention law at all of its work centres and analyses, each year, any risks at its installations and its employees' workplaces. With the collaboration of its employees, through their legal representatives, and of internal bodies specifically entrusted with this issue, BME draws up a programme to address the risks detected and proposes and implements the corresponding preventive measures, such as training, information, personal protection equipment and routine checks.

3. Liquidity and capital

Capital managed by the group comprises primarily capital, reserves and profit for the year attributable to the parent, which are recognised on the consolidated balance sheets under "Capital and reserves", less interim dividends and treasury shares, which are also recognised under this heading in the consolidated balance sheets.

Capital is managed by the group at two levels: regulatory and financial, as described in Note 25 to the consolidated annual financial statements. Financially, the group is able to generate sufficient liquid funds to maintain its short-term liquidity and its medium- and long-term solvency, as shown in the respective consolidated statements of cash flows in the consolidated financial statements.

The group's main sources of liquidity are included under "Cash and cash equivalents" and "Current financial assets" on the consolidated balance sheets at 31 December 2013 and 2012. The group's liquidity position and cash flow generation ability enable it to fund its operating and investing activities with the cash flow generated from the activities without incurring in financial debt at either date.

The high levels of free cash flow generated have enabled BME to distribute ordinary dividends, with a payout of 98% in 2012 and 96% in 2013, once the proposed appropriation of profit referred to in section 3 of the consolidated financial statements has been approved by the General Shareholders' meeting.

This high cash flow generation derives from BME's business model and is predicated on three pillars:

- the effective collection of fees that the company has set up in consideration for its various services, settled in the standard settlement period for the corresponding transactions in each market

- the moderate investment necessary for a group based on internally-developed technology

- and, the company's ongoing efforts to contain costs.

These three pillars allow BME Group's liquidity generation capacity to ensure future transactions, depending on the consolidated liquidity position, largely ensuring its shareholder remuneration policy and extraordinary investment projects, although none are envisaged at the date of preparation of these annual financial statements.

The company does not expect any significant changes in the structure of its equity and debt or its relative cost of capital from 2013 to 2014.

Irrespectively of the possible other investment decisions that the group may take, subject to approval by their governing bodies and, where necessary, the General Shareholders' Meeting, group-level criteria have been determined for investment of cash in financial assets with a view to minimising exposure to credit and interest-rate risks. The Board of Directors has laid down specific guidelines that restrict financial instruments to investments in Spanish state public debt, autonomous regional debt, debt issued by the member states of the third phase of the European Economic and Monetary Union, fixed income issues on the AIAF market guaranteed by the Spanish state, and fixed income issues on the AIAF market classified by Banco de España as suitable for monetary policy operations and the management of guarantees presented before payment systems. The Board of Directors has also adopted a portfolio structure involving the investment of own treasury positions, primarily in the short term, while allowing part of these positions to be invested in the longer term (3-5 years) to maximise returns thereon.

With regard to capital management processes, Bolsas y Mercados Españoles has a treasury department within its financial area, which is responsible for investing in financial assets on behalf of all group companies.

In order to ensure compliance with these objectives and policies, financial management regularly reviews the level of compliance with the investment policies in place. No incidents were detected in 2013 or 2012.

No contractual obligations, contingent liabilities or other firm commitments are known to date that could change the group's liquidity and capital requirements. There are also no off-balance sheet transactions that could affect future liquidity.

4. Main risks and uncertainties

BME is present throughout the whole value chain in the management of several financial markets, exposing it to a variety of risks. Note 24 to these annual consolidated financial statements contains a full description of the aforementioned risks.

Implementation of the **risk control and management policy**, laid down by the Board of Directors and managed by the Coordination Committee, falls to the Risk Committee in its capacity as the body responsible for monitoring and analysing the risks arising from the various activities carried out by group companies in the framework of a scheme of management coordinated through business units and corporate areas. The Risk Committee is also responsible for producing the corporate Risk Map, subsequently to be maintained by the various officers responsible for managing identified risks and by the Internal Audit Department.

The Risk Committee has constructed an integrated risk management system (IRMS) following the methodological framework specified in the COSO II paper. According to the nature of each specific risk, the following lines of action are carried on in parallel:

- Business risks are managed on a decentralised basis; each Business Unit or Corporate Area is autonomous and all units and areas report to the Risk Committee.

- Corporate risks (strategic, financial, regulatory, technological, human resource-related) are managed on a centralised basis, coordinated among the different areas and treated at corporate level with standardised reporting to the Risk Committee.

The preparation and maintenance of the corporate Risk Map requires each risk officer to regularly update the information on each identified global risk needed for management and control. New events are identified and action plans are rearranged as necessary. The Internal Audit Department evaluates the controls in place and quantifies residual risk.

In line with IRMS methodology business unit and corporate area managers submit half-yearly assessment reports to the Risk Committee detailing any occurrences of the identified representative risks materialising, any changes in how they are assessed, measures to mitigate them, actions plans and the status thereof.

All of these reports are compiled by the Risk Committee, together with any information on risks which it is responsible for managing, to produce the half-yearly IRMS Assessment Report. Once approved by the Risk Committee, this report is distributed to the members of the Coordination Committee and the Director of the Internal Audit Department, and its conclusions are explained by the General Director, in his capacity as Chairman of the Risk Committee, each six months to BME's Board of Directors.

The BME Group's risk control system has been drawn up in accordance with international standards. This function is explained in more detail in the Section E of the Annual Corporate Governance Report. Section F also includes information on IRMS.

5. Post-balance sheet events

No significant events occurred after the balance sheet date that have not been recorded in the consolidated financial statements.

6. Outlook for the Group

Market activity in January and February increased sharply compared of the previous year, following the trend marked in the last quarter of 2013. On 31 January 2013, the CNMV resolved not to extend the ban on short selling pursuant to the provisions of Regulation (EU) No. 236/2012 on short selling and the procedure established by the ESMA. This, coupled with the improved economic outlook, boosted trading volumes and brought performance more in line with the rest of its peers.

Trading in equities totalled €74,887 million in January, 10.5% higher compared to the same month in 2013 and the fourth consecutive monthly rise.

The number of trades hit a new monthly record in January at 7.3 million, a year on year increase of 121%.

In the exchange-traded funds (ETF) segment volumes traded in January stood at €1,073 million, a 305% year on year increase. The number of ETF trades in January was also a monthly record in this segment standing at 12,805, 220% higher than in January 2013.

Trading volume on the Derivatives market in January stood at 5 million contracts, up 5.2% year on year. By segment, trading on index-linked products stands out with 821,861 contracts on index-linked futures and 823,882 contracts on index-linked options, marking an increase of 91.5% and 103% on the same period last year, respectively. 2.9 million contracts on equity options were traded, an increase of 37.9% on the previous year.

Trading on the Corporate Debt market totalled €90,807 million in January, a drop of 40.8% year on year. Trading performed via the electronic platform SEND totalled €310 million, up 40.9% compared to January 2013. The number of transactions carried out also increased by 54.7% to 18,563. Trading of public debt in SENAF, BME's wholesale electronic trading platform, stood at €10,438 million, a rise of 164% compared to the previous year, and 1,524 transactions were carried out, 99% more than in January 2013.

The positive trend seen at the start of the year appears to be heralding a recovery in trading volumes against a backdrop of greater macroeconomic certainty with regard to the world economic crisis, particularly in Europe and Spain. The next few months will be key to strengthening this stability to achieve economic growth which would benefit the markets.

On 12 February 2010 and 14 January 2011, the CNMV made available for public consultation two papers entitled "Reforms to securities clearing, settlement and registry system: consultation paper" and "Proposed reforms to Spain's securities clearing, settlement and registry system". The reform is progressing at a healthy pace, with the full involvement of BME. In this regard, the launch of a Central Clearing House for equities will constitute a business opportunity for the company.

The solidity of BME's business model with its highly diversified range of products and services, based around its seven business units, and its highly positive operating gearing mean we can look forward to the year ahead, confident that the group will be able to achieve its targets for profitability and efficiency.

7. Research and development activities

BME continues to develop its model for innovation and technological improvement, based on the design and the development of in-house applications to provide services to the business units. BME developed high added-value projects in 2013:

- Development of the new Fixed Income trading platform (SMART)
- Development of new features for REGIS-TR
- Development of the settlement platform pursuant to the Reform of the Settlement System referred to in section 6 of the Management Report, in addition to the Central Counterparty stipulated in this reform and associated post-trading systems.

8. Acquisition of treasury shares

At its meeting on 31 July 2008, the Board of Directors of the Company approved the acquisition of 337,333 shares in BME, equivalent to 0.40% of share capital, and the acquisition was carried out in August 2008, for the purpose of implementing the share-based payment plan approved in 2008, which was due for settlement on 31 December 2010. However, as the targets established under this plan had not been met at that date, no share-based bonuses were settled against profits. Nevertheless, the company opted to retain these shares.

9. Other relevant information

9.1 Stock market data

BME's share price and volumes traded increased both increased in 2013. The shares ended 2013 at a price of €27.66 per share, a gain of 49.9% on the price of €18.45 per share at year-end 2012.

Including the dividends paid and reinvested in the year, the total return for BME shareholders was 60.4% in 2013. The BME share price comfortably outperformed the market in 2013, with the IBEX 35® reference index increasing by 8.0% in the fourth quarter and 21.2% in the year.

Trading in BME shares accelerated in the fourth quarter. The value of shares traded in the last quarter was over triple that in the fourth quarter of 2012, with the volume traded being five times higher. For the year as a whole, the average daily cash value of the shares traded was €10.1 million (+46.4%), with a total of 437,781 trades (+96.9%).

Bolsas y Mercados Españoles (Share price performance)	Total at 31/12/13	Total at 31/12/12	Δ
BME share price trend			
High	29.45	22.00	33.9%
Low	18.30	13.87	31.9%
Average share price	21.95	17.70	24.0%
Closing price	27.66	18.45	49.9%
Cash amount traded on BME shares (Million euros)			
Maximum daily volume	298.4	92.0	224.3%
Minimum daily volume	1.7	0.9	88.9%
Daily average volume	10.1	6.9	46.4%
BME shares traded (Million shares)	113.2	98.7	14.7%
Number of trades on BME shares	437,781	222,323	96.9%

9.2 Dividend policy

BME is continuing its policy of maximising shareholder returns, with a proposed ordinary dividend pay-out of 96% of 2013 profit subject to approval at the Shareholders' Meeting.

The following table summarises the total amounts and amounts per share distributed throughout 2013 (the first two refer to the 2012 result) and the interim dividends paid out of 2013 profit.

Year	Date of payment	Gross amount per share	Net amount per share	Type	Total (gross) distributed (thousands of euros)
2013	10-may.	0.6	0.474	Ordinary (final)	49,976
2013	27-jun.	0.142	0.11218	Extraordinary	11,826
2013	9-sep.	0.4	0.316	Ordinary (interim)	33,311
2013	27-dec.	0.6	0.474	Ordinary (interim)	49,976

October

10

2013

Company financing - Capital increases

ABENGOA	amper	CaixaBank
450 € Million	**9.9** € Million	**259.1** € Million
CIE Automotive	Ercros	IAG
28.9 € Million	**0.4** € Million	**296.5** € Million
POPULAR	PRISA	Santander
273 € Million	**0.1** € Million	**1.54** € Billion

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Report of the auditors on "Information relating to the Financial Information Internal Control System (FIICS)" of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. for 2013

To the Board of Directors of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.,

As requested by the management of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME) and in accordance with our proposal letter of 8 May 2013, we have applied certain procedures on the "Information concerning the Financial Reporting Control System" (FIICS), included as part of the information complementary to the Annual Corporate Governance Report for Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. for 2013, which summarises the BME's internal control procedures in relation to annual financial reporting.

The Board of Directors is responsible for adopting suitable measures to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and improvements to the system, and the preparation and definition of the content of the accompanying Information relating to the FIICS.

It should be noted that, irrespective of the quality of design and functionality of BME's internal control system in relation to its annual financial information, the system can only provide reasonable assurance, but not absolute assurance, in connection with the objectives pursued, due to the limitations inherent in all internal control systems.

In the course of our audit work on the annual accounts, and pursuant to Technical Auditing Standards, our evaluation of BME's internal control was performed for the sole purpose of allowing us to establish the scope, nature and timing of the audit procedures applied to the Entity's annual accounts. Consequently, our appraisal of internal control, performed for the purposes of the audit of the accounts, did not have a sufficient scope to allow us to issue a specific opinion on the effectiveness of internal controls for regulated annual financial information.

For the purposes of this Report, we have exclusively applied the specific procedures described below and indicated in the *Guidelines on the Auditor's Report relating to Information on the system for Internal Control over Financial Reporting in Listed Companies*, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope of the work and the content of this report. As the work resulting from these procedures has, in any event, a limited scope that is substantially less than that of an audit or a review of the internal control system, we do not express an opinion on its effectiveness, or on its design and operational efficiency, in connection with BME's financial information for 2013, described in the accompanying Information relating to the FIICS. Consequently, had we applied other procedures in addition to the ones stated below, or had we performed an audit or a review of the internal control system in relation to regulated financial information, other facts or aspects might have been detected and reported.

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Additionally, as this special work is not an audit of the accounts and is not subject to the revised Audit Act introduced under Royal Decree-Law 1/2011 (1 July), we do not express an audit opinion in the terms of those regulations.

The procedures applied are listed below:

1. Reading and understanding the information prepared by BME in relation to the FIICS attached and assessment of whether such information covers all the information required consistent with the minimum content described in the Annual Corporate Governance Report of the CNMV Draft Circular.

2. Questions posed to personnel responsible for preparing the information indicated in point 1 above, in order to: (i) obtain an understanding of the preparation process; (ii) obtain information to determine whether the terminology employed fits the definitions contained in the reference framework; and (iii) obtain information on whether not the control procedures described are in place and operational in BME.

3. Review of the explanation documentation supporting the Information indicated in point 1 above, which will consist mainly of the documentation made available to the persons responsible for preparing the FIICS descriptive information. This documentation includes reports prepared by the internal auditors, senior management and other internal or external specialists performing Audit and Control Committee support functions.

4. Comparison of the Information indicated in point 1 above with the insight into BME's FIICS obtained through the procedures performed during the audit of the annual accounts.

5. Reading of minutes of meetings of the Board of Directors, Audit and Control Committee and other BME's committees in order to assess the consistency of the matters addressed in them in connection with the FIICS and the Information indicated in point 1 above.

6. Obtainment of the letter of representation relating to the work performed, duly signed by the persons responsible for preparing and issuing the Information indicated in point 1 above.

As a result of the procedures applied to the Information relating to the FIICS, no inconsistencies or incidents have been identified that could affect that information.

This report has been prepared solely within the context of the requirements laid down by Securities Market Law 24/1988, as amended by Law 2/2011 (4 March) on the Sustainable Economy, and the CNMV Draft Circular of 26 October 2011 for the purposes of describing the FIICS in Annual Corporate Governance Reports.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Julián González Gómez
Partner

28 February 2014

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

A. Ownership Structure

A.1 Complete the following table on the Company's share capital.

Last modified	Share capital (€)	Number of shares	Number of voting rights
02/07/2013 (*)	250,846,674.00	83,615,558	83,615,558

(*) Date of entry in the Madrid Companies Register [Registro Mercantil] of the notarial instrument recording the capital reduction and return of contributions to shareholders, as resolved at the ordinary General Shareholders' Meeting of 30 April 2013, was given effect on 27 June 2013.

Indicate whether different types of shares exist with different associated rights.

Yes ☐ No ☒

A.2 List the direct and indirect holders of significant ownership interests in your company at year-end, excluding Directors.

The information disclosed in this section is based on the Shareholder Register, which records the transactions concluded in 2013.

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
CAJA DE AHORROS Y PENSIONES DE BARCELONA	0	4,189,412	5.01

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
CAJA DE AHORROS Y PENSIONES DE BARCELONA	CAIXABANK, S.A.	4,189,412

At 31 December 2013, the groups Bank of New York Mellon, Chase Nominees and State Street Bank and Trust Co. appeared in the Shareholder Register with stakes in BME's share capital of 7.155%, 5.323% and 3.430%, respectively. However, the Company believes that these shares are held in custody for third parties and that, as far as BME is aware, none of these holds over 3% of the company's share capital or voting rights.

Indicate the most significant movements in the shareholder structure during the year.

Name or corporate name of shareholder	Transaction date	Description of the transaction
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	19/07/2013	Stake fell below 5% of share capital
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	16/08/2013	Stake fell below 3% of share capital
BANCO SANTANDER, S.A.	16/12/2013	Stake rose above 3% of share capital
BANCO SANTANDER, S.A.	18/12/2013	Stake fell below 3% of share capital
BANCO SANTANDER, S.A.	23/12/2013	Stake rose above 3% of share capital

On 6 November 2013 Banco de España sold its significant shareholding of 5.34%, which it had held directly.

As reported to the CNMV, on 3 January 2014 the stake held by Banco Santander, S.A. fell below 3% of capital.

A.3 Complete the following tables on company DirectorsDirectors holding voting rights through company shares.

Name or corporate name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
Antonio J. Zoido Martínez	704	0	0.00
José Antonio Álvarez Álvarez	100	0	0.00
Rosa María García García	50	0	0.00
Joan Hortalá I Arau	704	0	0.00
Ricardo Laiseca Asla	10	0	0.00
Manuel Olivencia Ruiz	2,000	0	0.00
% of total voting rights held by the Board of Directors			**0.00(*)**

(*) This figure does not include the equity held by four shareholders represented on the Board of Directors, seven of whose members are classified as proprietary Directors. At 31 December 2013, the stake held by these shareholders was 11.17% of the share capital.

Based on the above, the total share capital represented by the Board of Directors at 31 December 2013 stood at 11.17%.

Complete the following tables on share options held by Directors.

The executive Directors are beneficiaries of Pluri-Annual Variable Remuneration Programme in Shares to be implemented by the Company and its subsidiaries for members of the management team which, in accordance with article 219.1 of the Ley de Sociedades de Capital (the "Companies Act"), was approved by the General Shareholders' Meeting on 28 April 2011 and notified to the CNMV that same day.

This programme, which covered the years 2011, 2012 and 2013, consisted of the promise to deliver in 2014, 2015 and 2016 ordinary shares of BME to the members of the Company's management team, including executive Directors, provided that the stipulated conditions were met.

The number of shares to be granted in 2014, 2015 and 2016 will depend on the performance of BME's Total Shareholder Return (TSR) and Efficiency Ratio (ER) compared with those of five benchmarked entities, and will be calculated by dividing in two the number of theoretical units assigned in each financial year, 2011, 2012 and 2013, each being linked to one of the two indicators, and each being multiplied by a factor of 0 to 1.5 according to the BME's final ranking among the benchmarked companies.

The maximum number of BME shares included in the programme is 428,801, representing 0.5% of BME's share capital, of which a maximum of 56,134 shares may be granted to Antonio Zoido Martínez (0.069% of share capital) and 7,246 shares (0.009% of share capital) to Joan Hortalá i Arau.

In execution of the programme, the Appointments and Remuneration Committee at its meetings on 28 September 2011, 28 February 2012 and 19 February 2013 granted Mr Zoido Martínez and Mr Hortalá i Arau the theoretical units corresponding to the three periods during which the programme was in effect. Therefore, the maximum theoretical number of BME shares that may be received in accordance with the aforementioned allocations in 2014, 2015 and 2016 amount to 18,712, 19,707 and 19,567, in the case of Mr Zoido, and 2,415, 2,542 and 2,524, in the case of Mr Hortalá.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

(-)

A.5 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities.

(-)

A.6 Indicate whether any shareholder´s agreements have been notified to the Company pursuant to articles 530 and 531 of the Ley de Sociedades de Capital (the "Companies Act"). Provide a brief description and list the shareholders bound by the agreement, as applicable.

Yes ☐ No ☒

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable.

Yes ☐ No ☒

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

(-)

A.7 Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the company in accordance with article 4 of the Securities' Market Act. If so, identify.

Yes ☐ No ☒

A.8 Complete the following tables on the company's treasury shares.

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
337,333	0	0.40

(*) Through:

Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007.

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, purchase and/or transfer treasury stock.

Authorisation for the issue of shares

The Board of Directors is authorised to increase capital up to a figure not greater than 50% of capital at the time such authorisation was given, with an attached power to exclude pre-emptive subscription rights, under the resolution passed at the ordinary General Shareholders' Meeting of 28 April 2011, quoted below:

"(…)

Two.- Delegate the broadest powers necessary under the Law to allow the Board of Directors, pursuant to the provisions of article 297.1.b) of the Spanish Companies Law, to increase the share capital by a maximum of 50% of the share capital at the time of this authorisation, within a maximum term of five years from the resolution adopted by the General Shareholders' Meeting, with no need for any subsequent notice or resolution, under the following conditions.

1.- Procedure for increasing share capital.

Capital may increase once or several times by issuing new ordinary shares or another type of shares permitted by law, which will be issued at their nominal value or at a premium which in that case must be paid in cash.

The proxy granted will include being able to set the terms and conditions of the capital increase or increases and the characteristics of the shares and will include, in particular, the power: to determine the investors and the markets for the increase or increases and the investment procedure to be followed, and the freedom to issue a new offering of unsubscribed shares during the pre-emptive subscription period or periods; not to increase the capital if the subscription is incomplete; to increase the capital only in accordance with the value of the shares subscribed, pursuant to the provisions of article 311 of the Spanish Companies Act.

The Board of Directors may appoint one or more of its members as the person or persons responsible for exercising any of the resolutions adopted through the proxies granted by the General Shareholders' Meeting, particularly the responsibility for closing the amount of the capital increase.

2.- Amendment of the Articles of Association.

Under this proxy the Board of Directors will draft a new version of article 5 of the Articles of Association in relation to share capital.

3.- Granting a proxy to exclude pre-emptive subscription rights.

Pursuant to the provisions of section 1 of article 506 of the Spanish Companies Act, this proxy allows the Board of Directors to exclude shareholders' pre-emptive subscription rights.

In any case, if the Board of Directors decides to exclude pre-emptive subscription rights in relation to a particular capital increase permitted under this proxy, and in accordance with the provisions of section 3 of article 506 of the Spanish Companies Act, when the agreement is adopted it must issue a report indicating why this measure is in the Company's interests, the issue price, which will be the subject of a complementary auditor's report by the auditor referred to in section 2.a) of article 308 of the Spanish Companies Act.

These reports will be made available to shareholders and presented at the first General Shareholders' Meeting held after the capital is increased, as stipulated in section 4 of article 506 of the Spanish Capital Companies Act.

4.- Admission to trading.

The Board of Directors is authorised to request admission to trading on the Madrid, Barcelona, Bilbao and Valencia stock exchanges, through the Spanish electronic trading platform (Sistema de Interconexión Bursátil), of the shares actually issued under this proxy, complying with the regulations applicable to trading, ongoing listing and delisting, and also to follow the procedures required by the competent authorities to admit the stock for trading.

5.- Power of substitution.

Under article 249 of the Spanish Companies Act, the Board of Directors is authorised, in turn, to delegate to the Executive Committee the powers granted under this resolution."

The same General Shareholders' Meeting empowered the Board of Directors to issue, among other instruments, bonds or debentures exchangeable for outstanding shares and/or convertible into new shares issued by the Company, and warrants (options to subscribe for new shares or outstanding shares of the Company). The resolution authorises the Board to increase capital in the amount required to meet requests for conversion or the exercise of warrants on new issued shares, and gives the Board of Directors a power to *exclude pre-emptive subscription rights*. Bonds, debentures and warrants may be issued under this resolution within a term of five years.

As at the date of this report, the Board of Directors has made no use of these delegations of powers.

Authorisation to acquire treasury shares.

The Board of Directors is authorised to purchase and/or transfer treasury shares under the resolution adopted at the Ordinary General Shareholders' Meeting on 29 April 2010, quoted below:

"The ordinary General Shareholders' Meeting has authorised the Board of Directors of the Company to proceed with the derivative acquisition of treasury shares in accordance with article 75 and related provisions of the Companies Act [Ley de Sociedades Anónimas] and 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, whenever:

- The acquisition, including shares that the Company and of the persons who, in their own name, act on behalf of the Company, that had previously acquired and held by them, will not produce the effect of which the net patrimony, as defined in article 75.1.2ª of the Ley de Sociedades Anónimas, turns out to be lower than the amount of the share capital plus the legal and legally restricted reserves; and,

- the nominal value of the shares acquired do not amount to more than 10% of the share capital when added to those already owned by the Company and its subsidiaries.

c) The shares acquired must be fully paid up and free of any liens or encumbrances, and not subject to the fulfilment of any kind of obligation.

d) 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 of five years, shall be without prejudice to events of open acquisition under the Act.

Additionally, 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 acquired pursuant to this authorisation 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 29 April 2009."

A.10 Indicate any restriction on the transfer of securities or the exercise of voting rights. In particular, refer to the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes ☐ No ☒

There are no restrictions under the law or under the Articles of Association on the acquisition or transfer of holdings in BME's share capital.

Despite the absence of legal restrictions on the acquisition of a shareholding in BME, the Securities Market Act *[Ley del Mercado de Valores]* grants the Spanish regulator, the *Comisión Nacional del Mercado de Valores* (CNMV), the power to object to the acquisition of significant stakes in the capital of BME pursuant to Royal Decree 361/2007 of 16 March, implementing the Securities Market Act in matters related to the share capital of companies which manage secondary markets or securities registration, clearing and settlement systems.

In accordance with the aforementioned Royal Decree the CNMV must be previously informed of any acquisition of BME shares with which could reach directly or indirectly any of the following percentages of its capital or voting rights: 1, 5, 10, 15, 20, 25, 33, 40 or 50 percent, or a lesser percentage that nonetheless supports the exercise of a significant influence over the Company. The ability to appoint or remove at least one Director is in all circumstances characterised as 'significant influence'.

The CNMV will have a time limit of 60 working days from the date of its acknowledgement of receipt of the notice to object to the intended acquisition, subject to the interruptions in the effluxion of the time limit allowed under article 69, Section 6, of the Securities Market Law. If, during this time, the CNMV issues no statement, no objection will be deemed to exist.

This period is reduced for acquisitions of a significant stake equal to or higher than 1% but lower than 5%, or equal to or greater than 5% but less than 10%, of the Company's capital. If the CNMV does not issue a statement within ten working days or thirty working days, respectively, after the date the information is relayed or from the date any additional information required by the entity is delivered, the acquisition will be understood that no objection will be deemed to exist.

Furthermore, the Ministry of Economy and Competitiveness, may, at the behest of the CNMV, oppose the acquisition of a significant stake 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.

In addition, even though there are no legal restrictions on voting rights, article 69.8 of the Securities Market Act restricts the exercise of this right in the event of the irregular acquisition of significant holdings, i.e. shares acquired without the express authorisation of the CNMV, under the terms described above.

A.11 Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

Yes ☐ No ☒

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

(-)

A.12 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes ☐ No ☒

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B. General Shareholders' Meeting

B.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the company's Articles of Association. Describe how it differs from the system of minimum quorums established in the Companies Act.

Yes ☐ No ☒

B.2 Indicate and, as applicable, describe any differences between the Company's system of adopting corporate resolutions and the framework established in the Companies Act.

Yes ☐ No ☒

Describe how they differ from the rules established in the Companies Act.

B.3 Indicate the rules governing amendments to the Company's Articles of Association. In particular, indicate the majorities required to amend the Articles of Association and, if applicable, the rules for protecting shareholders' rights when amending the Articles of Association.

The Company's Articles of Association and the Regulations of the Shareholders' Meeting set no special rules for amendments to the Articles of Association.

The procedure for amending the Company's Articles of Association is governed by articles 285 et seq of the *Ley de Sociedades de Capital* (the "Companies Act"), according to which changes in the Company's Articles of Association must be agreed by the Shareholders' Meeting and the following requirements must be met:

a) The Directors or, as appropriate, the shareholders submitting the proposal, shall draft the wording of the proposed amendment in full and shall also a written report justifying the proposal.

b) The notice convening the General Meeting must clearly set out the points to be altered and make reference to shareholders' right to inspect, at the registered office, the full text of the proposed amendments and of their supporting rationale, and to demand gratuitous delivery of such documents, which must also be made available to shareholders on the Company's website in accordance with article 516 of the *Ley de Sociedades de Capital* (the "Companies Act"), article 12 of the Articles of Association and article 10 of the Regulations of the General Shareholders' Meeting.

c) The resolution must be approved at the Shareholders' Meeting in accordance with the rules on quorum and majorities laid down in articles 194 and 201 of the *Ley de Sociedades de Capital* (the "Companies Act"). Thus, in accordance with the terms of these articles, for Shareholders' Meetings to be able to validly decide to make any change to the Company's Articles of Association, the quorum of shareholders represented in person or by proxy at first call must be at least 50% of the subscribed voting capital. At second call, the presence of shareholders representing 25% of voting capital suffices to constitute a quorum, but if shareholders present or represented account for less than 50% of voting capital, amendments to the Articles of Association may be validly carried only by a vote of two-thirds of the capital present at the meeting in person or by proxy.

In furtherance of shareholders' rights, article 19 of the General Shareholders' Meeting Regulations provides that matters which are independent in substance must be put to separate votes so that shareholders may exercise their discretion on each question individually. The provision further specifies that the rule applies, *inter alia*, to proposed amendments of the Articles of Association and accordingly amendments to articles or sets of articles that are substantively self-contained must be put to separate votes, and the vote on the amendment of any given article must be taken separately in any event if so requested by a shareholder.

As well as being subject to the rules governing Spanish public limited companies (*"sociedades anónimas"*), as a holding company for companies that manage the securities registration, settlement and clearing systems for securities and secondary markets in Spain, BME is subject to Additional Provision Seventeen of the Securities Market Act, which states that amendment to its Articles of Association must be authorised by the CNMV.

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the year and the precedent year.

	Attendance data				
Date of General Meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
26/04/2012	18.23%	24.99%	0.01%	1.23%	44.46%
30/04/2013	13.52%	27.23%	0.02%	2.09%	42.86%

For the purposes of article 148 of the *Ley de Sociedades de Capital* (the "Companies Act"), the constituent quorums of the General Shareholders' Meetings included the 337,333 treasury shares held by the Company at those dates, which amount to 0.40% of share capital.

B.5 Indicate whether the Articles of Association impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

Yes ☐ No ☒

Number of shares required to attend the General Shareholders' Meetings	1

B.6 Indicate whether decisions involving a fundamental corporate change ("subsidiarisation", acquisitions/disposals of key operating assets, operations that effectively entail the company's liquidation) must be submitted to the General Shareholders' Meeting for approval or ratification even when not expressly required under company laws.

Yes ☒ No ☐

B.7 Indicate the address and mode of accessing corporate governance content on your company's website as well as other information on General Meetings which must be made available to shareholders on the website.

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

C. Structure of Corporate Administration

C.1 Board of Directors

C.1.1 List the maximum and minimum number of Directors included in the Articles of Association.

Maximum number of Directors	20
Minimum number of Directors	12

C.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	15/02/2002	30/04/2013	Shareholders' Meetings
José A. Barreiro Hernández	-	First Deputy Chairman	28/04/2004	26/04/2012	Shareholders' Meetings
Tomás Muniesa Arantegui	-	Second Deputy Chairman	27/04/2005	30/04/2013	Shareholders' Meetings
Margarita Prat Rodrigo	-	Third Deputy Chairman	05/06/2006	29/04/2010	Shareholders' Meetings
José Antonio Álvarez Álvarez	-	Director	21/09/2006	28/04/2011	Shareholders' Meetings
Ignacio Benjumea Cabeza de Vaca	-	Director	15/09/2003	28/04/2011	Shareholders' Meetings
Álvaro Cuervo García	-	Director	05/06/2006	29/04/2010	Shareholders' Meetings
Pablo Forero Calderón	-	Director	30/04/2013	30/04/2013	Shareholders' Meetings
Rosa María García García	-	Director	24/09/2009	29/04/2010	Shareholders' Meetings
Joan Hortalá i Arau	-	Director	15/02/2002	30/04/2013	Shareholders' Meetings
Ricardo Laiseca Asla	-	Director	25/07/2007	26/04/2012	Shareholders' Meetings
Karel Lannoo	-	Director	05/06/2006	29/04/2010	Shareholders' Meetings
Ramiro Mato García-Ansorena	-	Director	15/02/2002	30/04/2013	Shareholders' Meetings
Manuel Olivencia Ruiz	-	Director	05/06/2006	29/04/2010	Shareholders' Meetings

Total number of Directors	14

Indicate any board members who leaving during this period.

Name or corporate name of director	Status of the director at the time	Leaving date
JAVIER ALONSO RUIZ-OJEDA	Proprietary	19/11/2013

C.1.3 Complete the following tables on board members and their respective categories.

EXECUTIVE DIRECTORS

Name or corporate name of director	Committee informing appointment	Position held in the company
Antonio J. Zoido Martinez	Appointments And Remuneration Committee	Chairman
Joan Hortalá I Arau	Appointments And Remuneration Committee	Director

Total number of executive Directors	2
% of the board	14.29

BME Board of Directors

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Committee informing appointment	Name or corporate name of significant shareholder represented or proposing appointment
José Antonio Álvarez Álvarez	Appointments and Remuneration Committee	Banco Santander, S.A.
José A. Barreiro Hernández	Appointments and Remuneration Committee	Banco Bilbao Vizcaya Argentaria, S.A.
Ignacio Benjumea Cabeza de Vaca	Appointments and Remuneration Committee	Banco Santander, S.A.
Ricardo Laiseca Asla	Appointments and Remuneration Committee	Banco Bilbao Vizcaya Argentaria, S.A.
Ramiro Mato García-Ansorena	Appointments and Remuneration Committee	BNP Paribas, Société Anonyme
Tomás Muniesa Arantegui	Appointments and Remuneration Committee	Caja de Ahorros y Pensiones de Barcelona
Pablo Forero Calderón	Appointments and Remuneration Committee	Caja de Ahorros y Pensiones de Barcelona

Total number of proprietary Directors	7
% of the board	50.00

EXTERNAL INDEPENDENT DIRECTORS

Name or corporate name of director	Profile
Margarita Prat Rodrigo	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. She 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. 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 currently chairs the Audit Committee at the Institute of Internal Auditors in Spain, and is a member of the Institute of Financial Analysts.
Álvaro Cuervo García	Professor of Business Economics at Madrid's Universidad Complutense, Director of Colegio Universitario de Estudios Financieros (CUNEF), 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, Salamanca and Rey Juan Carlos. He is a member of the Board of Directors of ACS (Actividades de Construcción y Servicios, S.A.) and of BA Vidro, S.A. and SONAE SGPS, S.A. in Portugal as well as a member of the Spanish Government's Consultative Committee on Privatisations. He is also a Trustee of the Endesa Foundation.
Karel Lannoo	Karel Lannoo is the chief executive of the Centre for European Policy Studies, CEPS, based in Brussels. CEPS is one of Europe's most important independent think tanks, leading the way in its research on economic and financial policies. Mr. Lannoo is an expert on the regulation of financial markets, banking supervision and economic policy. He has written various books, reports and articles on these topics. He has participated in various studies and appeared before various national and international institutions. He holds a degree in Philosophy and an MA in History from the University of Leuven (Belgium) and a postgraduate degree in European Studies from the University of Nancy (France). Mr Lannoo also heads up the ECMI and ECRI, research institutes specialising in Europe's capital and credit markets. He is also a Director of Distrimedia and Lannoo Publishing Group.
Manuel Olivencia Ruiz	A Law graduate of Seville University, where he was awarded the Extraordinary Graduation Prize (1951), he took his doctorate in law at Bologna University (1953). He is the author of numerous academic works. He has been decorated with the Great Crosses of Isabel la Católica, Alfonso X el Sabio, San Raimundo de Peñafort and Military Merit. He has also been Dean of the Law Faculty (1968-1971) and Economics and Business Faculty (1971-1975) at Seville University, Undersecretary for Education (1975-1976), Director of Banco de España (1982-1991) and Chairman of the Special Committee for Drafting the Code of Good Governance (1997). Since 1960, professor of Commercial and Company 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.

Name or corporate name of director	Profile
Rosa María García García	A graduate in Mathematics, she is the CEO and Chairman of the Board of Directors of Siemens España, where she was formerly the Deputy Chairman from October 2011 to December 2013. She has been a member of the advisory board of the Universidad Europea de Madrid since December 2011. In November 2013 she was appointed to an independent Directorship at Acerinox, S.A. She joined Microsoft Spain in 1991 as the Technical Support Director and in 1995 was appointed Director of Corporate Strategic Projects for Microsoft Corporation before becoming Corporate Managing Director of Partner Sales and Marketing at Microsoft in 2002 and Country Manager of Microsoft Spain (2002 – 2008). She was Deputy Chairman, Consumer & Online, of Microsoft Western Europe until December 2010. Before joining Microsoft, she held various positions in multinationals such as NEC in Germany and WordPerfect in Spain. From May 2009 to May 2013 she was an Independent Director on the Board of Banco Español de Crédito, S.A. and a member of the Appointments Committee. A member of the Forum de Alta Dirección ('Senior Executive Forum'), she has won accolades including: Spanish Federation of Female Managers' (FEDEPE) Award to the Female Manager of the Year, the Manager of the Year prize awarded by the Spanish Managers' Association, and the Female Manager award given by the Spanish Businesswomen's Association (ASEME). Her work has also been recognised in specialist IT magazines ComputerWorld and Computing. Ms. García has also won the National Alares Award for achieving a work/life balance in the management category.

Total number of independent Directors	5
% of the board	35,71

List any independent Directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the last year a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

(-)

If applicable, include a justified statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

(-)

OTHER EXTERNAL DIRECTORS

(-)

List the reasons why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or shareholders.

(-)

List any changes in the category of each director which have occurred during the year.

(-)

C.1.4 Complete the following table on the number of female Directors over the past four years and their category.

	Number of female Directors				% of total Directors of each type			
	2013	2012	2011	2010	2013	2012	2011	2010
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	0	0	0	0	0%	0%	0%	0%
Independent	2	2	2	2	40.00%	40.00%	40.00%	40.00%
Other external	0	0	0	0	0%	0%	0%	0%
Total	2	2	2	2	14.29%	14.29%	13.33%	13.33%

At 31 December 2013 and 2012 the Board was made up of 14 Directors. There were 15 Directors on 31 December 2011 and 2010.

C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female Directors on the board to guarantee an even balance between men and women.

Explanation of measures

Article 18.2.a) of the Board of Directors' Regulations states that the Appointments and Remuneration 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 or reports, the Appointments and Remuneration Committee must also ensure *"that the process for the selection of Directors does not discriminate on the basis of gender."*

In its endeavour to comply with that article of the Board of Directors Regulations, at its meeting of 29 November 2007 the Appointments and Remuneration Committee, upon beginning its analysis of the criteria to be used in the selection process of independent Directors, recommended that *"female candidates must not be discriminated against in this process."*

In performance of this resolution and in the exercise of the duty to make proposals to appoint Directors qualify as independent to fill vacancies arising on the Board since the stock exchange listing of the Company's shares, up until 31 December 2013 the Appointments and Remuneration Committee had always put forward female candidates; at that date the proportion of women qualifying as independent Directors accounted for 40% of all Directors within this class.

As to the other classes of Director, the Appointments and Remuneration Committee has taken steps to ensure that selection procedures are not biased against female candidates.

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female Directors, and whether the company makes a conscious effort to search for female candidates who have the required profile.

Explanation of measures

As indicated in section C.1.5 above, article 18.2.a) of the Board of Directors' Regulations entrusts the Appointments and Remuneration Committee with a duty to ensure that Director selection procedures are not gender-biase At its meeting of 29 November 2007, when discussing the standards to be met by the procedures for the selection of candidates to be appointed as independent Directors, the Committee directed that *"female candidates must not be discriminated against in this process."*

When, despite the measures taken, there are few or no female Directors, explain the reasons.

Explanation of the reasons

As indicated in section C.1.5 above, within the scope of its duty to propose the appointment of Directors qualifying as independent the Appointments and Remuneration Committee has actively sought female candidates to fill vacancies for independent Directorships arising since the Company's shares were first listed on stock exchanges.

As to other Director classes, within its powers and duties under prevailing law, the Appointments and Remuneration Committee has reported on the extent to which proposed candidates satisfy the requirements for appointment to a Directorship.

C.1.7 Explain how shareholders with significant holdings are represented on the board

At 31 December 2013, the Company's sole significant shareholder was represented on the Board by two Directors qualified as proprietary or non-independent.

C.1.8 Explain, if applicable, the reasons why proprietary Directors have been appointed upon the request of shareholders who hold less than 5% of the share capital.

Name or corporate name of shareholder

Banco Santander, S.A.

Reason

This Company, even though it does not hold 5% of share capital, at the date on which it nominated proprietary Directors to represent it on the Board held a significant stake above the 5% of the share capital and, when those Directors were last re-elected, it held a significant stake of voting rights within the meaning of Royal Decree 361/2007. Furthermore, the appointment of the proprietary Director was deemed to be appropriate and beneficial for the Board to perform its role effectively and for BME to achieve its aims. In addition, this shareholder holds a higher percentage of voting rights than the other shareholders which are not represented on the Board of Directors and who hold greater stakes, apart from the custodian entities.

Name or corporate name of shareholder

BNP Paribas, Société Anonyme

Reason

Although this company does not hold 5% of the share capital, at the date on which the proprietary Director representing it on the Board was appointed, and at the date on which he was last re-elected, it indirectly held a significant share of voting rights in BME pursuant to Royal Decree 361/2007. This shareholder also holds a higher percentage of voting rights than the other shareholders which are not represented on the Board of Directors and who hold greater stakes, apart from the custodian entities.

Name or corporate name of shareholder

Banco Bilbao Vizcaya Argentaria, S.A.

Reason

This Company, even though it does not hold 5% of share capital, but was above the share capital at the dates of the original appointment and last re-election of the proprietary Directors representing it on the Board of Directors. In addition, this entity now holds a significant proportion of voting rights at this Company within the meaning of Royal Decree 361/2007, owns a block of shares carrying a high absolute value, and holds one of the largest blocks of voting rights at the Company.

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary Directors. If so, explain why these requests have not been entertaine.

Yes ☐ No ☒

C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director.

Name of director	Javier Alonso Ruiz-Ojeda
Reasons for resignation	He tendered his resignation on 19 November 2013 by letter due to the sale of the significant shareholding that Banco de España, the institution that he represented on the Company's Board of Directors, held in BME's share capital.

C.1.10 Indicate what powers, if any, have been delegated to the Managing Director(s).

The Company has no Managing Director.

Article 12 of the 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 also promotes 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.

Additionally, 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 entities; 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.

C.1.11 List the Directors, if any, who hold office as Directors or executives in other companies belonging to the listed company's group.

Name or corporate name of director	Corporate name of the group entity	Position
Antonio J. Zoido Martínez	Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U.	Chairman
Antonio J. Zoido Martínez	Sociedad de Bolsas, S.A.	Director and Secretary
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
Joan Hortalá i Arau	Sociedad de Bolsas, S.A.	Director
Tomás Muniesa Arantegui	MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U.	Chairman
Tomás Muniesa Arantegui	MEFF Euroservices, S.A.U., S.V.	Chairman

C.1.12 List any company board members who likewise sit on the boards of Directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the company.

Name or corporate name of director	Name of listed company	Position
José Andrés Barreiro Hernández	Citic International Financial Holdings Limited	Director
Tomás Muniesa Arantegui	Grupo Financiero Inbursa, S.A.B. (Mexico)	Alternate Director
Tomás Muniesa Arantegui	Boursorama, Société Anonyme (France)	Director
José Antonio Álvarez Álvarez	Banco Santander (Brasil), S.A.	Director
José Antonio Álvarez Álvarez	Bank of Zachodni Wbk, S.A.	Member of the Supervisory Board
Ignacio Benjumea Cabeza de Vaca	Banco Santander, S.A.	Non-Director Secretary
Álvaro Cuervo García	Actividades de Construcción y Servicios, S.A. (ACS)	Director
Álvaro Cuervo García	Sonae Sgps, S.A. (Portugal)	Director
Rosa María García García	Acerinox, S.A.	Director

C.1.13 Indicate and, where appropriate, explain whether the company has established rules about the number of boards on which its Directors may sit.

Yes [X] No [ ]

Explanation of rules

Article 21, section b) of the Board of Directors' Regulations states that 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.

With regard to Directors classified as non-independent external Directors, on the proposal of the Appointments and Remuneration Committee the Board of Directors approved at its meeting on 20 March 2012 a rule for the need to report the number of boards that these non-independent Directors can be members of. This rule grants the Appointments and Remuneration Committee powers to receive information about Director nominations, analyse their professional obligations and report in those cases where it believes that these compromise their capacity to perform their functions efficiently.

C.1.14 Indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session.

	Yes	No
Investment and financing policy	x	
Design of the structure of the corporate group	x	
Corporate governance policy	x	
Corporate social responsibility policy	x	
Strategic or business plans, management targets and annual budgets	x	
Remuneration and evaluation of senior officers	x	
Risk control and management, and the periodic monitoring of internal information and control systems	x	
Dividend policy, as well as the policies and limits applying to treasury stock	x	

C.1.15 List the total remuneration paid to the Board of Directors.

Board remuneration (thousands of euros)	2,369 (*)
Amount of total remuneration corresponding to accumulated pension rights of the Directors (thousands of euros)	0
Total board remuneration (thousands of euros)	2,369

(*) This figure does not include the value of shares that, if appropriate, might be transferred to executive Directors on the expiry of the first period of the Pluri - Annual Variable Remuneration Programme described in section A.3 of this Report.

C.1.16 List any members of senior management who are not executive Directors and indicate total remuneration paid to them during the year.

Name or corporate name	Position
Ramón Adarraga Morales	Director of International Co-Ordination and Head Of Information, It & Consulting
Jaime Aguilar Fernández-Hontoria	Director Of Legal Council
Luis María Cazorla Prieto	General Secretary and Secretary to the Board
Antonio Giralt Serra	Chairman of M.A.B. and Head of Listing
Javier Hernani Burzako	General Manager and 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 Internal Audit Deparment
Francisco de Oña Navarro	Chairman of AIAF and Bme Clearing and Head of Fixed Income and Derivatives (*)
Jorge Yzaguirre Scharfhausen	Director of The Equity Unit (*)

(*) As from January 2014 Jorge Yzaguirre Scharfhausen is also the Head of Derivatives.

Total remuneration received by senior management (thousands of euros)	4,003 (*)

(*) The total remuneration received by senior management includes remuneration received from both BME and other Group companies.

This amount includes post-employment benefits in favour of these executives for €545 thousand, consisting of: the annual periodic contribution to the insurance arranged as a supplementary pension; premiums payable for a collective life assurance policy carrying social provision benefits to cover retirement, death and permanent disability; and the Group's contributions to defined contribution plans.

This figure does not include 498 thousand euros of per diems paid to senior management executives in the course of 2013.

C.1.17 List, if applicable, the identity of those Directors who are likewise members of the boards of Directors of companies that own significant holdings and/or group companies.

List, if appropriate, any relevant relationships, other than those included under the previous heading, 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 significant shareholder	Relationship
Tomás Muniesa Arantegui	Caja de Ahorros y Pensiones de Barcelona	General Manager CaixaBank (Insurance and Asset Management business areas)
Tomás Muniesa Arantegui	Caja de Ahorros y Pensiones de Barcelona	Executive Deputy Chairman and CEO of "Vidacaixa, S.A. de Seguros y Reaseguros"
Tomás Muniesa Arantegui	Caja de Ahorros y Pensiones de Barcelona	Deputy Chairman of "SegurCaixa Adeslas, S.A. de Seguros y Reaseguros"
Pablo Forero Calderón	Caja de Ahorros y Pensiones de Barcelona	Member of the Executive Committee and Managing Director of Caixabank, S.A. (Risk Area)

C.1.18 Indicate whether any changes have been made to the board regulations during the year.

Yes [X] No [ ]

Description of amendments

At its meeting of 21 March 2013 the Board decided to amend the Board Regulations to improve compliance with the recommendations under the Unified Good Governance Code.

Specifically, article 10.3 was altered to entrust the Chairman of the Appointments and Remuneration Committee, in his capacity as an independent Director, with overseeing performance assessment of the Chairman of the Board and Company´s chief executive.

The Company reported the amendments at the General Shareholders' Meeting held on 30 April 2013, and they were entered in the Companies Register [Registro Mercantil] on 5 July 2013.

C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing Directors. List the competent bodies, procedures and criteria used for each of these procedures.

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 agreement approved 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 until 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 reputability, 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, nor may they be re-elected for more than three consecutive terms pursuant to article 20(2) of the Board of Directors' Regulations.

The same article 21 stipulates that Executive Directors may not hold Directorships at any other listed Company.

Also, by virtue of the resolution adopted by the Board of Directors on 20 March 2012, the Appointments and Remuneration Committee is authorised to assess and report on any instances where the other professional commitments of proprietary Directors may impede their ability to efficiently carrying out their duties.

1. C.- Term of office.

Directors shall hold office for four-year terms 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 three 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 Remuneration Committee which must assign new Directors to one of the categories envisaged in article 6 of the Board Regulations and also assess their impact on the structure and composition of the Boar

In any case, the Appointments and Remuneration 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. The Appointments and Remuneration Committee takes steps to identify individuals with a high reputation in the world of business or academia whose expertise and track record qualify them to make a meaningful contribution for the benefit of the Company. The Committee examines the career records of prospective candidates and, as and when appropriate, proposes the appointment of the individual thought to be most suitable for appointment. The selection process actively seeks out female candidates.

In accordance with article 19 of the General Meeting Regulations shareholders at the General Meeting must take separate votes on Director appointments, ratifications and re-elections so that they may properly exercise their discretion on each individual matter.

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. However, the Board shall be obliged to submit its proposals at the General Shareholders' Meeting plus 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 are 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, and in the case of proprietary Directors, any other professional obligations they have. Directors standing for re-election shall not take part in any discussions or decisions concerning their re-election.

3.- Appraisal.

The Board of Directors shall annually assess the efficiency of its operation and the quality of its work on matters within its remit. The Board shall also assess the operation of its Committees based on the reports they prepare on the performance of their tasks.

4.- Resignation 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 should not propose the removal of any independent directors before the expiry 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 Remuneration 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.

C.1.20 Indicate whether the board has evaluated its performance during the year.

Yes X No

Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities.

Description of amendments

In accordance with article 10(3) of the Board of Directors' Regulations, throughout the course of 2013 the Board of Directors has assessed the efficiency of its operation and the quality of its work on matters within its remit. The Board must also assess the operation of its Committees based on the reports they prepare on the performance of their tasks.

C.1.21 Indicate the cases in which Directors must resign.

Under article 38.3 of the Company's Articles of Association and sections 3 and 4 of article 20 of the Board of Directors' Regulations members of the Board of Directors must tender their resignation in 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 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 section C.1.19, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, may propose the removal of independent Directors when they have failed to perform the functions of their office or they are affected by any of the circumstances that are incompatible with their status as independent Directors.

C.1.22 Indicate whether the duties of chief executive officer fall upon the Chairman of the Board of Directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

Yes X No

Measures for limiting risk

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 it 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.

Pursuant to articles 25 and 7 of the Articles of Association and the Board of Directors' Regulations, respectively, the Board of Directors is empowered with the general function of driving, directing and supervising matters that are of particular importance for the Company.

The Board of Directors shall therefore undertake 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 it's 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.

As stipulated in the above-mentioned articles, 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 management of the Company's ordinary business to its delegate bodies, its executive members and the senior management team.

In addition to limiting the risk of accumulating powers in a single person as a result of the powers attributed to the Board of Directors and entrusting 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 who shall be an independent Director, as established by article 13.2 of the Board of Directors' Regulations.

- Making the Deputy Chairman, who is an independent Director, responsible for coordinating and giving voice to the concerns of external Directors of the Company, in accordance with the provisions of article 13.3 of the Board of Directors' Regulations.

- The small number of Directors considered Executive Directors, which is currently 14.286% of the total Boar.

- A significant presence and proportional representation of non-executive Directors on Board Committees has been ensure Therefore, the Audit Committee and the Appointments and Remuneration Committee shall be made up exclusively of non-executive Directors and presided over by an independent director (articles 35 and 36 of the Articles of Association and articles 17 and 18 of the Board of Directors' Regulations).

- Additional to the competencies assigned to the Chairman relating to the convening of 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; and the schedule for ordinary meetings shall be established by the Board of Directors itself at the commencement of each financial year. In addition, a Deputy Chairman who is an independent director may call upon the Chairman to convene the Boar.

- Directors may request the Chairman to include items on the Agenda and the Chairman is obliged to do so when the request is made by a Deputy Chairman who is an independent Director or by at least four Directors 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 to the possibility that Directors may raise relevant issues during the Board meetings.

- Adoption by the Board of an annual assessment of the performance of the Chairman of the Board and the Company's chief executive. The assessment report is submitted to the Board by the Appointments and Remuneration Committee, which consists entirely of non-executive Directors, most of whom are independent. The Committee Chairman, in his/her capacity as an independent Director, is in charge of overseeing the assessment process in accordance with article 10.3 of the Board of Directors' Regulations.

- One of the Company's senior officers is a General Manager. Under the oversight of and in accordance with the directions given by the Chairman in his capacity as CEO, the General Manager has a wide executive discretion to coordinate business units and areas.

Indicate, and if necessary, explain whether rules have been established that enable any of the independent Directors to convene board meetings or include new items on the agenda, to coordinate and voice the concerns of external Directors and oversee the evaluation by the Board of Directors.

Yes X No

Explanation of rules

Under article 27.1 of the Articles of Association and article 10, sections 1 and 2, of the Board of Directors' Regulations, a Deputy Chairman who is an independent Director may call upon the Chairman to convene a meeting of the Board and include new items on the Agenda for the Board meetings.

Under article 13.3 of the Board of Directors' Regulations, if the Deputy Chairman is an independent Director, he or she is competent to hear the concerns of non-executive Directors and see that they are addressed.

Article 10.3 entrusts the Chairman of the Appointments and Remuneration Committee, in his capacity as an independent Director, with overseeing performance assessment of the Chairman in his dual role as Board Chairman and CEO of the Company.

C.1.23 Are qualified majorities other than those prescribed by law required for any type of decision?

Yes No X

If applicable, describe the differences.

C.1.24 Indicate whether there are any specific requirements, apart from those relating to the Directors, to be appointed Chairman.

Yes ☐ No ☒

C.1.25 Indicate whether the Chairman has the casting vote.

Yes ☒ No ☐

Matters where the Chairman has the casting vote

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.

Likewise, as stipulated in articles 34 of the Articles of Association and articles 12 and 16 of the Board of Directors' Regulations, the Chairman of the Executive Committee shall hold the casting vote in all votes put to them.

C.1.26 Indicate whether the Articles of Association or the board regulations set any age limit for Directors.

Yes ☐ No ☒

Age limit for Chairman	Age limit for CEO	Age limit for Directors
0	0	0

C.1.27 Indicate whether the Articles of Association or the board regulations set a limited term of office for independent Directors.

Yes ☐ No ☒

C.1.28 Indicate whether the Articles of Association or board regulations stipulate specific rules on appointing a proxy to the board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether only one director of the same category may be appointed as a proxy. If so, give brief details.

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. No upper limit is specified on the number of proxy appointments a single Director may hold. A Director appointed as a proxy need not be of the same type as the Director making the appointment.

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.

C.1.29 Indicate the number of board meetings held during the year and how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	12
Number of board meetings held without the Chairman's attendance	0

Indicate the number of meetings of the various board committees held during the year.

Number of meetings of the Executive or Delegated Committee	11
Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Appointments and remuneration Committee	7
Number of Markets and Systems Operating Procedures Committee meetings	11

C.1.30 Indicate the number of board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Directors' attendance	4
% of attendances of the total votes cast during the year	93.10

C.1.31 Indicate whether the consolidated and individual financial statements submitted for authorisation for issue by the board are certified previously.

Yes ☐ No ☒

Identify, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior to their authorisation for issue by the board.

(-)

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

The mechanisms established 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.

In this regard, paragraph 2, section 3 of article 30 of the Board of Directors' Regulations stipulates that the Board of Directors shall adopt the necessary measures to ensure that the half-yearly, quarterly, and any other financial reporting that is made available to the markets is prepared in accordance with the same principles and practices as those used in the preparation of the Company's annual accounts, and is equally reliable.

In this role the Board is assisted by the Audit Committee, which at its meetings of 29 April and 30 October 2013, as a preliminary to review by the Board and authorisation for issue to the markets and regulatory bodies, reported in favour of the Company's quarterly statements.

As regards the Company's six monthly reporting duties, the financial statements for the first six months of 2013 were authorised for issue by the Board of Directors at its meeting on 22 July 2013 after scrutiny and review by the Audit Committee at its meeting of the same date.

Likewise, under article 35 of the Company's Articles of Association and articles 17 and 31 of the Board of Directors' Regulations, the Audit Committee 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.

In the exercise of its duties, the Audit Committee shall invite the external auditor to attend its meetings whenever it is deemed appropriate and, in any event, when the agenda includes the audit assessment preceding the issue of the Company's and the Group's financial statements and Directors' report or the release of the Company's half-year report.

The Company's General Manager, in the performance of his duties as Finance Director, shall also attend meetings of the Audit Committee so that the Committee may rigorously monitor the preparation of the periodic public information.

Article 8.1 of the Board of Directors' Regulations establishes that 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 to the markets the content and scope of such reservations and qualifications.

C.1.33 Is the Secretary of the board also a director?

Yes ☐ No ☒

C.1.34 Explain the procedures for appointing and removing the Secretary of the board, indicating whether their appointment and removal have been notified by the Nomination Committee and approved by the board in plenary session.

Appointment and removal procedure

Under article 18.2.c of the Board of Directors' Regulations, the Appointments and Remuneration Committee must report on compliance with the Articles of Association and the Board of Directors' Regulations in the process of appointing or removing the Secretary or the Deputy Secretary to the Board.

	Yes	No
Does the Nomination Committee propose appointments?	X	
Does the Nomination Committee advise on dismissals?	X	
Do appointments have to be approved by the board in plenary session?	X	
Do dismissals have to be approved by the board in plenary session?	X	

Is the Secretary of the board entrusted in particular with the function of overseeing corporate governance recommendations?

Yes ☒ No ☐

Remarks

Under article 14.2 of the Board of Directors' Regulations it falls to the Secretary to the Board or, failing this, to the Deputy Secretary to ensure that the Board and its Committees comply with the law, the Articles of Association and applicable corporate governance standards.

C.1.35 Indicate and explain, where applicable, the mechanisms implemented by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

1) Mechanisms established by the Company to preserve the independence of external auditors

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.

Article 35 of the Articles of Association and article 17 of the Board of Directors' Regulations establish that the Audit Committee must liaise with the external auditors in order to receive information on any issues that might jeopardise the latter's independence, for examination by the Committee, and monitor compliance with the regulations in force concerning the provision of services other than auditing, the limits in regard to business concentration of the auditor and, in general, any other rules aimed at ensuring the auditors' independence.

Each year the Committee will receive from the auditors written confirmation of their independence of the Company, as well as information on any other type of service provided by the auditors or persona or entities related to them and will issue a report each year, prior to the auditor's report, stating an opinion on the independence of the auditors and on the provision of any kind of additional service.

Article 31 of the Board of Directors' Regulations states that, in the manner laid down by law, the Board of Directors shall publish the fees that the Company has paid to the audit firm both for audit and for other services, including the companies in the Group to which the auditors belong.

To enhance the Company's transparency, safeguard the auditors' independence and comply with the latest good corporate governance practices, at the ordinary General Meeting of 30 April 2013, at the proposal of the Board with a written endorsement from the Audit Committee, the shareholders resolved to replace Deloitte, S.L. with PriceWaterhouseCoopers Auditores, S.L. as the external auditors of the Company and its consolidated group.

The Board and the Audit Committee thanked Deloitte, S.L. for its services as auditor of the Company and its consolidated group. The work was performed thoroughly, rigorously and conscientiously to a high standard of quality, and no dispute arose.

2) Mechanisms established by the Company to preserve the independence of financial analysts.

The Investor Relations Department, a division of the Finance Department, shall provide institutional investors and financial analysts with all possible information on the Company's performance, quarterly earnings and strategy.

The handling of information by the Investor Relations Department shall be carried out with the utmost respect for the principles of transparency and non-discrimination, complying at all times with securities market regulations.

3) Mechanisms established by the Company to preserve the independence of investment banks and rating agencies.

In 2013 the Company did not hire the services of investment banks or rating agencies.

C.1.36 Indicate whether the company has changed its external audit firm during the year.

If so, identify the incoming audit firm and the outgoing auditor.

Yes X No

Outgoing auditor	Incoming auditor
DELOITTE, S.L.	PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Explain any disagreements with the outgoing auditor and the reasons for the same.

Yes No X

C.1.37 Indicate whether the audit firm performs non-audit work for the company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of all fees invoiced to the company and/or its group.

Yes X No

	Company	Group	Total
Amount of non-audit work (in thousands euros)	6	8	14
Amount of non-audit work as a % of the total amount billed by the audit firm	2.67%	3.35%	2.98%

C.1.38 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes No X

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audite.

	Company	Group
Number of consecutive years	1	1
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	8.33%	8.33%

C.1.40 Indicate and give details of any procedures through which Directors may receive external advice.

Yes X No

Procedures

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".*

C.1.41 Indicate whether there are procedures for Directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies.

Yes X No

Procedures

Article 27.3 of the Company's Articles of Association establishes that notice of Board meetings and the necessary documentation for these meetings shall be sent by the Secretary of the Board of Directors 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.

C.1.42 Indicate and, where appropriate, give details of whether the company has established rules obliging Directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be.

Yes X No

Details of rules

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. 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, articles 38.3 of the Articles of Association and 20.4 of the Board of Directors' Regulations stipulates that Directors must resign when their continuation in office could jeopardise the Company's interests.

C.1.43 Indicate whether any director has notified the company that they have been indicted or tried for any of the offences stated in article 213 of the Companies Act.

Yes No X

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office or, if applicable, detail the actions taken or to be taken by the board.

C.1.44 List the significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

C.1.45 Identify, in aggregate form and provide detailed information on agreements between the company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.

Number of beneficiaries	8

Type of beneficiary

The Chairman, in connection with his executive duties, and seven senior executives.

Description of the resolution

1.- Executive Directors.

There are no such clauses which include benefits for executive Directors except for the Chairman. With regard to the Chairman, classified as an Executive Director, at BME's Extraordinary General Shareholders' Meeting held on 5 June 2006 the following resolution was adopted:

> *"It is agreed at the General 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. Payment of this amount implies a non-competition duty binding the Chairman for three years with respect to companies other than the BME Group pursuing identical or similar corporate purposes or activities. If this obligation is not met, the the Chairman shall return the amount received. The Chairman will not be paid the amount mentioned above if he voluntarily leaves the post, fails to fulfil his duties or any of the cases needed for Bolsas y Mercados Españoles to be able to take corporate action against him for liability concur. (…)"*

The terms of this resolution by the extraordinary General Shareholders' Meeting have been listed in the provision of services contract between BME and Antonio J. Zoido Martínez, subsequent to a report by the Appointments and Remuneration Committee and approval by the Board of Directors.

2.- Senior management.

Four senior executives have signed senior management contracts entitling them to receive compensation in the event of dismissal equivalent to 45 days' salary per year of service, 36 months' gross salary, one year's gross salary and twenty-two months' gross salary, respectively, except to the extent that employment law might determine higher compensation. In addition, three senior executives are under ordinary employment contracts. Two of the executives are entitled to severance compensation equivalent to 45 days' salary per year of service, while the third is entitled to two years' gross salary.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group.

	Board of Directors	General Shareholders' Meeting
Body authorising clauses	No	No

	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		X

The seven contracts of employment for senior executives of the BME Group that contain indemnity or "golden parachute" clauses were entered into before BME shares were listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. Five of the seven contracts were signed by Group companies other than BME itself. The indemnity clause in favour of the Chairman of the Board was adopted by the shareholders of BME at an extraordinary General Meeting.

C.2 Board committees

C.2.1 Give details of all the board committees, their members and the proportion of proprietary and independent Directors.

Executive or Delegate Committee

Name	Position	Type
Antonio J. Zoido Martínez	Chairman	Executive
José Andrés Barreiro Hernández	Member	Proprietary
Ignacio Benjumea Cabeza de Vaca	Member	Proprietary
Álvaro Cuervo García	Member	Independent
Tomás Muniesa Arantegui	Member	Proprietary
Margarita Prat Rodrigo	Member	Independent

% of executive Directors	16.67%
% of proprietary Directors	50.00%
% of independent Directors	33.33%
% of other external Directors	0.00%

AUDIT COMMITTEE

Name	Position	Type
Álvaro Cuervo García	Chairman	Independent
Margarita Prat Rodrigo	Member	Independent
Ramiro Mato García-Ansorena	Member	Proprietary

% of executive Directors	0.00%
% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0.00%

Appointments and Remuneration Committee

Name	Position	Type
Manuel Olivencia Ruiz	Chairman	Independent
José Antonio Álvarez Álvarez	Member	Proprietary
Rosa María García García	Member	Independent

% of executive Directors	0.00%
% of proprietary Directors	33.33%
% of independent Directors	66.67%
% of other external Directors	0.00%

Markets and Systems Operating Committee

Name	Position	Type
Joan Hortalá i Arau	Chairman	Executive
Pablo Forero Calderón	Member	Proprietary
Ricardo Laiseca Asla	Member	Proprietary
Karel Lannoo	Member	Independent

% of executive Directors	25.00%
% of proprietary Directors	50.00%
% of independent Directors	25.00%
% of other external Directors	0.00%

Luis María Cazorla Prieto is Secretary (non Member) of all the above Committees.

C.2.2 Complete the following table on the number of female Directors on the various board committees over the past four years.

	Number of female Directors							
	2013		2012		2011		2010	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	16.67	1	14.29	1	14.29	1	14.29
Audit Committee	1	33.33	1	33.33	1	33.33	1	33.33
Appointments and Remuneration Committee	1	33.33	1	33.33	1	33.33	1	33.33
Nomination Committee	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Remuneration Committee	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Markets and Systems Operating Procedures Committee	0	0.00	0	0.00	0	0.00	0	0.00

At 31 December 2013, the Executive Committee had a membership of 6; at 31 December 2010, 2011 and 2012, there were 7 members.

C.2.3 Indicate whether the Audit Committee is responsible for the following:

	Yes	No
Monitoring the preparation and integrity of 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.	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; proposing 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 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, 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.	X	
Making recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms of their engagement.	X	
Receiving regular information from the external auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations.	X	
Monitoring the independence of the external auditor.	X	

C.2.4 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. The Company shall endeavour to ensure that the size and composition of the Executive Committee 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 agreement 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 and their substitution shall be approved by the Board in the event of absence, inability to attend or vacancies whereby the Chairman shall be substituted by one of the Vice Chairmen in descending order. Likewise, the Secretary shall be substituted by the Deputy Secretary of the Board of Directors and in the event of there being various Deputies, the longest standing one or 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 topics discussed and resolutions adopted at the meetings it has held since the previous Board meeting, so that the Secretary can send a copy of the minutes of the Committee's meetings to the members of the Board of Directors.

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 the absence or temporary inability of the Chairman, his place shall be taken by the independent Director Committee member who has been designated for the 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. 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 a meeting is 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/her, shall have the casting vote.

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

- The Audit Committee must report to the Board of Directors on its activities in the course of each year, and the Secretary will send the members of the Board of Directors a copy of the minutes of Committee meetings.

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 that the Board of Directors, for presentation to the General Shareholders' Meeting, the appointment of auditors or auditing companies, and if appropriate the terms of their engagement and the scope of their professional remit, and the termination or renewal of their appointment. The Committee should investigate the issues giving rise to the resignation of any external auditor.

c) Supervise the Company's internal audit services which shall be answerable to the Audit Committee, reporting to the Board of Directors. 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. It shall also establish and supervise the proceedings whereby Company personnel may anonymously report any irregularity in the internal control and risk management systems.

d) Supervise the preparation and presentation of regulated financial information.

e) Supervise the efficiency of the Company's internal control and risk control systems. To this end, the internal control and risk management systems shall be supervised by the Committee at least once a year, to ensure that the main risks are adequately identified, managed and reported, and will discuss with the auditors or audit firms or experts appointed for that purpose any significant weaknesses detected in the auditing process.

f) Maintain the relationship with external auditors in order to receive information in regard to matters which could jeopardise their independence for examination by the Committee and any other matters relating to the process of account auditing, as well as other communications provided for in account auditing legislation and in the technical auditing regulations. 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 recommendations. The Committee shall also monitor compliance with the regulations in force concerning the provision of services other than auditing, the limits in regard to business concentration of the auditor and, in general, any other rules aimed at ensuring the auditors' independence. Each year the auditors will receive written confirmation of their independence of the Company, as well as information on any other type of service provided by the auditors or persons or entities related to them.

g) Issue a report each year, prior to the auditor's report, stating an opinion on the independence of the auditors and on the provision of any kind of additional service; and

h) Be informed of the fiscal policies applied by the Company. To that effect, it must receive information from the head of the tax department on the fiscal policies applied, at least, prior to the preparation of the financial statements and the filing of the corporate tax return and, whenever relevant, on the fiscal consequences of corporate operations submitted to the Board of Directors for approval.

i) Any other general or specific tasks regarding reporting and proposals commissioned by the Board of Directors, or required in order to comply with the regulations in force at any given time.

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 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 Remuneration Committee

The Appointments and Remuneration 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 Remuneration 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 Remuneration 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 Remuneration 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 Committee 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 Remuneration Committee meetings to all Board members.

3.2. Responsibilities:

The Appointments and Remuneration Committee is a non-executive body, empowered to report, advise and submit proposals to the Board on matters within its remit. The duties of the Appointments and Remuneration Committee consist of reporting on the following concerns:

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 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 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 Remuneration 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.

In addition, every year when the annual Corporate Governance report is prepared, it will inform the Board of Directors of the independent Board members' continuous compliance with the conditions regarding their independence required under the legislation in force, the Articles of Association and these Regulations.

b) Compliance with the Articles of Association and the Board of Directors' Regulations regarding the appointment, re-election and termination of members of the Board of Directors whose names are put forward to sit on any of the Board Committees, as well as, where applicable, to hold any office thereon.

c) Compliance with the Articles of Association and the Board of Directors Regulations regarding the appointment and removal of the Secretary and, as appropriate, Deputy Secretaries of the Board.

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.

e) Any other general or specific tasks commissioned by the Board.

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.

The Appointments and Remuneration Committee shall also be cognisant with the structure and policy for senior management pay and incentives, monitoring the decisions taken and criteria applied on the matter at the Group companies, report on the appointment and removal of senior executives of the Company and, if appropriate, propose the basic conditions of the contracts entered into with them. Additionally, at the request of the Board of Directors, it shall supervise compliance with the rules of corporate governance.

In addition to these responsibilities, the Appointments and Remuneration Committee also has the following powers as stipulated by the Board of Directors' Regulations:

- To urge to the Board to remove an independent Director before the end of his or her term under the Articles of Association if the Committee believes there are reasonable grounds for doing so (article 20.3 of the Board of Directors' Regulations).

- To issue a report for the General Shareholders' Meeting to authorise a Director to take up duties as a director, representative, manager, adviser or provider of services at a business having the same, similar or related activity as that of the Company, or at a company enjoying a position of dominance or control over such business, or to carry on any such activity on his or her own account (article 21 of the Board of Directors' Regulations).

- To consider and report on any circumstances in which, in the Committee's view, a proprietary Director's outside professional commitments prevent him or her from carrying out his or her duties effectively by virtue of the Board resolution of 20 March 2012.

- To submit to the Board an assessment report on the performance of the Chairman of the Board and CEO of the Company (article 10.3 of the Board of Directors' Regulations).

4. Markets and Systems Operating Procedures Committee

The Markets and Systems Operating Procedures Committee is regulated by articles 37 and 19 of the Articles of Association and Board of Directors' Regulations, respectively, as well as by the Regulations for the Markets and Systems Operating Procedures Committee.

4.1 Organisation and operation

- The Markets and Systems Operating Procedures 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 Procedures Committee currently comprises four members pursuant to the agreement adopted 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 Procedures 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 Committee 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 Chairperson shall have the casting vote.

- The Markets and Systems Operating Procedures Committee shall report to the Board of Directors in regard to the performance of its tasks, and thus the Secretary shall submit copies of the minutes of the meetings of the Markets and Systems Operating Procedures Committee to the Board of Directors and shall draft the reports and proposals as requested by the Board of Directors.

4.2 Responsibilities

The Markets and Systems Operating Procedures Committee has the following duties and powers, as directed in the Regulations of the Markets and Systems Operating Procedures Committee:

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 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) 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.

d) Any other general or specific tasks commissioned by the Board.

C.2.5 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

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

In addition to the regulations contained in the Articles of Association and the Board of Directors' Regulations, this Committee has drawn up its own Regulations – also available on the website – which were approved by the Board at its meeting on 25 January 2007.

Article 10.3 of BME's Board of Directors' Regulations establishes that the Board of Directors in full must annually assess the efficiency of the operation and quality of work of its committees based on the reports they prepare concerning the performance of their tasks.

The 2013 Board of Directors' Report which includes, as appendices, reports on the Executive Committee, Audit Committee, Appointments and Remuneration Committee and Markets and Systems Operating Procedures Committee, is available to all shareholders prior to the General Shareholders' Meeting on BME's corporate website.

C.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the board of the different types of Directors.

Yes [X] No [ ]

View of the trading floor. 2012 General Shareholders´ Meeting.

D. Related-party and intragroup transactions

D.1 Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

Competent body

The Board of Directors.

Procedures

Article 28 of the Board of Directors' Regulations provides that transactions or dealings concluded by Directors, significant shareholders or their related parties on markets or using systems managed by Group companies must be authorised by the Board in full. These transactions do not require prior authorisation nor need be reported if 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.

Explain if the authority to approve related-party transactions has been delegated to another body or person.

(-)

D.2 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's significant shareholders.

(-)

D.3 List any relevant transactions, by virtue of their amount or importance, between the company or its group of companies and the company's managers or Directors.

(-)

D.4 List any relevant transactions 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 subject matter and terms set them apart from the company's ordinary trading activities.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

(-)

D.5 Indicate the amount from related-party transactions.

(-)

D.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 C.2.4 above, any use of Company assets by Directors which is not made in return for adequate valuable compensation shall require prior authorisation from the Audit Committee.

According to article 21.a) of the Board of Directors' Regulations, Directors may not hold office or perform the functions of director, representative, manager, advisor or service provider at companies with the same, similar or complementary types of activity as the Company's, or companies wielding a dominant or controlling position thereupon, nor carry our such activities for their own account without the express and justified authorisation of the General Shareholders' Meeting, subject to a prior report by the Appointments and Remunerations Committee.

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.

Also, 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.

Otherwise, as stated above in section D.1., such operations or activities must be authorised by the Board in full.

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 companies described below.

2. Conflicts of interest between the Company and its Group 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 this conduct 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 it 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 if they have any doubts about the existence of a possible conflict of interest, the individuals affected should consult the Standards of Conduct Committee on the matter before taking any decision or action that could be affected by the possible conflict.

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

Article 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 oversee 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 shareholdings perform as issuers, clients or users in the markets and systems managed by Group companies.

In this regard, article 28 of the Board of Directors' Regulations stipulates that 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. Otherwise, such operations or activities must be authorised by the Board in full.

D.7 Is more than one group company listed in Spain?

Yes ☐ No ☒

Identify the listed subsidiaries in Spain

E. Risk control and management systems

E.1 Describe the risk management system in place at the company

The inherent risks of the activity carried out by BME Group companies are managed with criteria which allow 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 companies operate and abide by EU law, the Securities Market Act and its implementing provisions.

BME is directly or indirectly the owner of companies operating in securities registration, clearing and settlement systems, central counterparty companies, official secondary markets in Spain and multilateral trading systems, and, as such, is responsible for the unity of action, decision and strategic co-ordination of those companies.

Risk control and management policy, laid down by the Board of Directors and managed by the Coordination Committee, falls to be implemented by the Risk Committee in its capacity as the body responsible for monitoring and analysing the risks arising from the various activities carried on by Group companies in the framework of a scheme of management coordinated through Business Units and Corporate Areas. The Risk Committee is also responsible for producing the corporate Risk Map, subsequently to be maintained by the various officers responsible for managing identified risks and by the Internal Audit Department.

The Risk Committee has constructed an integrated risk management system (Spanish 'SIGR') following the methodological framework specified in the COSO II paper. Having regard to the nature of each specific risk, the following lines of action are carried on in parallel:

- Business risks are managed on a decentralised basis; each business unit or corporate area is autonomous, and all units and areas report to the Risk Committee.
- Corporate risks (strategic, financial, regulatory, technological, human resource-related) are managed on a centralised basis, being addressed by a coordinated effort across the various areas, and reported on uniformly to the Risk Committee.

Maintenance of the corporate Risk Map requires each risk officer to regularly update the information on each identified global risk needed for management and control; new events are identified and action plans are rearranged as necessary. The Internal Audit Department evaluates the controls in place and quantifies residual risk.

Following the IRMS methodology, Business Unit and Corporate Area managers submit half-yearly assessment reports to the Risk Committee detailing any occurrences of the identified representative risks materialising, any changes in how they are assessed, measures to mitigate them, actions plans and the status thereof.

All of these reports are compiled by the Risk Committee, together with any information on risks which it is responsible for managing, to produce the half-yearly IRMS Assessment Report. Once approved by the Risk Committee, this report is distributed to the members of the Coordination Committee and the Director of the Internal Audit Department, and its conclusions are explained by the General Director, in his capacity as Chairman of the Risk Committee, each six months to BME's Board of Directors.

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

1. BME Group companies that manage securities registration, clearing and settlement systems, Spanish official secondary markets and multilateral trading systems are governed by European Union law and the Securities Market Act and its implementing provisions.

2. In accordance with this legal framework, BME's financial statements and those of most of its Group companies are verified by an external auditor. Likewise, as required by the laws and regulations governing each market, multilateral trading system, central counterparty clearinghouse, and registration, clearing and settlement system, in addition to their audit report the external auditors must review the internal control systems and assess the appropriateness of each one.

3. The Company has an Internal Audit Department reporting to the Audit Committee which operates throughout the BME Group and which acts in keeping with the Framework for Professional Practice of the Institute of Internal Auditors.

4. The Company has a Regulatory Compliance Department that operates independently from the Company's executive officers and bodies, reporting to the Audit Committee. Its role is to ensure compliance with the laws and regulations applicable to the Group's activities and to support the Audit Committee in the oversight of the related regulatory compliance risk.

5. In order to establish common control systems there are regulations governing the different business units and corporate areas which regulate basic matters including:

   a. Financial and accounting matters. The financial reporting process is subject to an internal control system (ICFR) which has been reviewed and documented in accordance with BME's IRMS methodology. This will enable it to comply with the new regulatory requirements aimed at improving the transparency of listed companies' reports to the market. These include:

      i. A "Procedures and Criteria" Manual which contains valuation regulations, accounting criteria, criteria for intra-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. An Information Security Management System (SGSI in Spanish) in accordance with ISO/IEC 27001, which includes policies, procedures and organisational structures to ensure that the BME Group's assets are efficiently and suitably protected.

ii. A General Security Policy laid down by Group Management, which includes measures to involve all personnel in IT Security.

iii. A Security Committee, reporting to the Risk Committee, comprising senior managers from the various business areas and the person in charge of the IT Security Team which monitors and analyses the risks arising from use of the reporting systems, technology and communications in the day-to-day activities of BME Group companies.

iv. An IT Security Team reporting to the IT business area, responsible for implementing, operating and maintaining the SGSI, in accordance with the Security Committee's guidelines.

v. 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.

vi. An external technological audit company to detect at system level the vulnerability of all machines which are visible from the internet.

6. The Company is a participant of CECON (Consorcio Español de Continuidad de Negocio, the Spanish business continuity consortium), together with the leading players in the financial services industry (regulatory bodies and commercial entities). The consortium was formed to enhance financial stability by extending the latest know-how and best practices relating to business continuity.

7. The Board of Directors approved the Company's Internal Regulations of Conduct which apply to all members of the Boards of Directors and employees of all Group companies, and establish the duties they are liable to perform in the area of confidentiality and integrity, developed by the Board of Directors through the approval of the "Guidelines on the processing and transfer of inside information" as well as allowing group companies to approve special rules of conduct. In these cases, the Internal Regulations of Conduct shall apply in the absence of such special rules.

8. In 2012 and at the proposal of BME's Audit Committee, the Board of Directors approved establishing a Crime Prevention System which, among other issues, included a Code of Conduct that comprises the ethical principles and conduct to which all BME Group Directors, legal representatives, managers and employees must adhere. A complaints channel is in place to enable employees to blow the whistle on improper or illegal activities that might pose a risk to the Company.

9. Liquidity management is standard throughout the BME Group and the criteria established by the Company's Board of Directors – having taken account of a prior report from the Audit Committee – is followed. Within those bounds, in order to comply with applicable laws and regulations Group companies may prioritise investment in assets offering higher liquidity as opposed to returns. 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.

10. 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.

In addition to the Group's risk control system, which applies to all Group companies, BME Clearing, the central clearinghouse managing entity, has in place an additional governance system and mechanisms for internal control and managing specific risks in accordance with Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over-the-counter (OTC) derivatives, central counterparties and trade repositories, and its implementing provisions.

E.2 Identify the bodies responsible for preparing and implementing the risk management system.

Board of Directors and Executive Committee

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.

Among these functions, the Board of Directors shall be responsible for identifying the Company's main risks and supervising the efficiency of its internal control systems, risk management systems and internal audit systems.

In addition to the responsibilities delegated to it by the Board of Directors, the Executive Committee is responsible for the continuous monitoring and supervision of the administration and day-to-day management of the Company, and ensures that there is adequate coordination among Group companies for their mutual benefit and that of the Company.

Audit Committee

The Audit Committee provides the Board of Directors with additional support in identifying the Company's main risks and supervising the efficiency of its internal control systems.

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:

- 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.
- 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.
- As set out in the Articles of Association and the Board of Directors' Regulations described in section C.2.4. above, the Audit Committee must also supervise the efficiency of the Company's internal control and risk control systems, which shall be reviewed by the Committee at least once a year to ensure that the main risks are adequately identified, managed and reported. The Audit Committee is the body in charge of discussions with the auditors or, as the case may be, experts appointed for that purpose, regarding any significant weaknesses detected in the auditing process.

Markets and Systems Operating Procedures Committee

Pursuant to articles 37 of the Articles of Association, article 19 of the Board of Directors' Regulations, and article 7 of the Regulations of the Markets and Systems Operating Committee, said Committee shall have the following functions:

- 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, periodically receiving information in this regard from the Standards of Conduct Committee.

Coordination Committee and Risk Committee

The Coordination Committee, comprising senior executives drawn from the Business Units and Corporate Areas, is the body responsible for considering proposed new activities, projects and business opportunities and coordinating the management and execution of such initiatives on an ongoing basis with the various Company and Group areas.

The Risk Committee reports to the Coordination Committee and is in charge of monitoring and analysing the risks arising from the various activities carried on by the Group companies in the framework of a scheme of management coordinated through Business Units and Corporate Areas.

The Risk Committee is responsible for implementing the risk management and control policy laid down by the Board of Directors and overseen by the Coordination Committee. Specifically, the Risk Committee is in charge of:

a) implementing the risk assessment model adopted by the Coordination Committee in pursuance of the risk management policy framed by the Board of Directors;

b) producing the corporate Risk Map, subsequently to be maintained by the various officers responsible for managing identified risks and by the Internal Audit Department;

c) reporting to the Coordination Committee on all matters relevant to the Group's risk management policy;

d) laying before the Coordination Committee proposed actions to improve risk monitoring and control procedures.

Security Committee

The Security Committee, a body attached to the Risk Committee, establishes information and IT system security policies.

E.3 Indicate the main risks which may prevent the company from achieving its targets.

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 to market users. 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: La Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR) is Spain's central securities depository, governed by article 44 bis of the Securities Market Act, 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 as well as Latibex, the market for Latin American stocks traded in euros and MAB (Mercado Alternativo Bursátil).

These responsibilities mean that IBERCLEAR is responsible for fulfilling specific regulations applicable to the upkeep of book entries of securities admitted to trading on the system and ensuring the settlement of market transactions concluded over systems subject to two of the main governing principles of the Settlement System: the multilaterality and the guaranteed 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 inadequate hedging mechanisms in the system: centralised securities lending and buyback.

Unlike securities trading on organised exchanges, public debt and fixed income transactions over the CADE platform are bilateral: if either party defaults, no settlement occurs.

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 BME Clearing: In its role as the central clearing house, the risk accepted by BME Clearing, S.A.U. as counterparty of the position of a clearing member is hedged by actively managing the risk attaching to the collateral called in from and paid by clearing members with respect to that risk.

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

Industry risk: Risks relating to regulatory changes, the Company's reputation, sector competition, relations with stakeholders, the political, economic and legal environment.

E.4 Identify if the company has a risk tolerance level.

As set out in section E.1, BME, whether directly or indirectly, is ultimately the sole shareholder of the companies managing securities registration, clearing and settlement systems, central clearing houses, multilateral trading systems and secondary markets in Spain.

BME's Group companies are members of the European Association of Central Counterparty Clearing Houses (EACH), the European Central Securities Depositaries 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).

Group companies operate specific governance systems and mechanisms for internal control, risk management and ongoing supervision which enable them to design response plans in alignment with specified risk tolerance levels, having regard to applicable laws and regulations and to the recommendations issued by the organisations referred to above (see section E.6).

The BME Risk Committee is responsible for monitoring and analysing all risks arising from the activities performed by Group companies. These tasks are conducted as part of the coordinated management through the business units and corporate areas.

In accordance with the IRMS methodology discussed earlier, the Risk Committee considers and determines the risk tolerance level to be managed by each corporate area, having regard to the levels prescribed by the regulations specifically applicable to each given Group company.

The Risk Committee is also responsible for implementing the risk management and control policy laid down by the Board of Directors and overseen by the Coordination Committee. In particular, the implementation and continuing operation of the risk assessment model adopted by the Coordination Committee.

Based on the most advanced standards (Basel, BIS), for each of the Group's main activities and sources of risk the model estimates contingent losses in extreme but realistic worst-case scenarios for exposures to various risks. The Group's expected loss model is a Value at Risk (VaR) model calibrated at the 99% confidence level for reasonable time-frames that make a good fit with each activity segment. Some Group companies, however, use a higher confidence interval in compliance with the regulations specifically applicable to their activities. The model is supplemented by stress tests (extreme worst-case scenarios) to gain insight on how risk exposures might behave in extreme and improbable situations.

E.5 Identify any risks which have occurred during the year.

Of the risks covered by the system, as mentioned in E.3 above, of particular note is IT risk.

The systems supporting Group companies' activities undergo continuous review and adaptation in response to regulatory changes and the implementation of IT recommendations and best practices as they emerge. Given their connections to public and private entities, the systems are subject to functional modifications and improvements that require changes and new versions.

The incidents related to this risk that have occurred have been managed by prioritising recovery of service, with sufficient internal and external reporting.

Resolving such incidents has entailed the implementation of improvements in the control systems and reporting to the Markets and Systems Operating Procedures Committee and to the CNMV.

None of the other main risks materialised (see section E.6).

The Company's earnings and its ability to create value were unaffected, and response systems performed satisfactorily.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to.

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 to market users. 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.

This risk is managed and controlled by the BME Technology Corporate Area. The Area employs IT engineers specialising in each of the systems supporting BME's activities.

The systems supporting activities engaged in by BME companies are duplicated in order to eliminate single failure points. Critical infrastructure and equipment is duplicated in an alternative back-up centre at a different location to the main DPC. All data stored by the central system is backed up simultaneously and in real time at the alternative DPC. Back-up copies of all processes are kept. As with the primary DPC, the backup centre is equipped with all technical assets needed to resume the Company's activity in the event of a disruption of the primary centre.

The communications network providing access points for participants offer double connections with the primary DPC and the back-up centre which are contracted for with different providers. Procedures and agreements are in place

with the main communications service providers to ensure lines from the primary DPC to the back-up centre can be switched in a transparent manner for all entities.

The Systems Department is responsible for monitoring any error messages, alerts or flags in any application, communication system, network, database or system. An internal server monitoring system is in place which reviews a series of parameters by default. The system can be configured so that updates and alert messages are triggered in certain circumstances involving usage of disk space, memory and processing power.

The Systems Department has documented incident response procedures in place. The various systems' performance is monitored daily. Data obtained from this monitoring is automatically processed to prepare statistics and reports that are available to authorised users on the intranet. All procedures are documented and available on the Group intranet.

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 inadequate hedging mechanisms in the system: centralised securities lending and buyback.

As mentioned in section E.2, unlike securities trading on organised exchanges, public debt and fixed income transactions over the CADE platform are bilateral: if either party defaults, no settlement occurs.

IBERCLEAR has measures in place to remedy non-settlement incidents on SCLV and imposes penalties on entities that fail to settle securities or cash amounts when due.

The procedures used to manage defaults are as follows:

Failure to deliver securities: centralised securities lending and buyback procedure.

Failure to deliver cash: IBERCLEAR has a blocked cash account with Banco de España which it uses to guarantee that payments are immediately settled if a cash settlement fails. If this account is used, in the last instance, the funds will be replenished by debiting them from the collateral deposited.

IBERCLEAR may also resort to the collateral that participants are required to deposit to ensure settlements are correctly completed, pursuant to Chapter IV of Royal Decree 116/1992.

Participants are required to constitute collective collateral to ensure their fulfilment with the obligations deriving from their participation in settlements and the obligations resulting from the mechanisms IBERCLEAR uses to ensure securities and cash are delivered on the settlement date.

The part of the collective collateral to be provided and maintained by each participant shall be used, with no limit, to guarantee compliance with obligations undertaken by them in settlement. Every day, the exposure of each entity is therefore evaluated and, if necessary, additional collateral is requested.

The collateral of each participating must cover, as co-collateral, compliance of other entities' obligations.

If a participant should fail to fulfil all or part of a settlement, IBERCLEAR shall execute the part of the collateral necessary to cover the amount of the deficit. If the collateral is insufficient, IBERCLEAR shall apply the part of the collateral of the others, prorated by each collateral amount.

Meanwhile, liquid net assets funded by equity are fully separated from resources provided as collateral by infrastructure participants in the accounting process and in the settlement and deposit accounts. This separation is audited by an external firm every six and 12 months. Pursuant to prevailing legislation, MEFF submits the monthly financial statements of each infrastructure to the CNMV, indicating this separation.

Counterparty risk associated with BME Clearing: In its role as the central clearing house, the risk accepted by BME Clearing, S.A.U. as counterparty of the position of a clearing member is hedged by actively managing the risk attaching to the collateral called in from and paid by clearing members with respect to that risk.

As a central counterparty, BME Clearing manages its business risks independently in accordance with the BME IRMS.

Therefore, under the applicable EMIR rules, the entity has a risk-management framework comprising risk management policies, procedures, and systems that enable it to identify, measure, monitor and manage risks to which it is/may be exposed. In addition, a consultative Risk Committee advises the Board on all matters that might impinge on the central clearinghouse's risk management.

The central clearinghouse risk management framework encompasses: margin requirements and how margins are to be enforced; topping up the default fund in the face of defaults; review of models relied on, stress tests, back testing; control of liquidity risk; and the procedure to be followed in events of default.

All risks are first identified by the Internal Risk Committee, which periodically reviews risk management issues related with day-to-day operations, specifically the level of compliance with risk management criteria, models and parameters.

The risk management system used by BME Clearing, in accordance with the laws and regulations referred to above, focuses on monitoring and measuring exposures to participants by measuring credit, market and concentration risks in real time, using applications for managing the issues involved and sending alerts to participants.

Industry 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.

Group companies manage securities registration, clearing and settlement systems, central clearing houses, multilateral trading systems and secondary markets in Spain. These activities are regulated by legislation passed by the European Parliament and Council, and by the Securities Market Act and its implementing provisions.

BME operates a Regulatory Compliance Department whose role is to check that Group companies' processes are compliant with applicable laws and regulations and to help monitor regulatory changes might affect the Group's activities.

This function is supported by compliance officers at business units and corporate areas, who have developed internal standards and procedures to bring activities into alignment with prevailing law.

Furthermore, in accordance with specifically applicable regulations, BME Clearing has a Regulatory Compliance Verification Unit tasked with supporting BME Clearing and its Board of Directors in meeting its objectives by implementing regulatory compliance control procedures that contribute to providing services that are responsible and compliant with EMIR rules and Delegated Regulation (EU) No 153/2013.

The Board, through the Audit Committee, is responsible for ensuring that the BME Group's internal control and risk management systems are efficient, in accordance with articles 7.4 and 17 of the Board of Directors' Regulations, which state that *"the internal control and risk management systems shall be supervised by the Committee". To this end, at least once a year it will supervise the control and risk management systems to ensure that the main risks are adequately identified, managed and reported, and will discuss with the auditors or audit firms or experts appointed for that purpose, any significant weaknesses detected in the auditing process."*

The Audit Committee is supported in its role of supervising the IRMS by the BME Group Internal Audit Department. Thus, the regulations for the BME Group Internal Audit state that, among its functions, the Internal Audit department shall: *"...oversee the proper functioning of the internal control and risk management systems, and keep the Board, Audit Committee and senior management of BME informed, through the Risk Committee, on the adequacy and effectiveness of the procedures, norms, policies and instructions established by Group companies to ensure the proper functioning of these systems."*

F. Internal control over financial reporting (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the company.

F.1 The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

As stipulated in articles 25 of the Articles of Association and 7 of the Board of Directors' Regulations, the Board of Directors is the Company's most senior governing and administrative body, and shall assume, among other responsibilities, those of being vigilant of the transparency and veracity of the information of the Company in its relations with shareholders and with the markets in general, identifying the principal risks affecting the Company and supervising the internal control systems. The BME Group has defined an Integrated Risk Management System (IRMS), into which it incorporated the Internal Control over Financial Reporting (ICFR) system, after the ICFR system was approved by the Risk Committee.

As stipulated in article 7 of the Board of Directors' Regulations, the Board of Directors shall entrust the management of the Company's ordinary business to its delegate bodies, its executive members and the senior management team. In line with this task, the BME Group's finance department is responsible for the design, introduction and functioning of the ICFR.

The Board, through the Audit Committee, is responsible for ensuring that the BME Group's internal control and risk management systems, which include supervising the IRMS (comprising the ICFR), are efficient as per articles 7.4 and 17 of the Board of Directors' Regulations. These articles also stipulate that *"the internal control and risk management systems shall be supervised by the Committee. To this end, at least once a year it will supervise the control and risk management systems to ensure that the main risks are adequately identified, managed and reported, and will discuss with the auditors or audit firms or experts appointed for that purpose, any significant weaknesses detected in the auditing process."*

The Internal Audit Department of the BME Group plays a key role in carrying out the competencies delegated to it by the Audit Committee with regard to monitoring IRMS and, particularly, ICFR. Thus, the regulations for the BME Group Internal Audit state that, among its functions, the Internal Audit department shall: *"...oversee the proper functioning of the internal control and risk management systems, and keep the Board, Audit Committee and senior management of BME informed, through the Risk Committee, on the adequacy and effectiveness of the procedures, norms, policies and instructions established by Group companies to ensure the proper functioning of these systems to attainment goals related to:*

- *Effectiveness and efficiency of resources and operations;*
- *Reliability of financial and operational information; and*
- *Compliance with applicable laws and other regulations."*

F.1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process:

- **The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company.**

  The BME Group is a group of companies under coordinated management divided into seven Business Units (Equities, Derivatives, Fixed Income, Settlement, Information, Listing and IT & Consulting) and seven Corporate Areas (Human Resources, Technology, Finance, Corporate Communication, International Relations, General Secretariat and Legal Consultancy).

  Pursuant to articles 7.4 and 17 of the Board of Directors' Regulations, the Board shall monitor the financial information released to shareholders and the markets in general. According to article 17.2 of the same Regulations, the Audit Committee shall assist the Board in implementing this duty. As we have noted above, the Board of Directors shall entrust the management of the Company's ordinary business to its delegate bodies, its executive members and the senior management team, focusing its activity on driving, directing and supervising matters of particular significance for 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 senior management, establishing the basis of the corporate organisation in order to ensure its maximum efficiency.

For that purpose, the BME Group has various procedure manuals in place which clearly establish the allocation of tasks and levels of responsibility and authority in the preparation of financial information. These manuals have been distributed to all employees who take part in preparing relevant financial information, including all companies of the Group. With this framework, the BME Group endeavours to guarantee, among other aspects, that the established organisational structure offers a consistent ICFR model.

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.**

The Company has in place a Code of Conduct for the BME Group and its Internal Regulations of Conduct of BME, Sociedad Holding de Mercados y Sistemas Financieros, S.A., approved by the Board.

The Code of Conduct of the BME Group was approved by the Board of Directors on 29 November 2012 as part of the system for the prevention of criminal risks and comprises the ethical principles and conduct which all BME Group Directors, legal representatives, managers and employees must comply with. The Code of Conduct lays down the general guidelines for conduct of all the individuals affected by the Code and describes the guidelines for conduct in specific situations, including the fulfilment of accounting and taxation obligations and compliance with internal controls in this regard.

In conjunction with the Code of Conduct of the BME Group, the Internal Regulations of Conduct lay down the principles and framework of action for the Company and its Group with respect to the securities markets. All employees receive a copy of these Regulations, which are also permanently available both in the internal regulations and on the Company's website.

The main points covered in these Regulations, as well as how training is given, are as follows:

- Individuals included.
- Actions included and securities affected.
- Standards of Conduct Committee.
- General principles of conduct.
- Conflicts of interest.
- Use of information.
- Transactions.
- Special rules regarding inside information.
- Material information.
- Rules on the management of treasury stock.
- Non-compliance.
- Entry into force and transitional provisions.

The Standards of Conduct Committee is the body in charge of applying, interpreting and monitoring these Regulations, as well as approving the instructions or guidelines for their implementation. It is also in charge of investigating breaches and proposing corrective or disciplinary action where applicable.

This Committee reports to the Markets and Systems Operating Procedures Committee of the Board of Directors. Its remit includes being cognisant of the Internal Regulations of Conduct and periodically receiving information from the Standards of Conduct Committee.

Additionally, the BME Group has a Declaration of Ethical Values for the preparation of financial information, approved by the Risk Committee at its meeting on 13 February 2012, which applies to all BME Group employees.

The declaration of ethical values establishes the rules of conduct to which all employees must adhere and the ethical principles related to the preparation of financial information, and are based on the following principles:

"(…)

- *Independence: employees will adopt a permanent attitude of objectivity and independence in the performance of their various activities within the Group, not only observing all applicable guidelines but also preventing situations in which, due to a possible conflict of interest or any other circumstance, impartiality and objectivity could be affected.*

- *Completeness: employees will show honesty and rigour when carrying out tasks concerning the preparation of financial information and shall not be influenced by external factors which may affect their professional judgment, and shall ensure that the criteria is maintained at all times and that the information is treated in an impartial and complete way.*

- *Responsibility: employees shall use their technical and professional skills when handling and preparing financial information. They shall be responsible for obtaining the necessary training in order to carry out their duties to the best of their ability.*

Likewise, they shall be subject to applicable legislation regarding financial reporting and shall respect the procedures established internally. They shall record transactions accurately and maintain the same criteria for all files and records.

- *Professionalism and dedication: all employees shall comply with the professional standards, laws and the rules and regulations applicable to each case and avoid any situation which might jeopardise the prestige of the Group or its professionals.*

  Likewise, they shall endeavour to act in a legal and correct manner.

- *Confidentiality: all employees are bound by professional secrecy and strict confidentiality when handling financial information to which they are privy during the course of their work.*

(…)"

- **'Whistle-blowing' channel, for the reporting to the Audit Committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.**

Article 17 of the Board of Directors' Regulations, outlines, among other issues, the responsibilities delegated to the Audit Committee, stating: *"(…) It shall also establish and supervise the proceedings whereby Company personnel may anonymously report any irregularity in the internal control and risk management systems. (…)"*

In accordance with the abovementioned article, at its meeting of 25 January 2007, and following approval from the Audit Committee, the Board approved the procedure for notifying deficiencies in the internal control and risk management systems, which is available to all employees on the Group's intranet.

This procedure for notifying deficiencies is a way for all BME Group staff to report anonymously and in writing, via any mail system, whilst upholding strict confidence, possible irregularities detected in the internal control and risk management systems.

For practical purposes, for this procedure the Internal Audit Department shall be responsible for (i) keeping a record of all notifications received concerning relevant issues; (ii) analysing all notifications and, if applicable, carrying out the necessary enquiries, verifications and analysis to check the irregularity or deficiency reported; and (iii) informing the Audit Committee of its actions.

- **Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.**

The BME Group has a training policy defined by the Human Resources Department aimed at providing a continuous training plan for all staff involved in preparing and reviewing financial information, as well as assessing ICFR.

During 2013, and as part of the annual training plan for all BME Group employees, various courses were offered. These courses were internal and external, onsite (offered at the company's various work centres) and online (based on an e-learning/blended methodology for those courses which could be offered in this format). The following areas were covered:

- User applications: Training in the software facilitator for task automation.
- Skills development: Training aimed at developing competences and skills in the workplace.
- Economic/financial: Financial training and/or refresher courses in any of its functional areas, particularly relating to:
  - The General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November;
  - The regulation for preparing Consolidated Annual Financial Statements approved by Royal Decree 1159/2010 of 17 September;
  - Circular 9/2008, of 10 December, of the Comisión Nacional del Mercado de Valores (amended by Circular 6/2011, of 12 December);
  - International Financial Reporting Standards;
  - Recognition, valuation and impairment of financial instruments;
  - Valuation and recognition of provisions and contingent assets and liabilities;
  - Analysis of financial statements, and
  - Internal Control over Financial Reporting System.

- Markets and Financial Assets: Training in the BME Group's markets, assets and business areas.
- IT: Training on developing and perfecting new technologies.

Training actions are aimed at all BME Group employees. In 2013 Group employees received a total 16,974 hours of training. 437 hours of training were provided in the Financial and Internal Audit Departments.

F.2 Risk assessment in financial reporting

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- **The process exists and is documented.**

The Risk Committee has developed an integrated risk management system (IRMS) based on the methodological framework specified in the COSO II paper. According to the nature of each specific risk, the following lines of action are carried out in parallel:

- Business risks are managed on a decentralised basis; each business unit or corporate area is autonomous, and all units and areas report to the Risk Committee.
- Corporate risks (strategic, financial, regulatory, technological, human resource-related) are managed on a centralised basis, being addressed by a coordinated effort across the various areas, and reported on uniformly to the Risk Committee.

In accordance with the IRMS Methodology, on a six-monthly basis the Risk Committee receives information on the management of ICFR, which is included in the information relating to the IRMS and is submitted through the Audit Committee to the Board of Directors of the Company.

- **The process covers all financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency.**

In order to guarantee the reliability of the relevant financial information based on a criteria of defined materiality, and taking into account all the financial information reported and disclosed, the following global objectives of the BME Group have been taken into account:

a) Existence and occurrence: Transactions, facts and other events presented in the financial information exist in reality and have been recorded at the right time.

b) Completeness: The information includes all transactions, facts and other events in which the Group is the affected party.

c) Valuation: Transactions, facts and other events are recorded and valued in accordance with applicable standards.

d) Presentation, disclosure, and comparability: Transactions, facts and other events are classified, presented and disclosed in the financial information in accordance with applicable standards.

e) Rights and obligations: Financial information shows, at the corresponding date, the entity's rights and obligations through the corresponding assets and liabilities, in accordance with applicable standards.

With regard to the preparation and maintenance of the corporate risk map, which includes those relating to ICFRS.

- Production and maintenance of the corporate risk map requires that each risk officer (ICFR) regularly updates the information on each identified global risk needed for management and control;
- New events are identified, and
- Action plans are rearranged as necessary.

The Internal Audit Department evaluates the controls in place and quantifies residual risk.

- **A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies. etc.**

As part of the process of identifying and assessing risks in financial reporting, the Group's Finance Department is responsible for identifying and/or modifying the scope of consolidation and assesses the following:

a) the significant influence, if applicable, the Company, individually or in conjunction with the rest of the BME Group companies, has over the company in question;

b) the percentage of the effective stake held by the BME Group in the company in question;

c) the activity and corporate purpose; and,

d) the existence of a "decision-making unit" in accordance with applicable legislation.

Therefore, in accordance with article 7 of the Board of Directors' Regulations, with regard to the management guidelines and establishing the basis for the corporate organisation of senior management, the Board is responsible for: *"Approving the following operations: setting up and dissolving companies, acquiring stakes in existing companies, and any merger, takeover, spin-off or concentration operations that the Company is interested in, provided that these are of significance for the Company in terms of their size or nature. In any event, the Board must submit to the General Shareholders' Meeting for approval or ratification any acquisitions of stakes in companies whose corporate purpose is totally unrelated to that of the Company or Group companies if and when the size of the investment represents over 20% of the company's consolidated net worth."*

During 2013 no complex corporate structures or special purpose vehicles were identified.

- **The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.**

The risk identification process takes into consideration both business support processes, and the intervening applications in the preparation of financial information. For this purpose, the BME Group has a ***Structure of corporate risks*** which includes the following risk types:

- Operational Risk.
- Market risk.
- Reputational risk.
- Risk of fraud.
- Legal risk.
- IT risk.
- Credit or counterparty risk.
- Inherent risk in the securities settlement system.

The BME Group prioritises each of the identified risks, weighting them according to the probability of occurrence (low, moderate, significant and very high) and the impact on the Group should a detected risk turn into a real event (low, moderate, significant and critical).

- **Which of the company's governing bodies is responsible for overseeing the process.**

The Board of Directors shall "supervise the efficiency of the Company's internal control and risk management systems". In order to carry out this function, the Board has an Audit Committee and 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 (...)".*

Lastly, according to the Regulations for the BME Group Internal Audit approved on 30 October 2013, one of the Department's missions is to: *"(…) assist the Audit Committee in the effective monitoring of the Internal Control and Risk Management System, by exercising an independent function in line with regulations and professional standards of quality, which help good Corporate Governance and reduce to acceptable levels the possible impact of the risks on the attainment of the Company's objectives (…)".*

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

The preparation of the financial information which is disseminated to the stock market and its subsequent review is entrusted to a suitably defined human and technical team which allows the BME Group to ensure that this information is precise, true and comprehensive according to current legislation. The procedures for preparing and reviewing financial information have been defined and documented by the Finance Department. Other departments also assist in ensuring that the necessary level of detail is obtained.

Therefore, the procedures for the accounting close and the preparation of the financial statements occasionally rely on key judgements, estimates and assumptions made by senior management to quantify assets, liabilities, revenue, expenses and commitments, which are described in detail in the corresponding financial statements. These estimates are made according to the best available information at the date on which the financial statements are prepared, using generally accepted methods and techniques and data, and observable and contrasted assumptions. In the current year, the following issues have been addressed:

- the assessment of potential impairment losses on certain assets;
- assumptions used in the actuarial calculation of liabilities and commitments for post-employment benefits;
- the useful life of property, plant and equipment and of intangible assets;
- goodwill impairment measurement;
- the fair value of certain financial instruments;
- the calculation of provisions; and
- assumptions used to determine the variable remuneration schemes relating to BME shares.

In order to guarantee the reliability of this financial information, the Finance Department carries out monthly review and closing procedures, such as analysing the adherence to budgets, preparing business performance indicators and analysing the ratios defined by the BME Group itself.

The Board, through the Audit Committee, has among its functions, pursuant to article 8 of the Board of Directors' Regulations, that of reviewing all the published financial information: *"(…) In matters related to the stock market and bearing in mind the Company's status as an issuer, the Board of Directors, either in full or through its Committees, shall undertake the following specific duties:*

> *a) Supervising all periodic financial reports and in general the information released to the financial markets on all events, decisions and circumstances that may affect the Company's share price performance.*

(…)"

The Finance Department is responsible for determining the relevant financial information, based on quantitative criteria of materiality, and qualitative criteria, taking into consideration all of the financial information reported and published in the financial markets. Later, the processes linked to this information are analysed, distinguishing between business processes, support processes and the applications used in preparing the financial information. To this end, the BME Group has descriptive documentation of the activity flow charts relating to the processes, sub-processes and activities linked to this financial information, as well as the main risks and controls associated with the same. These are reviewed and updated periodically.

The Internal Audit Department shall *"(...) Revise the reliability and completeness of the financial and operating information, as well as of the means used to identify, evaluate, classify and disseminate this information. (...)", as stipulated in the Regulations for the BME Group Internal Audit.*

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The IT systems which support the processes on which the financial information is based are subject to internal control policies and procedures to guarantee the completeness of the preparation and publication of the financial information.

Specifically policies have been established in relation to:

Safety in accessing the information: the process systems which contain the BME Group's financial information can only be accessed by univocal user IDs which are password protected in each of the environments. Likewise, permission to access the different environments, applications or operating systems is granted according to the user class and powers. The process of managing users in these systems is based on established procedures based on formally established channels.

Operating and business continuity: the BME Group has a comprehensive IT Contingency Plan in place (capable of dealing with the most complex situations) to guarantee the continuity of its IT services. There is a back-up centre where copies are automatically generated to guarantee the availability of all information in the event of an emergency. The Company carries out tests to guarantee the correct functioning of its contingency plan.

Segregation of duties: the development and operation of the financial IT systems is carried out by a large group of professionals with clearly differentiated and segregated functions. The staff of the business unit in question are responsible for defining the requirements and final validation tests before any system is rolled out. The rest of the duties fall to different persons within the IT area:

- The project leaders carry out functional analyses and manage the development projects, developmental and operational management and integration tests.
- The development teams are in charge of technological design, construction and tests, always adhering to the development methodologies defined by the Group. Access to information to resolve incidences must be formally requested and authorised internally.

The IT systems contain user profiles based on the roles of each of the people that require access to them. Staff competent in every application or environment manage these requests and permissions and verify that incompatible permission is not assigned.

Management of changes: the BME Group has established mechanisms and policies in place to ensure that possible failures in the service, caused by updates or changes to the IT systems, are avoided. There are change and monitoring committees which ensure that the established management procedures for changes are complied with. These include security measures aimed at mitigating risks. All changes to the systems are carried out by controlled staff and the changes identified and upgrades indexed to production environments.

Incident management: the policies and procedures in this matter are in place to resolve incidents in the shortest time possible. There are incident communication channels and registration tools in place. Efficient incident management is achieved by correctly prioritising and following-up incidents according to importance, reducing communication times and, finally, determining problems and identifying suggestions for improvement.

Incident monitoring and improvement plans are reported periodically to the pertinent committees and are aimed at monitoring the service provided.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

BME has in place ***Procedures for managing outsourced activities*** which stipulate that the need to outsource activities must be based on the existence of sufficient reasons or legal provisions which justify this need in order for the BME Group to attain its goals or meet legal arrangements. To proceed with the subcontracting/outsourcing, a minimum of two and a maximum of three suppliers shall be considered, in so far as this is possible.

In all cases, the outsourcing of activities and subcontracting to third parties shall be carried out through service contracts between the supplier and the relevant BME Group company, clearly indicating the service to be provided and the means to be used to provide these services. According to the nature or an assessment of the risks identified, the department responsible for subcontracting/outsourcing shall notify suppliers that the service provision contract will include clauses stating that the staff at the contracted company must comply with BME Group regulations.

Before services can be subcontracted/outsourced, the department responsible for the subcontracting/outsourcing must send the offer and the conclusions of the preliminary risk study to the Legal Department.

The list of BME Group suppliers is revised and, if applicable, updated each year. Likewise, the controls in place at the suppliers are monitored.

In order to appraise, calculate or value the services commissioned from independent experts when these may materially affect the financial statements, the Group has in place a system to assess the competence, ability, credentials and independence of all independent experts, prior to their selection. When monitoring this appraisal, BME verifies the reasonableness of the assumptions used by the expert, as well as the completeness of the data and the methods used.

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The responsibility for defining, interpreting and settling doubts or disputes regarding the accounting criteria and policies of the BME Group, among other functions, falls to the Finance Department.

To this end, the BME Group has a ***Procedures and Criteria*** manual which describes the accounting treatment of the different types of transactions which may materially affect financial information. This ***Procedures and Criteria*** manual is updated periodically to include any legislative amendments as well as new transaction types which may require new criteria and accounting policies to be established. Once updated, this procedures manual is made available to all BME Group employees.

In order to prepare the BME Group's consolidated annual financial statements, accounting policies adopted are pursuant to the legislative framework applicable to the Company and BME Group companies. These are set forth in the Code of Commerce and other mercantile legislation, in the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 and its sector adaptations, in Circular 9/2008, dated 10 December, of the CNMV (amended by Circular 6/2011 dated 12 December), and in the International Financial Reporting Standards adopted by the European Union.

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The BME Group has mechanisms for the capture and preparation of financial information based on tools of renowned prestige. All BME Group companies use the same tools, which guarantees completeness, uniformity and correct functioning, as well as the correct preparation of the required financial information and the applicable disclosures.

These tools are segregated into different interconnected layers and are equipped with applications into which data on the operations which take place each day via the different channels (internet, in-house services, etc.) are input. This information is then processed and prepared before being treated by specific back-office systems and segregated according to market and transaction category. This way reliable and exact information is obtained for accounting purposes and generating results. The results and calculation of data once the operations have executed on the market are automatically transferred to reporting and financial consolidation tools which have quality controls to guarantee these are reconciled.

F.5 Monitoring

Indicate the existence of at least the following components, describing their main characteristics:

F.5.1. The ICFR monitoring activities undertaken by the Audit Committee and an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The internal audit function is carried out by the Internal Audit Department which is a staff body within BME. It has no executive responsibilities in managing the group's ordinary businesses and reports directly to the Audit Committee, a BME board committee.

The remit of the Audit Committee includes the following duty, pursuant to article 35 of the Articles of Association:

> *"To supervise the Company's internal audit services which shall be answerable to the Audit Committee, reporting to the Board of Directors."*

This power is developed in article 17.2.c) of the Board of Directors' Regulations, which textually states:

> *"To supervise the Company's internal audit services which shall be answerable to 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 arrangements whereby Company personnel may anonymously report any irregularity in the internal control and risk management systems."*

The Internal Audit Department compiles, at least, the following reports for the Audit Committee:

- Review of processes and activities: arising from the execution of the department's activities plan. Also, when requested to do so by the Audit Committee and managers of BME Group companies, with prior consent from the Risk Committee.
- Review of Internal Control over Financial Reporting: assessment of the effective functioning of the Internal Control over Financial Reporting System.
- Annual report on the activities of the Internal Audit service: including information on the execution of the review activities carried out and incidents relating to the risks identified in the department's processes.

In addition, in accordance with BME's IRMS Methodology, Business Unit and Corporate Area managers submit half-yearly information to the Risk Committee, mainly detailing any occurrences of the identified representative risks materialising, their assessment of these and, if appropriate, the action plans to mitigate them. Among these reports, the Risk Committee receives a report from the Financial Department which, as it is responsible for the management of ICFR, includes information regarding occurrences of risk, assessments thereof and action plans relating to ICFR.

In turn, the Director of the Internal Audit Department, who attends Risk Committee meetings at which he may speak but not vote, proposes recommendations and suggests the most relevant points of reflection on the IRMS, based on the information provided.

In 2013, the Internal Audit Deparment undertook annual assessment of ICFR and followed up the extent of response to the recommendations given after the previous year's review. With this assessment, the Internal Audit Department validates the effectiveness of the controls in place, through the performance of various audit tests. These tests basically consist of testing compliance in processes and/or risks classified as having a critical impact, and self-assessment questionnaires or specific tests of the existence thereof and their application for the controls in place for risks that have not been deemed to have a critical impact, or controls of a general nature.

Finally, the Internal Audit Department presented its annual Activities Plan to the Audit Committee in 2014. The plan focuses on ongoing improvement in the IRMS through suggestions and proposals by the Risk Committee and, mainly, on reviewing those business processes for which ICFR assessment is mandatory under specifically applicable regulations, to assess its functioning and validate its effectiveness.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Article 17 of the Board of Directors' Regulations stipulates that, among the other responsibilities delegated to the Audit Committee, it shall: *"supervise the efficiency of the Company's internal control and risk control systems. To this end, at least once a year it will supervise the control and risk management systems to ensure that the main risks are adequately identified, managed and reported, and will discuss with the auditors or audit firms or experts appointed for that purpose, any significant weaknesses detected in the auditing process."*

The Audit Committee shall also *"Liaise with the external auditors in order to receive information on any issues that might jeopardise the latter's independence for examination by the Committee 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. 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. The Committee shall also monitor compliance with the regulations in force concerning the provision of services other than auditing, the limits in regard to business concentration of the auditor and, in general, any other rules aimed at ensuring the auditors' independence. Each year the auditors will issue written confirmation of their independence from the Company, as well as information on any other type of service provided by the auditors or persons or entities related to them".*

In this regard, the Audit Committee met on eight occasions in 2013. The external auditors were called to the meetings of the Audit Committee at which the financial information of both BME and its Group companies was reviewed.

F.6 Other relevant information

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F.7 External auditor review

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

In applying the recommendations included in the CNMV's report on *Internal control over financial reporting in listed companies* published on its website, the Company has requested that its auditor conduct a review of its ICFR disclosures. The resulting report will be included as an Appendix to this Annual Corporate Governance Report.

G. Degree of compliance with Corporate Governance recommendations

Indicate the degree of the company's compliance with Corporate Governance recommendations.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1.The Articles of Association 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.10, B.1, B.2, C.1.23 and C.1.24.

Complies X 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: D.4 and D.7

Complies Partially complies Explain Not applicable X

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.

See section: B.6

Complies X Partially complies Explain

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.

Complies X Explain

5. Separate votes should be taken at the General 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 Articles of Association, with votes taken on all articles or groups of articles that are materially different.

Complies X Partially complies 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.

Complies X 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 X **Partially complies** **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 plans, 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: C.1.14, C.1.16 and E.2

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.
ii. Directors' remuneration, and, in the case of executive Directors, the additional remuneration for their executive functions and other contract conditions.
iii. The financial information that all 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.

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 contracts applied on an across-the-board basis to a large number of clients;

2. They go through at market prices, 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 full board.

See sections: D.1 and D.6

Complies X **Partially complies** **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 members.

See section: C.1.2

Complies X **Explain**

10. External Directors, proprietary 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.3 y C.1.3.

Complies X **Partially complies** **Explain**

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

This proportional criterion can be relaxed so the weight of proprietary 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.

See sections: A.2, A.3 and C.1.3

Complies **Explain** X

At 31 December 2013, because over the past two years some of the shareholders represented on the Board had sold off some of their shares, the proportion of non-independent to independent Directors was out of balance, and capital represented by non-independent Directors was out of proportion to unrepresented capital. What was more, the composition of the Board did not reflect a multiplicity of unrelated shareholders. These circumstances were believed to have been present beforehand, and warranted the Company's implementation of this Recommendation.

BME takes the view that the lack of proportionality on the Board is made up for by the significant presence of independent Directors. At 31 December 2013 independent Directors accounted for 35.72% of the entire Board and 41.67% of non-executive Directors. BME believes that this proportion is sufficient for shareholders who are not represented on the Board to have their interests properly defended.

The proportion of independent Directors has increased still further in 2014 when the Company's only significant shareholder sold its stake and its two appointed Directors resigned accordingly. At the date of authorisation for issue of this report the proportion of independent Directors had increased to 41.67% of the entire Board and 50% of non-executive Directors.

We also highlight that there is no significant and/or major shareholder of the Company with a disproportionate representation on the Board. At 31 December 2013 three shareholders had each nominated two Directors (by the date of adoption of this report one of those three shareholders had relinquished its nominations); however, there is no circumstance linking those shareholders in such a way as to support the claim that they enjoy a joint position of control or majority on the Board.

In addition, at the time of writing, BME takes the view that the effective operation of the Company and the achievement of its objects are best served by keeping in office as Directors the representatives on the Board of those entities which were significant shareholders of the Company since its formation and continue to hold stakes, albeit no longer significant ones, by reason of their in-depth familiarity with the Company's activities and the financial environment in which it operates.

However, in order to comply with this Recommendation next year, at the proposal of the Appointments and Remuneration Committee the Board has resolved, before the adoption of this Report, to appoint by co-option a Director who qualifies as independent. In addition, the Appointments and Remuneration Committee, in the exercise of the powers conferred on it by the Articles of Association and the Board of Directors' Regulations, may propose to the Board for the purpose of submission to the next ordinary General Shareholders' Meeting the appointment of one or more Directors qualifying as independent.

12. The number of independent Directors should represent at least one third of all board members.

See section: C.1.3

Complies X Explain

13. 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 proprietary 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 proprietary Directorship.

See sections: C.1.3 and C.1.8

Complies X Partially complies Explain

14. When women Directors are few or non existent, 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: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies X Partially complies Explain Not applicable

15. 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 sections: C.1.19 and C.1.41

Complies X Partially complies Explain

16. 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: C.1.22

Complies X Partially complies Explain Not applicable

17. 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 Articles of Association 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 full board meeting; the relevant appointment and removal procedures being spelled out in the board regulations.

See section: C.1.3

Complies X Partially complies Explain

18. 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: C.1.29

Complies X Partially complies Explain

19. 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: C.1.28, C.1.29 and C.1.30

Complies X Partially complies Explain

20. 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 Partially complies Explain Not applicable X

21. 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 sections: C.1.19 and C.1.20

Complies X Partially complies Explain

22. All Directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the Articles of Association or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: C.1.41

Complies X Explain

23. 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: C.1.40

Complies X Explain

24. 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 X Partially complies Explain

25. 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: C.1.12, C.1.13 and C.1.17.

Complies X Partially complies Explain

26. 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: C.1.3

Complies X Partially complies Explain

27. 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, proprietary or independent; in the case of proprietary 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 X Partially complies Explain

28. Proprietary 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 proprietary Directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and C.1.2

Complies X Partially complies Explain

29. The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the Articles of Association, 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 Order ECC/461/2013.

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 11.

See sections: C.1.2, C.1.9, C.1 .19 and C.1 .27

Complies X Explain

30. 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 213 of the Ley de Sociedades de Capital (the "Companies Act"), 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: C.1.42 and C.1.43

Complies X Partially complies Explain

31. 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 ☐ Partially complies ☐ Explain ☐ Not applicable ☒

32. 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: C.1.9

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

33. 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.

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

34. 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 ☒ Partially complies ☐ Explain ☐

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

Complies ☒ Partially complies ☐ Explain ☐

36. 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 ☒ Partially complies ☐ Explain ☐

37. 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: C.2.1 and C.2.6

Complies ☒ Partially complies ☐ Explain ☐ Not applicable ☐

38. 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 ☒ Partially complies ☐ Explain ☐

39. 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 Appointments and remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Appointments 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: C.2.1 and C.2.4

Complies X Partially complies Explain

40. 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.

See sections: C.2.3 and C.2.4

Complies X Explain

41. Audit committee members, particularly the Chairman, are appointed in light of their knowledge and experience of accounting, audit or risk management

Complies X Explain

42. 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.

See section: C.2.3

Complies X Explain

43. 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 X Partially complies Explain

44. 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.

See section: E

Complies X Partially complies Explain

45. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.

Monitor the independence and efficacy of the internal audit function; proposing 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.

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 of the external auditor:

a) 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 recommendations.

b) Monitor the independence of the external auditor, to which end:

- 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.

- The Committee should investigate the issues giving rise to the resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies X Partially complies Explain

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

Complies X Explain

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

a) The financial information that all 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: C.2.3 and C.2.4

Complies X Partially complies Explain

48. 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: C.1.38

Complies X Partially complies Explain

49. The majority of Nomination Committee members – or Appointments and remuneration Committee members as the case may be – should be independent Directors.

See section: C.2.1

Complies X Partially complies Explain

50. 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: C.2.4

Complies X Partially complies Explain Not applicable

51.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 X Partially complies Explain Not applicable

52. 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 section: C.2.4

Complies X Partially complies Explain Not applicable

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

Complies X Explain Not applicable

H. Other information of interest

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.

2. You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable identify the Code and date of adoption.

Pursuant to the Code of Best Tax Practices approved by the Large Businesses Forum, to which BME adhered on 30 September 2010, the annual corporate governance reports of companies adhering to said Code must include reference to the fact that these companies comply with such practices.

In 2013, in order to comply with the commitments undertaken by the Company through its adhesion to the Code of Best Tax Practices and the "Taxation principles to be applied by the Company" approved by the Board of Directors at its meeting on 22 March 2011, the Audit Committee, at its meeting on 21 February 2013 was informed and took due note of the fiscal policies applied by the Company, before it prepared the annual financial statements.

At its meeting on 22 July 2013, the Audit Committee was informed of the fiscal policies applied by the Company before it filed its income tax return.

This annual corporate governance report was approved by the Company's Board of Directors at its meeting held on 27 February 2014.

List whether any Directors voted against or abstained from voting on the approval of this Report.

Yes		No	X