

**Bolsas y Mercados Españoles,
Sociedad Holding de Mercados
y Sistemas Financieros S.A.**

Independent auditor's report,
annual accounts and
director's report

December 31, 2019



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

Independent auditor's report on the annual accounts

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

Report on the annual accounts

Opinion

We have audited the annual accounts of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (the Company), which comprise the balance sheet as at December 31, 2019, and the income statements, statement of total changes in equity, statement of cash flow and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2019, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 2 of the notes to the annual accounts), and, in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
<p data-bbox="315 468 828 552">Valuation of non-current investments in Group companies and associates and dividend entries derived from them</p> <p data-bbox="315 590 828 905">As mentioned in Note 1 to the accompanying annual accounts, the Company's corporate purpose 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, among others. The detail of the subsidiaries as at 31 December 2019, together with other relevant information related thereto, is shown in Note 9 of the accompanying annual accounts.</p> <p data-bbox="315 936 828 1220">As at 31 December 2019, the net book value of the non-current investments in Group companies and associates amounts to 342,310 thousands of euros. At the end of the year, for the eventual impairment valuation of these investments, the Company uses financial information of its subsidiaries, which are unlisted companies, as referred to in Notes 4.4.1 and 9 of the accompanying annual accounts.</p> <p data-bbox="315 1251 828 1566">As mentioned in Note 4.7 to the accompanying annual accounts, dividend income is recognized as revenue in the income statement when the shareholder's right to perceive them is declared. As seen in the mentioned Note, during the year 2019, the subsidiaries have paid dividends from the result obtained during the year. The Company's revenue are the dividends received from its subsidiaries having amounted to 131,296 thousands of euros as at 31 December 2019 (Note 4.7 of the annual accounts).</p> <p data-bbox="315 1598 828 1703">We have identified this area as relevant matter, due to its significance both to the Company's assets as well as its revenue registered in the income statement for the year.</p>	<p data-bbox="860 590 1429 695">Furthermore, we describe the main audit procedures performed to verify the valuation of non-current investments in Group companies and associates:</p> <ul data-bbox="860 726 1445 1514" style="list-style-type: none"><li data-bbox="860 726 1445 873">• We have made an understanding of the process followed by the Management in relation to the valuation of the subsidiaries and registration of the paid dividends by them.<li data-bbox="860 905 1445 1136">• We have obtained the most recent available financial information for each one of the subsidiaries and we have made a contrast of the valuation made by the Company, taking as reference the book value of the subsidiaries. Additionally, in certain subsidiaries, we have carried out contrast exercises through the dividend discount.<li data-bbox="860 1167 1445 1272">• We have performed audit procedures to corroborate that there are not misstatements that generate significant misstatements in the financial information of the subsidiaries.<li data-bbox="860 1304 1445 1514">• We have corroborated the agreements according to which the distribution of the subsidiaries dividends has been agreed during the year and we have verified the correct accounting record of the same in the Company's annual accounts, in accordance with the applicable regulations. <p data-bbox="860 1545 1445 1740">As a result of the above procedures, we have obtained sufficient and adequate audit evidence to conclude on the valuation made by the Company of non-current investments in Group companies and associates and their disclosure in the annual accounts, as well as with respect to the accounting record made of the dividends received from them.</p>



Other information: Director's report

Other information comprises only the consolidated director's report for the 2019 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the director's report. Our responsibility regarding the information included in the director's report is defined in the company audit governing regulations, which establishes two differentiated responsibility levels:

- a) A specific level that is applicable to certain information included in the Annual Corporate Governance Report, defined in article 35.2. b) of Audit Act 22/2015, that consists of verifying solely that the aforementioned information has been provided in the director's report and if not, we are required to report that fact.
- b) A general level applicable to the rest of the information included in the director's report that consists of evaluating and reporting on the consistency between that information and the annual accounts as a result of the knowledge of the entity obtained during the audit of the aforementioned financial statements and does not include information different to that obtained as evidence during our audit, as well as evaluating and reporting on whether the content and presentation of that part of the director's report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have ascertained that the information mentioned in paragraph a) above has been provided in the director's report and that the rest of the information contained in the director's report is consistent with that contained in the annual accounts for the 2019 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the audit committee for the annual accounts

The Company's directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company's directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Company's audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.



Bolsas y Mercados Españoles, Sociedad Holding
de Mercados y Sistemas Financieros, S.A.

Report on other legal and regulatory requirements

Report to the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated February 28, 2020.

Appointment period

The General Ordinary Shareholders' Meeting held on April 25, 2019 appointed us as auditors for a period of one year, as from the year ended December 31, 2019.

Previously, we were appointed by resolution of the General Shareholders' Meeting for a period of three years and we have audited the accounts continuously since the year ended December 31, 2013.

Services provided

Services provided to the Company for services other than the audit of the accounts, and additional to those indicated in the Note 17 to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Ignacio Martínez Ortiz (23834)

February 28, 2020

**Bolsas y Mercados
Españoles, Sociedad
Holding de Mercados y
Sistemas Financieros, S.A.**

Annual Accounts and Director's Report for
the year ended 31 December 2019, together
with the Audit Report

BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A.

BALANCE SHEET AT 31 DECEMBER 2019 AND 2018
(Thousands of euros)

ASSETS	Note	31/12/2019	31/12/2018 (*)	EQUITY AND LIABILITIES	Note	31/12/2019	31/12/2018 (*)
NON-CURRENT ASSETS:		362,054	357,235	EQUITY:	13	372,011	381,521
Intangible assets-	5	1,129	-	CAPITAL AND RESERVES:		367,395	379,057
Other intangible assets		1,129	-	Capital-		250,847	250,847
Property, plant and equipment	6	19	21	Registered capital		250,847	250,847
Plant and other items of property, plant and equipment		19	21	(Uncalled capital)		-	-
Non-current investments in Group companies and associates	9	342,310	341,413	Share premium		-	-
Non-current investments	8	15,643	12,774	Reserves		91,504	88,243
Deferred tax assets	15	2,953	3,027	(Own shares and equity holdings)		(19,207)	(15,407)
				Prior years' profit and loss		-	-
				Other equity holder contributions		-	-
				Profit/(loss) for the year		122,944	133,025
				(Interim dividend)		(82,852)	(83,078)
				Other equity instruments		4,159	5,427
				VALUATION ADJUSTMENTS:		4,616	2,464
				Available-for-sale financial assets		4,616	2,464
				Hedging transactions		-	-
				Translation differences		-	-
				Other valuation adjustments		-	-
				GRANTS, DONATIONS AND BEQUESTS RECEIVED		-	-
CURRENT ASSETS:		85,280	115,117	NON-CURRENT LIABILITIES:		4,879	4,064
Trade and other receivables		35,017	39,239	Non-current provisions	14	3,340	3,243
Trade receivables for sales and services (from members and member entities)		49	76	Deferred tax liabilities	15	1,539	821
Receivables from Group companies and associates	18	1,912	1,910				
Other accounts receivable	16	47	157				
Current tax assets	15	33,009	37,096	CURRENT LIABILITIES:		70,444	86,767
Current investments in Group companies and associates	10	5,505	6,907	Current payables to Group companies and associates	11	17,286	29,184
Current investments	8	176	-	Trade and other payables		53,158	57,583
Short-term loans to companies		176	-	Trade payables	17	2,721	2,242
Current accruals		303	183	Other payables	15 and 16	13,511	12,677
Cash and cash equivalents	7	44,279	68,788	Current tax liabilities	15	36,926	42,664
TOTAL ASSETS		447,334	472,352	TOTAL EQUITY AND LIABILITIES		447,334	472,352

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

Notes 1 to 21 are an integral part of the balance sheet at 31 December 2019.

**BOLSAS Y MERCADOS ESPAÑOLES,
SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A.**

**INCOME STATEMENTS
FOR THE YEARS ENDED
31 DECEMBER 2019 AND 2018
(Thousands of euros)**

	Notes	FY 2019	FY 2018 (*)
Revenue	4.7	139,499	147,585
Other operating income:		53	107
Non-trading and other operating income		53	107
Variable direct cost of operations		-	-
REVENUE		139,552	147,692
Staff costs:	16	(7,686)	(6,532)
Wages, salaries and similar expenses		(6,546)	(5,630)
Social welfare expenses		(837)	(634)
Provisions and other staff costs		(303)	(268)
Other operating costs:		(11,068)	(10,141)
External services	17	(11,014)	(10,094)
Taxes other than income tax		(54)	(47)
Losses, impairment and changes in trade provisions	17	-	-
Amortisation and depreciation:		(2)	(1)
Amortisation		-	-
Depreciation	6	(2)	(1)
Surplus provisions	14	-	139
Impairment and gains/(losses) on disposal of non-current assets		-	-
Other gains and losses		-	-
OPERATING PROFIT (LOSS)		120,796	131,157
Finance income:		(8)	45
Marketable securities and other financial instruments		(8)	45
Third parties	7 and 15	(8)	45
Finance costs:		(160)	(92)
Current payables to Group companies and	11	(21)	(74)
Third-party borrowings	7	(126)	(6)
Provision adjustments	14	(13)	(12)
Change in fair value of financial instruments		-	-
Exchange gains/(losses)		-	-
Impairment and gains/(losses) on disposal of financial instruments	8	-	-
NET FINANCIAL INCOME		(168)	(47)
PROFIT/(LOSS) BEFORE TAX		120,628	131,110
Income tax expense	15	2,316	1,915
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		122,944	133,025
Profit/(loss) after tax for the year from discontinued operations		-	-
PROFIT (LOSS) FOR THE YEAR		122,944	133,025

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

Notes 1 to 21 are an integral part of the income statement for the year ended 31 December 2019.

**BOLSAS Y MERCADOS ESPAÑOLES,
SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A.**

**STATEMENT OF TOTAL CHANGES IN EQUITY
YEARS ENDED 31 DECEMBER 2019 AND 2018**
(Thousands of euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Notes	FY 2019	FY 2018 (*)
PROFIT/(LOSS) FOR THE YEAR		122,944	133,025
Measurement of financial instruments-		2,869	365
Available-for-sale financial assets	8	2,869	365
Other income/(expense)		-	-
Cash flow hedges		-	-
Grants, donations and bequests received		-	-
Actuarial gains and losses and other adjustments	13 and 14	(60)	21
Other income and expenses recognised directly in equity	13 and 15	883	1,834
Tax effect	13 and 15	(971)	(549)
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY		2,721	1,671
Measurement of financial instruments-		-	-
Available-for-sale financial assets		-	-
Other income/(expense)		-	-
Cash flow hedges		-	-
Grants, donations and bequests received		-	-
Other income and expenses recognised directly in equity		-	-
Tax effect		-	-
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT		-	-
TOTAL RECOGNISED INCOME AND EXPENSE		125,665	134,696

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

Notes 1 to 21 are an integral part of the statement of recognised income and expense for the year ended 31 December 2019.

**BOLSAS Y MERCADOS ESPAÑOLES,
SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A.**

**STATEMENT OF TOTAL CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018**
(Thousands of euros)

B) STATEMENT OF TOTAL CHANGES IN EQUITY

	Capital and reserves										Grants, donations and bequests received	Total net Equity
	Share premium, reserves and other						Equities (own)	Profit/(loss) for the year	Other equity instruments, net	Valuation adjustments		
	Capital	Share premium	Reserves	Prior years' Profit & loss	Other shareholder contributions	Interim dividend						
BALANCE AT END OF 2017 (*)	250,847	-	86,365	-	-	(83,133)	(12,426)	148,433	7,101	2,190	-	399,377
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments for errors	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT BEGINNING OF 2018 (*)	250,847	-	86,365	-	-	(83,133)	(12,426)	148,433	7,101	2,190	-	399,377
Total recognised income and expense	-	-	1,397	-	-	-	-	133,025	-	274	-	134,696
Transactions with shareholders-	-	-	-	(64,819)	-	(83,078)	(4,267)	-	-	-	-	(152,164)
Capital increases/(decreases)	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(64,819)	-	(83,078)	-	-	-	-	-	(147,897)
Transactions with own shares (net)	-	-	-	-	-	-	(4,267)	-	-	-	-	(4,267)
Increase (decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	481	64,819	-	83,133	1,286	(148,433)	(1,674)	-	-	(388)
Equity-settled share-based payments	-	-	-	-	-	-	1,286	-	(1,674)	-	-	(388)
Transfers between equity items	-	-	481	64,819	-	83,133	-	(148,433)	-	-	-	-
BALANCE AT END OF 2018 (*)	250,847	-	88,243	-	-	(83,078)	(15,407)	133,025	5,427	2,464	-	381,521
Adjustments for changes in accounting criteria	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments for errors	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT BEGINNING OF 2019	250,847	-	88,243	-	-	(83,078)	(15,407)	133,025	5,427	2,464	-	381,521
Total recognised income and expense	-	-	569	-	-	-	-	122,944	-	2,152	-	125,665
Transactions with shareholders-	-	-	-	(47,255)	-	(82,852)	(5,189)	-	-	-	-	(135,296)
Capital increases/(decreases)	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(47,255)	-	(82,852)	-	-	-	-	-	(130,107)
Transactions with own shares (net)	-	-	-	-	-	-	(5,189)	-	-	-	-	(5,189)
Increase (decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	2,692	47,255	-	83,078	1,389	(133,025)	(1,268)	-	-	121
Equity-settled share-based payments	-	-	-	-	-	-	1,389	-	(1,268)	-	-	121
Transfers between equity items	-	-	2,692	47,255	-	83,078	-	(133,025)	-	-	-	-
BALANCE AT THE END OF 2019	250,847	-	91,504	-	-	(82,852)	(19,207)	122,944	4,159	4,616	-	372,011

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

Notes 1 to 21 are an integral part of the statement of changes in equity for the year ended 31 December 2019.

**BOLSAS Y MERCADOS ESPAÑOLES,
SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A.**

**STATEMENT OF CASH FLOWS FOR THE
YEARS ENDED 31 DECEMBER 2019 AND 2018**
(Thousands of euros)

	Notes	Financial year 2019	Financial year 2018 (*)
CASH FLOWS FROM OPERATING ACTIVITIES:		114,565	122,608
Profit for the year before tax		120,628	131,110
Adjustments to profit (loss)		(130,696)	(138,641)
Amortisation and depreciation	5 and 6	2	1
Other adjustments to profit/(loss) (net)		(130,698)	(138,642)
Changes in working capital		(8,586)	(10,744)
Other cash flows from operating activities-		133,219	140,883
Interest paid	7 and 14	(139)	(18)
Dividends received	8 and 9	131,890	139,952
Interest received	7	(8)	45
Income tax received (paid)	15	2,316	1,915
Other amounts received/(paid) in operating activities		(840)	(1,011)
CASH FLOWS FROM INVESTING ACTIVITIES:		(1,305)	(752)
Payments for investments		(1,305)	(752)
Group companies, jointly controlled entities and associates		-	-
Property plant and equipment, intangible assets and investment properties	5 and 6	(1,129)	(1)
Other financial assets	8	(176)	(751)
Other assets		-	-
Proceeds from disposals		-	-
Group companies, jointly controlled entities and associates		-	-
Property plant and equipment, intangible assets and investment properties		-	-
Other financial assets	8	-	-
Other assets		-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		(137,769)	(153,659)
Proceeds from and payments for equity instruments		(5,189)	(4,267)
Issue of equity instruments		-	-
Redemption of equity instruments		-	-
Acquisition of own equity instruments	13	(5,189)	(4,267)
Disposal of own equity instruments		-	-
Grants, donations and bequests received		-	-
Proceeds from and payments for financial liabilities		(11,919)	(9,525)
Issue-		-	-
Payables to Group companies and associates	11	(11,919)	-
Redemptions and repayment		-	(9,525)
Dividends and interest on other equity instruments paid		(120,661)	(139,867)
Gross dividend	13	(130,107)	(147,897)
Withholding	15	9,446	8,030
Other		-	-
EFFECT OF EXCHANGE RATES FLUCTUATIONS			
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(24,509)	(31,803)
Cash and cash equivalents at beginning of year	7	68,788	100,591
Cash and cash equivalents at end of year	7	44,279	68,788

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

Notes 1 to 21 are an integral part of the statement of cash flows for the year ended 31 December 2019.

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.

Notes to the annual accounts for the year ended
31 December 2019

1. Company Background

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (the "Company", "Bolsas y Mercados Españoles" or "BME") was incorporated by public deeds dated 15 February 2002, through the performance 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 (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, Banco de España 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. Banco de España was accordingly the sole subscriber of the non-monetary capital increase carried out by Bolsas y Mercados Españoles. The in-kind consideration contributed by Banco de España for this ownership interest consisted of 100% of the shares it held at that time in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (the Systems Company) (4,541 shares). As a consequence of this transaction, the Bolsas y Mercados Españoles Group (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 Bank of Spain public debt book-entry trading system, or "CADE").

On 14 July 2006, some of the shares of Bolsas y Mercados Españoles were listed 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).

On 17 November 2010, the public deed for the merger between the Company the absorbing company) and MEFF AIAF SENAF Holding de Mercados Financieros, S.A. - Sociedad Unipersonal (the absorbed company) was executed, with the latter being wound up through dissolution without liquidation, and filed with the Barcelona and Madrid Company Registers on 1 and 3 December 2010, respectively.

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-making 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. Notwithstanding the above, the Affected Companies shall maintain their own identity, operating capacity, governing bodies and managerial and general staff.

The Company is the head of a Group of subsidiaries and under current legislation is obliged to publish its own consolidated annual accounts. The consolidated annual accounts of the Bolsas y Mercados Españoles Group for 2019 were authorised for issue by the Board of Directors at a meeting on 27 February 2020. The consolidated annual accounts for 2018 were approved at the General Shareholders' Meeting of Bolsas y Mercados Españoles held on 25 April 2019 and filed at the Madrid Mercantile Registry. Movements in subsidiaries at 31 December 2019 and 2018, in addition to other significant information, are shown in Note 9. The consolidated annual accounts of the Bolsas y Mercados Españoles Group, in comparison with the annual accounts of Bolsas y Mercados Españoles, reflect an increase in total assets, net turnover, equity and profit for the year attributable to the parent of €12,438,346 thousand, €151,669 thousand, €11,642 thousand, respectively (an increase in total assets, revenues, equity and profit for the year attributable to the parent of €13,937,976 thousand, €159,774 thousand, €18,099 thousand, respectively, in 2018) and a reduction in profit for the year attributable to the parent of €188 thousand (an increase of €3,263 thousand in 2018).

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

2. Basis for the presentation of the annual accounts

2.1 Financial reporting framework applicable to the Company

The accompanying annual accounts were prepared by the Directors in accordance with the financial reporting framework applicable to the Company, as set out in:

- a. The Code of Commerce and other mercantile legislation.
- b. The Spanish General Accounting Plan approved by Royal Decree 1514/2007 (amended by Royal Decree 602/2016, of 2 December), and its sector-specific modifications and, in particular, Circular 9/2008, of 10 December, issued by the National Securities Commission (Comisión Nacional del Mercado de Valores or "CNMV") (amended by Circular 5/2016, of 27 July, of the CNMV) (section 2.2 of this Note).
- c. The mandatory standards approved by the Spanish Accounting and Auditing Institute based on the Spanish General Accounting Plan and supplementary standards thereto and those approved by the CNMV applicable to the Company.
- d. All other applicable Spanish accounting standards.

2.2 True and fair view

The accompanying annual accounts were obtained from the Company's accounting records and are presented in accordance with the applicable financial reporting framework and, in particular, the accounting principles and criteria contained therein, to give true and fair view of the Company's equity and financial position, and the results of its operations and cash flows in the year then ended. These annual accounts, which were approved by the Company's Board of Directors, will be submitted for approval by the General Shareholders' Meeting. It is expected that they will be approved without modification. The annual accounts for 2018 were approved by the General Shareholders' Meeting on 25 April 2019.

The accompanying balance sheets, income statements, statements of total changes in equity and statements of cash flows are presented in compliance with the formats established in Appendix IV of Circular 5/2016, of 27 July.

2.3 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. The Board of Directors prepared these annual accounts taking into account all mandatory accounting standards and principles with a significant effect on the annual accounts. All mandatory accounting principles were applied.

2.4 Critical issues regarding valuation and estimation of uncertainty

The Company's profits and the determination of its equity are sensitive to the accounting policies and standards, measurement bases and estimates applied by the Company's directors in the preparation of the annual accounts. The main accounting policies and standards and measurement bases used are disclosed in Note 4.

In the preparation of the accompanying annual accounts, the Company's Board of Directors makes estimates in order to measure certain of the assets, liabilities, income, expenses and commitments recognised therein. These estimates refer basically to:

- The assessment of potential impairment losses on certain assets (Notes 4.1; 4.2 and 4.4).
- The assumptions used in the actuarial calculation of pension liabilities and other commitments with employees (Notes 4.11 and 14).
- The useful life of intangible assets and property, plant and equipment (Notes 4.1 and 4.2).
- The fair value of certain financial instruments (Note 8).
- The calculation of provisions (Note 14).
- Equity-based employee benefits (Note 4.13).

Although these estimates have been made on the basis of the best information available at the close of the 2019 financial year, future events may require them to be modified (upwards or downwards) in future reporting periods. Changes to accounting estimates are applied prospectively.

2.5 Changes in accounting policies

In 2019, there were no significant changes to accounting criteria compared to the criteria applied in 2018.

2.6 Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows have been aggregated with other items for easier understanding. However, where the amounts are material, information is disclosed separately in the notes.

2.7 Correction of errors

No significant errors were uncovered in the preparation of the accompanying annual accounts that required the restatement of amounts included in the 2018 annual accounts.

2.8 Comparison of information

The 2018 information contained in these notes is presented for comparison with the 2019 information.

3. Distribution of profit

The proposed distribution of profit for 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018 (*)
Dividends:		
Interim	82,852	83,078
Complementary	34,798	47,317
Voluntary reserves	5,294	2,630
	122,944	133,025

(*) At 25 April 2019 the proposed distribution of 2018 profit was ratified at the General Shareholders' Meeting without modification.

At its meetings on 30 July 2019 and 17 December 2019, the Board of Directors of Bolsas y Mercados Españoles, agreed to distribute two interim dividends from 2019 profit in the amount of €33,141 thousand and €49,711 thousand, respectively, recognised under "Interim dividend", with a reduction to "Equity" in the consolidated balance sheet at 31 December 2019 (Note 13). At that date, both dividends had been fully paid.

Furthermore, at its meetings on 26 July 2018 and 19 December 2018, the Board of Directors of Bolsas y Mercados Españoles, agreed to distribute two interim dividends from 2018 profit in the amount of €33,261 thousand and €49,817 thousand, respectively, recognised under "Interim dividend", with a reduction to "Equity" in the balance sheet at 31 December 2018 (Note 13). At that date, both dividends had been fully paid.

The provisional statement of accounts which, in accordance with Article 277 of the Spanish Corporate Enterprises 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	
	30/07/2019	17/12/2019
Profit for the year available at the dividend date	67,062	113,761
Interim dividend paid in the year	-	(33,147)
Amount available for distribution	67,062	80,614
Available liquidity	42,664	55,582
Interim dividend	(33,141)	(49,711)
Retained earnings	9,523	5,871

	Thousands of euros	
	25/07/2018	18/12/2018
Profit for the year available at the dividend date	68,731	123,903
Interim dividend paid in the year	-	(33,261)
Amount available for distribution	68,731	90,642
Available liquidity	51,209	69,893
Interim dividend	(33,261)	(49,817)
Retained earnings	17,948	20,076

4. Accounting policies and measurement bases

The main recognition and measurement standards applied by the Company in the preparation of the annual accounts for 2019 were as follows:

4.1 Intangible assets

As a general standard, intangible assets are measured initially at acquisition or production cost. After initial recognition, intangible assets are carried at cost, less accumulated amortisation and any accumulated impairment. These assets are amortised over their useful lives.

Other intangible assets

The Company recognises costs incurred to acquire and develop computer software under this item. Computer software maintenance costs are recognised in the income statement for the period in which they are incurred. Computer software is amortised on a straight-line basis over a period of three years (Note 5).

The annual amortisation charge for intangible assets is recognised in the income statement under “Amortisation and depreciation – Amortisation of intangible assets”.

The Company recognises any impairment losses on intangible assets with a balancing entry against “Impairment and gains/(losses) on disposal of fixed assets” in the income statement. The criteria for recognising impairment losses on these assets and any reversals of impairment losses recognised in previous periods are similar to those applied to property, plant and equipment (Note 4.2).

4.2 Property, plant and equipment

Elements of property, plant and equipment are measured at purchase price or production cost. After initial recognition, property, plant and equipment are carried at purchase price or production cost, less accumulated amortisation and any accumulated impairment.

The Company amortises its property, plant and equipment on a straight-line basis over the estimated useful life of the assets, as follows:

	Years of estimated useful life
Furniture and other installations	10
Data processing equipment	4

Upkeep and maintenance expenses on property, plant and equipment are charged to the income statement in the year in which they are incurred. However, costs incurred which increase capacity or productivity or extend the useful life of the asset are capitalised as part of the cost of the related asset.

At the end of each reporting period and whenever there is any indication that the carrying amount of an item of property, plant and equipment exceeds its recoverable amount, the Company recognises an impairment loss on the asset, with a balancing entry against “Impairment and gains/(losses) on disposal of fixed assets” in the income statement.

The recoverable amount is the greater of fair value less costs to sell and value in use.

When an impairment loss is reversed, the carrying amount of the asset is increased up to the limit of the carrying amount of the property, plant and equipment that would have been determined had impairment not been recognised in previous reporting periods. Reversals of impairment losses are recognised as income, with a credit to "Impairment and gains/(losses) on disposal of fixed assets" in the income statement.

4.3 Operating leases

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

The Company only acts as the lessee of the building used as the Company's operating headquarters, which is owned by Bolsas y Mercados Españoles Servicios Corporativos, S.A. Operating lease expenses are charged on a straight-line basis to "Other operating expenses – External Services" in the income statement for this year in which they are accrued (Note 17).

Any payment received or made on entering into an operating lease is considered as income received in advance or a prepayment and taken to the income statement over the lease term in accordance with the pattern of economic benefits transferred or received.

4.4 Financial instruments

4.4.1 Financial assets

i. Classification

The Company classifies its financial assets into the following categories:

1. Loans and receivables: financial assets arising on the rendering of services in the course of the Company's trade operations, or those that are neither equity instruments nor derivatives, not arising on trading transactions, with fixed or determinable payments, and which are not traded in an active market. Specifically, this category includes the reverse repurchase agreements in which the Company invests its surplus cash, recognised under "Cash and cash equivalents" (Note 7), the balances of "Trade and other payables", "Current investments" (Note 8) and "Current investments in Group companies and associates" (Note 10) and the long-term guarantee extended for the lease of the building where the Company currently conducts its activities, the amount of which is recognised under "Non-current investments" on the balance sheet (Note 8).

2. Equity investments in Group companies, jointly controlled entities and associates: Group companies are those where there is a relationship of control with the Company, while associates are those over which the Company exercises significant influence (Note 9). Jointly control entities are companies controlled by means of an agreement between one or more partners.
3. Available-for-sale financial assets: includes debt securities and equity instruments of other companies that have not been classified in any of the other categories and that are not being held for trading, or have been classified as held-to-maturity investments or other financial assets at fair value through profit or loss. This category includes the investments (equity instruments) held under "Non-current investments" on the balance sheet (Note 8).

In the accompanying 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".

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

Initial measurement

Financial assets are initially measured at the fair value of the consideration given plus directly attributable trade costs. For equity investments in Group companies granting control over the subsidiary, any fees paid to legal advisors or other professionals involved in the acquisition of the investment are recognised directly in the income statement.

Subsequent measurement

Loans and receivables are measured at amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method. However, receivables falling due within one year are measured at the nominal amount, provided that the effect of not discounting the cash flows is immaterial.

Equity investments in Group companies, jointly controlled entities and associates are measured at cost minus any accumulated impairment losses. The impairment loss is measured as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the present value of future cash flows from the investment, estimated as either those from dividends expected to be received from the investees and the disposal or derecognition of the investment, or from the share in the cash flows expected to be generated by the investee in the ordinary course of business and from disposal or derecognition. Unless better evidence of the recoverable amount of the investment is available, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date (including any goodwill).

Available-for-sale financial assets are measured at fair value, with changes in fair value (Notes 8 and 13) recognised in equity under "Valuation adjustments - Available-for-sale financial assets" until the investment is derecognised or determined to be impaired (consistently or permanently), at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Therefore, (permanent) impairment is said to exist when the price of the asset falls by more than 40% or falls steadily over a prolonged period of time (over 18 months) without recovering its value. However, investments in equity instruments whose fair value cannot be reliably determined are measured at cost minus any accumulated impairment losses.

At least at the end of the reporting period, the Company tests its financial assets not measured at fair value for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount.

Specifically, regarding valuation allowances for trade and other receivables, the process of assessing these assets for potential impairment losses is performed individually for the vast majority of financial assets measured at amortised cost.

For trade and other receivables, impairment losses are recognised under "Other operating costs – Losses, impairment and changes in trade provisions" in the income statement (Note 17). For other financial assets, where the impairment is for financial assets associated with the Company's ordinary activities, it is recognised on the income statement under operating income, and in all other cases, under "Impairment and gains/(losses) on disposal of financial instruments" on the income statement.

If the impairment loss reverses subsequently, the carrying amount is increased, up to the limit of the carrying amount that would have been recorded had the impairment loss not been recognised in prior reporting periods, with a credit to "Other operating costs – losses, impairment and changes in trade provisions" in the case of trade and other receivables, with a credit to the related operating income item, for the other financial assets associated with the Company's ordinary activities, and under "Impairment and gains/(losses) on disposal of financial instruments" in the case of all other financial assets in the income statement.

iii. Valuation techniques

A summary of the valuation techniques used by the Company to measure financial instruments at fair value at 31 December 2019 and 2018 is shown below (Note 8):

	%	
	2019	2018
Market value based on:		
Quoted prices in active markets	77.92%	72.96%
Securities at acquisition cost	22.08%	27.04%
	100.00%	100.00%

iv. Derecognition of financial assets

The Company derecognises a financial asset when the rights to the cash flows from the asset expire or have been transferred, provided that substantially all the risks and rewards of ownership have been transferred (such as binding agreements for sales of assets).

4.4.2 Financial liabilities

The Company's financial liabilities are the debts and payables arising on the purchase of goods and services in the course of the Company's trade operations and financial liabilities that are not derivative financial instruments and do not arise on trade transactions. Specifically, this category includes the balances under "Trade and other payables" (Note 17) and "Current payables to Group companies and associates" (Note 11).

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost. Nonetheless, payables falling due within one year are measured at the nominal amount, provided that the effect of not discounting the cash flows is immaterial.

The Company derecognises a financial liability when the obligation is extinguished.

4.4.3 Equity instruments

An equity instrument represents a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued by the Company 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 "Own Shares and equity holdings" (Note 13). Any gains and losses on the purchase, sale, issuance or redemption of own equity instruments are recognised directly in equity. No profit or loss may be recognised in the income statement.

4.5 Foreign currency trades

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recognised applying the exchange rates in force on the transaction dates.

Exchange differences arising as part of transactions in foreign currency are translated by applying the exchange rate on the date of each transaction. Exchange gains and losses are recognised directly in the income statement for the reporting period in which they occur under "Exchange gains/(losses)".

The Company did not carry out any significant foreign currency transactions in 2019 and 2018 and did not have any significant balances in foreign currency at 31 December 2019 and 2018.

4.6 Income tax

Tax expense (tax income) comprises current tax expense (income) and deferred tax expense (income).

Current tax is the amount of taxes payable by the Company as a result of income tax or other tax settlements for a period. Tax credits and other tax benefits, excluding tax withholdings and prepayments, and tax loss carryforwards from prior years and effectively applied in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences, measured at the amount expected to be payable or recoverable, between the carrying amounts of assets and liabilities and their tax bases, as well as unused tax losses and tax credits. These amounts are measured by applying the tax rate at which the asset is expected to be realised or the liability is expected to be settled to the temporary difference or tax asset.

On 16 February 2016, the Spanish Accounting and Auditing Institute's Resolution of 9 February 2016, was published in the Official State Gazette (BOE), implementing the policies, measurement bases and preparation criteria for annual accounts to account for income tax. The Resolution governs the regulatory implementation of the recognition and measurement criteria established in the General Accounting Plan and replaces previous resolutions issued by the ICAC on this subject.

It introduces various amendments such as a review of the criteria for recognising deferred tax assets, whereby the limit on not activating tax loss carryforwards or other tax assets expected to be recovered in more than ten years from the end of the period is eliminated, or deferred tax liabilities relating to the deductibility of impairment losses on goodwill and their systematic amortisation. The Resolution also clarifies the criteria to follow in accounting for income tax expense in the separate annual accounts of the companies that pay taxes under a special tax regime, independently of the agreements in place between Group companies for sharing the tax burden. The policy followed by the Bolsas y Mercados Españoles Group with regard to the distribution of consolidated income tax is to allocate the consolidated income tax payable on a proportional basis to the taxable profit of each company in the tax group. Therefore, the Resolution has not had a material impact on the Company. The net debit balance resulting from the difference between the portion of the consolidated taxable income recognised for each of these companies and the amount received by Bolsas y Mercados Españoles from the companies in relation to Income Tax withholdings, is recognised under "Current investments in Group companies and associates" on the asset side of the balance sheet (Note 10).

Royal Decree-Law 3/2016 adopting tax measures aimed at consolidating public finances and other urgent measures in the social domain was published on 3 December 2016. In regard to Income Tax, this Royal Decree includes the following measures, applicable for years beginning on or after 1 January 2016:

- Restriction on the use of tax loss carryforwards: the use of tax loss carryforwards from previous years for large companies (with turnover of more than €60 million) is limited to 25% of taxable income.

- Limits on deductions for double taxation: a new limit is established for deductions on international or domestic double taxation, generated or pending application, of 50% of the full amount for companies with a net turnover of at least €20 million.
- Reversal of impairment losses on investments: the reversal of impairment losses on investments that were tax deductible in tax periods prior to 2013 must at least be made on a straight-line basis within five years.

As a result of this measure, in 2019 and 2018 the Company has reversed tax deductible impairments (see Note 15).

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit/(loss).

Deferred tax assets are only recognised to the extent that it is probable that the Company will have future taxable income available to enable their application.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised with a balancing entry in equity.

At the end of each reporting period, the Company reassess the deferred tax assets recognised, making appropriate adjustments where there are doubts as to their future recoverability. Likewise, at each reporting date, unrecognised deferred tax assets are reassessed and recognised to the extent that it has become probable that taxable profit will be available against which the asset can be utilised.

On 23 December 2002, Bolsas y Mercados Españoles submitted a request to file taxes under the consolidated tax regime for the Group of which Bolsas y Mercados Españoles has been parent since 1 January 2003.

4.7 Income and expenses

Income and expenses are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. Income is measured at the fair value of the consideration received, minus any discounts and taxes.

Income from the rendering of services is recognised according to degree to which the service has been rendered at the balance sheet date, provided that the trade can be reliably estimated.

Interest received from financial assets is recognised using the effective interest rate method, while dividends are recognised when the holder's right to receive payment is established. In any event, interest and dividends accrued on financial assets after acquisition are recognised as income in the income statement. Dividends received that derive unequivocally from profits generated by investees prior to the acquisition of the stake by the Company are measured as a reduction in investment costs.

Given its corporate purpose (Note 1), income obtained by Bolsas y Mercados Españoles is mainly for dividends received from its investees, which, pursuant to BOICAC consultation 79, are recognised under "Net turnover" in the income statement.

In line with regulations and this consultation, dividends received from Group companies and joint ventures are recognised under "Net turnover" on the income statement or as a reduction in investment costs under "Non-current investments in Group companies and associates". In 2019 and 2018, respectively, dividends from such investments were recognised for the amount of €131,296 thousand and €139,495 thousand and credited to "Net turnover" (Note 9). Additionally, dividends from non-current financial investments were also recognised under "Net turnover" for the amount of €594 thousand and €457 thousand in 2019 and 2018 (Note 8), in addition to other income from activities for the amount of €7,609 thousand and €7,633 thousand, relating mainly to services rendered to Group companies (Note 18).

4.8 Provisions and contingencies

In preparing the annual accounts, the Company's Directors distinguish between:

- a. Provisions: amounts payable for present obligations arising from past events, the settlement of which is expected to result in an outflow of resources, but which are uncertain as to their amount and/or timing.
- b. Contingent liabilities: possible obligations arising from past events and whose future existence will be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company.
- c. 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 Company. Contingent assets are not recognised in either the balance sheet or the income statement, but are disclosed in the accompanying notes when an inflow of resources embodying economic benefits is probable.

The annual accounts include all the provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the annual accounts, but rather are disclosed in the notes, unless the possibility of an outflow of economic benefits is considered remote.

Provisions are recognised at the present value of the best possible estimate of the consideration required to settle or transfer the obligation, taking into account the information available concerning the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as a financial expenses on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

In February 2020 "BME Clearing, S.A." (subsidiary of the BME Group) and the Company received an employment claim filed before the Mediation, Arbitration and Reconciliation Service (SMAC), in which an employee seeks compensation based on the declaration of invalidity or inadmissibility of his dismissal. No provisions have been made in relation to this lawsuit as it is considered a contingent liability.

4.9 Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken, under “Staff costs – Wages, salaries and similar expenses” in the income statement (Note 16). There was no detailed redundancy plan warranting recognition of a provision in this connection at 31 December 2019.

4.10 Environmental assets

Environmental assets are deemed to be assets used on a lasting basis in the Company’s operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

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

4.11 Pension obligations

i. Post-employment obligations

Post-employment obligations are classified as “defined contribution obligations” when the Company pays fixed contributions into a separate entity (recognised under “Staff costs” in the 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 obligations”.

Defined-contribution plans

Bolsas y Mercados Españoles has arranged insurance with Aegón España, S.A. de Seguros y Reaseguros, in the way of a supplementary pension to senior management (Note 16).

Defined-benefit plans

The Company recognises under “Non-current provisions” on the liabilities side of the balance sheet the present value of any defined-benefit post-employment obligations, net of the fair value of the plan assets and the past service cost deferred, as explained below (Note 14).

If the treatment described in the previous paragraph gives rise to an asset, it is recognised under “Non-current investments” up to the present value of any economic benefits that could return to the Company in the form of direct refunds from the plan or reductions in future payments to the plan, plus, where applicable, any unrecognised past service costs. Any adjustments 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 Company, but by a legally separate entity that is not a related party of the Bolsas y Mercados Españoles Group.

- They are only available to pay or fund post-employment benefits and cannot be returned to the Company 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 Company to reimburse it for employee benefits already paid.

“Past service cost” arising on amendments to existing post-employment benefits or on the introduction of new benefits are recognised in the income statement on a straight-line basis over the period from the time the new benefits arise to the time when the employee has an irrevocable right to receive the new benefits.

Post-employment benefits are recognised in the income statement as follows:

- Current service cost (understood to be the increase in the present value of the obligations resulting from employee service in the current period), including the amortisation of unrecognised past service cost, under “Staff costs – Provisions and other staff costs” on the income statement.
- Interest expense (understood to be the increase during the period in the present value of the obligations resulting from the passage of time), under “Financial expenses – Provision adjustments” in the income statement.
- The expected return on assets assigned to the obligations and the gains and losses therein, minus any cost for administering the plan and related taxes, under “Finance costs – Provision adjustments” in the income statement.

Actuarial gains and losses are recognised directly in equity as reserves.

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

- Retirement bonus commitments in connection with the obligation undertaken by the Company to pay a bonus to employees who leave the company upon reaching the age of 65.

In 2006, the Company adhered to Order EHA/3433/2006, of 2 November, on the special technical conditions applicable to insurance contracts and pension plans that specify certain pension commitments related to retirement, enabling the financing of the obligation accrued to 31 December 2006, and the application of assumptions relating to the time spent by employees at the company. The vehicle used by the Company was an insurance policy written with Aegón España, S.A. de Seguros y Reaseguros.

- Health benefit commitments, understood as the obligation, restricted to a specific number of Company 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 the agreement governing this health benefit 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)

ii. Other long-term employee benefits

The Company, under the terms of the collective bargaining agreement, has undertaken to pay a bonus for good conduct and outstanding employee loyalty, as reflected in the number of years of ongoing service, after 25, 35 and 45 years of effective service (Note 14).

The accounting treatment of “Other long-term employee benefits” is as described above for defined-benefit post-employment plans, except that the actuarial gains and losses are recognised in the income statement under “Staff costs – Wages, salaries and similar expenses”.

4.12 Related party trades

The Company performs all its transactions with related parties on an arm’s length basis. In addition, the transfer prices are adequately supported and, therefore, the Company’s Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future (Note 18).

4.13 Share-based payment arrangements

Share-based Variable Remuneration Plans

2014-2019 Plan (Multi-year Share-based Variable Remuneration Plan)

On 30 April 2014, pursuant to Article 219 of the Corporate Enterprises Act and other applicable legislation, the Ordinary General Shareholders’ Meeting approved a medium-term remuneration plan (“2014-2019 Plan”) to be applied by the Company and its subsidiaries and intended for members of the management team, including Executive Directors.

The 2014-2019 Plan 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 of this plan. The 2014-2019 Plan entails assigning a number of shares to beneficiaries in financial years 2014, 2015 and 2016, 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 2014-2019 Plan.

The number of BME shares to be granted to each 2014-2019 Plan beneficiary, provided the conditions are met, will be equal to the result of multiplying the number of units allocated, by a coefficient of 0 to 1.5, which will be established based on the performance of BME's Total Shareholder Return (TSR) and Efficiency Ratio (ER) during the periods (i) 1 January 2014 to 31 December 2016, (ii) 1 January 2015 to 31 December 2017, and (iii) 1 January 2016 to 31 December 2018, compared with the performance 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	Coefficient
1	1.5
2	1
3	0.8
4	0.6
5	0
6	0

The number of units, convertible into shares, attributable to the designated beneficiaries of the 2014-2019 Plan for the first, second and third three-year periods, was allocated in 2014, 2015 and 2016. The maximum number of BME shares included in the 2014-2019 Multi-year Share-based Variable Remuneration Plan is 555,048 shares. The total number of units assigned was 118,768, 112,422 and 124,142, respectively, which corresponds to a maximum number of theoretical shares of 178,152, 168,633 and 186,213, respectively.

Of the total units assigned at the BME Group level, the number of units attributable to employees and executive directors of the Company for the first, second and third three-years periods of the Plan was established at 52,238, 48,657 and 58,980, for a theoretical number of shares deliverable of 78,357, 72,986 and 88,470.

Since the remuneration consists of an equity-settled share-based payment and the fair value of the services received by the 2014-2019 Plan beneficiaries cannot be estimated reliably, this amount was determined indirectly by reference to the fair value of the equity instruments granted (BME shares).

In this connection, with the exception of market-based performance features, transfer terms under the 2014-2019 Plan 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 reflects 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)	29.83	36.45	29.06
Risk-free interest rate	0329%	-0.079%	-0.303%
Volatility of underlying shares	26.46%	24.88%	25.77%
Expected duration of the Plan	3 years	3 years	3 years

The second three-year period of the 2014-2019 Plan expired on 31 December 2017. The Appointments and Remuneration Committee, in its 28 May 2018 meeting, validated the coefficients applicable to the theoretical units convertible into shares assigned to each beneficiary of the second three-year period of the 2014-2019 Plan. The coefficients were 1.5 in the case of the efficiency ratio and 0 in the case of total shareholder return (TSR), resulting in 84,286 shares, equivalent to €2,529 thousand. In June 2018, once the withholdings set forth in the prevailing tax legislation had been applied, 50,550 shares, equivalent to €1,517 thousand, were applied. Of all shares delivered at BME Group level, the number of shares delivered to Company employees and executive directors, once the withholdings set forth in tax legislation had been applied, amounted to 21,533 shares, equivalent to €646 thousand.

On 31 December 2018, the third three-year period of the 2014-2019 Plan expired. The Appointments and Remuneration Committee, in its 27 May 2019 meeting, validated the coefficients applicable to the theoretical units convertible into shares assigned to each beneficiary of the third three-year period of the 2014-2019 Plan. The coefficients were 1.5 in the case of the efficiency ratio and 0 in the case of total shareholder return (TSR), resulting in 92,028 shares, equivalent to €2,095 thousand. In June 2019, once the withholdings set forth in the prevailing tax legislation had been applied, 55,120 shares, equivalent to €1,255 thousand, were applied. Of all shares delivered at BME Group level, the number of shares delivered to Company employees and executive directors, once the withholdings set forth in tax legislation had been applied, amounted to 26,623 shares, equivalent to €606 thousand.

2017-2020 Plan (Medium-Term Share-Based Variable Remuneration Plan)

On 27 April 2017, pursuant to Article 219 of the Corporate Enterprises Act and other applicable legislation, the Ordinary General Shareholders' Meeting approved a medium-term share-based remuneration plan ("2017-2020 Plan") to be applied by the Company and its subsidiaries and intended for members of the management team, including Executive Directors.

The 2017-2020 Plan 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 of this plan. The 2017-2020 Plan entails allocating a number of shares to beneficiaries in 2017, 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 2017-2020 Plan.

The number of BME shares to be granted to each 2017-2020 Plan beneficiary, provided the conditions are met, will be equal to the result of multiplying the number of units allocated, by a coefficient of 0 to 1.5, which will be established based on the performance of BME's Total Shareholder Return (TSR) and Efficiency Ratio (ER) during the periods 1 January 2017 to 31 December 2019, compared with the performance 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	Coefficient
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 2017-2020 Plan were allocated in 2017. The maximum number of BME shares included in the 2017-2020 Medium-Term Share-Based Variable Remuneration Plan is 190,263 shares. The total number of units allocated was 103,566 which were for a maximum number of theoretical shares of 155,349.

Of the total units allocated at the BME Group level, the number of units convertible into shares attributable to the Company's employees and executive directors for the only three-year period of the Plan was established at 49,064, for a theoretical maximum number of shares deliverable of 73,596.

Since the remuneration consists of an equity-settled share-based payment and the fair value of the services received by the 2017-2020 Plan beneficiaries cannot be estimated reliably, this amount was determined indirectly by reference to the fair value of the equity instruments granted (BME shares).

In this connection, with the exception of market-based performance features, transfer terms under the 2017-2020 Plan 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 reflects 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:

	One three-year period
Price of the underlying asset (euros)	28.06
Risk-free interest rate	-0.78%
Volatility of underlying shares	23.11%
Expected duration of the Plan	3 years

2018-2023 Plan (Multi-year Share-based Variable Remuneration Plan)

On 26 April 2018, pursuant to Article 219 of the Corporate Enterprises Act and other applicable legislation, the Ordinary General Shareholders' Meeting approved a medium- and long-term remuneration plan ("2018-2023 Plan") to be applied by the Company and its subsidiaries and intended for members of the management team, including Executive Directors.

The 2018-2023 Plan 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 of this plan. The 2018-2023 Plan entails allocating a number of shares to beneficiaries in financial years 2018, 2019 and 2020, as the basis for calculating the BME shares to be delivered to the beneficiaries of the Plan in 2021, 2022 and 2023, provided that the established requirements are met.

The number of BME shares to be granted to each 2018-2023 Plan beneficiary, provided the conditions are met, will be equal to the result of multiplying the number of units assigned, by a coefficient of 0 to 1.5, which will be established based on the evolution of BME's Total Shareholder Return (TSR) during the periods (i) 1 January 2018 to 31 December 2020, (ii) 1 January 2019 to 31 December 2021, and (iii) 1 January 2020 to 31 December 2022, compared with the performance of those indicators for five benchmark companies over the same periods, in accordance with the following scale:

BME's position in the ranking	Coefficient
1	1.5
2	1.2
3	0.8
4	0.4
5	0
6	0

The number of units, convertible into shares, attributable to the designated beneficiaries of the 2018-2023 Plan for the first and second three-year periods was allocated in 2018 and 2019, with the allocation corresponding to the third three-year period outstanding. The maximum number of BME shares included in the 2018-2023 Multi-year Share-based Variable Remuneration Plan is 486,003 shares. The total number of units assigned to the first and second three-year period was 105,820 and 104,642, respectively, which corresponds to a maximum theoretical number of shares of 158,730 and 156,963, respectively.

Of the total units assigned at the BME Group level, the number of units attributable to employees and executive directors of the Company corresponding to the first, second three-year period of the Programme was established at 53,652 and 50,066, respectively, corresponding to a theoretical number of shares deliverable of 80,478 and 75,099, respectively.

Since the remuneration consists of an equity-settled share-based payment and the fair value of the services received by the 2018-2023 Plan beneficiaries cannot be estimated reliably, this amount was determined indirectly by reference to the fair value of the equity instruments granted (BME shares).

In this connection, with the exception of market-based performance features, transfer terms under the 2018-2023 Plan 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 reflects 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 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
Price of the underlying asset (euros)	26.55	24.32
Risk-free interest rate	-0.54%	-0.57%
Volatility of underlying shares	23.62%	20.12%
Expected duration of the Plan	3 years	3 years

In accordance with the foregoing, the Pluri-Annual Share-Based Variable Remuneration Plan (2014-2019 Plan and 2018-2023 Plan) and the Medium-Term Share-Based Variable Remuneration Plan (2017-2020 Plan) recognise:

- For services rendered by employees and executive directors (who are beneficiaries) of Bolsas y Mercados Españoles to the Company, with a credit to equity (under "Other equity instruments"), calculated based on the fair value of the equity instruments transferred (shares of Bolsas y Mercados Españoles) at the date when the grant of shares was approved. The services provided were recognised in profit and loss over the specific period during which the employees and directors rendered services to the Company (Notes 16 and 19).
- For services rendered by employees and executive directors (who are beneficiaries) at each subsidiary, the operation increases the value of the subsidiary receiving a service the cost of which is assumed by Bolsas y Mercados Españoles, and therefore the increase in equity ("Other equity instruments") is recognised with a balancing entry at a greater value of the investment held by Bolsas y Mercados Españoles in the subsidiary's equity, or, where applicable, the subsidiary through which the beneficiary is controlled (Note 9), for the fair value of the equity instruments transferred (shares of Bolsas y Mercados Españoles) at the date when the grant of shares was approved. This charge is made according to the extent of the services rendered by employees and directors to the investee companies.

4.14 Statement of cash flows

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

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities: the principal revenue-producing activities of the Company 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 presenting the cash flows from investing activities, collections and payments from financial assets with a high turnover are presented in the statement of cash flows.

Additionally, "Cash and cash equivalents" are understood to be short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

4.15 Statements of changes in equity

The statements of changes in equity presented in these annual accounts show all changes in net equity during the current year and the comparative year. This information is presented in two statements: the statement of recognised income and expense, and the statement of total changes in equity. The main features of the information contained in each is explained below:

Statements of recognised income and expense

The statement of recognised income and expenses presents the income and expenses generated by the Company as a result of its activity during the year, distinguishing between items of income and expenses that are recognised in profit and loss for the year and other income and expenses that, as required under current regulations, are recognised directly in equity.

This financial statement therefore presents, as appropriate:

- a. Profit or loss for the period.
- b. Income and expenses that, as required by the measurement standards, must be recognised directly in the Company's equity.
- c. Amounts transferred to the income statement in accordance with the measurement standards adopted.
- d. The related tax effect, if any, to letters b) and c) above.
- e. Total recognised income and expense, calculated as the sum of all the letters above.

Statement of total changes in equity

This part of the statement of changes in equity reflects all changes in equity, including any due to changes in accounting policies and corrections of errors. This statement accordingly presents a reconciliation between the carrying amount of each component of 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 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 and expense: comprises an aggregate of all the aforementioned items recognised in the statement of recognised income and expense.

- c. Operations 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 equity.

4.16 Current/non-current classification

Assets classified as current assets are all those related to the company's normal operating cycle, generally one year, and other assets expected to mature, or to be sold or realised in the short term from the end of the reporting period, and cash and cash equivalents. Any assets that do not fulfil these criteria are classified as non-current.

Similarly, liabilities associated with the normal operating cycle and, in general, all liabilities expected to fall due or be extinguished in the short term are classified as current liabilities. Any other liabilities are classified as non-current.

5. Intangible assets

The changes under this balance sheet heading in 2019 and 2018 were as follows:

	Thousands of euros
	Other intangible assets
Cost:	
Balance at 1 January 2018	297
Additions	-
Balance at 31 December 2018	297
Additions	1,129
Derecognitions	(8)
Balance at 31 December 2019	1,418
Accumulated depreciation:	
Balance at 1 January 2018	(297)
Charge for the year	-
Balance at 31 December 2018	(297)
Charge for the year	-
Derecognitions	8
Balance at 31 December 2019	(289)
Intangible assets, net	
Balance at 31 December 2018	-
Balance at 31 December 2019	1,129

No impairment losses were identified in either 2019 or 2018 that affect these items on the balance sheet.

Fully amortised intangible assets still in use amounted to €289 thousand and €297 thousand at 31 December 2019 and 2018.

In 2019, computer applications amounting to €1,129 thousand were recognised that are in progress and are not subject to amortisation until they come into operation.

Furthermore, in 2019, computer applications in the amount of €8 thousand was retired, consisting of fully depreciated items that had ceased to be useful for the Group's activities.

6. Property, plant and equipment

The changes under this balance sheet heading in 2019 and 2018 were as follows:

	Thousands of euros		
	Furniture and other installations	Data processing equipment	Total
Cost:			
Balances at 1 January 2018	207	48	255
Additions	1	-	1
Derecognitions	-	-	-
Balances at 31 December 2018	208	48	256
Additions	-	-	-
Derecognitions	(88)	(33)	(121)
Balances at 31 December 2019	120	15	135
Accumulated amortisation:			
Balances at 1 January 2018	(187)	(47)	(234)
Charge for the year	(1)	-	(1)
Derecognitions	-	-	-
Balances at 31 December 2018	(188)	(47)	(235)
Charge for the year	(1)	(1)	(2)
Derecognitions	88	33	121
Balances at 31 December 2019	(101)	(15)	(116)
Property, plant and equipment, net:			
Balances at 31 December 2018	20	1	21
Balances at 31 December 2019	19	-	19

During 2019 and 2018 no impairment losses on intangible assets were identified.

Fully depreciated items of property, plant and equipment still in use amounted to €104 thousand and €225 thousand at 31 December 2019 and 2018.

In 2019, furniture and data processing equipment in the amount of €88 thousand and €33 thousand were retired, consisting of fully depreciated items that had ceased to be useful for the Company's activities.

The Company has arranged insurance policies to cover the possible risks to which the various components of property, plant and equipment are exposed.

7. Cash and cash equivalents

“Cash and cash equivalents” includes demand deposits at banks (recognised under “Cash”) and financial instruments that are convertible to cash and have a maturity of three months or less from the date of acquisition, provided that there is no significant risk of changes in value and that they form part of the Company’s usual cash management policy. The latter assets are included under “Cash equivalents”:

	Thousands of euros	
	2019	2018
Classification:		
Cash-		
Current accounts	24,281	23,789
	24,281	23,789
Cash equivalents-		
Reverse repurchase agreements	19,998	44,999
	19,998	44,999
Less - Impairment losses		-
Net balance	44,279	68,788

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 balance sheet, excluding actual cash balances, the counterparty of which at 31 December 2019 and 2018 is Bankinter, S.A., are as follows:

	Thousands of euros	Average interest rate
	Up to 1 month	
31 December 2019:		
Reverse repurchase agreements	19,998	-0.50%
	19,998	
31 December 2018:		
Reverse repurchase agreements	44,999	-0.40%
	44,999	

Movements in "Cash equivalents" in 2019 and 2018 were as follows:

	Thousands of euros
	Temporary acquisition of assets
Balance at 31 December 2017	83,000
Purchases	789,974
Sales/Repayments	(827,975)
Balance at 31 December 2018	44,999
Purchases	324,983
Sales/Repayments	(349,984)
Balance at 31 December 2019	19,998

No impairment losses were recognised for these financial assets in 2019 and 2018.

The losses generated on cash and cash equivalents amounted to €8 thousand in 2019 (€14 thousand in 2018), recognised under "Financial income – Marketable securities and other financial instruments - Other" in the income statement.

Likewise, the penalty for the negative interest rate charged to the Company for balances held in the current account are recognised under "Financial expenses - Third-party borrowings" on the statement of profit and losses in 2019 and 2018.

8. Non-current and current investments

Non-current investments

The breakdown of "Non-current investments" at year-end 2019 and 2018 is as follows:

Class Category	Thousands of euros					
	2019			2018		
	Equity instruments	Other Financial Assets	Total	Equity instruments	Other Financial Assets	Total
Loans and receivables	-	19	19	-	19	19
Available-for-sale financial assets:	-	-	-	-	-	-
Measured at fair value	12,175	-	12,175	9,306	-	9,306
Measured at cost	3,449	-	3,449	3,449	-	3,449
	15,624	19	15,643	12,755	19	12,774

The long-term guarantee for the rental of the building from which the Company currently operates is recognised under "Non-current financial investments - Other financial assets" in the balance sheet as at 31 December 2019 and 2018 for the sum of €19 thousand in both years (Notes 4.3 and 18).

At 31 December 2019 and 2018, available-for-sale financial assets, virtually all of which are current, were mainly for specific investments in equity securities, a breakdown of which is shown below:

	% ownership	Thousands of euros	
		2019	2018
Listed equity securities:			
Bolsa Mexicana de Valores, S.A., de C.V.	0.99%	12,175	9,306
Unlisted equity securities:			
Cámara de Riesgo Central de Contraparte de Colombia, S.A.	9.91%	1,453	1,453
OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.	5.00%	1,246	1,246
Sociedad Promotora Bilbao Gas Hub, S.A.	2.03% ^(*)	-	-
Noster Finance, S.L.	8.98%	750	750
		15,624	12,755

(*) At 31 December 2018:

In 2018, the Company acquired a 9.7% stake in the capital of Noster Finance, S.L. (Finect), for the amount of €750 thousand, which was diluted to 8.98% at 31 December 2019 and 2018.

At 31 December 2019, the investment in securities concerning Bolsa Mexicana de Valores, S.A., de C.V. had experienced gains of €2,869 thousand (€2,152 thousand, net of taxes) (Note 15-d) compared to 2018. This variation has been recognised, net of taxes, for the sum of €2,152 thousand (€274 thousand in 2018) (Note 15-d), in Equity, under "Valuation adjustments" on the balance sheet (Note 13). Furthermore, as at 31 December 2018, the change in this investment amounts to €365 thousand (€274 thousand, net of tax). At 31 December 2019 and 2018, the Company owned 6,250,000 shares in Bolsa Mexicana de Valores, S.A., de C.V., equivalent to an approximate shareholding of 0.99% in this company.

At 31 December 2019 and 2018, the Company owns 3,999,999,994 shares with a par value of 1 Colombian peso each in Cámara de Riesgo Central de Contraparte de Colombia S.A. equivalent to a shareholding of 9.91%.

At 31 December 2018, the total shareholding in Sociedad Promotora Bilbao Gas Hub, S.A. for the sum of €294 thousand (9,574 shares equivalent to 2.03%) was fully impaired. On 7 May 2019, the company's Extraordinary General Shareholders' Meeting approved its dissolution and simultaneous liquidation.

In 2019 and 2018, the Company received dividends of €594 thousand and €457 thousand from these shareholdings, recognised under "Net turnover" in the income statement. In 2019 and 2018, the Company recognised no impairment losses on its non-current investments.

Current investments

The balance of "Current investments" at year-end 2019 includes the principal of a loan granted to Noster Finance, S.L. on 2 July and maturing on 30 June 2020. The loan will earn 3% interest per year and will be repaid upon the maturity of the loan. If, once 15 days have elapsed since the maturity date, the borrower has not repaid the loan (principal plus interest), the loan will be convertible into capital.

9. Non-current investments in Group companies and associates and net turnover.

Equity instruments

Almost the entire balance of "Net turnover", for the amount of €131,296 thousand and €139,495 thousand in 2019 and 2018, were for dividends received from Group companies and jointly controlled entities (Note 4.7).

The most significant information regarding Group companies, jointly controlled entities and associates, all of which are unquoted, at year-end 2019 and 2018, including dividends received, was as follows:

	Data at 31 December 2019 (thousands of euros)									
	Cost (Note 18)	Dividends received (Note 18)	Non-current investments in Group companies and associates							
			Address	Direct ownership interest	Capital	Share premium and reserves	Interim dividend	Results		Other equity
Operations	Net									
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal ⁽¹⁾	54,947	39,633	Madrid	100.00%	21,348	6,798	(37,015)	46,557	39,330	1,316
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. - Sociedad Unipersonal ⁽¹⁾	38,610	10,462	Barcelona	100.00%	8,564	2,936	(9,899)	8,292	10,450	879
Sociedad Rectora de la Bolsa de Valores Bilbao, S.A. - Sociedad Unipersonal ⁽¹⁾	25,751	9,475	Bilbao	100.00%	2,957	3,408	(9,122)	6,487	9,513	428
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. - Sociedad Unipersonal ⁽¹⁾	15,903	5,774	Valencia	100.00%	4,111	1,285	(5,708)	2,172	5,867	536
Bolsas y Mercados Españoles Renta Fija, S.A.- Sociedad Unipersonal ⁽¹⁾	13,144	2,641	Madrid	100.00%	3,005	3,490	(2,193)	3,267	2,535	1,922
BME Clearing, S.A. - Sociedad Unipersonal ⁽¹⁾	52,866	10,561	Madrid	100.00%	18,030	24,446	(9,053)	13,522	10,062	1,731
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal ⁽¹⁾	8,777	4,094	Madrid	100.00%	6,650	2,264	(3,960)	2,507	4,037	888
MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal ⁽¹⁾	1,373	1,397	Barcelona	100.00%	60	548	-	1,371	1,054	-
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal ⁽¹⁾	112,821	32,705	Madrid	100.00%	114,380	21,940	(29,648)	41,128	31,186	2,723
Instituto Bolsas y Mercados Españoles, S.L., - Sociedad Unipersonal ⁽¹⁾	198	-	Madrid	100.00%	10	(23)	-	72	53	180
Bolsas y Mercados Españoles Market Data, S.A. ⁽¹⁾⁽²⁾	2,405	13,498	Madrid	49.71%	4,165	686	(22,857)	37,348	28,088	334
Bolsas y Mercados Españoles Inntech, S.A.- Sociedad Unipersonal ⁽¹⁾⁽³⁾	14,634	1,056	Madrid	100.00%	331	10,687	-	(778)	(97)	427
BME Post Trade Services, S.A. - Sociedad Unipersonal ⁽¹⁾	881	-	Madrid	100.00%	60	2,410	-	1,297	1,207	4
Total	342,310	131,296								

(1) Data taken from the separate financial statements for the year ended 31 December 2019, which are audited, with the exception of those of Instituto Bolsas y Mercados Españoles, S.L. - Sociedad Unipersonal and BME Post Trade Services, S.A. - Sociedad Unipersonal and LATAM Exchanges Data, Inc.

(2) Data obtained from the financial statements of Bolsas y Mercados Españoles Market Data, S.A. - Sociedad Unipersonal and its subsidiaries at 31 December 2019, the separate financial statements of which are subject to audit (neither its sole subsidiary "LATAM Exchanges Data, Inc." nor its associate "LATAM Exchanges Data México, S.A. de C.V." are subject to audit).

(3) Data obtained from the financial statements of Bolsas y Mercados Españoles Inntech, S.A. - Sociedad Unipersonal and its subsidiaries at 31 December 2019, the separate financial statements of which, in addition to those of Open Finance, S.L., are subject to audit (the following subsidiaries are not subject to audit: BME Regulatory Services, S.A.U. and BME Soporte Local Colombia, S.A.S.).

	Data at 31 December 2018 (thousands of euros)									
	Cost (Note 18)	Dividends received (Note 18)	Non-current investments in Group companies and associates							
			Address	Direct ownership interest	Capital	Share premium and reserves	Interim dividend	Results		Other equity
								Operations	Net	
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal ⁽¹⁾	54,843	47,507	Madrid	100.00%	21,348	7,471	(44,447)	56,926	47,066	1,230
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. - Sociedad Unipersonal ⁽¹⁾	38,557	11,620	Barcelona	100.00%	8,564	2,930	(10,746)	9,803	11,309	841
Sociedad Rectora de la Bolsa de Valores Bilbao, S.A. - Sociedad Unipersonal ⁽¹⁾	25,688	10,477	Bilbao	100.00%	2,957	3,413	(10,078)	8,067	10,432	382
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. - Sociedad Unipersonal ⁽¹⁾	15,858	5,248	Valencia	100.00%	4,111	1,291	(5,089)	1,586	5,155	509
Bolsas y Mercados Españoles Renta Fija, S.A.- Sociedad Unipersonal ⁽¹⁾	13,093	2,618	Madrid	100.00%	3,005	3,524	(2,239)	3,412	2,687	1,871
BME Clearing, S.A. - Sociedad Unipersonal ⁽¹⁾	52,741	10,756	Madrid	100.00%	18,030	24,501	(9,607)	14,531	11,114	1,606
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal ⁽¹⁾	8,616	4,898	Madrid	100.00%	6,650	2,302	(4,400)	2,999	4,534	728
MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal ⁽¹⁾	1,373	784	Barcelona	100.00%	60	548	-	1,816	1,397	-
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal ⁽¹⁾	112,643	30,976	Madrid	100.00%	114,380	22,407	(28,481)	41,335	31,538	2,545
Instituto Bolsas y Mercados Españoles, S.L., - Sociedad Unipersonal ⁽¹⁾	186	26	Madrid	100.00%	10	14	-	(19)	(15)	168
Bolsas y Mercados Españoles Market Data, S.A. ⁽¹⁾⁽²⁾	2,365	14,013	Madrid	49.71%	4,165	749	(23,195)	36,652	27,512	295
Bolsas y Mercados Españoles Inntech, S.A.- Sociedad Unipersonal ⁽¹⁾⁽³⁾	14,572	572	Madrid	100.00%	331	(11,893)	-	(30)	(272)	354
BME Post Trade Services, S.A. - Sociedad Unipersonal ⁽¹⁾	878	-	Madrid	100.00%	60	13,529	-	700	649	(11,478)
Total	341,413	139,495								

(1) Data taken from the separate financial statements for the year ended 31 December 2018, which are subject to audit, with the exception of those of Instituto Bolsas y Mercados Españoles, S.L. - Sociedad Unipersonal and BME Post Trade Services, S.A. - Sociedad Unipersonal.

(2) Data obtained from the financial statements of Bolsas y Mercados Españoles Market Data, S.A. - Sociedad Unipersonal and its subsidiaries at 31 December 2018, the separate financial statements of which are subject to audit (the only subsidiary not subject to audit: LATAM Exchanges Data, Inc).

(3) Data obtained from the financial statements of Bolsas y Mercados Españoles Inntech, S.A. - Sociedad Unipersonal and its subsidiaries at 31 December 2018, the separate financial statements of which, in addition to those of Open Finance, S.L., are subject to audit (the following subsidiaries are not subject to audit: Difubolsa - Serviços de Difusão e Informação de Bolsa, S.A., Infobolsa Deutschland, GmbH, BME Regulatory Services, S.A.U. and BME Soporte Local Colombia, S.A.S.).

Movements in the cost of "Non-current investments in Group companies and associates - Equity Instruments" in 2019 and 2018 were as follows:

FY 2019

	Balances at 31 December 2018	Additions due to Incentives Plan (Note 4.13)	Additions	(Disposals)	Balances at 31 December 2019
Cost:					
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal	54,843	104	-	-	54,947
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. - Sociedad Unipersonal	38,557	53	-	-	38,610
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. - Sociedad Unipersonal	25,688	63	-	-	25,751
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. - Sociedad Unipersonal	15,858	45	-	-	15,903
Bolsas y Mercados Españoles Renta Fija, S.A.- Sociedad Unipersonal	13,093	51	-	-	13,144
BME Clearing, S.A. - Sociedad Unipersonal	52,741	125	-	-	52,866
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal	8,616	161	-	-	8,777
MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal	1,373	-	-	-	1,373
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal	112,643	178	-	-	112,821
Instituto Bolsas y Mercados Españoles, S.L.- Sociedad Unipersonal	186	12	-	-	198
Bolsas y Mercados Españoles Market Data, S.A.	2,365	40	-	-	2,405
Bolsas y Mercados Españoles Inntech, S.A. - Sociedad Unipersonal	14,572	62	-	-	14,634
BME Post Trade Services, S.A. - Sociedad Unipersonal	878	3	-	-	881
Total	341,413	897	-	-	342,310

FY 2018

	Balances at 31 December 2017	Additions due to Incentives Plan (Note 4.13)	Additions	(Disposals)	Balances at 31 December 2018
Cost:					
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal	54,636	207	-	-	54,843
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. - Sociedad Unipersonal	38,452	105	-	-	38,557
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. - Sociedad Unipersonal	25,588	100	-	-	25,688
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. - Sociedad Unipersonal	15,774	84	-	-	15,858
Bolsas y Mercados Españoles Renta Fija, S.A.- Sociedad Unipersonal	13,012	81	-	-	13,093
BME Clearing, S.A. - Sociedad Unipersonal	52,572	169	-	-	52,741
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal	8,512	104	-	-	8,616
MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal	1,373	-	-	-	1,373
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal	112,373	270	-	-	112,643
Instituto Bolsas y Mercados Españoles, S.L.- Sociedad Unipersonal	166	20	-	-	186
Bolsas y Mercados Españoles Market Data, S.A.	2,315	50	-	-	2,365
Bolsas y Mercados Españoles Inntech, S.A. - Sociedad Unipersonal	14,506	66	-	-	14,572
BME Post Trade Services, S.A. - Sociedad Unipersonal	878	-	-	-	878
Total	340,157	1,256	-	-	341,413

The following corporate operations were carried out within the Group's investees in 2018:

- In January 2018, the shareholders of Bolsas y Mercados Españoles Market Data, S.A. decided to increase the amount of share capital by €104,150 (in the form of 2,083 new shares, each with a par value of €50). This capital increase was fully subscribed and paid up by Sociedad de Bolsas, S.A. and was executed in an instrument dated 9 February 2018 and entered in the Madrid Companies Register on 8 March 2018. As a result of this transaction, the Company's shareholding was diluted to 49.71% as at 31 December 2018.

No corporate operations were carried out within the Group's investees in 2019.

In 2019 and 2018, the Company recognised no impairment losses on its non-current investments in Group companies and associates.

Information on subsidiaries is provided below:

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., equivalent to a 25% ownership interest, from Bolsas y Mercados Españoles, for €118.6 thousand. As a result of this purchase, at 31 December 2019 and 2018 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. At 31 December 2019 and 2018, the Company also held long-term shareholdings in Sociedad de Bolsas, S.A and Bolsas y Mercados Españoles Servicios Corporativos, S.A. with ownership interests of 25%, and 48%. In 2017, the Company sold its ownership interest of 90% in Visual Trader Systems, S.L. to Bolsas y Mercados Españoles, prior to the absorption of Bolsas y Mercados Españoles Inttech, S.A.U.).

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company participated in the capital increase of 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. The capital increase was registered with the Madrid Companies Register on 16 August 2011. In this connection, in accordance with the aforementioned protocol, on 1 January 2011 the Company transferred the information dissemination business to Bolsas y Mercados Españoles Market Data, S.A. Due to the participation in the capital of Bolsas y Mercados Españoles Market Data, S.A. by Sociedad de Bolsas, S.A., the percentage of the Company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. increased to 10.09% at 31 December 2019.

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., equivalent to a 25% ownership interest, from Bolsas y Mercados Españoles, for €118.6 thousand. As a result of this purchase, at 31 December 2019 and 2018 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. At 31 December 2019 and 2018, the company also held a long-term 25% shareholding in Sociedad de Bolsas, S.A. In 2017, the company liquidated its long-term shareholding of 100% in Centro de Cálculo de Bolsa, S.A.

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company participated in the capital increase of 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% shareholding. The capital increase was registered with the Madrid Companies Register on 16 August 2011. Due to the participation in the capital of Bolsas y Mercados Españoles Market Data, S.A. by Sociedad de Bolsas, S.A., the percentage of the company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. increased to 9.93% at 31 December 2019 and 2018.

According to the resolutions adopted by the Company's Board of Directors at its meetings of 25 June and 2015 and 27 July 2015, throughout 2015 the book-entry register of the shares of SICAVs (open-ended collective investment schemes), equity securities listed for trading exclusively on the Barcelona Stock Exchange, and non-listed securities registered on the SCLBARN system, were progressively transferred to Iberclear. This process was completed in 2016 with the transfer of the remaining equity securities and the government debt securities of the Generalitat de Catalunya, and the Company ceased providing Clearing and Settlement services in 2016.

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

This company was incorporated as a public limited company on 26 July 1989.

In 2009, the Company acquired 15,025 shares in Bolsas y Mercados Españoles Sistemas de Negociación, S.A., equivalent to a 25% ownership interest, from Bolsas y Mercados Españoles, for €118.6 thousand. As a result of this purchase, at 31 December 2019 and 2018 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. At 31 December 2019 and 2018, 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 participated in the capital increase of 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% shareholding. The capital increase was registered with the Madrid Companies Register on 16 August 2011. Due to the participation in the capital of Bolsas y Mercados Españoles Market Data, S.A. by Sociedad de Bolsas, S.A., the percentage of the company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. increased to 9.93% at 31 December 2019 and 2018.

In 2015, the Sole Shareholder resolved to concentrate in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal all the activities relating to central securities depositaries, including those that until that time had been performed by the Book-entry, Clearing and Settlement service of the Sociedad Rectora de la Bolsa de Valores de Bilbao (“SCL BILBAO”). As a result, in 2015, the book-entry register was progressively transferred to Iberclear, and this process concluded in 2016 with the transfer of the remaining equity securities listed for trading exclusively on the Bilbao stock exchange and the government debt issues made by the Basque government and provincial offices with the Company ceasing to provide book-entry, clearing and settlement services in 2016.

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

This company was incorporated as a public limited company on 25 July 1989.

In 2009, the Company acquired 15,025 shares in Bolsas y Mercados Españoles Sistemas de Negociación, S.A., equivalent to a 25% ownership interest, from Bolsas y Mercados Españoles, for €118.6 thousand. As a result of this purchase, at 31 December 2019 and 2018 the company had a 25% long-term shareholding in Bolsas y Mercados Españoles Sistemas de Negociación, S.A. At 31 December 2019 and 2018, the company also held a long-term 25% shareholding in Sociedad de Bolsas, S.A. In 2017, the Company sold its ownership interest of 10% in Visual Trader Systems, S.L. to Bolsas y Mercados Españoles, prior to the absorption of Bolsas y Mercados Españoles Inntech, S.A.U.).

In 2011, in accordance with the provisions of the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group, the company participated in the capital increase of 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% shareholding. The capital increase was registered with the Madrid Companies Register on 16 August 2011. Due to the participation in the capital of Bolsas y Mercados Españoles Market Data, S.A. by Sociedad de Bolsas, S.A., the percentage of the Company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. increased to 9.93% at 31 December 2019.

In 2015, the sole shareholder resolved to concentrate all activities carried out in this area by the central securities depositaries in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal, including those that had previously been carried out by the Book-entry, Clearing and Settlement service of the Sociedad Rectora de la Bolsa de Valores de Valencia (“SACL”). In accordance with the foregoing, in 2015 all existing positions in the SACL were progressively transferred to Iberclear. This process was completed on 25 January 2016, resulting in the termination of the agreement signed between Banco de España and Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. – Sociedad Unipersonal on 18 February 2008.

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 Law 24/1988, of 28 July, on the Securities Market 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, on the Securities Market 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. In continuance of the aforementioned Protocol, on 20 June 2017, the Second Information Dissemination Protocol was implemented, by virtue of which Bolsas y Mercados Españoles Market Data, S.A. assumes the promotion and marketing of the use of the IBEX indices, owned by Sociedad de Bolsas, S.A.

In January 2018, the Company subscribed to a capital increase of Bolsas y Mercados Españoles Market Data, S.A., maintaining a shareholding of 2.5% in said company at 31 December 2019 and 2018.

At 31 December 2019 and 2018, it held a long-term 11% stake in Bolsas y Mercados Españoles Servicios Corporativos, S.A.

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. On 6 May 2010 it adopted its current corporate name.

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 company is therefore legally considered the management company of the MAB and Latibex.

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 registering trades in:

- a. Shares and other instruments of Collective Investment Institutions
- b. Securities and instruments issued by or relating to small-cap entities
- c. Other securities and instruments which, because of their special characteristics, require specific regulations

MAB currently has four separate securities trading segments:

- a. Open-ended collective investment schemes (SICAVs) and hedge funds (HF).
- b. Venture capital firms.
- c. Growth companies.
- d. Listed real-estate investment trusts (REITs).

Latibex, created pursuant to authorisation by the Council of Ministers 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 registering trades involving securities issued by entities domiciled in Latin America and previously admitted to trading on a stock exchange in Latin America.

As a prerequisite to becoming the management company of the aforementioned multilateral trading facilities, 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 y 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.

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

The Real Estate Investment Trusts ("REITs") Trading segment on the MAB was inaugurated on 28 November 2013.

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 a share capital of €61 thousand (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 up by the Company). The public deed for the capital increase was executed on 28 December 2010, submitted to the Companies Register on 29 December 2010 and placed on file 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). This share capital increase was fully subscribed and paid up by the Madrid, Barcelona, Bilbao and Valencia stock exchange companies, Bolsas y Mercados Españoles Renta Fija, S.A. – Sociedad Unipersonal, formerly AIAF Mercado de Renta Fija, S.A. - Sociedad Unipersonal, BME Clearing, S.A. - Sociedad Unipersonal, formerly MEFF Sociedad Rectora de Productos Derivados de Renta Variable, S.A. - Sociedad Unipersonal and Bolsas y Mercados Españoles, and registered in the Madrid Companies Register on 16 August 2011.

In January 2018, the shareholders decided to increase the amount of share capital by €104,150 (in the form of 2,083 new shares, each with a par value of €50). This capital increase was fully subscribed and paid up by Sociedad de Bolsas, S.A. and was executed in an instrument dated 9 February 2018 and entered in the Madrid Companies Register on 8 March 2018.

At 31 December 2019 and 2018, 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.	49.71%
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal	10.09%
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. - Sociedad Unipersonal	9.93%
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. - Sociedad Unipersonal	9.93%
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. - Sociedad Unipersonal	9.93%
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal	7.77%
Bolsas y Mercados Españoles Renta Fija, S.A. - Sociedad Unipersonal	0.14%
Sociedad de Bolsas, S.A.	2.50%

The Company took on the information dissemination business on 1 January 2011, in accordance with the Information Dissemination Protocol of the Bolsas y Mercados Españoles Group. In continuance of the aforementioned Protocol, on 20 June 2017, the Second Information Dissemination Protocol was implemented, by virtue of which Bolsas y Mercados Españoles Market Data, S.A. assumes the promotion and marketing of the use of the IBEX indices, owned by Sociedad de Bolsas, S.A.

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.

LATAM Exchanges Data, Inc.

"LATAM Exchanges Data, Inc." was incorporated on 15 May 2018 as a company in accordance with the laws of the State of Florida. The main registered office of the company is in the city of Miami, (United States of America). The paid up shares at 31 December 2019 came to \$2,500 thousand (equivalent to €2,241 thousand), distributed among 100 ordinary shares which were fully subscribed and paid up by Bolsas y Mercados Españoles Market Data, S.A. (51%) and Bolsa Mexicana de Valores, S.A., de C.V. (49%).

The corporate purpose of this company is the design, commercialisation and sale of the information pertaining to the Latin American markets.

LATAM Exchanges Data México, S.A. de C.V.:

On 6 March 2019, the incorporation was formally arranged of a company under the laws of the United States of Mexico, called "LATAM Exchanges Data México, S.A. de C.V." The registered address of the company will be Mexico City. The minimum fixed capital without withdrawal right is 2,000 thousand pesos (equivalent to €92 thousand on the date of incorporation), subscribed and represented by 200 series "A" shares, with a nominal value of 10 thousand Mexican pesos each, of which 500 thousand pesos have been paid up both by the shareholders, in the corresponding percentages, on 7 October 2019 (equivalent to 23 thousand euros on the date of contribution). Variable share capital is represented by series "B" shares. The shares were subscribed by Bolsas y Mercados Españoles Market Data, S.A. (49%) and Bolsa Mexicana de Valores, S.A.B. de C.V. (51%).

The Company's corporate purpose shall be the usual and professional provision of services to produce global information products, to be distributed exclusively at an international level by LATAM Exchange Data, Inc.

BME Clearing, S.A. – Sociedad Unipersonal

MEFF Sociedad Rectora de Productos Derivados, S.A. - Sociedad Unipersonal, was incorporated on 7 December 1988 under the name OM Ibérica, S.A., and commenced operations 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 standards 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) Rule Book, 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 participated in the capital increase of 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. The capital increase was registered with the Madrid Companies Register on 16 August 2011. In this connection, in accordance with the aforementioned protocol, on 1 January 2011 the company transferred the information dissemination business to Bolsas y Mercados Españoles Market Data, S.A.

On 28 June 2012, the Boards of Directors of MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. - Sociedad Unipersonal and the company approved the merger and takeover by the company of MEFF Sociedad Rectora de Productos Derivados, 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.

Further, on 28 and 29 June 2012, the Boards of Directors of the company and MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal, agreed the partial spin-off of MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal in favour of the company. This involved transferring the business unit comprising the derivatives market technical and human resources to MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal, in favour of the company, which acquired all the assets and liabilities, rights and obligations of this business unit through universal succession.

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.

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 central counterparty activities carried out by the Company, its Rule Book was amended on 31 October 2012.

On 27 June 2013, the Board of Directors of BME Clearing, S.A. - Sociedad Unipersonal and MEFF Sociedad Rectora del Mercado de Productos Derivados, 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 (the beneficiary). This involved transferring the business unit comprising the assets and 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 executed on 9 September 2013 and filed with the Madrid Companies Register on 30 September 2013. From that date, 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 at that time 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 reorganising the activities of the companies involved.

On 13 December, transferred its shareholding in Bolsas y Mercados Españoles Market Data, S.A. and Bolsas y Mercados Españoles Servicios Corporativos, S.A. to MEFF Sociedad Rectora del Mercados de Productos Derivados, S.A.U.

On 16 September 2014, the CNMV informed BME Clearing S.A. - Sociedad Unipersonal that it had been granted authorisation to perform clearing services as a central counterparty, in accordance with article 14 of Regulation (EU) 648/2012 of the European Parliament and Council, of 4 July 2012, relative to OTC derivatives, central counterparties and trade repositories, and point 1 of article 44 ter. of Law 24/1988, of 28 July, on the Securities Market.

On 29 July 2015, the CNMV informed BME Clearing S.A. - Sociedad Unipersonal that it had been granted authorisation to extend its activities, under Article 15 of EMIR, to provide services as central counterparty for equity (Equity Segment) and derivatives financial instruments (OTC) on interest rates (IRS), likewise authorising the amendment of the Rule Book of BME Clearing S.A. – Sociedad Unipersonal, the General Conditions of the Equity Segments and the General Conditions of the Derivatives (OTC) Segment on interest rates.

Therefore, with the entry into force of the reform of the Spanish securities clearing, settlement and registration system from 27 April 2016, the Company incorporated into its activity the clearing of trades on securities admitted to trading on the Spanish Stock Exchanges and on the MAB and Latibex multilateral trading systems.

On 1 June 2017, BME Clearing S.A.U. obtained authorisation to extend its services as central counterparty to GAS contracts, with physical delivery, which form part of the CCP's Energy Segment.

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 invoices, as well as receive and manage collateral, 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 collateral, where applicable, for operations performed by Market Subjects in relation to system adjustments and the power guarantee.

On 28 and 29 June 2012, the Boards of Directors of MEFF Sociedad Rectora de Productos Derivados, S.A. - Sociedad Unipersonal and the company, 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, which acquired all the assets and liabilities, rights and obligations of the business unit through universal succession. The public deed of the partial spin-off was executed on 26 November 2012, and filed with the Barcelona and Madrid Companies Registries on 14 and 28 December 2012.

Also in 2012, MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A. - Sociedad Unipersonal was absorbed by MEFF Sociedad Rectora de Productos Derivados, S.A. - Sociedad Unipersonal - see above - and this, together with 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.

On 25 April 2017, the Sole Shareholder (Bolsas y Mercados Españoles) de MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal and MEFF Euroservices, S.A., - Sociedad Unipersonal, approved the merger of the latter by the former, a merger that was notarised on 29 May 2017 and recorded in the Barcelona Companies Register on 10 July 2017.

Bolsas y Mercados Españoles Renta Fija, S.A. - Sociedad Unipersonal

The corporate purpose of Bolsas y Mercados Españoles 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 (the "AIAF Market"), to supervise, manage and operate the multilateral trading facility Sistema Electrónico de Negociación de Activos Financieros (SENAF.SMN), and to supervise, manage and operate the Mercado Alternativo de Renta Fija (MARF) multilateral trading facility 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 a Ministry for the Economy and Finance Order, of 1 August 1991, and its official status was recognised in accordance with the Transitional Provision Six of Law 37/1998, of 16 November, of the Reform of Act 24/1988, of 28 July, of the Securities Market.

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. (absorbed company), approved the merger by absorption of Sistema Electrónico de Negociación de Activos Financieros, S.A. by AIAF Mercado de Renta Fija, S.A. - Sociedad Unipersonal, with the former being wound up through dissolution without liquidation.

At the meetings held on 25 May 2009, the sole shareholder of AIAF Mercado de Renta Fija, S.A. - Sociedad Unipersonal and the General Shareholders' Meeting of Sistema Electrónico de Negociación de Activos Financieros, S.A. approved the merger of the two entities through the absorption of Sistema Electrónico de Negociación de Activos Financieros, S.A. by AIAF Mercado de Renta Fija, S.A. - Sociedad Unipersonal, and the winding up by dissolution without liquidation of the former, 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 was 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 participated in the capital increase of 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. The capital increase was registered with the Madrid Companies Register on 16 August 2011. In this connection, in accordance with the aforementioned protocol, on 1 January 2011 the Company transferred the information dissemination business to Bolsas y Mercados Españoles Market Data, S.A. Due to the entry into the capital of Bolsas y Mercados Españoles Market Data, S.A. by Sociedad de Bolsas, S.A., the percentage of the Company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. remains at 0.14% at 31 December 2019 and 2018.

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

In addition, at 31 December 2019 and 2018, the company held a long-term 9% stake in Bolsas y Mercados Españoles Servicios Corporativos, S.A.

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, inter alia, of goodwill in respect of government debt clearing, settlement and registration activity transferred from CADE to Sociedad de Sistemas, contributed by Banco de España.

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.

Sociedad de Sistemas currently has the following functions:

- a. Keeping the accounting record of securities represented in the form of book entries listed for trading on the Government Debt Book-entry Market, in accordance with the provisions of the Securities Market Act; of securities listed for trading on the Spanish Stock Exchanges, as designated by the Governing Companies; and of other securities admitted to trading on official secondary markets and multilateral trading facilities, as designated by the governing bodies of the markets and systems.
- b. Keeping the accounting records of other securities not listed for trading on official secondary markets, regulated markets or multilateral trading facilities.
- c. Managing the settlement and, as necessary, the clearing of securities and cash arising from security trading.
- d. To provide the services for which it has been authorised pursuant to Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.
- e. Providing services in connection with the European emission rights trading and registration system.
- f. Any other duties assigned to it by the Spanish government, subject to prior reports from the CNMV and, if applicable, Banco de España

The Company may not carry out or include as part of its corporate purpose any activities for which it is not legally authorised or for the exercise of which the Law requires any kind of administrative authorisation it does not hold.

The reform of the Spanish securities clearing, settlement and registration system (instigated by Law 32/2011, of 4 October, and culminating in the first final provision of Law 11/2015, of 18 June, with the aim of standardising Spanish post-trading activities in line with those of our main European partners) involves three main changes: a) a move to a holdings-based registration system for equity securities; b) the introduction of a central counterparty (CCP) and c) the bringing together the current settlement systems, CADE and SCLV, into a single platform.

With the entry into force of the Reform, since 27 April 2016, the Company has managed the following securities settlement systems: the ARCO securities settlement system and the clearing and settlement system for transactions carried out in the book-entry public debt market and the AIAF fixed income market.

On 18 September 2017, the second phase of the Reform was completed with: (a) inclusion in the ARCO Settlement System for the settlement of securities included up until that time on the clearing and settlement system for transactions carried out in the book-entry government debt market and the AIAF fixed income market; and (b) the migration of the Eurosystem to the Target2 Securities (T2S) settlement platform, thus permitting the standardisation of the post-trade systems of the Spanish market with those of the other European markets.

On 20 September 2019, the National Securities Market Commission informed Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal that authorisation had been granted for it to continue providing the Central Securities Depository (CSD) pursuant to Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

At 31 December 2019 and 2018, the company held long-term shareholdings in Bolsas y Mercados Españoles Servicios Corporativos, S.A., Regis-TR, S.A. and Regis-TR UK, Ltd with ownership interests of 21%, 50% and 50% respectively. Furthermore, at 31 December 2019, the company maintained a permanent 50% shareholding in Regis-TR UK, Ltd.

Significant information concerning Regis-TR, S.A. and Regis-TR UK, Ltd is provided below.

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 up, in equal amounts, by the two companies).

Its corporate purpose is:

- a. The company will act as a trade repository and authorised communication mechanism under the provisions of the applicable Luxembourg legislation.
- b. Its corporate purpose is the administration and registration of information relating to any derivative contract and with transactions (hereinafter "Derivatives", including, but not limited to, over-the-counter derivatives (OTCs), exchange traded derivatives (ETDs), contracts and trades) entered into by financial and non-financial counterparties, as well as the reporting of information received on these derivatives, inter alia, to the market Supervisory authorities and regulatory authorities and derivative market participants.
- c. The purpose of the company is the administration and registration of information relating to any trade on wholesale energy products (hereinafter, "Wholesale market energy products", including, but not limited to contracts, the execution of transactions and derivatives relating to the production, supply, transport and distribution of electricity and natural gas, and information on the capacity and use of facilities for the production, storage, consumption and transmission of electricity and natural gas and the use of liquefied natural gas (LNG) facilities, including non-scheduled and scheduled non-availability of these facilities) agreed between participants in the wholesale energy market, including the transmissions to the operators of the system, operators of storage and liquefied natural gas systems, together reporting in its own name and on behalf of others of all data gathered on wholesale energy products, inter alia, to the Agency for the Cooperation of Energy Regulators (ACER) as well as the market supervisory authorities and regulators, via automatic means of access to such information and/or prior request by the aforementioned authorities, as well as to the participants of the wholesale energy market.

- d. The company may provide collateral evaluation and management services in relation to Derivatives. 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.

The company may provide supplementary financial, commercial and/or industrial services necessary to fulfil and develop its corporate purpose.

It is a private entity and therefore no quoted market prices for its shares are available. There is no contingent liability with regard to the Group's stake in the joint venture.

Regis-TR UK, Ltd

On 11 March 2019, the constitution was formally arranged of a private company limited by shares, in England and Wales (United Kingdom), by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal y Clearstream Holding AG whose registered address is located in London. The company has a share capital of 891 thousand pounds sterling, fully subscribed and disbursed by both shareholders in equal parts, equivalent to €1,029 thousand on the date of incorporation.

Its corporate purpose is:

- a. The company shall act as a trade repository and authorised communication mechanism under the laws of England and Wales (United Kingdom).
- b. Its corporate purpose is the administration and registration of information relating to any derivative contract and with transactions (hereinafter "Derivatives", including, but not limited to, over-the-counter derivatives (OTCs), exchange traded derivatives (ETDs), contracts and trades) entered into by financial and non-financial counterparties, as well as the reporting of information received on these derivatives, inter alia, to the market Supervisory authorities and regulatory authorities and derivative market participants.
- c. The purpose of the company is also the administration and registration of information related to any contract involving financing transactions through securities and reuse transactions ("Securities Financing Transactions", hereinafter SFTs) agreed between financial and non-financial counterparties, as well as the reporting of the information received regarding such SFTs, among others, to the market's supervisory and regulatory authorities, to the participants in SFT markets, to other trade repositories and to the public.
- d. The company may provide collateral evaluation and management services in relation to Derivatives. 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.

The company may provide supplementary financial, commercial and/or industrial services necessary to fulfil and develop its corporate purpose.

It is a private entity and therefore no quoted market prices for its shares are available. There is no contingent liability with regard to the Group's stake in the joint venture.

BME Post Trade Services, S.A. - Sociedad Unipersonal

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.

Link Up Capital Markets, S.A., was incorporated by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., -Sociedad Unipersonal, together with a plurality of shareholders. In 2013 and 2014, Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal performed a series of successive acquisitions from previous shareholders, a process that terminated on 14 January 2014 with the acquisition of 1.71% of the capital of Link Up Capital Markets, S.A. - Sociedad Unipersonal, an operation that resulted in a 100% shareholding.

On 21 November 2014, Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. acquired 100% of the share capital of Link Up Capital Markets, S.A. from Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal, for €878 thousand, equivalent to the theoretical carrying amount of the shares of Link Up Capital Markets, S.A. at 31 October 2014.

On 7 September 2016, the Company changed its name to BME Post Trade Services, S.A. - Sociedad Unipersonal (from Link Up Capital Markets, S.A. - Sociedad Unipersonal).

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.

Bolsas y Mercados Españoles Inntech, S.A.U.

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.

In 2008, Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal sold its entire shareholding in Bolsas y Mercados Españoles Inntech, S.A.U., formerly Infobolsa, S.A. - Sociedad Unipersonal, equivalent to a holding of 50%, to Bolsas y Mercados Españoles.

On 25 February 2016, Bolsas y Mercados Españoles Sociedad Holding de Mercados y Sistemas Financieros, S.A. acquired 50% of Infobolsa, S.A. from Deutsche Börse, A.G. For €8,200 thousand, and as of that date owns 100% of the company. Bolsas y Mercados Españoles now indirectly owns through Infobolsa, S.A. - Sociedad Unipersonal, 81% of the share capital of Open Finance, S.L., 100% of Difubolsa – Serviços de Difusão e Informação de Bolsa, S.A. and 100% de Infobolsa Deutschland, GmbH, all of which are directly owned by Infobolsa, S.A.U. - Sociedad Unipersonal.

On 25 March 2011, Infobolsa, S.A. - Sociedad Unipersonal acquired 62% of the share capital of Open Finance, S.L., for €3,514 thousand. Furthermore, in a supplementary agreement, Infobolsa, S.A. – Sociedad Unipersonal and all non-controlling shareholders of Open Finance, S.L. signed long-term sale-purchase agreements on the remaining 38% capital of Open Finance, S.L. (cross options). On 1 July 2014, Infobolsa, S.A. - Sociedad Unipersonal acquired 19% of the share capital of Open Finance, S.L., for €550 thousand. On 8 March 2018, Bolsas y Mercados Españoles Inntech, S.A.U. acquired an additional shareholding of 9% of the capital in Open Finance S.L. for the amount of €285 thousand, and as a result, as at 31 December 2019 and 2018, was the owner of 90% of the shares in said company.

“BME Soporte Local Colombia, S.A.S.” was incorporated on 5 January 2017 as a simplified joint stock company, incorporated in accordance with the laws of the Republic of Colombia. The share capital is represented by 150 million ordinary shares with a par value of 1 Colombian peso, fully subscribed and paid up by Infobolsa, S.A.U.

“BME Regulatory Services, S.A.U.” was incorporated on 12 May 2017 as a limited company with a share capital of 60 thousand registered shares with a par value of 1 euro each, fully subscribed and paid up by Infobolsa, S.A.U.

On 7 June 2017, the Sole Shareholder Bolsas y Mercados Españoles, approved the merger of the companies Bolsas y Mercados Españoles Innova S.A.U. and Visual Trader Systems, S.L.U. (Absorbed Companies) by Infobolsa, S.A. - Sociedad Unipersonal (Absorbing Company), as well as the change of the corporate name of Infobolsa, S.A. Sociedad Unipersonal to the present name of Bolsas y Mercados Españoles Inntech, S.A. - Sociedad Unipersonal.

On 10 January 2020, the dissolution and liquidation of Difubolsa - Serviços de Difusão e Informação de Bolsa, S.A., as well as the cancellation of the corresponding registration sheet, was registered with the Companies Register of Lisbon. Therefore, at 31 December 2019 and 2018, the company had a shareholding of 100% in BME Soporte Local Colombia, S.A.S. and BME Regulatory Services, S.A.U. Major information concerning these companies is provided below.

BME Regulatory Services, S.A.U.

“BME Regulatory Services, S.A.U.” was incorporated on 12 May 2017 as a limited company. The share capital was set at €60 thousand represented by 60,000 registered shares with a par value of one Euro each, which were fully subscribed and paid up by Bolsas y Mercados Españoles Inntech, S.A.U.

The company was incorporated for an indefinite period and its corporate purpose is:

- To receive, process, prepare, handle, disseminate, store, market and distribute any type of financial, economic, stock market, monetary and commercial information of any type by electronic or other means.
- 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.
- To receive, process, develop, handle, disseminate, store, market and distribute information on issuing entities, financial instruments, operations relating to the foregoing, and their intervening parties, as well as their communication to any natural, legal or institutional persons or public and private authorities, whether national or international.
- Perform consultancy and advisory activities and provide services relating to the procedures, developments, management and compliance with legal obligations in respect of the information referred to in the above-mentioned activities.

BME Soporte Local Colombia, S.A.S.

"BME Soporte Local Colombia, S.A.S." was incorporated on 5 January 2017 as a simplified joint stock company, incorporated in accordance with the laws of the Republic of Colombia. The main registered office of the company is in the city of Bogotá, Distrito Capital (Colombia). The subscribed capital is 150,000 thousand Colombian pesos (the equivalent of €50 thousand as on the date of constitution), divided among 150 million ordinary shares with a par value of 1 Colombian peso each, fully subscribed and paid up by Infobolsa, S.A.U. (now Bolsas y Mercados Españoles Inntech, S.A.U.).

The company was incorporated for an indefinite period and its corporate purpose is to provide local support to the activities and businesses of the BME Group, among these being the provision of consultancy services in the use of information technology, the provision of services encompassing the study, development, analysis, programming, marketing, licensing, support and maintenance of computer software and electronic equipment, the registration of design data, the establishment, creation, support and operation of procedures, programs, systems, IT, electronic and communications services or networks of any nature with the aim of developing financial activities or activities relating to securities markets.

MEFF Sociedad Rectora del Mercado de Productos Derivados, 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 up).

Its corporate purpose was to analyse and prepare projects related to developing and managing markets for financial products.

On 27 June 2013, the Board of Directors of BME Clearing, S.A. – Sociedad Unipersonal and MEFF Sociedad Rectora del Mercado de Productos Derivados, 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 (the beneficiary). This involved transferring the business unit comprising the assets and 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, "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 Law 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 Mercantile Registry on 30 September 2013.

At 31 December 2019 and 2018, the company held a long-term 11% stake in Bolsas y Mercados Españoles Servicios Corporativos, S.A. Due to the participation in the capital of Bolsas y Mercados Españoles Market Data, S.A. by Sociedad de Bolsas, S.A., the percentage of the Company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. stood at 7.77% at 31 December 2019 and 2018. Both shareholdings were acquired by virtue of the sale and purchase agreement entered into with BME Clearing S.A.U on 13 December 2013.

10. Current investments in Group companies and associates

The breakdown of this balance sheet item in 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Other financial assets (Note 18)	5,505	6,907
	5,505	6,907

“Other financial assets” includes the debit balance of €4,109 thousand (€5,717 thousand in 2018) for the difference between the portion of the consolidated taxable income recognised for each of these companies in the tax group and the amount received by Bolsas y Mercados Españoles from these companies in relation to payments on account, a debit balance of €1,368 thousand (€1,144 thousand in 2018) for the result of settlement of each of these companies under the Special Companies Group System for Value-Added Tax (Note 15-a) and €28 thousand at 31 December 2019 (€46 thousand at 31 December 2018), corresponding mainly to the outstanding amount receivable for the transfers of health benefit obligations (Note 14).

11. Current payables to Group companies and associates

In 2017, to make the Group's cash management during the performance of its business activities more efficient, the Company signed an agreement with Bankinter, S.A. and some of the Group's companies for a centralised current account to be managed by the Company into which the current account balances of the different signatory companies are fed.

Under this agreement, in 2017 the Company signed:

- a “Framework Service Provision Agreement - Cash Optimisation System” with Bankinter, S.A. to regulate the Company's and its subsidiaries' cash management centralisation system.

- a "Cash pooling agreement" with some of the Group's companies, which can be considered a loan agreement, through which cash positions are transferred. By virtue of this agreement, the balance in favour of each of the Group's companies will accrue an annual Euribor interest rate plus 0.5 percent, which will be calculated on the average monthly balance in its favour during the calendar month. The duration of these agreements is indefinite and at 31 December 2018, the signatory Group's companies were 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 Bilbao, S.A. - Sociedad Unipersonal, Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. - Sociedad Unipersonal, Bolsas y Mercados Españoles Renta Fija, S.A.- Sociedad Unipersonal, MEFF Tecnología y Servicios, S.A. - Sociedad Unipersonal and BME Servicios Corporativos, S.A.

In accordance with the foregoing, under "Current payables to Group companies and associates" of the balance sheet at 31 December 2019 and 31 December 2018, the Company included €17,285 thousand and €29,178 thousand, respectively for the debt incurred with the Group's companies due to the current account balances that those companies placed at the Company's disposal as the centralised bank account manager, and €1 thousand for accrued and unpaid interest at 31 December 2019 (€6 thousand as at 31 December 2018) (Note 18). Accrued interest for 2019 and 2018 in favour of the Group's companies as remuneration for the Cash pooling agreement totalled €21 thousand and €74 thousand respectively and is recognised under "Financial expenses - Payables to Group companies and associates" in the income statement (Note 18).

12. Information on the nature and level of risk of financial instruments

As described in Note 1, the Company is the head of the Bolsas y Mercados Españoles Group, and subject to its risk control and management policies. Therefore, the corporate Continuity and Risk Committee is responsible for developing the risk control and management policy, monitoring and analysing the risks arising from the various activities carried on by the companies in the Group in the framework of a scheme of management coordinated through Business Units and Corporate Areas, as described in section E of the Annual Corporate Governance report and Note 24 of the consolidated annual accounts of the Bolsas y Mercados Españoles Group published on 27 February 2020.

The main financial risks to which the Company is exposed are discussed below:

a) Exposure to credit risk

The Company's main financial assets are reverse repurchase agreements in which the Company invests its surplus cash, trade and other receivables, current investments in Group companies and associates and available-for-sale financial assets, which represent its maximum exposure to credit risk in relation to financial assets.

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

Credit risk associated with trade and other receivables relates mainly to the balance with Group entities that have a satisfactory solvency and liquidity position. In any event, credit risk attributable to trade receivables is reflected in the balance sheet net of the provisions for insolvency estimated by the Company's management based on experience of previous years and their assessment of the prevailing economic situation.

b) Exposure to liquidity risk

To ensure its liquidity and ability to meet the payment obligations arising from its activity, the Company has the cash balances sheet in the balance sheet (Note 7).

c) Exposure to interest rate risk

As indicated previously, given that the portfolio of financial assets exposed to interest rate risk is mainly made up of reverse repurchase agreements (with public debt as the underlying asset), exposure to interest rate risk is minimal as maturities are very short-term and returns adapt quickly to changes in interest rates.

Details of the carrying amounts of financial assets grouped by maturity from shortest to longest and in terms of their effective interest rate are provided in Note 7.

d) Exposure to other market risks

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 the key revenue drivers of its subsidiaries.

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.

e) Concentration risk.

The Company does not a significant concentration of credit risk.

13. Equity

Movements in the Equity of Bolsas y Mercados Españolas in 2019 and 2018 were as follows:

	Thousands of euros									
	Capital	Legal and statutory reserves	Other reserves	Own shares and equity holdings	Profit/(loss) for the year	Interim dividend (Note 3)	Other equity instruments	Valuation adjustments	Total	Final dividend
Balances at 1 January 2018	250,847	54,016	32,349	(12,426)	148,433	(83,133)	7,101	2,190	399,377	-
Distribution of 2017 results	-	-	481	-	(148,433)	83,133	-	-	(64,819)	64,819
Profit/(loss) for the year	-	-	-	-	133,025	-	-	-	133,025	-
Interim dividend from profit for 2018	-	-	-	-	-	(83,078)	-	-	(83,078)	-
Actuarial (gains)/losses (Note 14)	-	-	21	-	-	-	-	-	21	-
Tax incentives	-	-	-	1,286	-	-	(1,674)	-	(388)	-
Transactions with treasury shares	-	-	-	(4,267)	-	-	-	-	(4,267)	-
Valuation adjustments and change in tax rate	-	-	-	-	-	-	-	274	274	-
Other changes	-	-	1,376	-	-	-	-	-	1,376	-
Balances at 31 December 2018	250,847	54,016	34,227	(15,407)	133,025	(83,078)	5,427	2,464	381,521	64,819
Balances at 1 January 2019	250,847	54,016	34,227	(15,407)	133,025	(83,078)	5,427	2,464	381,521	-
Distribution of 2018 results	-	-	2,692	-	(133,025)	83,078	-	-	(47,255)	47,255
Profit/(loss) for the year	-	-	-	-	122,944	-	-	-	122,944	-
Interim dividend from profit for 2019	-	-	-	-	-	(82,852)	-	-	(82,852)	-
Actuarial (gains)/losses (Note 14)	-	-	(60)	-	-	-	-	-	(60)	-
Tax incentives	-	-	-	1,389	-	-	(1,268)	-	121	-
Transactions with treasury shares	-	-	-	(5,189)	-	-	-	-	(5,189)	-
Valuation adjustments and change in tax rate	-	-	-	-	-	-	-	2,152	2,152	-
Other changes	-	-	629	-	-	-	-	-	629	-
Balances at 31 December 2019	250,847	54,016	37,488	(19,207)	122,944	(82,852)	4,159	4,616	372,011	47,255

Registered capital

At 31 December 2019 and 2018, Bolsas y Mercados Españoles share capital consisted of 83,615,558 fully subscribed and paid up shares with a par value of €3.00 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.

At 31 December 2019 and 2018 the breakdown of shareholders holding interests of 3% or over in Bolsas y Mercados Españoles, according to the information in Shareholders Register, which contains trades carried out in 2019 and 2018, was as follows:

Name or corporate name of shareholder	Ownership interest	
	2019	2018
Corporación Financiera Alba, S.A.	12.06%	12.06%

The information disclosed in this report is based on the Shareholder Register, which contains transactions carried out in 2019.

At 31 December 2019, "Bank of New York Mellon" and "State Street Bank and Trust Co" appear in the Shareholder Register with stakes in the share capital of BME of 9.76% and 5.03%, respectively (less than 3% and 3.82%, respectively, at 31 December 2018). 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 hold over 3% of the company's share capital or voting rights.

Regardless of the foregoing, according to the records of the National Securities Market Commission, as at 31 December 2019 "Blackrock, Inc." held 3.48% of indirect voting rights attributed to BME shares.

Reserves

Legal reserve

Under Article 274 of the Companies 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. Except as mentioned above, 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 year-end 2019 and 2018, this reserve was fully provisioned.

Other reserves

The changes in this heading in 2019 and 2018 include €629 thousand and €1,376 thousand, respectively, relating to the net gain of the tax effect recognised by the Group as a result of the settlement of the third and second three-year period of the 2014-2019 Plan, respectively, (Note 4.13).

The remaining reserves are unrestricted.

Own shares and equity holdings

At 31 December 2019 and 2018, the breakdown of treasury shares held by the Company was as follows:

	No. of shares	Par value (euros)	Average acquisition price (euros)	Total acquisition cost (Thousands of euros)
Treasury shares at 31 December 2019	764,055	3.00	25.14	19,207
Treasury shares at 31 December 2018	604,003	3.00	25.51	15,407

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.

In June 2018, to cover the settlement of the second three-year period of the 2014-2019 Multi-year Share-based Variable Remuneration Plan, the Company delivered 50,550 treasury shares to the beneficiaries of said Plan (see Note 19-c), the fair value of which at the date of delivery was €1,517 thousand. The cost of these treasury shares, in the amount of €1,286 thousand, was derecognised.

In June 2019, to cover the settlement of the third three-year period of the 2014-2019 Multi-year Share-based Pluri-Annual Variable Remuneration Plan, the Company delivered 55,120 treasury shares to the beneficiaries of said Plan (see Note 19-c), the fair value of which at the date of delivery was €1,255 thousand. The cost of these treasury shares, in the amount of €1,389 thousand, was derecognised.

In 2019 and 2018 the Company acquired 215,172 treasury shares and 165,295 treasury shares, in the amounts of €5,189 thousand and €4,267 thousand.

Other equity instruments

This includes the amount of compound financial instruments having the nature of equity, the changes in equity owing to employee compensation, and other items not included in other equity items. At 31 December 2019 and 2018, the only items under this heading, in the respective amounts of €4,159 thousand and €5,427 thousand, relate to the equity instruments for staff remuneration stipulated in Note 4.13.

In 2019 and 2018, provisions were recognised in "Other equity instruments" resulting from the Pluri-Annual Share-Based Variable Remuneration Plan in effect at the time, in the respective amounts of €1,845 thousand and €2,457 thousand (Note 4.13).

Furthermore, in 2018, the Company derecognised the estimated fair value at 31 December 2017 of the equity instruments for the second three-year period of the 2014–2019 Plan, corresponding to the beneficiaries of the Plan, in the amount of €4,131 thousand (Note 4.13-c).

In 2019, the Company derecognised the estimated fair value at 31 December 2018 of the equity instruments for the third three-year period of the 2014–2019 Plan, corresponding to the beneficiaries of the Plan, in the amount of €3,112 thousand (Note 4.13).

Valuation adjustments

This 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 4.4 above, must be classified directly in equity. These changes are recognised in the income statement when the assets giving rise to them are sold.

The change in this heading in 2019 and 2018 was as follows:

	Thousands of euros
Balance at 1 January 2018	2,190
Net valuation gains (loss)	274
Balance at 31 December 2018	2,464
Net valuation gains (loss)	2,152
Balance at 31 December 2019	4,616

Net valuation gains (losses) recognised are entirely for valuation adjustments due to changes in the fair value of the Company's shareholding in Bolsa Mexicana de Valores, S.A., de C.V. (Note 8)

Other information

On 18 November 2019, the Swiss company Six Group, AG, the manager of the Swiss Stock Exchange, submitted a voluntary takeover bid for all BME shares, representing 100% of the share capital, at an initial price of €34 per share, from which the dividends that BME has distributed and distributes prior to the settlement date of the Bid will be deducted.

14. Provisions and contingencies

Non-current provisions

The breakdown of this balance sheet item at 31 December 2019 and 2018 and the main changes therein in those years are as follows:

	Thousands of euros					
	Long-term employee benefit obligations (Note 4.11)		Other provisions		Total	
	Pension obligations					
	2019	2018	2019	2018	2019	2018
Balance at 1 January	738	676	2,505	3,522	3,243	4,198
Net provision (release) with a charge (debit) to income (Notes 15-c and 16)	77	62	-	-	77	62
Net provision (release) with a charge (debit) to equity (Note 13)	60	(21)	-	-	60	(21)
Amounts used and other (Note 15-c)	(40)	21	-	(1,017)	(40)	(996)
Balance at 31 December	835	738	2,505	2,505	3,340	3,243

Long-term employee benefits - Pension obligations

Long-term employee benefits are for long-term defined benefit obligations and other long-term employee benefits (Note 4.11).

The Company 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:

	Retirement bonuses		Health benefits		Loyalty bonuses	
	2019	2018	2019	2018	2019	2018
Discount rate	0.68%	1.43%	0.83%-0.91%	1.58%-1.76%	0.00%	0.10%
Mortality tables	PER2000-P	PER2000-P	PER2000-P	PER2000-P	PER2000-P	PER2000-P
Retirement age	65 years	65 years	65 years	65 years	-	-
Expected return on plan assets	0.68%	1.43%	-	-	-	-
Benefit growth rate	-	1.0%	3.5%	3.5%	3.3%	3.3%

- Discount rate: The Company 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 Company used the market yields of the Markit iBoxx € Corporates AA indices.

The changes in the net accumulated balances of these provisions in 2019 and 2018 were as follows:

	Thousands of euros			
	Retirement bonuses	Health benefits	Loyalty	Total
Balances at 31 December 2017	64	584	28	676
Increases due to:				
Service cost (Note 16) (*)	29	16	5	50
Actuarial gains and losses (net)	(7)	(14)	-	(21)
Finance costs	1	11	-	12
Transfers	-	45	-	45
Decreases due to:				
Premium payment for externalisation and benefits paid	(24)	-	-	(24)
Balances at 31 December 2018	63	642	33	738
Increases due to:				
Service cost (Note 16) (*)	44	19	1	64
Actuarial gains and losses (net)	(1)	61	-	60
Finance costs	1	12	-	13
Transfers	(3)	28	-	25
Decreases due to:				
Premium payment for externalisation and benefits paid	(63)	(2)	-	(65)
Balances at 31 December 2019	41	760	34	835

(*) The cost of services for the current period, amounting to €1 thousand in 2019 (€5 thousand in 2018) for performance, loyalty and length-of-service bonuses are recognised under "Staff Costs" in the "Wages, salaries and similar expenses" section of the income statement (Note 16).

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

Long-term employee benefit obligations - Retirement bonuses	Thousands of euros	
	2019	2017
Current service cost	29	28
Interest costs	8	6
Expected return on insurance policies	(7)	(5)
Past service cost	15	1
	45	30

The changes in the fair value of the retirement obligations assumed by the Company were as follows:

Long-term employee benefit obligations - Retirement bonuses	Thousands of euros	
	2019	2018
Present value of obligations at 1 January	485	448
Current service cost	29	28
Past service cost	50	-
Interest costs	8	6
Actuarial (gains)/losses	23	(10)
Transfers	30	37
Benefits paid	(24)	(24)
Present value of obligations at 31 December	601	485

The changes in the fair value of the insurance policies linked to the retirement obligations were as follows:

Long-term employee benefit obligations - Retirement bonuses	Thousands of euros	
	2019	2018
Fair value of insurance policies linked to pensions at 1 January	410	371
Expected return on insurance policies	7	5
Actuarial gains/(losses)	24	(3)
Transfers	33	37
Benefits paid and others	(23)	(25)
Premiums paid	62	25
Fair value of insurance policies linked to pensions at 31 December	513	410

The status of retirement bonus commitments at year-end 2019 and 2018 is shown below:

	Thousands of euros	
	2019	2018
Present value of obligations	601	485
Less-		
Fair value of plan assets	(513)	(410)
Unrecognised past service cost	(47)	(12)
Balance of retirement obligations	41	63

Other provisions

“Other provisions” on the balance sheet includes forecast expenses or outflows of funds in the course of the Company's normal activities.

15. Tax

a) Consolidated tax group

Bolsas y Mercados Españoles files consolidated tax returns. Under prevailing tax legislation, the Consolidated Tax Group includes Bolsas y Mercados Españoles as parent company plus all the consolidated entities as subsidiaries with the exception of Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., Sociedad Unipersonal, Difubolsa - Serviços de Difusão e Informação de Bolsa, S.A., BME Soporte Local Colombia S.A.S., LATAM Exchanges Data, Inc., Regis-TR, S.A., Regis-TR UK, Ltd and LATAM Exchanges Data México, S.A. de C.V.

At a meeting on 17 December 2014, the Board of Directors of Bolsas y Mercados Españoles unanimously agreed to adopt the Special Companies Group System for Value-Added Tax, exercising the option stipulated in Article 163 sexies.Five of Law 37/1992, which came into effect on 1 January 2015. Subsequently, on 29 December 2014, Bolsas y Mercados Españoles applied to pay tax under the Special System, with the Company as Parent and the following as subsidiaries: Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U., BME Clearing S.A.U., MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U., Sociedad de Bolsas, S.A., Bolsas y Mercados Españoles Sistemas de Negociación, S.A. and Bolsas y Mercados Españoles Market Data, S.A.

Effective 1 January 2017, the following companies were incorporated into the aforementioned Special System: Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U., Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U., Sociedad Rectora de la Bolsa de Valores de Valencia, S.A.U., Bolsas y Mercados Españoles Renta Fija, S.A.U. and BME Post Trade Services, S.A.U. Additionally, effective 1 January 2020, Bolsas y Mercados Españoles Servicios Corporativos, SA now pays tax under the Special System.

Accordingly, the Company recognised a debit balance under “Current investments in Group companies and associates” for the settlement of VAT of each of the subsidiaries adhering to the Special System (Notes 10 and 18) and the heading “Other payables - VAT payables” includes the net balance for the tax obligations of all of the companies adhering to Special Companies Group System for Value-Added Tax.

b) Balances with public bodies

Receivables from and payable to public bodies at 31 December 2019 and 2018 are as follows:

	Thousands of euros	
	2019	2018
Non-current assets:		
Deferred tax assets	2,953	3,027
	2,953	3,027
Current assets:		
Current tax assets-		
Income tax paid on account	33,009	37,096
	33,009	37,096
Non-current liabilities:		
Deferred tax liabilities	1,539	821
	1,539	821
Current liabilities:		
Current tax liabilities-		
Corporation tax payable	36,926	42,664
Other payables-		
Social Security, payables	60	54
Taxation authorities, tax withholdings	10,813	8,746
VAT payable	1,122	1,144
	11,995	9,944
	48,921	52,608

At 31 December 2019 and 2018, "Tax authorities, tax withholdings" included withholdings on dividends of €9,446 thousand and €8,030 thousand, respectively.

c) Reconciliation of accounting profit to taxable income

The reconciliation of accounting profit to taxable income is as follows:

	Thousands of euros	
	2019	2018
Accounting profit before tax	120,628	131,110
Permanent differences:		
Reversal of impairment of investees (Note 4.6)	955	955
Other non-deductible costs	674	257
Exemption of dividends (Note 9)	(131,388)	(139,562)
Other	1,018	1,834
Temporary differences:		
Arising in the year-		
Long-term employee benefit obligations (Notes 14, 16 and 19)	1,024	1,264
Other (Notes 16 and 19)	193	84
Arising in prior years-		
Long-term employee benefit obligations	(1,513)	(1,812)
Other non-current/current provisions (Note 14)	-	(1,167)
Taxable profit	(8,409)	(7,037)

d) Taxes recognised in equity

The breakdown of taxes recognised in equity at year-end 2019 and 2018 is as follows:

	Thousands of euros					
	2019			2018		
	Increase / Balance	Decrease / Balance	Total	Increase / Balance	Decrease / Balance	Total
Deferred tax:						
Arising in the year-						
Available-for-sale financial assets (Note 8)	-	(717)	(717)	-	(92)	(92)
Arising in prior years-						
Available-for-sale financial assets	-	(821)	(821)	-	(729)	(729)
Long-term employee benefit obligations	351	-	351	351	-	351
Total deferred tax	351	(1,538)	(1,187)	351	(821)	(470)
Other:						
Arising in prior years-						
Other (Note 13)	27	-	27	281	-	281
Total taxes recognised directly in Equity	378	(1,538)	(1,160)	632	(821)	(189)

e) **Reconciliation of taxable income to income tax expense**

The reconciliation between taxable profit and income tax expense in 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Taxable profit	(8,409)	(7,037)
At tax rate of 25%	(2,102)	(1,759)
Impact of temporary differences	74	408
Tax credits:		
Other	-	(46)
Positive adjustments to income	(33)	(60)
Total income tax expense	(2,061)	(1,457)

Income tax payable for 2019 amounted to €2,061 thousand (€1,457 thousand in 2018), and is recognised under “Income tax expense” in the income statement, in the amount of €2,316 thousand (€1,915 thousand in 2018), with a debit to equity in the amount of €255 thousand (with a charge to Equity for €458 thousand in 2018).

f) **Income tax expense**

The breakdown of income tax expense is as follows:

	Thousands of euros	
	2019	2018
Current tax:		
From continuing operations	(2,357)	(2,263)
Deferred tax:		
From continuing operations	41	348
Total tax expense	(2,316)	(1,915)

g) Recognised deferred tax assets and liabilities

The breakdown of recognised deferred tax assets and liabilities in 2019 and 2018 is as follows:

	Thousands of euros			
	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
Valuation adjustment - available-for-sale financial assets (Note 8)	-	-	1,539	821
	-	-	1,539	821
Temporary differences:				
Long-term employee benefit obligations	634	756	-	-
Other current/non-current provisions	664	664	-	-
Other	1,655	1,607	-	-
	2,953	3,027	-	-
Total deferred tax assets and liabilities	2,953	3,027	1,539	821

The deferred tax assets indicated above were recognised in the balance sheet as the Board of Directors considered that, based on the best estimate of the Company's future earnings, including certain specific tax planning initiatives, it is probable that these assets will be recovered.

h) Tax loss carryforwards

At year-end 2019 and 2018, Bolsas y Mercados Españoles had unused tax loss carryforwards, deriving from losses in 2002, totalling €1,146 thousand. According to current legislation, there are no time restrictions of the use of these carryforwards (Note 4.6).

i) Years open for inspection and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute of limitations has expired. At 31 December 2019, the Company had all transactions carried out over the last four years open for review by the tax authorities in respect of the applicable taxes.

Due to the different possible interpretations of tax regulations applicable to the Company's operations, any tax audits of the carried out by the tax authorities could result in contingent tax liabilities, the amount of which cannot be objectively quantified at present. Nevertheless, the Company's Directors consider the possibility of significant contingent liabilities arising from these inspections to be remote and, in any event, that the resulting tax liability would not have a material impact on the Company's annual accounts.

In March 2018, refunds of undue Income relating to the self-assessment of income tax (fiscal consolidation regime) for 2011 and 2012 were recognised, in addition to the corresponding late payment interest, for the amount of €59 thousand, under "Finance income - From marketable securities and other financial instruments - Third parties".

16. Staff costs

The breakdown of this heading is as follows:

	Thousands of euros	
	2019	2018
Wages, salaries and similar expenses	6,546	5,630
Social welfare expenses	837	634
Provisions and other staff costs	303	268
	7,686	6,532

"Wages, salaries and similar expenses" included €594 thousand (€649 thousand in 2018) related to the provision accrued in relation to the part of the estimated fair value of the equity instruments granted to employees under the "Share-based Variable Remuneration Plans" recognised in profit and loss in the specific year the beneficiaries provided their services to the Company with a credit to "Other equity instruments" (Notes 4.13, 13, 15-c and 19).

Furthermore, "Provisions and other staff costs" included provisions for employee benefits in 2019 of €63 thousand (€45 thousand in 2018) (Note 14).

"Social welfare expenses" includes €200 thousand in 2019 (€91 thousand in 2018), for the annual contribution to the insurance policy taken out in 2006 with Aegon Seguros de Vida, Ahorro e Inversión, S.A., in the way of a supplementary pension to senior management (Notes 4.11, 15-c and 19).

The average number of employees in 2019 and 2018, by professional category, was as follows:

	Average number of Employees	
	2019	2018
Senior management	6	6
Middle management	10	9
Specialist technicians	20	18
Auxiliary / Support Staff	7	7
	43	40

The breakdown by gender at 31 December 2019 and 2018 by professional category was as follows:

	Employees			
	2019		2018	
	Men	Women	Men	Women
Senior management	5	1	5	1
Middle management	6	6	4	5
Specialist technicians	5	17	5	14
Auxiliary / Support Staff	1	4	1	7
	17	28	15	27

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 at 31 December 2019 is: men, 72.73% and women, 27.27%.

Wages and salaries payable to employees amounted to €1,516 thousand at 31 December 2019 (€2,733 thousand at 31 December 2018), recognised under “Trade and other payables - Other payables” on the liabilities side of the balance sheet.

At 31 December 2019, advances and loans had been granted to Company employees for €47 thousand (€42 thousand at 31 December 2018) and recognised under “Trade and other receivables – Other receivables” in the balance sheet on said date.

17. Other operating costs - external services

The breakdown, by item, of this income statement heading for 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Lease of offices and installations	106	117
Information technology equipment and computer software	579	169
Communications network	20	20
Travel, marketing and promotion	2,090	2,419
Independent professional services	4,714	3,060
Information services	28	25
Power and utilities	18	21
Security, cleaning and maintenance	45	52
Publications	85	122
Other expenses (Note 19):	3,329	4,089
	11,014	10,094

The amounts pending payment for all these concepts at year-end 2019 and 2018 are recognised under “Trade and other payables - Other payables” on the liabilities side of the balance sheet.

Fees paid to PricewaterhouseCoopers Auditores, S.L. for the audit of the annual accounts in 2019 amounted to €269 thousand (€260 thousand in 2018). In addition, fees paid to the auditor for other services in 2019 amounted to €45 thousand (€44 thousand in 2018) relating to assurance and other inspections required by the auditor for €7 thousand (€6 thousand in 2018) and the with verification report with a limited scope of security of the Non-Financial Information Statement for the amount of €38 thousand (€38 thousand in 2018).

Information on deferred payments to suppliers in commercial transactions

Information on the average payment period to suppliers required by additional provision three of Law 15/2010 is given below, taking into consideration the amendments introduced by Law 31/2014 of 3 December, which amends Spain's Corporate Enterprises Act for the improvement of corporate governance:

	2019	2018
	Days	Days
Average supplier payment period	42.57	42.76
Ratio of operations paid	44.19	44.12
Ratio of operations pending payment	13.53	16.30
	Thousands of euros	Thousands of euros
Total payments made	9,328	7,534
Total payments pending	522	387

Information on leases

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

	Thousands of euros (*)
Within one year	109
Between 1 and 5 years	-
More than 5 years	-

(*) Amounts not updated for CPI.

These buildings, under an operating lease, are the operating headquarters of the Company. The lease expires in 2020, with automatic annual renewal.

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 Consumer Price Index ("CPI") as the reference.

Losses, impairment and changes in trade provisions

Following the assessment of possible impairment losses under "Trade and other receivables" performed in 2019 and 2018, no impairment losses have been recognised.

Balances of trade and other receivables (except "Customers, Group companies and associates", "Other receivables" and "Current tax assets") past due at 31 December 2019 and 2018 amounted to €50 thousand and €41 thousand and were subject to impairment adjustments and provisioned at 1.81% and 1.3% at both year-ends.

18. Balances with related parties

At 31 December 2019 and 2018, the Company had the following balances with Bolsas y Mercados Españoles Group companies (Note 1):

	Thousands of euros	
	2019	2018
Assets:		
Non-current investments in Group companies and associates (Note 9)	342,310	341,413
Non-current investments (Note 8)	19	19
Trade and other receivables - Customers, Group companies and associates	1,912	1,910
Current investments in Group companies and associates (Notes 10 and 15)	5,505	6,907
	349,746	350,249
Liabilities:		
Current payables to Group companies and associates (Note 11)	17,286	29,184
Trade and other payables - Other payables	262	168
	17,548	29,352
Expenses:		
Staff costs	6	-
Other operating costs - External services	1,233	885
Taxes other than income tax	4	4
Finance costs - Current payables to Group companies and associates (Note 11)	21	74
	1,264	963
Revenue:		
Net turnover- Dividends (Note 9)	131,296	139,495
Other sales and rendering of services (Note 4.7)	7,606	7,629
	138,902	147,124

In relation to the balances outstanding and transactions carried out in 2019 with its significant shareholder, Corporación Financiera Alba, S.A., dividends for the net amount of €12,825 thousand (€14,540 thousand in 2018) were paid, once the withholdings set forth in prevailing tax legislation, amounting to €3,008 thousand (€3,411 thousand in 2018) had been applied.

19. Remuneration for the Board of Directors and senior management of Bolsas y Mercados Españoles and breakdown of directors' involvement in companies with identical or similar corporate purposes or activities on their own account or on the account of others.

Remuneration paid in 2019 and 2018 to current or former members of the Board of Directors and the Company's senior management, by item, was as follows:

2019

	Thousands of euros				Equity-settled share-based payments (Maximum number of theoretical shares) ⁽¹⁾						
					2014-2019 Plan			2017-2020 Plan	2018-2023 Plan		
	Salaries ⁽²⁾	Attendance fees	Other items	Pension funds and others	First three-year period	Second three-year period	Third three-year period	One-off three-year period	First three-year period	Second three-year period	Third three-year period
Board of Directors	1,937	310	478	63	26,664	25,267	31,694	34,254	36,273	13,933	-
Senior management (Note 16)	4,319 ⁽³⁾	55	271	130	40,243	35,522	41,669	26,912	32,660	42,408	-

- (1) Represents the maximum amount payable to beneficiaries at the end of each plan (Note 4.13) if all the targets established are met. The maximum number of theoretical shares includes the shares allocated to the former and serving members of the Board of Directors and Senior Management acting as such on the allocation date.
- (2) The amount of Salaries payable to the Board of Directors includes the amount received by the Executive Directors as Fixed and Variable Remuneration (in thousands of euros).
- (3) This includes €1,902 thousand in compensation and settlement for the termination of the employment relationship paid in 2019 to previous and current members of senior management, for which comprehensive provisions had been set aside.

FY 2018

	Thousands of euros				Equity-settled share-based payments (Maximum number of theoretical shares) ⁽¹⁾						
					2014-2019 Plan			2017-2020 Plan	2018-2023 Plan		
	Salaries ⁽²⁾	Attendance fees	Other items	Pension funds and others	First three-year period	Second three-year period	Third three-year period	One-off three-year period	First three-year period	Second three-year period	Third three-year period
Board of Directors	2,267	349	534	69	26,664	25,267	31,694	34,254	36,273	-	-
Senior management (Note 16)	2,466	71	437	26	40,243	35,522	41,669	26,912	32,660	-	-

- (1) Represents the maximum amount payable to beneficiaries at the end of each plan (Note 4.13) if all the targets established are met. The maximum number of theoretical shares includes the shares allocated to the former and serving members of the Board of Directors and Senior Management acting as such on the allocation date.
- (2) The amount of Salaries payable to the Board of Directors includes the amount received by the Executive Directors as Fixed and Variable Remuneration (in thousands of euros).

The General Shareholders' Meeting held on 25 April 2019 approved the Directors' Remuneration Policy for 2019, 2020 and 2021.

At its meeting of 27 May 2019, the Board of Directors adopted, among others, the resolution to set the remuneration to which Company Directors were entitled to receive in their condition as such, as a fixed allocation (including the fixed allocations for the non-executive Chairman for the performance of his non-executive institutional functions and the Coordinating Director for his performance of the additional powers attributed by the Corporate Enterprises Act and the Board of Directors Regulations) and per diems for attending Board meetings and the meetings of its delegated committees, during 2019, as well as the fixed remuneration of the CEO and the system of variable remuneration accrued before the end of each year, all in accordance with the Company's Remuneration Policy.

At its meeting on 28 May 2018, the Board of Directors adopted the resolution establishing the amounts of the remuneration corresponding to Directors of the Company acting as such, the fixed emoluments and per diems for attending meetings of the Board of Directors and its delegated committees, as well as the amount of the fixed remuneration of the Chairman in line with the executive functions allocated at that time by the company and Chief Executive Officer and the variable remuneration system, which accrue prior to the close of each period, the foregoing in accordance with the Company's Remuneration Policy.

Since 2016, the criteria taken into account for the calculation of the variable remuneration of the Chairman (until 2018) and the Chief Executive Officer are the ordinary variable remuneration in the prior year and the degree of compliance with quantitative (performance of consolidated EBITDA) and qualitative variables.

In 2019 and 2018, the following resolutions were adopted, amongst others:

- the amount of the fixed remuneration received in 2019 and 2018 by Mr Antonio Zoido Martínez (Chairman of the Board of Directors), which amounted to €732 thousand, corresponds to the fixed remuneration established in line with his executive functions in 2018 and the non-executive institutional functions performed from 25 April 2019 onwards. Following the change in the corporate governance structure at the Company and the new classification of Mr Antonio J. Zoido Martínez as a non-executive Director, from 2019 onwards, he will no longer receive any variable remuneration. In 2018, the method for determining the variable remuneration received by Mr Zoido Martínez for 2018 was agreed, amounting to €313 thousand (amount received in 2019).
- the amount of fixed remuneration for 2019 and 2018 received by Mr Javier Hernani Burzako in response to the executive functions performed as CEO, which amounted to €500 thousand in both years, as well as the way of determining the variable remuneration received by Mr Hernani Burzako for 2019 and 2018, which amounted to €185 thousand (to be received in 2020) and €214 thousand (received in 2019), respectively. From 2017, the criteria taken into account for the calculation of the CEO's variable remuneration are the ordinary variable remuneration in the prior year and the degree of compliance with quantitative (performance of consolidated EBITDA) and qualitative variables.
- the fixed amount to be received by the members of the Board of Directors pursuant to article 40 of the Articles of Association, including the CEO, totalling €500 thousand in 2019 (€488 thousand in 2018), in addition to 2019 and 2018, the additional fixed amount to be received by the Lead Director, for the sum of €20 thousand, as compensation for the additional duties allocated under the Corporate Enterprises act and the Regulations of the Board of Directors.
- attendance fees for current and former members of the Board of Directors for attending meetings of the Board of Directors, Audit Committee, Appointments and Remuneration Committee and Markets and Systems Operating Procedures Committee in 2019 amounting to €310 thousand (€349 thousand in 2018).

At the Ordinary General Shareholders' Meetings of 30 April 2014, 27 April 2017 and 26 April 2018 shareholders approved the implementation of various Share-Based Variable Remuneration Plans (2014-2019 Plan, 2017-2020

Plan and 2018-2023 Plan, respectively), according to which beneficiaries, including executive directors and Senior Management, would be able to receive a determined number of BME shares subject to delivery of the targets set to this end in the respective plans (Notes 4.13, 14, 15-c and 16). Therefore,

- "Wages, salaries and similar expenses" in 2019 includes the accrual of the part of the estimated fair value of the equity instruments granted to the Company's senior management who maintained this condition on the date of allocation for the amount of €378 thousand (€494 thousand in 2018) (Note 16), while the part for executive directors, non-employees, for the amount of €353 thousand euros (€552 thousand in 2018) is recognised under "Other operating costs - External services - Other" (Notes 4.13, 13, 15-c and 17).
- On 31 December 2017, the second three-year period of the 2014-2019 Plan expired. The Appointments and Remuneration Committee, at its meeting of 28 May 2018, validated the coefficients applicable to the theoretical units convertible into shares assigned to each beneficiary of the second three-year period of the 2014-2019 Plan at 1.5 for the efficiency ratio and 0 for total shareholder return (TSR), putting the number of shares deliverable to Directors and senior management who maintained these positions on the delivery date at 17,787 and 14,558 respectively, valued at €534 thousand and €437 thousand. In June 2018, the Plan was settled through the net delivery, once the withholdings set forth in prevailing tax legislation had been applied, of 10,030 shares and 8,428 shares (Notes 4.13 and 13).
- On 31 December 2018, the third three-year period of the 2014-2019 Plan expired. The Appointments and Remuneration Committee, at its meeting of 27 May 2019, validated the coefficients applicable to the theoretical units convertible into shares assigned to each beneficiary of the third three-year period of the 2014-2019 Plan at 1.5 for the efficiency ratio and 0 for total shareholder return (TSR), putting the number of shares deliverable to Directors and senior management who maintained these positions on the delivery date at 21,007 and 11,925 respectively, valued at €478 thousand and €271 thousand. In June 2019, the Plan was settled through the net delivery, once the withholdings set forth in prevailing tax legislation had been applied, of 11,901 shares and 7,046 shares (Notes 4.13 and 13).

Termination benefits

On the grounds of the modification of the corporate governance structure of the Company and the new qualification of Mr Antonio J. Zoido Martínez as a non-executive Director, Mr Zoido Martínez waived the termination compensation that would grant him the right to the payment of an amount equivalent to three times his fixed annual compensation. In the case of termination as Chairman of the Board of Directors Zoido Martínez shall have the exclusive right to collect the pension commitment arranged in his favour by the Company.

In the event of the resignation of Mr Javier Hernani Burzako, the revocation of his powers, or the termination of the contract at the initiative of the CEO due to a default on the obligations assumed by the Company, the CEO shall have the right: "To receive the greater of the two following amounts: (i) payment of the amount equivalent to two years' fixed and annual variable remuneration existing at the moment of termination of the employment relationship as CEO or (ii) the legal compensation pursuant to the Workers' Statute at that time for any dismissal considered unfair. If termination results from a failure to fulfil his duties as CEO of the Company duly declared by a court and/or any of the cases needed for BME to be able to take corporate action against him for liability concur, neither resumption of the employment relationship nor payment of the aforementioned amount shall occur."

With respect to Senior Management, one senior executive has signed a senior management contract with the right to receive compensation in the event of dismissal equivalent to twenty-two months of the gross annual salary, unless employment law stipulates higher compensation. Likewise, one manager has signed an ordinary employment contract with the right to receive compensation equivalent to forty-five days per year worked in the event of dismissal and one manager has signed a commercial contract with the right to receive compensation equivalent to two years of fixed and annual variable compensation in the event of dismissal unless the current employment regulations provide for higher compensation.

Information required under Article 229 of the Corporate Enterprises Act

In accordance with Article 229 of the Corporate Enterprises Act, in order to enhance the transparency of corporations, the Company's Directors explicitly state that they have not incurred in the conflicts of interest set forth in Article 229.1 of the Corporate Enterprises Act, and they are certain that none of the situations mentioned therein apply to the persons related to them.

20. Financial structure

As indicated in Note 1, the Company is the Parent of the Bolsas y Mercados Españoles Group. Note 9 shows information on the companies making up the Group and the most significant changes occurring thereto in 2019 and 2018.

21. Events after the reporting period

At the date of authorisation for issue of these annual accounts, no significant events have occurred that have not been disclosed herein.



Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.

Individual Directors' Report for 2019

1. Business performance and situation of the Company

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (hereinafter, the "Company", "Bolsas y Mercados Españoles" or "BME") is the parent company of the Bolsas y Mercados Españoles Group and its income mainly comes from the dividends received from investees.

In 2019, net turnover totalled €139,499 thousand (-5.5% versus 2018) of which €131,296 thousand was for dividend income from investees and €7,606 thousand for income from providing services to subsidiaries.

Operating costs in 2019 (defined as the sum of "Staff costs" and "Other operating costs") were €18,754 thousand, 12.50% up on costs in the previous year.

Net profit totalled €122,944 thousand in 2019, 7.60% down on the figure of €133,025 thousand reported in 2018.

The Company's business performance, insofar as its income comes from the distribution of subsidiary dividends, is closely linked to the Group companies' business performance.

The accumulated net profit of the Group attributed to the Parent totalled €122,756 thousand in 2019, a decrease of 9.9% compared to net profit for 2018. The accumulated EBITDA for the year (defined as earnings before interest, taxes, depreciation and amortisation, and calculated as "Revenue" less "Staff costs" and "Other operating costs") amounted to €169,941 thousand, a drop of 8.7% year-on-year.

In 2019, operating costs for the Group fell 2.2% on the previous year to €115,451 thousand.

The accumulated efficiency ratio of the Group, which measures the level of resources used to generate the Group's net revenue, and is calculated as "Operating costs" over "Net revenue", stood at 40.5% compared to the ratio of 38.8% for 2018.

The Group's return on equity (ROE), which measures the return obtained by shareholders on the funds invested in the Company and therefore, measures the capacity that the company has to remunerate its

shareholders, and is calculated as "Profit attributable to Parent" divided by average "Shareholder Equity" for the year, and stands at 31.7% compared to the 33.1% obtained in the previous year.

Lastly, the coverage ratio of the base cost, which indicates the coverage of the Group's operating costs with revenue not linked to market volumes and measures the diversification of the Company towards revenue not linked to market activity, and is calculated as the revenue not linked to market volumes over "Operating costs", ended the year at 126%.

A detailed analysis of the Group's business performance and performance predicted for 2019 is featured in the Consolidated Directors' Report.

2. 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 the consolidated annual accounts contains a full description of the risks.

The implementation of the risk control and management policy, defined by the Board of Directors and administered by the Management Committee, falls to the Continuity and 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 within a framework of coordinated management through business units and corporate areas. The Continuity and Risk Committee also draws up the corporate Risk Map, which is maintained by the parties in charge of managing the risks identified, and by the Chief Risk Officer.

The Continuity and Risk Committee has constructed an Integrated Risk Management System (IRMS) adopting the COSO II report as the methodological framework (process-based), in which, depending on the nature of the risks, the following exist:

- 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 Continuity and Risk Committee.
- Corporate risks (strategic, financial, regulatory, technology, IT security, human resources and non-financial) are managed on a centralised basis, coordinated among the different areas and treated at corporate level, with homogeneous reporting to the Continuity and Risk Committee.

Additionally, the IRMS has been given a second approach to asset-based risk analysis, combining physical and logical threats, based on the following standards:

- Analysis of physical risks: AS/NZS 4360 and ISO 31000
- Analysis of logical risks: ISO 27001 and MAGERIT II

Therefore, the IRMS currently uses a mixed methodology aimed at already active processes ensuring compliance with the legislation applicable to the different companies of the BME Group.

Maintenance of the corporate Risk Map requires that each risk officer regularly update the information on each identified global risk needed for management and control; new events and controls are identified and action plans are rearranged as necessary.

As per the IRMS methodology, the Continuity and Risk Committee receives information corresponding to the main occurrences of identified risks, any changes in how they are assessed, measures to mitigate them, action plans and the status thereof. The Risk Management Report is based on this information and the updating of the information on risks is managed by the Committee itself. Once approved by the Continuity and Risk Committee, this report, and its conclusions, is distributed to the Audit Committee and BME's Board of Directors every six months by the Chairperson of the Continuity and Risk Committee.

The BME Group's risk control system has been drawn up in accordance with international standards. Its functioning is explained in more detail in Section E of the Annual Corporate Governance Report. Section F also includes information on the Internal Control over Financial Reporting System (ICFRS).

3. Events after the reporting period

No significant events occurred after the date of the balance sheet that have not been recorded in the annual accounts.

4. Outlook for the Company

The Company's results in future years will mainly be determined by the dividends that the subsidiaries receive, which will mainly depend on the performance of their results.

In the first month of 2020, the poor performance of equities on the Spanish Stock Exchange persisted, reaching €36,294 million, 12.4% down on the same month of the previous year and 10.8% below the data for December. The number of trades came to 3.36 million, 5.9% down on in January the previous year but 20.2% up on December.

However, the competitive market position remains strong, with a market share of 72.2% in terms of the contracting of Spanish securities. The average spread was 4.73 basis points at the first price level (15.8% better than the next trading venue) and 6.46 basis points with order book depth of 25,000 euros (38.4% better), according to the independent LiquidMetrix report. These figures include trading in trading centres in both the transparent order book (LIT), including auctions, and non-transparent (dark) trades arranged outside the book.

In Fixed Income, the total volume traded in January was €23,933 billion, 63.7% up on December and 28.4% down on January 2019. New issues admitted to trading grew 49% compared to the last month of the year, to €42,452 million. The outstanding balance of Spanish securities registered with BME's Fixed Income markets increased 0.5% compared to the end of 2019, to €1.56 trillion.

The Financial Derivatives market started 2020 with an increase in the trading of Derivatives contracts on the IBEX 35 of 10.7% compared to January of the previous year. The volume of Options on IBEX

35 grew by 51.8%, while that volume of Options on Shares rose by 64.1%. The volume traded in Futures contracts on the IBEX 35 increased by 1.3% in January compared to December, and in Mini Futures IBEX 35, the increase was 15.6%.

The solidity of BME's business model with its highly diversified range of products and services, based around its seven business units, and its very strong operating leverage means we can look forward to the year ahead, confident that the group will be able to strengthen its competitiveness and achieve its targets for profitability and efficiency.

5. 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 continued to develop high added-value projects in 2019:

- Development of the systems for the provision of new services (Transaction Cost Analysis, Cross Border Services, SofIA, Latam Exchange data (LED) and the trading of FX Rolling products).
- Development of new features for REGIS-TR.

6. 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 paid to beneficiaries.

For the periods 2014 to 2019, and as a result of the settlement of the first, second and third three-year periods of the 2011-2016 share-based payment Plan and the first, second and third three-year period of the 2014-2019 share-based payment Plan, the balance of treasury shares was reduced by 73,627; 67,790 and 71,083, and 53,301, 50,550 and 55,120 shares delivered to plan beneficiaries, respectively. In 2016, 2017, 2018 and 2019, the Company acquired 400,000, 17,726, 165,295 and 215,172 treasury shares respectively, in the amounts of €10,478 thousand, €465 thousand, €4,267 thousand and €5,189 thousand in each period.

Therefore, as a result of the deliveries and acquisitions made, the Company held 764,055 and 604,003 treasury shares at 31 December 2019 and 2018.

7. Use of financial instruments

BME applies a policy of maximum prudence in the investment of its liquid resources. The Board of Directors has laid down specific guidelines that restrict financial instruments to investments in Spanish government debt, autonomous government debt, debt issued by the member states of the third phase of European Economic and Monetary Union, fixed income issues on the AIAF market guaranteed by the Spanish government, 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. Moreover, by virtue of the renewal of the authorisation for the purchase of treasury shares, approved at the last General Meeting, the Board adopted a resolution concerning the conditions and limits for the purchase of treasury shares, delegating the necessary powers to the executive chairman and the general manager the necessary powers to enable each or either of them to carry out the full process of the purchase of BME shares.

8. Other relevant information

8.1 Stock market data

2019 and specifically the fourth quarter was marked by the announcement of a takeover bid by Six Group, AG, at an initial price of €34.0 euros per share, adjusted to take into account for the dividends that BME has already distributed and will distribute prior to the settlement date of the Bid. The announcement of the Bid had an impact on BME shares in terms of both price and volume.

During the year, BME shares rebounded by 41.4%, well above the 11.8% increase in the benchmark and main index of the Spanish Stock Exchange, the IBEX 35®. The total return for the BME shareholder over the course of the year, after the reinvestment of dividends, was 49.7%.

Average daily cash flow for the year as a whole increased year on year by 87.8% to €7.7 million. The total number of traded securities also grew by 73.7% to 65.5 million shares. And trades of BME shares increased by 11.8% in 2019 to 203,107.

Bolsas y Mercados Españoles (Share price performance)	Total at 31/12/19	Total at 31/12/18	Δ
BME share price trend			
High	36.00	30.20	19.2%
Low	20.50	23.82	-13.9%
Average share price	25.19	27.63	-8.8%
Closing price	34.38	24.32	41.4%
Cash amount traded on BME shares (Million euros)			
Maximum daily volume	377.8	15.9	2,276.1%
Minimum daily volume	0.9	0.8	12.5%
Daily average volume	7.7	4.1	87.8%
BME shares traded (millions of shares)	65.5	37.7	73.7%
Number of trades on BME shares	203,107	181,605	11.8%

8.2 Dividend policy

BME is continuing its policy of maximising shareholder returns, with a proposed ordinary dividend pay-out of 96% of 2019 profit subject to approval at the Shareholders' Meeting.

The following table summarises the total amounts and amounts per share distributed in 2019 (the first refers to the 2019 profit) and two interim dividends paid out of 2019 profit.

Year	Date of payment	Gross amount per share	Net amount per share	Type	Total amount (gross) shared (thousands of euros)
2019	30 Dec	0.57	0.4617	Ordinary (Interim)	47,255
2019	13 Sept	0.40	0.324	Ordinary (Interim)	33,141
2019	10 May	0.60	0.486	Ordinary (Complementary)	49,711

8.3 Average payment period

The entry into force of Law 31/2014 of 3 December, amending Law 15/2010 of 5 July, which in turn amended Law 3/2004 of 29 December, establishes measures to combat late payment in commercial transactions, requires that companies expressly include information on the payment periods to their suppliers in the notes to the annual accounts and, in the case of listed companies, that they publish such information on their websites.

Article 262.1 of Spain's Corporate Enterprises Act also establishes the obligation for this information to be published in the Directors' Report. In connection with this compulsory information, the average payment period operated by BME in 2019 was 43 days (see Note 17 to these annual accounts). The Group's average payment period is 39 days.

This average payment period was calculated in accordance with the provisions of the Spanish Accounting and Auditing Institute's Resolution of 29 January 2016 concerning the information to be disclosed in annual accounts in connection with average payment periods to suppliers in commercial transactions, published in the "BOE" Official State Gazette on 4 February 2014, applicable to the annual accounts for years commencing at 1 January 2015.

9. Non-financial information statement

BME does not meet the requirements established in paragraph three of article 262.1 of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July in its wording as amended by Law 11/2018, of 28 December, amending the Code of Commerce, the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Auditing of Accounts, concerning non-financial information and diversity, therefore, it must not include in the Separate Directors' Report a Separate Non-Financial Information Statement or prepare a separate report with the same content as that provided for the consolidated annual accounts as per article 49, sections 5, 6 and 7 of the Code of Commerce, due to not meeting the requirements set forth in the abovementioned article 262.

10. Annual Corporate Governance Report

Pursuant to article 540 of the Corporate Enterprises Act, as amended by Law 31/2014, of 3 December, which amended the Securities Market Act to improve corporate governance, the Bolsas y Mercados Españoles Group has prepared the Annual Corporate Governance Report for 2019 (forming part of this separate Directors' Report) with the content established in this article, Order ECC/461/2013, of 20 March, determining the content and structure of the annual corporate governance report, the annual remuneration report and other disclosures of listed public companies, savings banks and other entities that issue securities for trading on official securities markets, and CNMV Circular 2/2018, of 12 June, amending CNMV Circular 5/2013 of 12 June and 4/2013 of 12 June and replacing the annual corporate governance report and annual directors' remuneration report with the aim of adapting their content to the recent regulatory changes to implement some technical adjustments.