Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and Companies comprising the Bolsas y Mercados Españoles Group ("BME")

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

Note: Translation of the report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails

>> **Annual Accounts**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019 AND 2018

(THOUSANDS OF EUROS)

ASSETS	NOTE	31/12/2019	31/12/2018 (*)
NON-CURRENT ASSETS			
Intangible assets-		**99,965**	**101,210**
Goodwill	5	87,725	87,725
Other intangible assets	5	12,240	13,485
Property, plant and equipment	**6**	**57,967**	**42,280**
Investment properties		**-**	**-**
Investments in associates	**2**	**8,616**	**6,661**
Non-current financial assets	**7**	**16,961**	**14,149**
Deferred tax assets	**16**	**14,233**	**14,238**
Other non-current assets		**-**	**-**
		197,742	178,538
CURRENT ASSETS			
Non-current assets held for sale		**609**	**439**
Trade and other receivables		**74,519**	**77,055**
Trade receivables for sales and services	8	34,591	34,131
Companies accounted for using the equity method	8	1,273	443
Current tax assets	8	34,837	38,851
Other receivables	8	3,818	3,630
Current financial assets	**7**	**7,219**	**6,247**
Other current financial assets-	**7**	**12,352,165**	**13,876,242**
Realisation of guarantees received from participants		3,004,517	2,320,332
Financial instruments in CCP		9,303,064	11,529,131
Receivables for settlement		43,644	25,244
Realisation of cash withheld for settlement		940	1,535
Cash receivables for settlement		-	-
Other current assets	**10**	**1,988**	**1,471**
Cash and cash equivalents	**9**	**251,438**	**270,336**
		12,687,938	14,231,790
TOTAL ASSETS		12,885,680	14,410,328

EQUITY AND LIABILITIES	NOTE	31/12/2019	31/12/2018 (*)
EQUITY	11	383,653	399,620
CAPITAL AND RESERVES		**378,309**	**396,759**
Capital		**250,847**	**250,847**
Share premium		**-**	**-**
Reserves		**102,606**	**102,682**
(Parent shares and equity holdings)		**(19,207)**	**(15,407)**
Prior years' profit and loss		**-**	**-**
Other equity holder contributions		**-**	**-**
Profit/(loss) for the year		**122,756**	**136,288**
(Interim dividend)		**(82,852)**	**(83,078)**
Other equity instruments		**4,159**	**5,427**
OTHER COMPREHENSIVE INCOME		**4,535**	**2,451**
Items not reclassified to profit or loss		**4,616**	**2,464**
Items that may be reclassified to profit/(loss) for the year		**(81)**	**(13)**
Debt instruments at fair value with changes in other comprehensive income		-	-
Hedging transactions		-	-
Translation differences		(81)	(13)
Other valuation adjustments		-	-
EQUITY ATTRIBUTABLE TO THE PARENT		382,844	399,210
NON-CONTROLLING INTERESTS	11	809	410
NON-CURRENT LIABILITIES			
Grants			
Non-current provisions		**20,149**	**18,685**
Other provisions	12	3,334	3,334
Long-term employee benefit obligations	13	16,815	15,351
Non-current financial liabilities	**7**	**20,937**	**-**
Deferred tax liabilities	**16**	**5,909**	**5,191**
Other non-current liabilities	**15**	**14,675**	**16,357**
		61,670	40,233
CURRENT LIABILITIES			
Liabilities associated with non-current assets held for sale		**-**	**-**
Current provisions		**-**	**-**
Current financial liabilities	**7**	**1,440**	**-**
Other current financial liabilities-	**7**	**12,352,156**	**13,876,230**
Guarantees received from participants		3,004,508	2,320,320
Financial instruments in CCP		9,303,064	11,529,131
Payables for settlement		43,644	25,244
Payables in cash withheld for settlement		940	1,535
Payables in cash for settlement		-	-
Trade and other payables-		**80,490**	**87,140**
Suppliers	14	19,336	21,661
Suppliers, companies accounted for using the equity method	14	1	2
Current tax liabilities	14	37,717	43,890
Other payables	14	23,436	21,587
Other current liabilities	**15**	**6,271**	**7,105**
		12,440,357	13,970,475
TOTAL EQUITY AND LIABILITIES		12,885,680	14,410,328

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

Notes 1 to 25 and Appendix I are an integral part of the consolidated statement of financial position at 31 December 2019

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(THOUSANDS OF EUROS)

	NOTES	(DEBIT)/CREDIT 2019	(DEBIT)/CREDIT 2018 (*)
Revenue	**17**	**291,168**	**307,359**
Own work capitalised	**5-b**	**3,709**	**3,215**
Other operating income	**17**	**1,962**	**2,354**
Variable direct cost of operations	**17**	**(11,447)**	**(8,772)**
REVENUE		**285,392**	**304,156**
Staff costs-	**19**	**(73,135)**	**(75,952)**
Wages, salaries and similar expenses		(57,721)	(62,155)
Social welfare expenses		(11,195)	(10,285)
Provisions and other staff costs		(4,219)	(3,512)
Other operating costs	**20**	**(42,316)**	**(42,138)**
External services		(40,165)	(41,102)
Taxes other than income tax		(954)	(660)
Losses, impairment and changes in trade provisions	8	(1,197)	(376)
Amortisation and depreciation		**(9,473)**	**(7,902)**
Amortisation of intangible assets	5	(4,946)	(4,698)
Depreciation	6	(4,527)	(3,204)
Grants released to non-financial assets and other		**-**	**-**
Impairment and gains/(losses) on disposal of non-current assets	**5 and 6**	**24**	**(933)**
Other gains and losses		**-**	**-**
OPERATING PROFIT (LOSS)		**160,492**	**177,231**

	NOTES	(DEBIT)/CREDIT 2019	(DEBIT)/CREDIT 2018 (*)
Finance income-		**12,884**	**11,327**
From equity investments	7 and 21	643	509
From marketable securities and other financial instruments	7, 9 and 21	12,241	10,818
Finance cost-		**(13,358)**	**(11,088)**
Third-party borrowings	21	(946)	(146)
Provision adjustments	21	(185)	(180)
Guarantees received from participants	7 and 21	(12,227)	(10,762)
Change in fair value of financial instruments-		**-**	**-**
Held for trading and others		-	-
Taken to results for the year - financial assets at fair value with changes in other comprehensive income		-	-
Exchange gains/(losses)	**21**	**(29)**	**(33)**
Impairment and gains/(losses) on disposal of financial instruments	**7 and 21**	**-**	**-**
NET FINANCIAL INCOME		**(503)**	**206**
Share of profit (loss) accounted for using the equity method	**2**	**1,934**	**2,389**
PROFIT/(LOSS) BEFORE TAX		**161,923**	**179,826**
Income tax expense	**16**	**(39,450)**	**(43,724)**
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**122,473**	**136,102**
Profit/(loss) after tax for the year from discontinued operations		**-**	**-**
CONSOLIDATED PROFIT FOR THE YEAR		**122,473**	**136,102**
Profit/(loss) attributable to parent	11	122,756	136,288
Profit/(loss) attributable to non-controlling interests		(283)	(186)
EARNINGS PER SHARE (€)			
Basic	3	1.48	1.64
Diluted	3	1.47	1.63

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

Notes 1 to 25 and Appendix I are an integral part of the consolidated income statement for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(THOUSANDS OF EUROS)

	NOTE	Year 2019	Year 2018 (*)
CONSOLIDATED PROFIT/(LOSS) PER INCOME STATEMENT		**122,473**	**136,102**
OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED TO PROFIT OR LOSS		**663**	**2,497**
Due to revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets		-	-
Actuarial gains and losses and other adjustments		(1,235)	2,681
Share in other recognised comprehensive income from investments in joint ventures and associates.		-	-
Equity instruments at fair value with changes in other comprehensive income	7 and 11	2,869	365
Other income and expenses not reclassified to profit or loss for the year		-	-
Tax effect	11	(971)	(549)
OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED TO PROFIT/(LOSS) FOR THE YEAR		**(56)**	**(2)**
Debt instruments at fair value with changes in other comprehensive income:		-	-
a) Valuation gains/(losses)		-	-
b) Amounts transferred to profit or loss		-	-
c) Other reclassifications		-	-
Cash flow hedges:		-	-
a) Valuation gains/(losses)		-	-
b) Amounts transferred to profit or loss		-	-
c) Amounts transferred to the initial value of the hedge item		-	-
d) Other reclassifications		-	-
Translation differences:	11	(56)	(2)
a) Valuation gains/(losses)		(56)	(2)
b) Amounts transferred to profit or loss		-	-
c) Other reclassifications		-	-
Share in other recognised comprehensive income from investments in joint ventures and associates.		-	-
a) Valuation gains/(losses)		-	-
b) Amounts transferred to profit or loss		-	-
c) Other reclassifications		-	-
Other income and expense not reclassified to profit or loss for the year		-	-
a) Valuation gains/(losses)		-	-
b) Amounts transferred to profit or loss		-	-
c) Other reclassifications		-	-
Tax effect	11	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**123,080**	**138,597**
a) Attributable to the parent		123,351	138,783
b) Attributable to non-controlling interests		(271)	(186)

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

Notes 1 to 25 and Appendix I are an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2019.

CONSOLIDATED STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(THOUSANDS OF EUROS)

	Equity attributable to the parent											
		Capital and reserves										
		Share premium and reserves										
	Capital	**Share premium**	**Reserves**	**Gain and losses years´ Profit and loss**	**Other Equity shareholder contributions**	**Total dividend / share Interim dividend**	**(Parent shares and equity holdings)**	**Profit for the year**	**Other equity instruments**	**Other comprehensive accumulated income**	**Non-controlling interests**	**Total Equity**
Closing balance at 31 December 2017 (*)	**250,847**	**-**	**112,260**	**-**	**-**	**(83,133)**	**(12,426)**	**153,319**	**7,101**	**2,179**	**279**	**430,426**
Adjustments for changes in accounting criteria	-	-	(16,993)	-	-	-	-	-	-	-	-	(16,993)
Adjustments for errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance (*)	**250,847**	**-**	**95,267**	**-**	**-**	**(83,133)**	**(12,426)**	**153,319**	**7,101**	**2,179**	**279**	**413,433**
Total recognised income and expense	**-**	**-**	**2,223**	**-**	**-**	**-**	**-**	**136,288**	**-**	**272**	**(186)**	**138,597**
Transactions with shareholders	**-**	**-**	**(175)**	**(64,819)**	**-**	**(83,078)**	**(4,267)**	**-**	**-**	**-**	**(110)**	**(152,449)**
Capital increases/(decreases)	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	(64,819)	-	(83,078)	-	-	-	-	-	(147,897)
Transactions with parent company shares and equity holdings	-	-	-	-	-	-	(4,267)	-	-	-	-	(4,267)
Increases/(reductions) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/(disposals) of non-controlling interests	-	-	(175)	-	-	-	-	-	-	-	(110)	(285)
Other transactions with shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	**-**	**-**	**5,367**	**64,819**	**-**	**83,133**	**1,286**	**(153,319)**	**(1,674)**	**-**	**427**	**39**
Equity-settled share-based payments	-	-	-	-	-	-	1,286	-	(1,674)	-	-	(388)
Transfers between equity items	-	-	5,367	64,819	-	83,133	-	(153,319)	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	427	427
Closing balance at 31 December 2018 (*)	**250,847**	**-**	**102,682**	**-**	**-**	**(83,078)**	**(15,407)**	**136,288**	**5,427**	**2,451**	**410**	**399,620**
Adjustments for changes in accounting criteria	-	-	(4,542)	-	-	-	-	-	-	-	-	(4,542)
Adjustments for errors	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	**250,847**		**98,140**			**(83,078)**	**(15,407)**	**136,288**	**5,427**	**2,451**	**410**	**395,078**
Total recognised income and expense	**-**	**-**	**(1,489)**	**-**	**-**	**-**	**-**	**122,756**	**-**	**2,084**	**(271)**	**123,080**
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 parent company shares and equity holdings	-	-	-	-	-	-	(5,189)	-	-	-	-	(5,189)
Increases/(reductions) in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions/(disposals) of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Other transactions with shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	**-**	**-**	**5,955**	**47,255**	**-**	**83,078**	**1,389**	**(136,288)**	**(1,268)**	**-**	**670**	**791**
Equity-settled share-based payments	-	-	-	-	-	-	1,389	-	(1,268)	-	-	121
Transfers between equity items	-	-	5,955	47,255	-	83,078	-	(136,288)	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	670	670
Closing balance at 31 December 2019	**250,847**	**-**	**102,606**	**-**	**-**	**(82,852)**	**(19,207)**	**122,756**	**4,159**	**4,535**	**809**	**383,653**

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

Notes 1 to 25 and Appendix I are an integral part of the consolidated statement of total changes in equity for the year ended 31 December 2019

CONSOLIDATED 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:		**111,014**	**130,644**
Consolidated profit before tax		**161,923**	**179,826**
Adjustments to profit (loss)		**7,817**	**11,682**
Amortisation and depreciation	5 and 6	9,473	7,902
Other adjustments to profit/(loss) (net)		(1,656)	3,780
Changes in working capital (1)		**(17,814)**	**(15,824)**
Other cash flows from operating activities:		**(40,912)**	**(45,040)**
Interest paid		(12,834)	(11,088)
Dividends and interest on other equity instruments paid		-	-
Dividends received		-	-
Interest received		12,241	10,816
Income tax received (paid)	16	(39,450)	(43,724)
Other amounts received/(paid) in operating activities		(869)	(1,044)
CASH FLOWS FROM INVESTING ACTIVITIES:		**(2,190)**	**8,087**
Payments for investments		**(5,995)**	**(4,120)**
Group companies, jointly controlled entities and associates		(526)	(285)
Property plant and equipment, intangible assets and investment properties	5 and 6	(4,497)	(3,083)
Other financial assets		(972)	(752)
Other assets		-	-
Proceeds from disposals		**3,805**	**12,207**
Group companies, jointly controlled entities and associates		500	-
Property plant and equipment, intangible assets and investment properties	6	1,985	1,295
Other financial assets		650	10,485
Other assets		670	427

	NOTES	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018 (*)
CASH FLOWS FROM FINANCING ACTIVITIES:		**(127,722)**	**(144,134)**
Proceeds from and payments for equity instruments		**(5,189)**	**(4,267)**
Issue of equity instruments		-	-
Redemption of equity instruments		-	-
Acquisition of parent company equity instruments		(5,189)	(4,267)
Disposal of parent company equity instruments		-	-
Acquisitions of non-controlling interests		-	-
Disposals of non-controlling interests		-	-
Grants, donations and bequests received		-	-
Proceeds from and payments for financial liabilities			**-**
Issue		-	-
Redemptions and repayment		-	-
Dividends and interest on other equity instruments paid-		**(120,661)**	**(139,867)**
Gross dividend	11	(130,107)	(147,897)
Withholding	16	9,446	8,030
Other cash flows from financing activities-		**(1,872)**	**-**
Interest paid		-	-
Other amounts received/(paid) in financing activities (2)		(1,872)	-
EFFECT OF EXCHANGE RATE FLUCTUATIONS		**-**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(18,898)**	**(5,403)**
Cash and cash equivalents at beginning of year		270,336	275,739
Cash and cash equivalents at end of year		251,438	270,336
COMPONENTS OF CASH AND CASH EQUIVALENTS AT YEAR END:			
Cash in hand and at banks	9	220,442	195,338
Other financial assets	9	30,996	74,998
Less: Bank overdrafts repayable on demand		-	-
TOTAL CASH AND CASH EQUIVALENTS AT YEAR END		**251,438**	**270,336**

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

Notes 1 to 25 and Appendix I are an integral part of the consolidated statement of cash flows for the year ended 31 December 2019.

(1) In order to more clearly present the changes in working capital, the cash flows generated by other current financial assets and liabilities (see Note 7) are included in the statement of cash flow at their net value.

(2) Corresponds to cash payments corresponding to the principal of the lease liability (Note 1-b).

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

1. Background, basis of presentation of the consolidated annual accounts and other information

a) 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 deed dated 15 February 2002, through the performance of the preliminary agreement signed between the shareholders of the companies that administrated the markets and systems for the trading, registration, settlement and clearing of securities, the "Affected Companies", (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 Banco de España (the Banco de España public debt book-entry trading system, or "CADE"). This transaction also gave rise to the recognition by the Group of goodwill, specifically attributed to the functions formerly tasked to CADE and supported by future revenue from this activity, as well as operating and business synergies deriving from the consolidation of the settlement platforms (Notes 2-b and 5).

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

The corporate purpose of Bolsas y Mercados Españoles is active ownership of the share capital of the companies that manage the securities registration, settlement and clearing systems, central counterparties, secondary markets, and multilateral trading systems; and responsibility for the unity of action, decision-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. The foregoing without prejudice to the Companies that form the Group maintaining their own identity, operating capacity, governing bodies and managerial and general staff.

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

Appendix I provides significant information on the companies comprising the Group

b) Bases of presentation of the consolidated annual accounts

Pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 all companies that are governed by the Law of a member state of the European Union and whose shares are traded on a regulated market of any of such member states, must prepare their consolidated annual accounts corresponding to the periods commencing as at 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter IFRS) previously adopted by the European Union (hereinafter, IFRS-EU).

The consolidated annual accounts for 2019 of the Group have been prepared by the Company's Directors (at its Board of Directors Meeting on 27 February 2020), in accordance with the International Financial Reporting Standards adopted by the European Union and taking into consideration the applying the commercial law applicable to the Group, applying the consolidation, accounting and measurement principles, policies and bases set forth in Note 2, to fairly present the Group's consolidated equity and financial position of the Group as at December 31, 2019, as well as its financial performance and cash flows, all consolidated, for the year then ended. These consolidated annual accounts, which were prepared from the accounting records of the Company and of each of the entities composing the Group, include the restatements and reclassifications required to standardise the accounting policies and measurement bases applied across the Group.

The 2019 consolidated annual accounts have yet to be approved by BME's General Shareholders´ meeting. However, the Company's directors believe that they will be approved without modification. The consolidated annual accounts for 2018 were authorised for issue by the Company's Directors (at the Board meeting on 27 February 2019) and approved by the General Shareholders' Meeting held on 25 April 2019.

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

All the 2018 figures in these notes to the consolidated annual accounts are presented solely and exclusively for comparison purposes.

All accounting principles and measurement bases with a significant effect on the consolidated annual accounts statements were applied

i. Adaptation to new standards and interpretations issued

Standards and interpretations effective in this financial year

The following Standards and Interpretations adopted by the EU became effective in 2019:

- IFRS 16 "Leases": in January 2016 the IASB published a new standard on leases derogating IAS 17 "Leases", as part of a joint project with the FASB.

  IFRS 16 defines a lease as a contract, or part of a contract, that grants the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. The tenants recognise a lease liability that reflects future lease payments and a "right of use asset" for almost all lease agreements. This represents a significant change compared to IAS 17, according to which tenants were required to make a distinction between a financial lease (recognised on the consolidated statement of financial position) and an operating lease (off the consolidated statement of financial position). IFRS 16 grants tenants optional exemptions for certain short-term leases and leases in which the underlying asset is of a low value.

  In terms of accounting by the lessor, the decision was made to make no substantial changes and to maintain requirements similar to those stipulated in IAS 17 that had previously been in force.

  This standard is applicable to annual periods beginning on 1 January 2019.

  The Group's Management decided to adopt the criteria established by IFRS 16 for the recognition of lease contracts using a modified retrospective approach, adjusting the opening balance on the date of first application without restating the comparative figures for the financial year prior to the initial adoption. The Group's management also decided to apply the practical solution permitted by IFRS 16 of not evaluating the first application if the contracts are, or contain, a lease under the new definition, and will therefore apply IFRS 16 to those contracts that were previously identified as lease contracts.

Given the Group's operations, the leases subject to the application of the standard are mostly related to property contracts, with the remainder being immaterial leases. With these contracts in mind and with a view to applying IFRS 16, the Group performed the following estimates:

- Lease term: the Group evaluated the possibility of executing extension or early cancellation options and this is considered in the estimate of the lease term.

- Discount rate: bearing in mind that the Group decided to apply the standard using a modified retrospective approach, the discount rate used in the appraisal has been the incremental interest rate of the lessee estimated at said date. To this end, the Group calculated said incremental interest rate using a synthetic rating depending on the comparable companies in the sector and an interest rate depending on the lease terms. In 2019, BME obtained an A- rating, with a stable outlook, granted by S&P Global Ratings, in line with the rating initially estimated by the Group.

Applying the aforementioned standard, the Group recognised, as at 1 January 2019, right of use assets worth €20,853 thousand (Note 6) and financial lease liabilities for the sum of €26,908 thousand, as well as a negative impact on reserves net of the tax effect amounting to €4,542 thousand, corresponding to the difference between the asset and liability for recognised lease. As at 31 December 2019, the Group maintains right of use assets for the sum of €16,246 thousand and lease liabilities for the amount of €22,377 thousand (Note 7-b).

Furthermore, as a result of the application of this standard, the costs relating to lease contracts, previously recognised as operating costs under "Other operating costs - Leases of offices and installations" are recognised as at 1 January 2019 as a combination of the depreciation of fixed assets and financial costs, under "Amortisation and depreciation - Depreciation of property, plant and equipment" and "Financial costs - Third party borrowings" on the consolidated income statement. In addition, in the consolidated cash flow statement, cash payments corresponding to leases that, prior to the entry into force of this standard, were considered as operating cash flows, as upon the entry into force of the standard they corresponded to payments of the principal of the lease liability, and are now considered as a cash flow corresponding to financing activities under "Other cash flows from financing activities - Other amounts received/(paid) in financing activities".

Below, details of lease liabilities at 1 January and 31 December 2019 can be found:

Lease liabilities	31/12/2019 (Thousands of euros)	01/01/2019 (Thousands of euros)
Current lease liabilities	1,440	1,348
Non-current lease liabilities	20,937	25,560
Total lease liabilities	**22,377**	**26,908**

The right of use assets recognised correspond to the following types of assets:

Right of use assets	31/12/2019 (Thousands of euros)	01/01/2019 (Thousands of euros)
Property	16,246	20,853
Total right of use assets	**16,246**	**20,853**

- IFRS 9 (Amendment) "Component of advance payment with negative offsetting": the terms of instruments with advance payment characteristics with negative offsetting, where the lender may be obliged to accept an advanced amount substantially lower than the unpaid amounts of principal and interest, were incompatible with the idea of "fair additional compensation" due to the early termination of contract according to IFRS 9. Subsequently, these instruments would not have any contractual cash flows which are only capital and interest payments, which would be accounted for at fair value with changes recognised in the income statement. The amendment to IFRS 9 clarifies that a party can pay or receive fair compensation when a contract is terminated early, which would allow these instruments to be measured at amortised cost or fair value with changes in other comprehensive income.

  This amendment is effective for annual periods beginning on or after 1 January 2019.

  This amendment did not have a significant impact on the consolidated annual accounts.

- IFRIC 23 "Uncertainty over income tax treatments": the interpretation provides requirements that are added to those of IAS 12 "Income taxes", detailing how to reflect the effects of uncertainty in the accounting of income taxes. This interpretation clarifies how to apply the recognition and measuring requirements of IAS 12 when there is uncertainty concerning their accounting treatment.

  The interpretation is effective for annual periods beginning on or after 1 January 2019.

  This interpretation did not have a material impact on the consolidated annual accounts.

- IAS 28 (Amendment) "Long term interests in associates and joint ventures": this amendment to the limited scope clarifies that long-term interests in associates and joint ventures which, in substance, form part of the net investment in the associate or in the joint-venture, but to which the equity method is not applied, are accounted for according to the requirements set forth in IFRS 9 "Financial Instruments". Similarly, the IASB published an example which illustrates how the requirements of IAS 28 and IFRS 9 should be applied with regard to said long-term interests.

  This amendment is effective for annual periods beginning on or after 1 January 2019.

  This amendment did not have a significant impact on the consolidated annual accounts.

- IAS 19 (Amendment) "Amendment, reduction or settlement of the plans": this amendment specifies how the companies must determine the pension expense when changes occur in a defined benefit plan.

  The amendment takes effect on 1 January 2019.

  This amendment did not have a significant impact on the consolidated annual accounts.

- Annual improvements to IFRS. 2015 - 2017 Cycle: The amendments affect IFRS 3, IFRS 11, IAS 12 and IAS 23 and apply to the annual periods beginning on or after 1 January 2019. The main amendments refer to:

  - IFRS 3 "Business Combinations": an interest previously held in a joint-venture is remeasured when control of the business is obtained.

  - IFRS 11 "Joint Arrangements": an interest previously held in a joint-venture is not remeasured when joint control of the business is obtained.

  - IAS 12 "Income taxes": all tax effects arising from the payment of dividends are accounted for in the same manner.

  - IAS 23 "Borrowing costs": any borrowing directly attributable to the construction or production of a qualifying asset forms part of the general borrowing when the asset is ready for use or sale.

  These amendments did not have a significant impact on the consolidated annual accounts.

Standards, amendments and interpretations that are not yet in force, but may be adopted ahead of financial years beginning on or after 1 January 2020

At the date on which these consolidated annual accounts were prepared, the IASB had published the modifications described below, the application of which is mandatory for tax years beginning on or after 1 January 2020, and that the Group has not decided to adopt in advance.

- IAS 1 (Amendment) and IAS 8 (Amendment) "Definition of materiality (or relative importance)": these amendments clarify the definition of "material", and also introduce the omitted or inaccurate items that could influence the decisions of the users, namely the concept of "dark" information. The IFRS are more coherent as a result of these amendments, but it is not expected that they will have a significant impact on the preparations of the financial standards.

They will take effect for the annual periods beginning on or after 1 January 2020, although early adoption is permitted.

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

- IFRS 9 (Amendment), IFRS 7 (Amendment) and IAS 39 (Amendment) "Interest Rate Benchmark Reform": these modifications provide for certain exemptions in relation to the reform of the benchmark interest rate (IBOR). These exemptions correspond to hedge accounting and mean that the IBOR reform generally should not result in the end of hedge accounting. However, any hedging inefficiency must continue to be recognised in the income statement.

  The amendments are applicable to annual periods beginning on or after 1 January 2020, although early application is permitted.

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

Standards, interpretations and modifications to existing standards that cannot be adopted in advance or that have not been adopted by the European Union

On the date on which these consolidated annual accounts were prepared, the IASB and the IFRS Interpretations Committee had published the standards, modifications and interpretations detailed below, which are pending adoption by the European Union.

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture": these amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates or joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". The investor will recognise the full gain or loss when the non-monetary assets constitute a "business". If the assets do not comply with the definition of a business, the investor recognises the gain or loss to the extent of other investors' interests. The amendments will apply only when an investor sells or contributes assets to its associate or joint venture.

  Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015 the IASB decided to defer their date of application (although it did not set any specific new date), as it is planning to undertake a more extensive review that could lead to the simplification of accounting for these transactions and other aspects of accounting for associates and joint ventures.

- IFRS 17 "Insurance contracts": in May 2017, the IASB completed its long-term project to develop an accounting standard for insurance contracts and published IFRS 17, "Insurance contracts". IFRS 17 replaces IFRS 4 "Insurance contracts", which currently permits a wide variety of accounting practices. IFRS 17 will fundamentally change the accounting for all entities issuing insurance contracts and investment contracts with discretionary participation features.

  This standard shall be applicable for annual periods beginning on or after 1 January 2021 and may be adopted early, if IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial instruments" is also applied simultaneously. IFRS 17 is pending approval by the European Union.

- NIIF 3 (Amendment) "Definition of a business": these amendments will aid in determining whether it is an acquisition of a business or a group of assets. The amended definition places emphasis on that the product of a business is to provide goods and services to customers, whereas the previous definition focuses on providing a return in the form of dividends, lower costs and other economic benefits to investors and others. In addition to amending the text of the definition, additional guidelines are provided. For it to be considered a business, an acquisition would have to include materials and a process which together significantly contribute to the capability to create products. The new guidelines provide a framework for evaluating when both elements are present (including companies in an early stage that have not generated products). To be a business without profit or loss, it will now be necessary to have organised labour.

  These amendments will apply to the business combinations for which the acquisition date is after the commencement of the first financial year in which it is informed that starts after 1 January 2020 and to the acquisitions of assets that occur as of the start of said financial year. Early application is permitted. This amendment to IFRS 3 is pending approval by the European Union.

- • IAS 1 (Amendment) "Classification of liabilities as current or non-current": These amendments clarify that liabilities are classified as current or non-current, depending on the existing rights at the end of the reporting year. The classification is not affected by the entity's expectations or events that take place after the closing date of the year (for example, the receipt of a waiver or breach of an agreement). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. This standard comes into force from 1 January 2022, although early adoption is permitted.

As at the reporting date the Group is analysing the possible impacts deriving from these new standards or amendments.

c) Use of estimates

The Group's consolidated profits and the determination of its equity are determined by the accounting policies and standards, measurement bases and estimates applied by the Directors in preparing the consolidated annual accounts. The main accounting policies, standards and measurement bases used are disclosed in Note 2.

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

- The assessment of potential impairment losses on certain assets (Notes 2, 5, 6, 7, 8, 9, 10 and 16).
- Assumptions used in the actuarial calculation of provisions for long-term employee benefits (Notes 2-k and 13).
- The useful life of property, plant and equipment and of intangible assets (Notes 2-c, 2-d, 5 and 6).
- The assessment of the potential impairment of goodwill (Notes 2-b and 5).
- The fair value of certain financial instruments (Notes 2-e and 7).
- The calculation of provisions (Notes 2-i; 2-j; 2-k; 12 and 13) and the consideration of contingent liabilities (Note 2-j),
- The period for the recognition of income (Notes 2-n and 17) and contract liabilities (Notes 2-h and 15),
- Assumptions used to determine share-based payment arrangements (Notes 2-m and 19-c),
- Recognition of deferred tax assets (Notes 2-p and 16),
- Assumptions used to determine lease liabilities (Notes 1-b and 2-r);

These estimates were drawn up on the basis of the best information available at 31 December 2019. However, it is feasible that future events may require them to be modified (upwards or downwards) in subsequent years. Under IAS 8, the effect of a change in accounting estimates is recognised prospectively by including it in profit or loss in the period of the change.

d) Environmental impact

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

e) Events after the reporting period

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

2. Accounting policies and measurement bases

The accounting policies, standards and measurement bases applied in preparing these consolidated annual accounts were as follows:

a) Consolidation principles

i. Subsidiaries

"Subsidiaries" are defined as entities over whose management the Company has the ability to exercise control. The Group is exposed to, or has the right to receive, variable returns from its involvement with the investee and it has the ability to use its power over the investee to influence the amount of the Group's returns. Subsidiaries are consolidated from the date their control is transferred to the Group, and they are excluded from consolidation from the date the Group ceases to exercise control.

The share of non-controlling interests of subsidiaries in the Group's equity is presented in "Non-controlling interests" in the accompanying consolidated statement of financial position and in "Profit/(loss) attributable to non-controlling interests" in the accompanying consolidated income statement.

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

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

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

All subsidiaries are consolidated using full consolidation, except for the 50% shareholdings in Regis-TR, S.A. and Regis-TR UK, Ltd. and the 49% shareholding in LATAM Exchanges Data México, S.A. de C.V., which have been accounted for using the equity method (see sections below).

ii. Joint arrangements

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

The Group applies IFRS 11"Joint Arrangements" to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint operations or joint ventures, depending on each investor's contractual rights and obligations. The Group evaluated the nature of its joint arrangements and determined that they are joint ventures. The Group accounts for its joint ventures using the equity method, i.e., at the Group's share of the net assets of the joint venture, after taking into account the dividends received and other equity eliminations. Gains and losses resulting from transactions are eliminated to the extent of the Group's interest in the joint venture.

The value of investments in joint ventures is recognised in "Investments accounted for using the equity method" in the consolidated statement of financial position. At 31 December 2019, the balance for this item includes the measurement of the investment in Regis-TR, S.A. and Regis-TR UK, Ltd. At 31 December 2018, all of the balance for this item related to the measurement of the investment in Regis-TR, S.A.

Information on joint ventures is disclosed in Appendix I to these notes to the consolidated annual accounts.

iii. Associates

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

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

The value of investments in associates is recognised in an "Investments accounted for using the equity method" in the consolidated statement of financial position. At 31 December 2019, the balance of this heading includes the evaluation of the investment in the associate LATAM Exchanges Data México, S.A. de C.V. At 31 December 2018, the Group did not have any investments in associates.

iv. Changes in the scope of consolidation

2019

During 2019, the scope of consolidation was modified following the incorporation of Regis-TR UK, Ltd. and LATAM Exchanges Data México, S.A. de C.V. (see section v. of this Note), which is why the consolidated annual accounts include the consolidation of these companies using the methods described in sections ii and iii of this Note from their date of incorporation.

2018

As a result of the incorporation of LATAM Exchanges Data, Inc. (see section v. of this Note), this company is fully consolidated within the consolidated annual accounts from its date of incorporation.

v. Acquisitions, disposals and other corporate transactions

The following changes took place in the Group's scope of consolidation in 2019:

- *Incorporation of 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.", whose registered address is located in 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 (equivalent to €23 thousand on the date of contribution) have been paid up both by the shareholders (49% by Bolsas y Mercados Españoles Market Data, S.A. and 51% by Bolsa Mexicana de Valores, S.A.B. de C.V.) on 7 October 2019.

  The Company's corporate purpose is 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.

- *Constitution of 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.

- *Dissolution and liquidation of Infobolsa Deutschland, GmbH:*

  On 20 December 2017, Bolsas y Mercados Españoles Inntech, S.A.U. as the Sole Shareholder of the investee company "Infobolsa Deutschland, GmbH", agreed to the dissolution and simultaneous liquidation of this company, as well as the appointment of the sole liquidator. The application for termination by dissolution and liquidation filed on 16 September 2019 was registered in the Companies Register of Frankfurt am Main (Germany) on 11 October 2019.

The following relevant corporate operations were carried out within the Group in 2018:

- *Acquisition of an additional 9% of Open Finance, S.L.:*

  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, on such date was the owner of 90% of the shares in said company.

- *Incorporation of LATAM Exchanges Data, Inc.:*

  On 15 May 2018, the incorporation of a company pursuant to the laws of the State of Florida of the United States of America, known as "LATAM Exchanges Data, Inc." was formally arranged. The registered address of the company will be the city of Miami, Florida (United States of America). The fully subscribed and paid up shares total $1,000 thousand (€873 thousand on the date of constitution), 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.

b) Goodwill

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

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

- Represents the lowest level at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment.

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

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

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

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

Goodwill impairment losses are recognised in "Impairment losses and gains (losses) on disposal of non-current assets" on the attached consolidated income statement. In 2019, no goodwill impairment losses were written-down given that it was considered unnecessary to do so in light of the results of the tests conducted. In 2018, the Group restructured the goodwill assigned to the cash-generating unit Open Finance, S.L. for the amount of €993 thousand, without identifying additional restructuring for the other cash generating units.

c) Other intangible assets

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

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

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

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

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

1. the availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
2. the intention to complete the software and use or sell it.
3. the ability to use the software.
4. the usefulness of the software.
5. its ability to reliably measure the expenditure attributable to the software during its development.

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

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

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

d) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

i. Definitions

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

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

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

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

- Investments in subsidiaries, joint ventures and associates.
- Rights and obligations under employee benefit plans (Note 13).
- Contracts and obligations related to share-based payment transactions (Note 19-c).

ii. Classification of financial assets for measurement purposes

Firstly, the financial assets are grouped within the different categories into which they are classified for the purposes of their management and measurement. The Group classifies its financial assets into the following measurement categories:

- those which are subsequently measured at fair value through (whether with changes in comprehensive income or in profit and loss), and
- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For those assets measured at fair value, the gains and losses are recognised in income or comprehensive income. For equity instruments that are not held for trading, it will depend on whether the Group has made an irrevocable choice at the time of initial recognition to recognise its equity investments at fair value with changes in other comprehensive income.

The Group reclassifies debt investments only when its business model for managing these assets changes.

The Group uses the following criteria for classifying its financial instruments:

Debt instruments

The Group uses three different categories to classify its debt instruments:

- Amortised cost: the assets that are held for the collection of contractual cash flows when these cash flows represent only payments of principle and interests are measured at amortised cost. The interest income from these financial assets are included in the financial income in accordance with the effective interest method. A gain or loss arising from the de-recognition in accounts is directly recognised in income under "Impairment losses and gains (losses) on disposal of financial instruments" together with the gains and losses due to exchange rate differences. Impairment losses are presented in the same previous item of the income account, with the corresponding breakdown, as appropriate, in the notes.

- Fair value with changes in comprehensive income: the assets that are held for the collection of contractual cash flows and the sale of financial assets, when the cash flows of the assets represent only payments of principle and interest, are measured at fair value with changes in other comprehensive income. The changes in the carrying amount are recognised in other comprehensive income, except for the recognition of impairment gains or losses, ordinary revenue from interest and gains or losses due to exchange rate differences that are recognised in income.

  When the financial asset is de-recognised, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to income and recognised as "Impairment and income due to disposal of financial instruments". The interest income from these financial assets are included in the financial income in accordance with the effective interest method. Exchange rate gains and losses are presented in the same previous item of the income statement, with the corresponding breakdown, as appropriate, in the notes.

- Fair value with changes in income: the assets that do not meet the criteria for amortised cost or for fair value with changes in comprehensive income are recognised at fair value in profit and loss. A gain or a loss in a debt investment that is subsequently recognised at fair value with changes in income is recognised in income and presented net within the "Changes in fair value in financial instruments" heading for the year in which they occur.

Own equity instruments

When the Group's Management decided to present the gains and losses at the fair value of the investments in equity instruments in other comprehensive income, both the changes in fair value and the value impairments (and impairment reversals) are recognised in other comprehensive income, without any later reclassification of the gains and losses in the fair value to income at the moment of de-recognition of the investment.

For all other cases, the changes in fair value are recognised in other gains/(losses) of the income statement when applicable.

The dividends from such investment continue to be recognised in the income for the financial year as other income when the right of the Group to receive the payments is established.

iii. Classification of financial assets for presentation purposes

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

The various classes of financial instruments outlined above are classified in the statement of financial position as follows:

- Non-current financial assets: includes listed and non-listed equity securities which were irrevocably selected at the time of initial recognition, recognised at fair value with changes in other comprehensive income, such as long-term guarantees extended in respect of the lease of the buildings where the Bolsas y Mercados Españoles Group companies currently conduct their activities, as well as assets arising from measurement of defined-benefit post-employment obligations due to retirement bonuses, which in both cases are measured at amortised value given the Group's business model and contractual terms of the cash flows.

- Current financial assets: mainly includes bank deposits in which any surplus cash held by the Group companies is invested and is measured at amortised cost given the Group's business model and the contractual terms of the cash flows.

- Other current financial assets – Realisation of guarantees received from participants: includes mainly reverse repurchase agreements, deposits given, and, where applicable, other cash equivalents in which the Group invests the funds temporarily obtained as a result of transactions involving the margin deposits that members of BME Clearing (Appendix I) and members of the electricity market, where MEFF Tecnología y Servicios (Appendix I) acts as a clearing house for settlements and guarantees, are required to make to guarantee open positions in their respective markets (see section V of this Note). These financial assets are measured at amortised cost given the Group's business model and the contractual terms of the cash flows.

- Other current financial assets - Financial instruments in CCP: corresponds to the registered positions in the interposition of BME Clearing in the obligations arising from the purchase of derivative instruments (options), equity securities and fixed income securities (BME Clearing Repo transactions), for which BME Clearing acts as central counterparty clearing house (CCP) and which are recognised under "Other current financial assets - Financial instruments in CCP" (Note 7).

  The positions of these financial assets correspond to the corresponding financial liabilities (sale transactions of derivative instruments, equity securities and fixed-income securities) and are executed on the trade date, the moment at which BME Clearing irrevocably interposes in the obligations, in accordance with Law 41/1999, dated 12 November, on payment systems and securities settlement, and Directive 98/26/CE, of the European Parliament and of the Council, of 19 May, on the finality of settlement in securities payment and settlement systems.

  Both the transaction executed by the central counterparty clearing house in its interposition as business model and the contractual characteristics of the obligations contracted comply with the premises for classifying the financial assets by positions in the central counterparty at amortised cost.

- Other current financial assets – Receivables for settlement: includes outstanding balances receivable (for next day settlement) on futures margin calls and daily options trades, presented at the position held by each clearing member (section V below). These financial assets are measured at amortised cost given the Group's business model and the contractual terms of the cash flows.

- Other current financial assets – Realisation of cash withheld for settlement: details the cash withheld temporarily in the settlement process in the market spot segment as a result of the BME Clearing's involvement in all buy and sell instructions. These financial assets are measured at amortised cost given the Group's business model and the contractual terms of the cash flows.

- Other current financial assets – Cash receivables for settlement: includes the Group's collection right for the financing provided by BME Clearing to the system for the cash differences of the failed instructions pending settlement in which the Company is involved. These financial assets are measured at amortised cost given the Group's business model and the contractual terms of the cash flows.

- Trade and other receivables (current assets): includes mainly balances arising from the provision of the services that constitute the Group companies' corporate purposes and with public bodies. These financial assets are measured at amortised cost given the Group's business model and the contractual terms of the cash flows.

  It also includes the contract assets, which are defined as the right to a consideration in exchange for goods or services that the Group has transferred to a client. If the Group executes obligations transferring goods or services to the client before said client pays the consideration or before the payment is enforceable, the Group will present the contract as a contract asset, excluding any amount that may have been paid on account. The Group recognises the contract assets under the heading "Trade and other receivables -Trade receivables for sales and services".

- Cash and cash equivalents (current assets): includes cash, reverse repurchase agreements, short-term bank deposits and other cash equivalents (maturity of less than three months) in which any surplus cash held by the Group companies is invested. These financial assets are measured at amortised cost given the Group's business model and the contractual terms of the cash flows.

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

Financial assets are recognised in the Group's consolidated statement of financial position upon acquisition. At the time of initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value with changes in profit and loss, the costs of the transaction that are directly attributable to the acquisition of the financial assets. The transaction costs of financial assets at fair value with changes in income are recognised in profit and loss.

Financial assets with implicit derivatives are considered in their entirely when determining if their cash flows are only the payment of principle and interest.

At the close of each accounting period these are measured in accordance with the criteria indicated in section ii. of this Note.

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

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

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

"Amortised cost" means the amount at which the financial asset or financial liability is initially recognised, less any repayments of principle, plus or less the accumulated amortisation using the effective interest rate method for the entire difference existing between this initial amount and the amount at maturity and, in the case of the financial assets, including any valuation adjustments due to impairment.

The "effective interest rate" is the rate that exactly equals the gross carrying amount of the financial asset or the amortised cost of the financial liability with the estimated cash flows during the estimated life of the financial instrument, in addition to the contractual conditions, but without considering the forecast credit losses. For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate at the time of acquisition, adjusted as necessary for any commissions or transaction costs which due to their nature are assignable to an interest rate. In the case of floating rate financial instruments, the effective interest rate coincides with the prevailing total yield for all items up to the earliest resetting of the benchmark interest rate.

All derivatives are recognised in the statement of financial position at fair value from the trade date. If the fair value is positive, they are recognised as an asset, and if the fair value is negative, they are recognised as a liability. The fair value on the trade date is deemed, in the absence of evidence to the contrary, to be the transaction price.

v. Classification of financial liabilities for measurement and presentation purposes

Firstly, the financial liabilities are grouped within the different categories into which they are classified for the purposes of their management and measurement.

The financial liabilities are included for measurement purposes in the accounts payable portfolio (at amortised cost), and this includes positions in fixed-income (cleared through BME Clearing Repo) and equity securities as well as optional trades in which the Group acts as the central counterparty and the positions of which coincide with the corresponding positions of the financial assets (sections ii. and iii. of this Note) and are therefore measured by applying the same criteria defined for said assets (previous section); as well as the entirety of the other financial liabilities, including cash deposits received by the Group as Guarantees received from participants to ensure their compliance with all obligations with the Group.

These financial liabilities will be initially recognised at fair value and subsequently, at least at the date of each monthly close, measured at amortised cost using the effective interest rate method.

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

In 2019 and 2018, financial liabilities at amortised cost were recognised, in the case of guarantees received from the participants under "Other current financial liabilities – Guarantees received from participants", unsettled balances for futures margin calls and daily options trades pending next day settlement under "Other current financial liabilities – Payables for settlement" and the balancing entry for initial recognition of the cash withheld for settlement described in section iii. of this Note under "Other current financial liabilities – Payables for cash withheld for settlement" and the amounts pending payment with suppliers, staff and public administrations resulting from the activity of the different companies of the Group under the heading "Trade and other payables" of the consolidated statement of financial position.

All financial liabilities classified as "Debits and items payable (amortised cost)" and "Financial liabilities held for trading", respectively, were recognised" in "Other current financial liabilities - Financial instruments in CCP" in 2019 and 2018 (section iii. of this note and Note 7).

vi. Impairment of financial assets

Definition

A financial asset is considered to be impaired (and its carrying value corrected to reflect the effect of the impairment) when there is objective evidence that events have occurred that give rise to, in the case of debt instruments, a negative impact on the future cash flows estimated at the time of formalising the transaction.

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

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

The asset impairment model of IFRS 9 applies to the financial assets measured at fair value and to the debt instruments measured as fair value with changes in other comprehensive income.

The Group applies the simplified approach of IFRS 9 to evaluate the forecast credit losses which uses a valuation adjustment for forecast losses during the whole lifecycle for the trade receivables, other debtors and contract assets (section h of this Note).

In order to measure the forecast credit losses, the trade receivables, other receivables and contract assets have been regrouped according to shared credit risk and days due. The contract assets are related to the unbilled work in progress and have essentially the same risk characteristics as the trade receivables of the same types of contracts. Therefore, the Group concludes that the forecast loss ratios for the accounts receivable are a fair approximation of the loss ratios for contract assets.

The forecast loss ratios are based on historic credit losses experienced during at least three periods of 24 months prior to 1 January 2018 and 2019. Using this as a basis, the loss adjustments are determined for 31 December 2019.

Trade receivables are written off when there is no reasonable expectation of recovery. The indicators that there is no reasonable expectation of recovery include, inter alia, the fact that a debtor does not commit to a repayment plan with the Group and the default of the contractual payments during a period of more than 5 years.

With regard to all other financial liabilities classified at amortised cost, no significant impairment losses have been identified given that it mainly corresponds to fixed-income positions (cleared through BME Clearing Repo), equity and options for which the Group acts as the central counterparty that have the collateral provided by the members to mitigate the credit risk of the central counterparty clearing house.

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

In 2019, net impairment losses recognised corresponded to Trade and other receivables for the amount of €1,197 thousand (€376 thousand in Trade and other receivables during 2018) (Notes 7 and 8).

vii. Valuation techniques

Below is a summary of the different valuation techniques used by the Group to measure financial instruments recognised at fair value using the following hierarchy of fair values at the following levels, at 31 December 2019 and 2018 (Note 7):

- Level 1: the fair values are obtained from quoted prices (unadjusted) in active markets for an identical instrument.
- Level 2: the fair values are obtained from quoted prices for similar instruments in active markets, prices of recent transactions or expected cash flows or other valuation techniques in which all the significant inputs are based on directly or indirectly observable market data.
- Level 3: the fair values are obtained from valuation techniques in which there is a significant input not based on observable market data.

The detail of level 1, 2 and 3 fair value measurements at 31 December 2019 and 2018 is as follows:

	Thousands of euros				
			Fair value hierarchy		
2019	**Total balance (*)**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value with changes in other comprehensive income	12,175	12,175	12,175	-	-
	12,175	**12,175**	**12,175**	**-**	**-**

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

	Thousands of euros				
			Fair value hierarchy		
2018	**Total balance (*)**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value with changes in other comprehensive income	9,306	9,306	9,306	-	-
	9,306	**9,306**	**9,306**	**-**	**-**

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

There were no transfers between Levels 1 and 2 in 2019 and 2018.

viii. Derecognition of financial assets and financial liabilities

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

f) Own equity instruments

i. Definition

Own equity instruments are those that meet the following conditions:

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

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

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

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

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

g) Classification of liabilities into current and non-current

Liabilities in the accompanying consolidated statements of financial position are classified by maturity; i.e., those maturing in 12 months or less are classified as current, and those maturing in over 12 months as non-current.

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

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

Similarly, the "Other liabilities" heading of the consolidated statement of financial position includes the contract liabilities, which are defined as the obligation of the Group to transfer to a customer goods or services for which the customer has paid a consideration (or for which an amount is payable by the customer as consideration). If the customer pays a consideration, or the Group has the unconditional right to receive an amount as consideration (i.e., an account receivable), before the Group transfers a good or service to the customer, the Group will present the contract as a contract liability when the payment is made or when the payment is demanded (if this date is earlier). The Group recognises the contract liabilities under "Other liabilities".

i) Provisions and contingent liabilities (assets)

At the date of authorisation for issue of the Group's consolidated annual financial statements, the Directors distinguished between:

- Provisions: credit balances that cover present obligations at the date of the statement of financial position arising from past events which could give rise to a loss for the entities, which is considered to be likely to occur and certain as to nature, but uncertain as to its amount and/or timing.

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

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

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

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

j) Ongoing litigation and/or claims

At year-end 2019 and 2018 a number of legal proceedings and claims had been filed against Group Companies in connection with the ordinary course of their businesses. Both the Group's legal advisors and directors believe that the outcome of these proceedings and claims will not have any effect on the consolidated annual accounts of the years in which they are resolved and for which adequate provision has been made (Note 12).

In February 2020, notification of a lawsuit filed by a consumer association was received, before a Court of First Instance of Madrid, against "Bolsas y Mercados Españoles, Sistemas de Negociación, S.A." (subsidiary of the BME Group) (Appendix I) and another co-defendant. The lawsuit asks for a judgment to be issued declaring that the co-defendants failed to comply with their legal duties of supervision and surveillance in terms of the Alternative Stock Market (MAB) regarding the incorporation and monitoring of a specific company, on the MAB and, consequently, require that the co-defendants jointly and severally pay €3,329 thousand plus the relevant legal interests. No provisions have been made in relation to this lawsuit as it is considered a contingent liability.

Also, 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.

k) Post-employment and other long-term benefits

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

i. Post-employment obligations

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

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

Defined-contribution plans

The contributions made each year in this connection are recognised under "Staff costs - Social welfare expenses" in the consolidated income statement. The amounts not yet contributed at each year-end are recognised under "Non-current provisions – Long-term employee benefit obligations" on the liability side of the consolidated statement of financial position, at their present value where warranted.

The Group has an agreement with a small group of employees whereby it undertakes to contribute a fixed percentage of the pensionable salary of these employees to a defined contribution plan. This contribution is made to an external plan called the "Plan de Pensiones AIAF Mercado de Renta Fija", part of the Santander Colectivos Renta Variable Mixta 2 pension fund, which is managed by Santander Pensiones S.A., E.G.F.P. The expense recognised for the contributions made by the Group in this connection in 2019 and 2018, totalling €48 thousand and €58 thousand respectively, was recognised under "Staff costs - Social welfare expenses" in the consolidated income statement (Note 19).

The Group has also taken out a collective life insurance policy carrying social provision benefits, covering the retirement, death or permanent disability of certain Directors (see Note 4). The annual contribution to this insurance, including contributions on account of other Group employees not classified as senior management, amounted to €299 thousand in 2019 (€139 thousand in 2018), recognised in "Staff costs – Social welfare expenses" in the consolidated income statement (Note 19).

Defined-benefit plans

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

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

If the treatment described in the previous paragraph gives rise to an asset, it is recognised under "Non-current financial assets" on the assets side of the consolidated statement of financial position (Note 7) up to the present value of any economic benefits that could return to the Group in the form of direct refunds from the plan or reductions in future payments to the plan. Any adjustments to be made to the measurement of a post-employment benefits asset are recognised directly in equity as reserves.

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

- They are not held by the consolidated entities, but by a legally separate entity that is not a related party of the Group.
- They are available to be used only to pay or fund post-employment benefits, and are not available to the Group's own creditors (even in bankruptcy).
- They cannot be returned to the consolidated entities unless the remaining assets of the Plan are sufficient to meet all the related employee benefit obligations of the Plan or the entity with current or former employees, or they are returned to the Group to reimburse it for employee benefits already paid.
- They are not non-transferable financial instruments by the Group.

Defined-benefit plans are recognised as follows:

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

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

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

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

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

  The Group externalised its retirement bonus commitments in 2006. The vehicle used by the Group 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 Group employees, to take out health insurance to supplement the social security medical coverage. The policy covers current employees and their beneficiaries, defined as those entitled to health care under the state Social Security scheme under the same social security number as the employee, as regulated by prevailing social security legislation, and those retiring after this agreement comes into effect and their beneficiaries (as defined above, plus those becoming widows/widowers and orphans after the agreement comes into effect that are also stipulated beneficiaries of the policy holder).

ii. Other long-term employee benefits

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

l) Termination benefits

In accordance with current legislation, the Group is required to pay termination benefits to any employee whose employment is terminated without due cause.

The Group recognised the expense incurred in connection with termination benefits accrued on redundancies agreed in 2018 and 2019 under "Staff costs – Wages, salaries and similar expenses" (Note 19). Any outstanding termination benefits payable were recognised on the liability side of the consolidated statement of financial position at year-end under "Trade and other payables – Other payables" (Note 14). The Group recognised under "Staff costs – Wages, salaries and similar expenses" on the consolidated income statement for 2018 (Note 19), the expense incurred corresponding to the incentive-based redundancy plan approved by the Group's Directors in 2018, which was restricted to a reduced group of employees that met specific characteristics. The amounts outstanding are detailed, where relevant, on the liabilities side of the statement of financial position at the close of the financial year under "Other long-term employee benefits" (Note 13).

There was no detailed redundancy plan warranting recognition of a provision in this connection at 31 December 2019 and 2018 except for the abovementioned incentive-based plan.

m) Share-based remuneration schemes

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

n) Recognition of revenue and expense

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

i. Revenue

In material terms, all income recognised by the Group corresponds to income originating from contracts with customers. Generally speaking, revenue is recognised when the performance obligations are satisfied through the transfer of a promised good or service (i.e. an asset) to a customer, irrespective of the moment at which the monetary or financial flow derives therefrom. An asset is transferred when, or to the extent that, the customer obtains control thereof. Income is measured at the fair value of the consideration received, less any discounts and taxes.

The performance obligations of the services provided by the Group are satisfied at a specific moment or over time, and the contracts do not have significant financing components, relevant variable considerations, nor return or repayment obligations. Likewise, the costs incurred for obtaining the contracts for customers were evaluated and were deemed immaterial. In respect of the ordinary income recognised in the financial year resulting from the performance obligations satisfied in previous years, those relating to recognised contract liabilities were recognised in the financial year, with there being no income due to changes in the transaction prices.

Below follows a summary of the criteria applied by the Group to recognise the most significant revenue:

- Performance obligations satisfied at a specific moment: revenue is recognised in the consolidated income statement at the moment in which the performance obligation is considered satisfied with the customer. To determine the specific moment at which an performance obligation is satisfied, the Group considers when the transfer of the promised good or service is carried out and it has an unconditional right to a consideration. The Group bills certain goods or services at the specific moment in which the performance obligation is satisfied or with a defined periodicity (typically monthly), recognising an account receivable that represents an unconditional right to a consideration that only requires the passage of time for the payment of this consideration to be enforceable. Once the performance obligation is satisfied, there is no longer a contract liability to recognise on the consolidated statement of financial position.

- Performance obligations satisfied over the long-term: the Group transfers the control of a good or service promised over the long-term and, therefore, satisfies an performance obligation and recognises the revenue in the consolidated income statement over the long-term. To determine the period during which an performance obligation is satisfied, the Group considers the established execution periods for the transfer of the promised good or service and the existence of an unconditional right to a consideration. For practical purposes, when the promised services are provided over a specific time, the income can be recognised in the consolidated income statement linearly during the agreed time interval, or they can be recognised according to the degree of performance of the provision of the service promised at the date of the consolidated statement of financial position, provided that this can be reliably estimated. In both cases, the Group bills the good or service promised according that agreed in the contract, recognising an account receivable that represents an unconditional right to a consideration that only requires the passage of time for the payment of this consideration to be enforceable. In turn, these performance obligations can be satisfied as indicated below:

- During the accounting period: once the performance obligation is satisfied at the end of the accounting period, there is no longer a contract liability pending recognition in profit and loss for this already satisfied service.

- During several accounting periods: the performance obligation is satisfied over several accounting periods, therefore, at the end of the period, there is a contract liability pending recognition in profit and loss for this partially satisfied service.

Below follows a summary of the most significant revenues of the Group, by business unit (Note 17):

Equities:

Revenue from the rendering of services for access, trading, admission of securities to trading and ongoing listing, are recognised in the consolidated income statement according to the fees and rates applicable in the corresponding financial year, as published in the stock market listing bulletins and circulars of the multilateral trading facilities and other market infrastructures (Appendix I).

- Revenue from "Access charges for infrastructures and other facilities" includes revenue from fees for the access and ongoing listing on infrastructures as well as revenue for the registration and continued membership of market members. The Group bills these fees monthly and/or quarterly and they correspond to the performance obligations satisfied in the long-term, during the accounting period.

- The revenue from "Trading" corresponds to the fees applied to each purchase or sale transaction of securities traded on the market. The Group bills these fees monthly and this corresponds to the performance obligations satisfied at a specific moment.

- Revenue from the "Ongoing listing" fee includes the annual fee payable by market securities issuers in order to remain listed. The Group bills these services at the beginning of each calendar year or at the time securities are issued in the case of the first admission to trading. This corresponds to the performance obligations satisfied in the long-term, during the accounting period.

- Revenue from "Admission of securities to trading" mostly corresponds to the services rendered by the Group to the issuers relating to the admission rights of securities to trading on the market. The Group bills these services the moment the securities are admitted. This corresponds to the performance obligations satisfied in the long-term, during several accounting periods.

  In September 2018, the International Financial Reporting Interpretations Committee (hereinafter IFRIC) issued a tentative decision, which became final in January 2019, on its interpretation of the performance obligations arising from listingservices provided by securities markets, in which it is concluded, based on the case analysed that, in the admission of securities to trading, there is only one performance obligation which is satisfied over time and there is no separate performance obligation to be discharged at the specific time that the entity is listed for trading. Therefore, in accordance with this decision, the fees for admission of securities to trading on the stock markets must be accrued as revenue during the life of the service provided, i.e., based on the estimation of the time that the issued securities are traded on the aforementioned markets. The Group Management performs this estimate based on the historical information of the markets managed and future forecasts of the permanency of the securities and issues on the markets.

  The performance obligation is satisfied during the estimated period during which the securities issued by the issuer are traded on the markets managed by the BME Group, which are generally estimated over a period of 8 years for securities traded on the Continuous Market and on the Alternative Equity Market (MAB).

Derivatives:

Revenue from the access and trading services of financial derivative products and electricity derivative instruments are recognised in the consolidated income statement for the period in line with the fees applicable for the corresponding period, as established by the MEFF Sociedad Rectora del Mercado de Productos Derivados (Appendix I).

- Revenue from "Trading" includes fees for trading in stock options and futures and IBEX 35® options and futures as well as energy derivatives. The Group bills these services monthly and this corresponds to the performance obligations satisfied at a specific moment.

- Revenue from "Access charges for infrastructures and other facilities" corresponds to the connection charges, which cover the costs associated with the management of the communications network for standard installations, as well as the revenue from the leasing of IT equipment (MEFF terminals) by the Group to different entities. The Group bills these services at the start of the calendar quarter and this corresponds to the performance obligations satisfied in the long-term, during the accounting period.

Fixed Income

Revenue from the rendering of services for access, trading, admission of fixed-income issues to the different BME fined-income markets (Appendix I) are recognised in the consolidated income statement according to the fees and rates applicable in the corresponding financial year, as published in the BME Fixed-Income general information bulletin (Appendix I).

- Revenue from "Access charges for infrastructures and other facilities" includes revenue from fees for the access and ongoing listing on infrastructures as well as revenue for the registration and continued membership of market members. The Group bills these fees monthly and/or quarterly and they correspond to the performance obligations satisfied in the long-term, during the accounting period.

- Revenue from "Trading" corresponds to the fees applied to each purchase or sale transaction of issues traded in BME fixed-income. The Group bills these fees monthly and this corresponds to the performance obligations satisfied at a specific moment.

- Revenue from "Admission of fixed-income issues to trading" mostly corresponds to the services rendered by the Group to the issuers relating to the admission rights of the fixed-income issues for trading on the different BME fixed-income markets. The Group bills these fees monthly and this corresponds to the performance obligations satisfied in the long-term, over several accounting periods.

  In September 2018, the IFRIC issued a tentative decision, which became final in January 2019, on its interpretation of the performance obligations arising from listingservices provided by securities markets, in which it is concluded, based on the case analysed that, in the admission of securities to trading, there is only one performance obligation which is satisfied over time and there is no separate performance obligation to be discharged at the specific time that the entity is listed for trading. Therefore, in accordance with this decision, the fees for admission of securities to trading on the stock markets must be accrued as revenue during the life of the service provided, i.e., based on the estimation of the time that the issued securities are traded on the aforementioned markets. The Group Management performs this estimate based on the historical information of the markets managed and future forecasts of the permanency of the securities and issues on the markets.

  The performance obligation is satisfied during the estimated period during which the fixed-income issues are traded on the markets managed by the BME Group, which are generally estimated over a period of 6 years.

Settlement and Registration

Revenue from the rendering of settlement and registration services is recognised in the consolidated income statement in accordance with the tariffs applicable for the corresponding period, as published in the respective IBERCLEAR circulars (Appendix I).

- Revenue from "Registration and services rendered to issuers" includes, inter alia, revenue accrued due to fees charged to market participants for the registration of fixed income trades (Book-entry Government Debt securities and AIAF Fixed-income Market securities) and equities. The Group bills these fees monthly and this corresponds to the performance obligations satisfied at a specific moment.

- Revenue from "Settlement" which includes fees charged by the Group for settlement activities of fixed-income trades (Book-entry Government Debt securities and AIAF Fixed-income Market securities) and equities, as well as the revenue accrued due to the transfer of the costs resulting from the application of the T2S tariffs to the settlement participants. The Group bills these fees monthly and this corresponds to the performance obligations at a specific moment.

Clearing

Revenue from the rendering of clearing services is recognised in the consolidated income statement for the period in accordance with the tariffs established by BME Clearing applicable for the corresponding period (Appendix I).

- Revenue from "Access charges for infrastructures and other facilities" includes the general membership fee and the fees for membership to the various contract groups, as well as fees for inclusion as clearing member, where appropriate.The Group bills these fees monthly and/or quarterly and this corresponds to the performance obligations satisfied in the long-term, during the accounting period.

- Revenue from "Clearing, and central counterparty" includes income accrued from the fees received by the Group for the settlement and clearing of equity futures and options and IBEX 35® index and other index futures and options, and the settlement and clearing of fixed income security transactions and clearing equity security transactions in the central counterparty, OTC interest-rate derivatives, energy derivatives and the maintenance of positions in all segments. This item also includes income from transfers and the creation and release of pledges on securities. The Group bills these services monthly and/or quarterly and this corresponds to the performance obligations satisfied in the long-term, during the accounting period.

Market Data & VAS

Revenue from primary information services and those relating to added value services such as the sale of market solutions, financial information services and access to markets, are recognised in the consolidated income statement for the period according to the fees applicable during the corresponding period, as established, for the most part, by Bolsas y Mercados Españoles Market Data (Appendix I) and the BME Inntech Group (Appendix I).

- Revenue from "Information" includes the revenue from the dissemination activity of the primary source of information, the tariffs of which vary depending on the level of information and comprise a fixed charge (connection, use and distribution charges) and a variable charge depending on the number of users of the information. The Group bills these services monthly and quarterly, respectively, and this corresponds to the performance obligations satisfied in the long-term, during the accounting period.

- Revenue from "Added value services" mostly includes revenue from:

a. Financial information services and others, corresponding to the services for the supply of information to a variety of customers, whether agencies or of any other nature. This information relates to the trading prices of securities, both historic and in real time, market performance, as well as other general and financial news. The Group bills these services monthly, quarterly or annually, depending on the customer, and this corresponds to the performance obligations satisfied in the long-term, during the accounting period.

b. Access services to other trading systems (international markets) and proximity services to the Group's systems, as well as revenue obtained from contingency services and financial communication services. The Group bills these fees monthly and these correspond to the performance obligations satisfied in the long-term, over the accounting period.

c. Tools for the assessment and management of portfolios relating to the supply of solutions for Wealth Management developed by the Group and their integration with the customer's backoffice. The Group recognises this revenue in the consolidated income statement taking into account the degree of performance of the service rendered at the date of the consolidated statement of financial position. The Group bills these services according to the billing schedule agreed with the customer. This corresponds to the performance obligations satisfied in the long-term, during the accounting period or over several accounting periods.

d. Consultancy and system sales. The Group bills these services according to the billing schedule agreed with the customer. This corresponds to the performance obligations satisfied in the long-term, during the accounting period or over several accounting periods.

e. Regulatory services that help customers to comply with the various regulatory obligations established by the financial sector regulators through the use the Group's different regulatory compliance platforms. The Group bills these fees monthly and these correspond to the performance obligations satisfied in the long-term, over the accounting period.

ii. Variable direct cost of transactions

Incremental expenses directly attributable to the provision of a service, such as expenses depending on trading or settlement volumes, to revenue distribution agreements and sources of information acquired are recognised in this item on an accrual basis and corresponding to the transactions to which they are directly related.

iii. Non-finance income and costs

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

iv. Finance income and costs

BME Clearing, S.A. - Sociedad Unipersonal earns finance income from its clearing house activities and interest income on the funds held in guarantee for market members (Note 7) recognised with a credit (charge in the case of a negative return) to "Finance income – From marketable securities and other financial instruments" and a charge (credit in the case of a negative return) to "Finance cost – Guarantees received from participants", respectively, on the consolidated income statements (Notes 7 and 21). Similarly, when the funds provided are deposited with Banco de España, the penalty corresponding to the negative interest rate of the deposit facility charge to BME Clearing, S.A. - Sociedad Unipersonal by Banco de España recognised as a charge to "Finance cost – Guarantees received from participants" and the transfer of this cost to the members with a credit to "Finance income – From marketable securities and other financial instruments" on the consolidated income statement (Notes 7 and 21). Similarly, MEFF Tecnología y Servicios, S.A.U. passes on to the members of the electricity market the negative returns obtained through the investment of the guarantees received from said members, recognising these as a charge to "Finance income – From marketable securities and other financial instruments" and a credit to "Finance cost – Guarantees received from participants", respectively, on the consolidated income statements (Notes 7 and 21).

o) Offsetting

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

p) Income tax

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

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

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

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

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

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 financial statements 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 financial statements 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 Group's policy with regard to the distribution of consolidated income tax is to allocate the consolidated income tax payable on a proportional basis to each company's taxable income. Therefore, the Resolution has not had a material impact on the Group.

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

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

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

Royal Decree-Law 3/2016 of 2 December was published on 3 December 2016, adopting tax measures aimed at consolidating public finances and other urgent measures in the social domain. 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 Group has reversed tax deductible impairments (see Note 16).

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

The carrying amounts of recognised deferred tax assets and liabilities are reviewed at each reporting date in order to ascertain if they still exist and to evaluate the reasonableness of their recoverability in the corresponding time frame and they are adjusted as appropriate based on the outcome of the analysis performed.

Bolsas y Mercados Españoles files consolidated tax returns for the tax group of which it is the Parent.

q) Foreign currency transactions

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

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

In terms of the conversion of individual financial statements whose functional currency is not the euro, the individual financial statements of the subsidiaries are prepared in the functional currency of each company. For the purposes of consolidation, assets and liabilities are converted to euros at the year-end exchange; profit/(loss) items for the period are converted at the average exchange rate of the period to which they refer; and capital, issue premium and reserves are converted by applying the historical exchange rate. The differences generated as a result of this conversion, deriving from majority interests in subsidiaries, in associated companies and in jointly controlled companies, are included under the heading "Translation differences" in the statement of comprehensive income. In the case of non-controlling interests, these translation differences are reflected under "Non-controlling interests" in equity.

At 31 December 2019 and 2018, the Group's exposure to exchange rate risk was not material. Accordingly, the impact on the Group's consolidated equity and consolidated income statement of an appreciation or depreciation of exchange rates of other currencies relative to the euro would not be material.

r) Accounting for leases

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

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

Since 1 January 2019, leases, without distinction between operating and financial leases, with the exceptions provided for in IFRS 16 (Note 1-b), are recognised as a right-of-use asset and the corresponding liability on the date that the leased asset is available for use by the Group (Note 1-b). Each lease payment is divided between the liability and the financial cost. The financial cost is charged to profit and loss during the term of the lease, so as to produce a constant periodic interest rate on the liability's remaining balance for each year. The right-of-use asset is amortised over the useful life of the asset or the lease term, whichever is shortest, on a straight-line basis.

The assets and liabilities arising from a lease are initially measured at the current value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including essentially fixed payments), less any lease incentive for collection,
- variable lease payments that depend on an index or rate,
- the amounts expected to be paid by the lessee for residual value guarantees,
- the strike price of a purchase option if the lessee is reasonably certain that he will exercise that option, and
- the payment of lease termination penalties, if the term of the lease reflects the exercise of that option by the lessee.

Lease payments shall be discounted using the implicit interest rate in the lease, if this rate is easy to determine. If it is not easy to determine, the lessee shall use the incremental interest rate of the lessee's indebtedness. The implicit interest rate is the interest rate according to which the present value of a) lease payments and b) the unsecured residual value is equal to the sum of i) the fair value of the underlying asset and ii) any cost initial direct from the lessor. The incremental interest rate is the interest rate that the lessee would have to pay to borrow, subject to a similar term and guarantee, the funds necessary to obtain an asset with a similar value to the right of use asset in a similar economic setting.

To this end, the Group has calculated the discount rate using the incremental interest rate of the lessee, estimating a synthetic rating depending on the comparable companies in the sector and an interest rate depending on the lease terms. In 2019, BME obtained an A- rating, with a stable outlook, granted by S&P Global Ratings, in line with the rating initially estimated by the Group (Note 1-b).

The right-of-use assets are measured at cost, which includes the following:

- the value of the initial measurement of the lease liability,
- any lease payment made on or before the start date less any lease incentive received,
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases involving assets of a low value are recognised on a straight-line basis as a cost in profit and loss. Short-term leases are leases with a lease term of less than or equal to 12 months.

s) Consolidated statement of cash flows

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

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

For the purposes of 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.

For the purposes of drawing up the consolidated statement of cash flows, "Cash and cash equivalents" are understood to be short-term highly liquid investments that are subject to an insignificant risk of changes in value, and which do not entail the realisation of guarantees received from participants, without taking into account the financial instruments for which BME Clearing, S.A. - Sociedad Unipersonal acts as central counterparty (CCP), the realisation of cash withheld for unsettled operations, or receivables (payables) for the settlement of daily trading in options and futures, and cash receivables (payables) for settlement.

For the purpose of preparing the consolidated statements of cash flow, cash payments corresponding to leases that, prior to the entry into force of IFRS 16 (Note 1-b), were collected as an operating cash flow, as at the time the standard came into force, they corresponded to payments of the principal of the lease liability, are collected as a cash flow from financing activities under the "Other cash flows from financing activities - Other amounts received/(paid) in financing activities".

t) Consolidated statement of recognised income and expense

The "Consolidated statement of recognised income and expenses" shows the income and expense generated by the Group as a result of its activity during the year, distinguishing between items of income and expense that are recognised in the consolidated income statement for the year and other income and expense that, as required under current regulations, are recognised directly in consolidated equity (other comprehensive income). This financial statement therefore presents:

a. Consolidated income for the year.

b. The net amount of the income and expense recognised as other comprehensive income which is not reclassified in profit (loss).

c. The net amount of the income and expense recognised as other comprehensive income which may be reclassified in profit (loss).

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

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

Any items of income and expense recognised directly in equity in connection with investments in entities consolidated using the equity method are presented net of tax under "Share in other recognised comprehensive income from investments in joint ventures and associates".

u) Statement of changes in total equity

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

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

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

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

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

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

a) Distribution of the Company's profit

The proposed distribution of the profit of Bolsas y Mercados Españoles, the Group's parent company, for 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
Profit for the year of Bolsas y Mercados Españoles (*)	**122,944**	**133,025**

(*) Profit obtained by the Parent company, as stated in its separate financial statements for 2019 and 2018. This profit measure constitutes the basis of distribution under prevailing Spanish legislation.

(**)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 statement of financial position at 31 December 2019 (Note 11). At that date, both dividends had been fully paid.

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 consolidated statement of financial position at 31 December 2018 (Note 11). At that date, both dividends had been fully paid.

The provisional financial statement 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	-	(33,141)
Amount available for distribution	**67,062**	**80,620**
Available liquidity	42,664	55,582
Interim dividend	(33,141)	(49,711)
Retained earnings	**9,523**	**5,871**

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

	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**

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

b) Earnings per share from continuing and discontinued operations

i. Basic earnings per share

El beneficio básico por acción se determina dividiendo el resultado neto atribuido al Grupo en un período entre el número medio ponderado de las acciones en circulación durante ese período, excluido el número medio de las acciones propias mantenidas a lo largo del mismo.

Accordingly:

	2019	**2018**
Net profit for the year attributable to owners of the Parent (thousands of euros)	**122,756**	**136,288**
Weighted average number of outstanding shares	82,901,024	83,118,670
Conversion of convertible debt	-	-
Adjusted number of shares	82,901,024	83,118,670
Basic earnings per share (euros)	**1.48**	**1.64**

ii. Diluted earnings per share

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

Accordingly:

	2019	2018
Net profit for the year attributable to owners of the Parent (thousands of euros)	**122,756**	**136,288**
Weighted average number of outstanding shares	82,901,024	83,118,670
Conversion of convertible debt	-	-
Dilutive effect of Share-based Variable Remuneration Plans (Note 19-c)	471,042	500,292
Adjusted number of shares	83,372,066	83,618,962
Diluted earnings per share (euros)	**1.47**	**1.63**

At 31 December 2019 and 2018, there were dilutive ordinary shares resulting from the 2014-2019, 2017-2020 and 2018-2023 Share-based Variable Remuneration Plans in effect (see Note 19-c) and approved by the Ordinary General Shareholders' Meeting of BME on 30 April 2014, 27 April 2017 and 26 April 2018, respectively, as detailed below:

Maximum number of shares	31/12/2019	31/12/2018
Share-based Variable Remuneration Plans:		
2014 - 2019 Plan	- (1)	186,213 (1)
2017 - 2020 Plan	155,349 (2)	155,349 (2)
2018 - 2023 Plan	315,693 (4)	158,730 (3)
	471,042	**500,292**

(1) Maximum number of shares estimated for the third three-year period of the 2014 – 2019 Plan, calculated on the basis of 124,142 assigned units. In 2019, 92,028 dilutive shares were disposed of, corresponding to the final number of (gross) shares delivered as implementation of the third three-year period of the 2014-2019 Programme expiring on 31 December 2018 and settled in June 2019 (Note 19-c). In 2018, 84,286 dilutive shares were disposed of, corresponding to the final number of (gross) shares delivered as implementation of the second three-year period of the 2014-2019 Plan expiring on 31 December 2017 and settled in June 2018 (see Note 19-c).

(2) Maximum number of theoretical shares at 31 December 2017 for the 2017-2020 Plan, calculated on the basis of an estimated 103,566 units allocated to the last three-year period.

(3) Maximum number of shares estimated for the first three-year period of the 2018 – 2023 Plan, calculated on the basis of an estimated 105,820 assigned units.

(4) Maximum number of shares estimated for the first and second three-year period of the 2018-2023 Plan, calculated on the basis of an estimated 105,820 assigned units for the first three-year period and an estimated 104,642 assigned units for the second three-year period.

4. Remuneration and other benefits of Bolsas y Mercados Españoles' Board of Directors and Senior Management

a) Board of Director Remuneration

In 2019, the Board of Directors determined the per diems and fixed remuneration paid to members of the Board of Bolsas y Mercados Españoles in their capacity as such during 2019, within the maximum amount of annual remuneration to be received by Directors in their capacity as such, approved by the General Shareholders' Meeting on 25 April 2019 and in accordance with the Directors' remuneration policy.

In 2018, the Board of Directors determined the per diems and fixed remuneration paid to members of the Board of Bolsas y Mercados Españoles in their capacity as such during 2018, within the maximum amount of annual remuneration to be received by Directors in their capacity as such, approved by the General Shareholders' Meeting on 28 April 2016 and in accordance with the Directors' remuneration policy.

In 2019 and 2018, serving and former members of the Board of Directors of Bolsas y Mercados Españoles accrued the following gross amounts for sitting on the boards of Bolsas y Mercados Españoles and of other Group companies:

Thousands of euros

	Per diems		Bylaw-stipulated fixed remuneration [16]		Variable Remuneration		Other items		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Antonio Zoido Martínez	86	70	732[1]	732[1]	-	313[3]	-	-	818	1,115
Javier Hernani Burzako	17	18	550[4]	550[4]	185[2]	214[3]	-	-	752	782
Ignacio Garralda Ruiz de Velasco	21	26	50	50	-	-	-	-	71	76
David María Jiménez-Blanco Carrillo de Albornoz	41	17	70[5]	70[5]	-	-	-	-	111	87
Margarita Prat Rodrigo [7]	-	19	-	-	-	-	-	-	-	19
María Helena dos Santos Fernandes de Santana	13	11	50	50	-	-		-	63	61
Álvaro Cuervo García [8]	-	37	-	-	-	-	-	-	-	37
Carlos Fernández González [9]	-	17	-	-	-	-	-	20[13]	-	37
Ana Isabel Fernández Álvarez [10]	41	22	50	44	-	-	-	-	91	66
Joan Hortalá i Arau [11]	84	90	279	279	50[5]	50[5]	-	-	413	419
Karel Lannoo [12]	-	9	-	-	-	-	-	-	-	9
Juan March Juan	37	36	50	50	-	-	-	-	87	86
Isabel Martín Castellá [14]	26	15	50	44	-	-	-	-	76	59
Santos Martínez-Conde y Gutiérrez-Barquín	29	30	50	50	-	-	-	-	79	80
Juan Carlos Ureta Domingo [15]	34	21	50	50	-	-	-	-	84	71
Total	**429**	**438**	**1,981**	**1,969**	**235**	**577**	**-**	**20**	**2,645**	**3,004**

(1) The remuneration corresponding to Mr Zoido Martínez 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; this remuneration will be formed exclusively by fixed elements that, as is the case for all other Directors in their capacity as such, consist of a fixed allocation and allowances to attend Board meetings and, as the case may be, Board Committee meetings on which they sit, pursuant to the provisions of the Directors' Remuneration Policy.

(2) Amount of variable remuneration in 2019 to be paid in 2020 to Mr Hernani Burzako.

(3) Amount of variable remuneration in 2018 paid in 2019 to Mr Zoido Martínez and Mr Hernani Burzako.

(4) Fixed remuneration in 2019 and 2018 includes both the bylaw stipulated remuneration for his services as a Director and the fixed remuneration received since his appointment as Chief Executive Officer pursuant to his executive duties.

(5) Amount estimated and amount paid corresponding to the variable remuneration for 2019 which will be received in 2020 and for 2018 which was received in 2019.

(6) Mr Jiménez-Blanco Carrillo de Albornoz was appointed Director as well as Coordinating Director, Member of the Executive Committee and Chairman of the Appointments and Remuneration Committee on 26 April 2018, as well as Coordinating Director on 28 May 2018. In 2018, Mr Jiménez-Blanco Carrillo de Albornoz received a fixed allocation of €20 thousand as compensation for his performance of the additional powers attributed under the Corporate Enterprises Act and the Regulations of the Board of Directors to the Coordinating Director, in addition to the remuneration items corresponding to the Directors in their capacity as such, in accordance with the Directors' Remuneration Policy.

(7) Ms Prat Rodrigo stood down as Director, Member of the Executive Committee and Chairperson of the Audit Committee on 26 April 2018.

(8) Mr Cuervo García stood down as Director, Member of the Executive Committee, Member of the Audit Committee and Chairman of the Appointments and Remuneration Committee on 26 April 2018.

(9) Mr Fernández González stood down as Director and Member of the Appointments and Remuneration Committee on 26 April 2018.

(10) Ms Fernández Álvarez was appointed as Director, Member of the Executive Committee and Chairperson of the Audit Committee on 26 April 2018.

(11) The remuneration corresponding to Mr Hortalá i Arau also includes the bylaw stipulated remuneration in his capacity as director as well as the fixed and variable remuneration received in connection to the executive functions performed at Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U.

(12) Mr Lannoo stood down as Director and Member of the Markets and Systems Operating Procedures Committee on 26 April 2018.

(13) Amount received until 26 April 2018, when he resigned as Director on account of his role as the Investor Ombudsman at the Madrid Stock Market.

(14) Ms Martín Castellá was appointed as Director, and Member of the Audit Committee on 26 April 2018.

(15) Mr Ureta Domingo was appointed as Director, Member of the Appointments and Remuneration Committee and Member of the Markets and Systems Operating Procedures Committee on 26 April 2018.

(16) Fixed emoluments per Director: Directors shall receive €50,000 when they have attended at least eight meetings of the Board of Directors over the course of the year or the corresponding proportional part depending on the date of their appointment as Director.

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 corresponding to both periods, 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.

Mr Joan Hortalá i Arau accrued an estimated €50 thousand in variable remuneration in 2019 (€50 thousand in 2018), which may be submitted for approval by the Board of Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U.

b) Other director benefits

The theoretical maximum number of shares in Bolsas y Mercados Españoles, where applicable, for the Executive Directors of Bolsas y Mercados Españoles who are beneficiaries of the prevailing Pluri-Annual Share-Based Variable Remuneration Plans (2014-2019, 2017-2020 and 2018-2023 Plans), in force - hereinafter, the "Plans" (see Note 19-c), was set, for the plans overall, at 90,548 shares for the 2014-2019 Plan, corresponding to 60,365 units allocated, 36,804 shares for the 2017-2020 Plan, corresponding to 24,536 units allocated, 39,636 shares for the first three-year period of the 2018-2023 Plan, corresponding to 26,424 units allocated, 17,681 shares for the second three-year period of the 2018-2023 Plan, corresponding to 11,787 units allocated, as detailed below:

	Maximum number of Theoretical Shares (1)		
	First three-year period	**Second three-year period**	**Third three-year period**
Share-based Variable Remuneration Plans:			
2014-2019 Plan:			
Antonio Zoido Martínez	26,664	25,267 (2)	31,694 (3)
Joan Hortalá i Arau	2,287	2,056 (2)	2,580 (3)
	28,951	**27,323 (2)**	**34,274 (3)**
2017-2020 Plan:			
Antonio Zoido Martínez	24,051	-	-
Joan Hortalá i Arau	2,550	-	-
Javier Hernani Burzako	10,203	-	-
	36,804	**-**	**-**
2018-2023 Plan:			
Antonio Zoido Martínez	22,573	-	-
Joan Hortalá i Arau	3,364	3,747	-
Javier Hernani Burzako	13,699	13,933	-
	39,636	**17,680**	**-**

(1) Based on units assigned, although the maximum number of shares attributable, as agreed by the correspondig General Shareholders' Meetings, where applicable, for the 2014-2019 Plan as a whole amounts to 79,992 shares for Antonio Zoido Martínez and 6,894 shares for Joan Hortalá i Arau.

Pursuant to the Director Remuneration Policy approved by the Ordinary General Shareholders' Meeting held on 25 April 2019, as a result of the new status of Antonio J. Zoido Martínez as the non-executive Chairman of the Board of Directors, starting in 2019, the assignments of theoretical units to which he would have been entitled under the 2018-2023 Plan will not be made in favour of Zoido Martínez.

(2) In the first half of 2018, fulfilment of the objectives as well as the definitive coefficients to be applied to the second three-year period of the 2014-2019 Plan, expiring on 31 December 2017, was reviewed, establishing the definitive number of shares to be attributed to Antonio Zoido Martínez, Joan Hortalá i Arau and Javier Hernani Burzako at 12,633 shares, 1,028 shares and 5,154 shares, respectively. In June 2018, the Plan was settled through the net delivery, once the withholdings set forth in prevailing tax legislation had been applied, of 7,037 shares, 668 shares and 2,993 shares, respectively.

(3) In the first half of 2019, fulfilment of the objectives as well as the definitive coefficients to be applied to the third three-year period of the 2014-2019 Plan, expiring on 31 December 2018, was reviewed, establishing the definitive number of shares to be attributed to Antonio Zoido Martínez, Joan Hortalá i Arau and Javier Hernani Burzako at 15,846 shares, 1,290 shares and 5,161 shares, respectively. In June 2019, the Plan was settled through the net delivery, once the withholdings set forth in prevailing tax legislation had been applied, of 8,861 shares, 838 shares and 3,040 shares, respectively.

At 31 December 2019 and 2018, there were no other post-employment benefits or long-term benefits extended to former or serving members of the Board of Directors of Bolsas y Mercados Españoles nor any pension or life insurance obligations, except for those at 31 December 2019 and 31 December 2018 relating to the Chief Executive Officer, with contributions having been made in 2019 for the amount of €53 thousand and €10 thousand in relation to the annual contribution to the welfare scheme with Aegón España, S.A. de Seguros y Reaseguros and life-insurance and health care policy, respectively (contributions for the amount of €59 thousand and €10 thousand in relation to the annual contribution to the welfare scheme with Aegón España, S.A. de Seguros y Reaseguros and life-insurance and health care policy, respectively).

c) Loans

At 31 December 2019 and 2018, no loans or advances had been extended to former or serving members of the Board of Directors of Bolsas y Mercados Españoles.

d) Senior management

For the purposes of preparing these consolidated annual accounts, 10 and 9 persons were considered to be members of the Senior Management of Bolsas y Mercados Españoles, including the Head of Internal Audit for both periods. During 2019, there were variations in the composition of the members of Senior Management at the Company (two members departed and three new members were appointed); therefore, the balances below include the remuneration of these members until their effective end date and start dates and severance pay for termination of the contractual relationship.

In 2019 and 2018, remuneration has been accrued in favour of these Directors for the sum of €2,892 thousand and €2,964 thousand, respectively, which have been recorded under "Staff costs" on the consolidated income statement (Note 19-a). In addition, in 2019, severance pay and settlements were paid to former members of Senior Management for the termination of the corresponding employment relationships for the sum of €1,921 thousand, for which full provisions had been set aside (no amount for this concept during 2018). In 2019 and 2018, per diems amounting to 253 thousand euros and €284 thousand, respectively, were accrued, recognised under "Other operating costs - External services".

Furthermore, in 2019 post-employment benefits were granted to these executives in the amount of €228 thousand (€38 thousand in 2018), €223 thousand for the annual periodic contribution to the insurance arranged in 2006 with Aegon España, S.A. de Seguros y Reaseguros, by way of a supplementary pension (€33 thousand in 2018) and €5 thousand in contributions made by the Group to defined contribution plans in 2019 (€5 thousand in 2018) (Note 2-k).

Furthermore, the maximum number of shares in Bolsas y Mercados Españoles, where applicable, for the Senior Management of Bolsas y Mercados Españoles who are beneficiaries of the 2014-2019, 2017-2020 and 2018-2023 Share-based Variable Remuneration Plans, hereinafter, the "Plans" (see Note 19.c), was set, for the plan overall, at 180,984 shares for the 2014-2019 Plan, 39,485 shares for the 2017-2020 Plan, 41,328 shares for the first three-year period of the 2018-2023 Plan and 49,725 shares for the second three-year period of the 2018-2023 Plan.

	Maximum number of Theoretical Shares (1)		
	First three-year period	**Second three-year period**	**Third three-year period**
Share-based Variable Remuneration Plans:			
2014-2019 Plan	67,361	58,079	55,544
2017-2020 Plan	39,485	-	-
2018-2023 Plan	41,328	49,725	-
	148,174	**107,804**	**55,544**

(*) The estimated theoretical maximum number of shares includes those assigned to former and current members of Senior Management who held this status on the assignment date, including, among others, those assigned to the current CEO for the 2014-2019 Plan.

As described in Note 19-c, in the first half of 2018, fulfilment of the objectives as well as the definitive coefficients to be applied the second three-year period of the 2014-2019 Plan, expiring on 31 December 2017, was reviewed, and the definitive number of shares to be delivered was 84,286, of which 17,910 corresponded to senior management at the time of delivery of their allocation. In June 2018, the Plan was settled through the delivery, once the withholdings set forth in prevailing tax legislation had been applied, of 10,378 shares.

In the first half of 2019, fulfilment of the objectives as well as the definitive coefficients to be applied the third three-year period of the 2014-2019 Plan, expiring on 31 December 2018, was reviewed, and the definitive number of shares to be delivered was 92,028, of which 16,728 corresponded to senior management at the time of delivery of their allocation. In June 2019, the Plan was settled through the delivery, once the withholdings set forth in prevailing tax legislation had been applied, of 9,854 shares.

Expenses recognised in the Group's consolidated income statement in 2019 in connection with the provision accrued by the portion of estimated fair value of the equity instruments granted to senior management on the allocation date under the Share-Based Variable Remuneration Plans in effect amounted to €499 thousand, recognised under "Staff costs – Wages, salaries and similar expenses", at 31 December 2019 (€673 thousand at 31 December 2018).

No other long-term benefits were extended to senior management of Bolsas y Mercados Españoles in either 2019 or 2018. Likewise, at 31 December 2019 and 2018, the Company had not assumed any pension or life insurance obligations vis-à-vis, or extended loans or advances to senior executives of Bolsas y Mercados Españoles other than the arrangements outlined above.

e) Termination benefits

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 Ziodo 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.

f) Information required under Article 229 of the consolidated text of the Corporate Enterprises Act

In accordance with Article 229 of the consolidated text of the Spanish Corporate Enterprises Act, in order to enhance the transparency of Spanish Corporations, the Company's Directors have explicitly declared 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.

5. Intangible assets

a) Goodwill

i. Breakdown

Goodwill at 31 December 2019 and 2018 breaks down as follows:

	Thousands of euros	
Consolidated Companies (Appendix I)	**2019**	**2018**
Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A. (Sociedad Unipersonal)	16,995	16,995
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A. (Sociedad Unipersonal)	6,184	6,184
Sociedad Rectora de la Bolsa de Valores de Valencia, S.A. (Sociedad Unipersonal)	4,940	4,940
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad Unipersonal) - Iberclear	52,500	52,500
Bolsas y Mercados Españoles Inntech, S.A.U.	4,957	4,957
Open Finance, S.L.	2,149	2,149
	87,725	87,725

The goodwill relating to Iberclear arose from a corporate transaction undertaken in 2003 (Note 1-a) and was supported by the estimated future earnings from the clearing, settlement and registration of public debt securities formerly carried out by the Banco de España public debt book-entry trading system, or "CADE", and the business and operating synergies arising from the consolidation of the settlement platforms.

In 2015, due to operational, technical, management and regulatory changes within the Group, the Company concluded that the CGU initially defined (CADE) and financial and management information concerning CADE business had lost its relevance, given that management previously handled on a separate basis would be handled in integrated fashion at a level equivalent to the Settlement segment (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores). Thus in 2015 it was considered that the goodwill must be assigned to Iberclear, as it would meet the CGU definition as stipulated in IAS 36.6.

In accordance with the internal and external estimates, projections and measurements available to them, the Directors of Bolsas y Mercados Españoles have checked for signs of previous goodwill impairment losses, based on the estimate of their recoverable amount.

ii. Measurement

In relation to the Group's main source of goodwill, in 2019 and 2018, the measurement methodology employed by the independent expert to obtain the value in use associated with this company is the discounted future cash flows (DCF) associated with IBERCLEAR projected up to 2024 and 2021 respectively. In particular, the expectation discounted was net cash flow. The key variables used to produce financial projections stem from a reasonable estimate of future trends in net cash flows associated with Iberclear.

The present value of future flows to be distributed to obtain value in use was calculated for the 2019 and 2018 valuations using as the discount rate the yield on risk-free assets plus a specific risk premium in line with Iberclear business. Based on this method, the discount rate used was 9.0% and 9.7% respectively. Residual value for both years' valuations was estimated as the present value of a perpetual income which the company is expected to generate from the last year projected (based on normalised net operating profit in the year 2024 and 2021, respectively) and considering, for the purpose of analysing sensitivity, a nominal annual growth rate of 1.8% (1.9% in the valuation exercise for 2018).

No impairment has been indicated regarding the valuation exercise carried out on the IBERCLEAR CGU.

In relation to the goodwill corresponding to Open Finance, S.L., in 2019 and 2018, the measurement methodology employed to obtain the value in use associated with the company is the discounted future cash flows (DCF) method associated with this company projected up to 2022, in both exercises. In particular, the expectation discounted was net cash flow. The key variables used to produce financial projections stem from a reasonable estimate of future trends in net cash flows associated with the Open Finance, S.L.

The present value of future flows to be distributed to obtain value in use was calculated for the 2019 and 2018 valuations using as the discount rate the yield on risk-free assets plus a specific risk premium in line with the business of Open Finance, S.L. Based on this method, the discount rate used was 9.3% and 9.2% respectively. The residual value was estimated as the present value of a perpetual income that Open Finance, S.L. is expected to generate from the last year projected (based on normalised net operating profit in 2022) and considering, for the purpose of analysing sensitivity, a nominal annual growth rate of 1.8% (1.9% in the measurement exercise for 2018).

No impairment has been indicated regarding the valuation exercise carried out on the UGE Open Finance, S.L in 2019. The Group recognised a decrease in goodwill for 2018 of €993 thousand, given the reduction in the company's profits against the forecasts made in previous years. The company, the activity of which is detailed in Appendix I, is included in the Market Data & VAS business unit for management purposes, as detailed in Note 18.

b) Other intangible assets

i. Breakdown and significant changes

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

	Thousands of euros		
	Estimated useful life	**2019**	**2018**
Computer software	3-15 years	55,197	70,538
Total, gross		**55,197**	**70,538**
Of which:			
Developed internally	4-5 years	47,761	46,006
Purchases	3-15 years	7,436	24,532
Less:			
Accumulated amortisation		(42,957)	(57,053)
Total, net		**12,240**	**13,485**

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

	Thousands of euros	
	2019	2018
Opening balance	70,538	67,974
Additions:		
Developed internally	3,709	3,215
Purchased	1,946	580
Disposals/other changes	(20,996)(*)	(1,231)
Impairment losses		-
Closing balance	**55,197**	**70,538**

(*) Includes the derecognition of fully amortised items for the amount of €19,042 thousand that are no longer in use.

All of the additions due to internally developed software in 2019 and 2018 were recognised with a credit to "Own work capitalised" in the consolidated income statements in the amounts of €3,709 thousand and €3,215 thousand, respectively. Most of these additions relate to the services performed by Regis-TR, S.A. and new services rendered by the Group.

Fully amortised intangible assets with a finite useful life at 31 December 2019 and 2018 amounted to €26,907 thousand and €45,409 thousand, respectively.

There were no restrictions on ownership of recognised intangible assets and none of these assets were held for sale at either year-end.

ii. Amortisation of intangible assets with a finite useful life

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

	Thousands of euros	
	2019	2018
Opening balance	(57,053)	(52,355)
Provisions recognised in income	(4,946)	(4,698)
Disposals/other changes	19,042	-
Closing balance	**(42,957)**	**(57,053)**

iii. Impairment and gains/(losses) on disposal of intangible assets

In 2019, intangible assets were disposed of in the amount of €1,985 thousand (€1,293 thousand in 2018), at a net carrying amount of €1,954 thousand (€1,231 thousand in 2018), which generated €31 thousand in gains on disposal of other assets (€62 thousand in 2018), recognised under "Impairment losses and gains (losses) on disposal of non-current assets" on the consolidated income statement.

6. Property, plant and equipment

The changes in this consolidated statement of financial position heading, which exclusively comprises property, plant and equipment for own use, were as follows:

	Thousands of euros							
	Property, plant and equipment for own use							
	Land	Buildings	Furniture and installations	Information technology equipment	Motor vehicles and other	Fixed assets in progress	Right of use assets	Total
Cost:								
Balances at 1 January 2018	**24,375**	**9,902**	**35,086**	**58,416**	**254**	**358**	**-**	**128,391**
Additions	-	-	942	1,433	-	128	-	2,503
Disposals	-	-	(52)	(91)	(140)	-	-	(283)
Transfers	-	-	355	-	-	(355)	-	-
Balances at 31 December 2018	**24,375**	**9,902**	**36,331**	**59,758**	**114**	**131**	**-**	**130,611**
Additions	-	-	1,018	1,500	-	33	41,022(*)	43,573
Disposals	-	-	(3,863)	(21,866)	(10)	-	-	(25,739)
Transfers	-	-	2	-	-	(2)	-	-
Other	-	-	-	-	-	-	(3,183) (**)	(3,183)
Balances at 31 December 2019	**24,375**	**9,902**	**33,488**	**39,392**	**104**	**162**	**37,839**	**145,262**
Accumulated depreciation:								
Balances at 1 January 2018	**-**	**(2,294)**	**(28,210)**	**(54,683)**	**(219)**	**-**	**-**	**(85,406)**
Provisions (Note 2-d)	-	(198)	(1,132)	(1,866)	(8)	-	-	(3,204)
Disposals	-	-	50	89	140	-	-	279
Balances at 31 December 2018	**-**	**(2,492)**	**(29,292)**	**(56,460)**	**(87)**	**-**	**-**	**(88,331)**
Additions	-	-	-	-	-	-	(20,169)(*)	(20,169)
Provisions (Note 2-d)	-	(198)	(1,179)	(1,718)	(8)	-	(1,424)	(4,527)
Disposals	-	-	3,857	21,866	9	-	-	25,732
Transfers	-	-	-	-	-	-	-	-
Balances at 31 December 2019	**-**	**(2,690)**	**(26,614)**	**(36,312)**	**(86)**	**-**	**(21,593)**	**(87,295)**
Property, plant and equipment, net:								
Balances at 31 December 2018	24,375	7,410	7,039	3,298	27	131	-	42,280
Balances at 31 December 2019	24,375	7,212	6,874	3,080	18	162	16,246	57,967

(*) Corresponds to the right-of-use assets recognised in the first application of IFRS 16 (Note 1-b).
(**) Corresponds to the value of updates of lease liabilities, and consequently of the right-of-use assets, deriving from the adjustments related to changes in the index or the rate applicable to variable payments (IFRS 16)(Note 1-b).

Fully depreciated items of property, plant and equipment amounted to €54,101 thousand and €76,893 thousand at 31 December 2019 and 2018, respectively.

On 21 December 2005, the Group acquired a plot of land and some buildings, together with their installations, and the Group companies located in Madrid moved there in 2006. The overall acquisition cost was €37,185 thousand. Some of the Group companies have, however, carried on their business in 2019 and 2018 in leased premises.

In 2019, items of property, plant and equipment were disposed of in the amount of €25,739 thousand (€283 thousand in 2018), at a net carrying amount of €25,732 thousand (€279 thousand in 2018), which generated €7 thousand in losses on disposal of assets (€4 thousand in 2018), recognised under “Impairment losses and gains (losses) on disposal of non-current assets” on the consolidated income statement.

In 2018, items of tangible non-current assets were disposed of for the amount of €2 thousand generating a gain of €2 thousand for the disposal of items of other items of non-current assets, which were recognised under “Impairment losses and gains (losses) on disposal of non-current assets” on the consolidated income statement.

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

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

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

i. Breakdown

The breakdown of these headings on the consolidated statement of financial position according to the measurement classification, for measurement source and classification for presentation, currency and class is as follows:

	Thousands of euros			
	31-12-2019		31-12-2018	
	No Current	Current	No Current	Current
Classification for measurement purposes:				
Financial assets at fair value with changes in other comprehensive income	16,148	-	13,279	-
Financial assets valued at amortised cost	813	12,359,384	870	13,882,489
	16,961	**12,359,384**	**14,149**	**13,882,489**
Source and classification for presentation:				
Other current financial assets-				
Realisation of guarantees received from participants	-	3,004,517	-	2,320,332
Financial instruments in CCP	-	9,303,064	-	11,529,131
Receivables for settlement	-	43,644	-	25,244
Realisation of cash withheld for settlement	-	940	-	1,535
Cash receivables for settlement	-	-	-	-
Current financial assets	-	7,219	-	6,247
Non-current financial assets	16,961	-	14,149	-
	16,961	**12,359,384**	**14,149**	**13,882,489**

	Thousands of euros			
	31-12-2019		31-12-2018	
	No Current	Current	No Current	Current
Currency:				
Euro	3,333	12,359,384	3,390	13,882,489
Other currencies	13,628	-	10,759	-
	16,961	**12,359,384**	**14,149**	**13,882,489**
Nature:				
Equity instruments-				
Equity securities	16,148	-	13,279	-
Financial instruments in CCP-				
Fixed-income securities in central counterparty (BME Clearing Repo)	-	8,465,203	-	10,265,386
Options in CCP	-	136,562	-	382,553
Equity securities in CCP	-	701,299	-	881,192
Other financial assets				
Public Debt reverse repurchase agreements	-	19,999	-	19,489
Bank deposits (own)	-	7,043	-	6,247
Bank deposits (third party)	-	2,985,458	-	2,302,378
Receivables for settlement of daily options and futures trades	-	43,644	-	25,244
Guarantees given	813	-	820	-
Other	-	176	-	-
Post-employment obligations-				
Retirement bonuses	-	-	50	-
	16,961	**12,359,384**	**14,149**	**13,882,489**
Less - Impairment losses	-	-	-	-
Total financial assets	**16,961**	**12,359,384**	**14,149**	**13,882,489**

Financial assets at fair value with changes in other comprehensive income

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

In 2019 and 2018, the Bolsas y Mercados Españoles Group received dividends from these securities amounting to €643 thousand and €509 thousand, respectively, which were recognised under "Finance income – From equity investments" in the consolidated income statement (Note 21).

Below, details are provided of financial assets at fair value with changes in other comprehensive income as at 31 December 2019 and 2018:

		Thousands of euros	
	% ownership	**31-12-2019**	**31-12-2018**
Non-current-			
Quoted equity securities measured at fair value:			
Bolsa Mexicana de Valores, S.A., de C.V.	0.99%	12,175	9,306
Unquoted equity securities measured at cost:			
Operador del Mercado Ibérico de Energía – Polo Español, S.A. (OMEL)	5.65%	524	524
OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.	5.00%	1,246	1,246
Cámara de Riesgo Central de Contraparte de Colombia S.A.	9.91%	1,453	1,453
Sociedad Promotora Bilbao Gas Hub, S.A.	2.03%(*)	-	-
Noster Finance, S.L.	8.98%	750	750
		16,148	**13,279**

(*) At 31 December 2018

Financial assets valued at amortised cost

At 31 December 2019 and 2018, loans and receivables, virtually all of which are current, corresponded to the following financial investments of guarantees received from participants (section (b) below):

- Reverse repurchase agreements and current accounts balances with Banco de España and other institutions, in the amount of €19,999 thousand and €2,985,458 thousand, respectively at 31 December 2019 (at 31 December 2018: €19,489 thousand and €2,302,378 thousand, respectively), which represent the investments in which the statutory deposits that the members of BME Clearing are required to make to guarantee the open positions held in their respective markets, as well as the statutory deposits required of the members of the electricity settlement clearance market in MEFF Tecnología y Servicios, to guarantee their open positions in that market, in addition to the cash withheld for the settlement by BME Clearing of the cash differences of failed instructions pending settlement in which the CCP intermediates.

- Balances receivable for the settlement (settled at D+1 by each clearing member) of daily options trades in the amount of €103 thousand and €157 thousand at 31 December 2019 and 31 December 2018 respectively, and of daily futures margin calls in the amount of €43,541 thousand and €25,087 thousand 31 December 2019 and 31 December 2018, respectively. The settled amount in 2019 and 2018 of the daily margins (receivables) of the futures traded together with the daily margins of the futures traded pending settlement at 31 December 2019 and 31 December 2018 amounted to €9,143,814 thousand and €7,808,749 thousand, respectively. The amount settled for daily margin calls receivable (debtor balance) is the same as the aggregate of the daily margin calls payable (creditor balance) and therefore, neither are recognised with a balancing entry in the consolidated income statement.

- The positions in financial instruments in central counterparty in fixed income (cleared through BME Clearing Repo) for the amount of €8,465,203 thousand, equities for the amount of €701,299 thousand and options for the amount of €136,562 thousand at 31 December 2019. The positions in financial instruments in central counterparty in fixed income (cleared through BME Clearing Repo) for the amount of €10,265,386 thousand, equities for the amount of €881,192 thousand and options for the amount of €382,553 thousand at 31 December 2018.

This category also contains the following:

- The amount of the guarantee required by Banco de España from the Group made in a blocked current account with Banco de España to guarantee that payments are made immediately in the event a cash settlement fails, in the amount of €7,043 thousand at 31 December 2019 (€6,247 thousand at 31 December 2018). Banco de España calculates these guarantees quarterly, adjusting the blocked amount in the current account with the same frequency.

- The assets arising from the measurement of long-term employee benefit obligations (retirement bonuses), in the amount of €50 thousand at 31 December 2018 (liability of €209 thousand at 31 December 2019) (Notes 2-k and 13), long-term guarantees given in the amount of €813 thousand and €820 thousand at 31 December 2018 and 31 December 2019, respectively, and a loan granted to the investee company Noster Finance, S.L. for the sum of €176 thousand at 31 December 2019 maturing on 30 June 2020, which will be convertible if, 15 days after its expiry, no repayment is made by the borrower.

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

In 2019 and 2018, the Group transferred the negative return obtained on the investment of collateral in temporary acquisitions of assets against public bebt securities to the members, in addition to the financial cost corresponding to deposits in Banco de España (Notes 2 -n.iv and 21), with no net financial result recognised for the Group as a result of this activity in the consolidated statements of profit and loss.

ii. Residual maturities and average interest rates

Details, by maturity, of the consolidated statement of financial position headings "Current financial assets" and "Other current financial assets" (excluding fixed-income positions in CCP (BME Clearing Repo), equity securities in CCP, options in CCP, receivables for the settlement of daily options and futures trades, and cash receivables for settlement):

Current financial assets and other current financial assets

	Thousands of euros					
	Up to 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	Total	Average interest rate
31 December 2019:						
Other financial assets						
Reverse repurchase agreements	19,999	-	-	-	19,999	-0.50%
Bank deposits (own)	7,043	-	-	-	7,043	-0.50%
Bank deposits (third party)	2,985,458	-	-	-	2,985,458	-0.50%
	3,012,500	**-**	**-**	**-**	**3,012,500**	
31 December 2018:						
Other financial assets						
Reverse repurchase agreements	19,489	-	-	-	19,489	-0.40%
Bank deposits (own)	6,247	-	-	-	6,247	-0.40%
Bank deposits (third party)	2,302,378	-	-	-	2,302,378	-0.40%
	2,328,114	**-**	**-**	**-**	**2,328,114**	

iii. Acquisitions and disposals

Equity instruments

The main acquisitions and disposals of equity instruments undertaken in 2019 and 2018 were as follows:

	Thousands of euros
Balance at 1 January 2018	**12,164**
Acquisitions	750
Plus - Valuation adjustments (gross)	365
Balance at 31 December 2018	**13,279**
Acquisitions	-
Plus - Valuation adjustments (gross)	2,869
Balance at 31 December 2019	**16,148**

The following are the most significant variations in 2019 and 2018 affecting the equity instruments classified under financial assets at fair value with changes in other comprehensive income as at 31 December 2019 and 2018:

The gain in the "fair value" of Bolsa Mexicana de Valores, S.A., de C.V. (listed company) compared to 31 December 2018, which amounts to €2,869 thousand (gains amounting to €365 thousand in 2018), has been recognised, net of taxes, in equity attributed to the parent entity (under "Other comprehensive income - Items not reclassified to profit or loss" (Note 11). At 31 December 2019 and 2018, the Parent owned 6,250,000 shares in Bolsa Mexicana de Valores, S.A., de C.V., equivalent to an approximate stake of 0.99% in its share capital.

In 2018, the Parent 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.

On 7 May 2019, the company's Extraordinary General Shareholders's Meeting approved its simultaneous dissolution and liquidation, with the result of the liquidation not considered significant for the Group.

Other financial assets

The main acquisitions and disposals of Other financial assets (bank deposits, own) during 2019 and 2018 are indicated below

	Thousands of euros		
	Private fixed income	Term deposits	Total
Balance at 1 January 2018	**5,998**	**10,223**	**16,221**
Acquisitions	-	32,115	32,115
Amortisations	(6,000)	(36,091)	(42,091)
Plus – Restatements for amortised cost (gross)	2	-	2
Balance at 31 December 2018	**-**	**6,247**	**6,247**
Acquisitions	-	32,248	32,248
Amortisations	-	(31,452)	(31,452)
Plus – Restatements for amortised cost (gross)	-	-	-
Balance at 31 December 2019	**-**	**7,043**	**7,043**

In 2018, the Group recognised the interest on the aforementioned financial assets for the sum of €2 thousand (no amount for either concept in 2019) under "Finance income - Marketable securities and other financial instruments" in the income statement (Note 21).

The main acquisitions and disposals of reverse repurchase agreements in 2019 and 2018 are disclosed in Note 9, which analyses cash and cash equivalents.

iv. Impairment losses

No impairment losses were identified in either 2019 or 2018 that affect "Non-current financial assets", "Other current financial assets" and "Current financial assets".

b) Non-current financial liabilities, current financial liabilities and other current financial liabilities

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

	Thousands of euros			
	31-12-2019		31-12-2018	
	Non-Current	Current	Non-Current	Current
Classification for measurement purposes:				
Accounts payable	20,937	12,353,596	-	13,876,230
	20,937	**12,353,596**	**-**	**13,876,230**
Source and classification for presentation:				
Non-current financial liabilities	20,937	-	-	-
Current financial liabilities	-	1,440	-	-
Other current financial liabilities-				
Guarantees received from participants	-	3,004,508	-	2,320,320
Financial instruments in CCP	-	9,303,064	-	11,529,131
Payables for settlement	-	43,644	-	25,244
Payables in cash withheld for settlement	-	940	-	1,535
Payables in cash for settlement	-	-	-	-
	20,937	**12,353,596**	**-**	**13,876,230**

	Thousands of euros			
	31-12-2019		31-12-2018	
	Non-Current	Current	Non-Current	Current
Currency:				
Euro	20,937	12,353,596	-	13,876,230
Other currencies	-	-	-	-
	20,937	**12,353,596**	**-**	**13,876,230**
Nature:				
Derivatives				
Fixed-income securities in CCP (BME Clearing Repo)	-	8,465,203	-	10,265,386
Options in CCP	-	136,562	-	382,553
Equity securities in CCP	-	701,299	-	881,192
Other financial liabilities				
Guarantees received from BME Clearing and MEFF Tecnología y Servicios	-	3,004,508	-	2,320,320
Payables for settlement of daily options and futures trades	-	43,644	-	25,244
Payables in cash withheld for settlement	-	940	-	1,535
Financial lease liabilities (Note 1-b)	20,937	1,440	-	-
	20,937	**12,353,596**	**-**	**13,876,230**
Total financial liabilities	**20,937**	**12,353,596**	**-**	**13,876,230**

The Directors consider that the carrying amount of the balances under “Other current financial liabilities” in the consolidated statement of financial position is equivalent to their fair value.

The finance costs passed on to members and depositors are recognised under “Finance costs – Guarantees received from participants” in the consolidated income statements (Note 21).

The residual maturity of “Other current financial liabilities”, with the exception of fixed income securities and options held in CCP, changes daily depending on the market positions held by the owners of these instruments.

8. Trade and other receivables

i. Breakdown

The table below details the composition of this heading on the consolidated statement of financial position:

	Thousands of euros	
	31-12-2019	31-12-2018
Trade receivables for sales and services	38,026	37,452
Companies accounted for using the equity method	1,273	443
Less - Impairment losses	(3,435)	(3,321)
	35,864	**34,574**
Current tax assets (Note 16)	34,837	38,851
Other receivables -		
Public bodies (Note 16)	2,927	2,728
Loans to employees	891	902
	3,818	**3,630**
	74,519	**77,055**

"Trade receivables for sales and services" relates mainly to amounts receivable from services rendered by the various Group companies. It also includes the contract assets of the Group's companies.

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

Below follows the changes in the contract assets during 2019 and 2018:

	Thousands of euros
Balance at 1 January 2018	**3,783**
Additions	9,751
Disposals	(9,308)
Balances at 31 December 2018	**4,226**
Additions	24,332
Disposals	(24,168)
Balances at 31 December 2019	**4,390**

At 31 December 2019 and 2018, it is estimated that the contract assets will be reclassified as an account receivable during 2020 and 2021, respectively.

In 2019 and 2018, no major changes were recognised in the contract assets resulting from the amendments to the measurement of progression, changes to the estimates or the amendments to the contracts.

ii. Impairment losses

The movement in provisions for impairment losses on assets included under "Trade receivables" in the 2019 and 2018 consolidated statement of financial position is as follows:

	Thousands of euros	
	2019	2018
Balance at 1 January	**3,321**	**4,000**
Provisions recognised in the income statement and write-downs	1,948	1,146
Release of provisions with a credit to income	(753)	(771)
Net provisions (releases) for the year and write-downs	1,195	375
Amounts used with no impact on profit or loss	(1,081)	(1,054)
Balance at 31 December	**3,435**	**3,321**

Net provisions recognised in 2019 and 2018, amounting to €1,195 thousand and €374 thousand, respectively, in connection with impairment losses on the assets included in "Trade receivables for sales and services" are recognised under "Other operating costs – Losses, impairment and changes in trade provisions" in the consolidated income statement (Note 20).

In 2019 and 2018, the Group also recognised impairment losses on the write-down of irrecov-erable "Trade receivables for sales and services" of €2 thousand and €1 thousand, respectively, under "Other operating costs – Losses, impairment and changes in trade provisions" in the con-solidated income statement (see Note 20).

The breakdown of "Trade receivables", "Companies accounted for using the equity method" and "Other receivables" at 31 December 2019 and 2018, by maturity and geographical areas where the risks are located is as follows:

	Thousands of euros						
	Balances not yet due and past due Up to 3 Months	Unpaid balances past-due by: Between 3 and 6 Months	Unpaid balances past-due by: Between 6 and 12 Months	Unpaid balances past-due by: Between 12 and 18 Months	Unpaid balances past-due by: Between 18 and 24 Months	Unpaid balances past-due by: More than 24 Months	Total
31 December 2019:							
By geographic area-							
Spain	27,199	642	644	332	778	1,841	31,436
Rest of the world	9,971	259	1,020	146	81	204	11,681
	37,170	**901**	**1,664**	**478**	**859**	**2,045**	**43,117**
31 December 2018:							
By geographic area-							
Spain	27,310	1,186	1,319	34	369	2,038	32,256
Rest of the world	7,503	552	761	166	93	194	9,269
	34,813	**1,738**	**2,080**	**200**	**462**	**2,232**	**41,525**

9. Cash and cash equivalents

"Cash and cash equivalents" includes the short-term financial assets in which the Bolsas y Mercados Españoles Group invests its surplus cash. The breakdown in 2019 and 2018 was as follows:

	Thousands of euros	
	2018	2017
Classification:		
Cash	220,442	195,338
Reverse repurchase agreements	30,996	72,998
Short-term deposits	-	2,000
	251,438	270,336
Less - Impairment losses	-	-
Net balance	**251,438**	**270,336**

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

The maturities and average returns on the assets included under "Cash and cash equivalents" in the consolidated statement of financial position, excluding actual cash balances, at 31 December 2019 and 2018 are as follows:

	Thousands of euros				
	Up to 1 week	1 week to 1 month	1 to 3 months	Total	Average interest rate
31 December 2019:					
Reverse repurchase agreements	30,996	-	-	30,996	-0.50%
	30,996	**-**	**-**	**30,996**	
31 December 2018:					
Reverse repurchase agreements	72,998	-	-	72,998	-0.40%
Short-term deposits	-	-	2,000	2,000	0.00%
	72,998	**-**	**2,000**	**74,998**	

The changes in 2019 and 2018 in reverse repurchase agreements included under "Other current financial assets" (Note 7) and "Cash and cash equivalents" and in short-term deposits under "Cash and cash equivalents" consolidated statement of financial position were as follows:

	Thousands of euros		
Item	Temporary acquisition of assets	Short-term bank deposits	Total
Balances at 1 January 2018	**154,420**	**-**	**154,420**
Purchases	17,691,932	8,000	17,699,932
Sales	(17,753,865)	(6,000)	(17,759,865)
Balances at 31 December 2018	**92,487**	**2,000**	**94,487**
Purchases	18,071,175	6,000	18,077,175
Sales	(18,112,667)	(8,000)	(18,120,667)
Balances at 31 December 2019	**50,995**	**-**	**50,995**

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

The income generated on these assets in 2019 and 2018, recognised under "Finance income – From marketable securities and other financial instruments" in the consolidated income statements (Note 21), is as follows:

	Thousands of euros		
	Temporary acquisition of assets	Short-term bank deposits	Total
2019	(17)	-	(17)
2018	(30)	-	(30)

10. Other current assets

This consolidated statement of financial position heading at 31 December 2019 and 2018 includes prepaid expenses recognised by the various Group companies in connection with their operating activities.

11. Equity

"Equity" on the consolidated statements of financial position primarily includes the contributions by owners and retained earnings recognised in the consolidated income statement. Amounts in respect of subsidiaries are presented under separate headings.

Movements in the various balances included in equity in 2019 and 2018 were as follows:

	Thousands of euros										
			Reserves								
	Capital	Share premium	Legal reserve	Other reserves	Parent shares and equity holdings	Results for the year attributable to Parent	Interim dividend (Note 3)	Other equity instruments	Other comprehensive income	Non-controlling interests	Equity
Balances at 1 January 2018	**250,847**	**-**	**54,016**	**41,251**	**(12,426)**	**153,319**	**(83,133)**	**7,101**	**2,179**	**279**	**413,433**
Distribution of 2017 profit	-	-	-	5,367	-	(153,319)	83,133	-	-	-	(64,819)
Actuarial gains and losses and other (Note 13)	-	-	-	874	-	-	-	-	-	-	874
Equity-based payments, net (Note 19)	-	-	-	1,375	1,286	-	-	(1,674)	-	-	987
Valuation adjustments (Note 7)	-	-	-	-	-	-	-	-	272	-	272
Transactions with Parent shares and equity holdings	-	-	-	-	(4,267)	-	-	-	-	-	(4,267)
Profit/(loss) for the year	-	-	-	-	-	136,288	-	-	-	(186)	136,102
Interim dividend from profit from 2018	-	-	-	-	-	-	(83,078)	-	-	-	(83,078)
Acquisitions/(disposals) of non-controlling interests	-	-	-	(175)	-	-	-	-	-	(110)	(285)
Other changes	-	-	-	(26)	-	-	-	-	-	427	401
Balances at 31 December 2018	**250,847**	**-**	**54,016**	**48,666**	**(15,407)**	**136,288**	**(83,078)**	**5,427**	**2,451**	**410**	**399,620**
Adjustments for changes in accounting criteria (Note 1-b)	-	-	-	(4,542)	-	-	-	-	-	-	(4,542)
Balances at 1 January 2019	**250,847**	**-**	**54,016**	**44,124**	**(15,407)**	**136,288**	**(83,078)**	**5,427**	**2,451**	**410**	**395,078**
Distribution of 2018 profit	-	-	-	5,955	-	(136,288)	83,078	-	-	-	(47,255)
Actuarial gains and losses and other (Note 13)	-	-	-	(2,107)	-	-	-	-	-	-	(2,107)
Equity-based payments, net (Note 19)	-	-	-	629	1,389	-	-	(1,268)	-	-	750
Valuation adjustments (Note 7)	-	-	-	-	-	-	-	-	2,084	-	2,084
Transactions with Parent shares and equity holdings	-	-	-	-	(5,189)	-	-	-	-	-	(5,189)
Profit/(loss) for the year	-	-	-	-	-	122,756	-	-	-	(271)	122,485
Interim dividend from profit from 2019	-	-	-	-	-	-	(82,852)	-	-	-	(82,852)
Other changes	-	-	-	(11)	-	-	-	-		670	659
Balances at 31 December 2019	**250,847**	**-**	**54,016**	**48,590**	**(19,207)**	**122,756**	**(82,852)**	**4,159**	**4,535**	**809**	**383,653**

a) Capital

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

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.

ii. Subsidiaries

At 31 December 2019 and 2018

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

2. No subsidiary had uncalled share capital.

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

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

iii. 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.

b) Reserves

i. Legal reserve

Under Article 274 of the consolidated text of the Corporate Enterprises Act, an amount equal to 10% of the profit for the year must be earmarked for the legal reserve until such reserve represents at least 20% of share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. 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 31 December 2019 and 2018 the parent company of the Group had fully allocated the legal reserve in the amount of €54,016 thousand, included under "Reserves" in the accompanying consolidated statement of financial position.

ii. Other reserves

The changes in this heading in 2019 and 2018 include €629 thousand and €1,375 thousand 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, (see sections c) and e) of this Note, and Note 19-c).

The remaining reserves are unrestricted

c) Treasury shares

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 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 Pluri-Annual Variable Remuneration Programme, the Company delivered 55,120 treasury shares to the beneficiaries of said Programme (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.

d) 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 19-c).

In 2019 and 2018, provisions were recognised in "Other equity instruments" resulting from the Share-based Variable Remuneration Plans in effect at the time, in the respective amounts of €1,845 thousand and €2,457 thousand (see Note 19-c).

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 19-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 19-c).

e) Other comprehensive income

This section of the consolidated statements of financial position detail the net amount of the tax effect of those changes in fair value of the financial assets at fair value with changes in other comprehensive income that must be classified as part of the equity attributed to the parent (in "Items that will not be reclassified to profit/(loss)"; in addution to the net amount of the translation differences resulting from converting into euros the balances of BME Soporte Local Colombia S.A.S. and LATAM Exchanges Data, Inc., whose operating currency is different to the euro, which is classified in "Items that may be reclassified to profit/(loss) for the year".

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

	Thousands of euros	
	2019	**2018**
Opening balance	2,451	2,179
Net valuation gains (loss)	2,152	274
Translation differences	(56)	(2)
Other	(12)	
Decreases due to:		
Amounts transferred to the income statement	-	-
Total	**4,535**	**2,451**

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

f) Non-controlling interests

The amount recognised under "Non-controlling interests" on the consolidated statement of financial position at 31 December 2019 and 31 December 2018, of €809 thousand and €410 thousand, respectively, corresponds to non-controlling interests that own 10% of Open Finance, S.L. and 49% of LATAM Exchanges Data, Inc. (Note 2.a).

12. Non-current provisions - Other provisions

This section contains the provisions recognised by the Group at 31 December 2019 and 2018 against contingencies inherent to its business. The table below shows the movements during 2019 and 2018.

	Thousands of euros	
	2019	2018
Balance at 1 January	3,334	4,351
Provisions recognised in income	-	-
Recoveries credited to income	-	-
Applications	-	(1,017)
Balance at 31 December	**3,334**	**3,334**

13. Non-current provisions – Long-term employee benefit obligations

The breakdown of this heading is as follows:

	Thousands of euros	
	31/12/2019	31/12/2018
Provisions for employee benefits -		
Performance, loyalty and length-of-service bonuses	437	427
Retirement bonuses	209	-
Health benefits	12,409	10,006
	13,055	**10,433**
Other long-term employee benefits	3,760	4,918
Total	**16,815**	**15,351**

The heading "Other long-term employee benefits" essentially recognises the incentive-based redundancy plan approved by the Board of Directors in 2018, restricted to a reduced group of employees in the technology area fulfilling certain requirements covering age and length of service within companies of the Group.

Provisions for employee benefits

Certain Group companies have undertaken, under the terms of the Collective Bargaining Agreement (or collective bargaining agreements), to pay their employees certain bonuses to reward performance, loyalty and length of uninterrupted service, subject to certain requirements, in addition to retirement bonuses and health benefits (Note 2-k).

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

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

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

	2019	2018
Discount rate	0.49%-0.99%	1.20%-1.89%
Mortality tables	PERMF-2000P	PERMF-2000P
Retirement age	65 years	65 years
Expected return on assets (*)	0.49%-0.99%	1.20%-1.89%
Increase in health benefit cost	3.5%	3.5%
Future salary increase	3.3%	3.3%
Growth in retirement bonuses	-	1.0%
Life expectancy (**)		
Employees retiring in 2019/2018		
Men	23.04	22.92
Women	27.53	27.41
Employees retiring in 2038/2037		
Men	25.34	25.23
Women	29.62	29.50

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

- Discount rate: The Group determined the discount rate based on the market yields at the end of the reporting period on high quality corporate bonds and debentures of a currency and term consistent with the currency and term of the post-employment benefit obligations. Specifically, the Group used the market yields of the Markit iBoxx € Corporates AA indexes. The weighted average duration of post-employment benefit obligations through retirement plans and health benefits is 16.12 and 26.01 years, respectively.

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

	Change in assumptions in bp	Increase in assumptions	Decrease in assumptions
Retirement bonuses:			
Discount rate	50	(5.92%)	6.49%
Health benefits:			
Discount rate	50	(11.40%)	13.58%
Health benefit increases	100	20.86%	(15.92%)

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

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

	2020	2021	2022	2023	2024	2025 - 2029
Retirement bonuses	182	432	672	540	240	3,060
Health benefits	140	148	178	199	202	1,259

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

	Thousands of euros				
	Pension obligations (Assets)/Liabilities - Note 2.k -				
	Retirement bonuses	**Health benefits**	**Loyalty bonuses**	**Other long-term employee benefits**	**Total**
Balances at 1 January 2018	**(41)**	**10,033**	**586**	**54**	**10,632**
Net provision (reversal) with a charge (credit) to profit/(loss) (*)	448	447	(5)	5,404	6,294
Net provision (reversal) with a charge (credit) to equity (Note 11)	(494)	(380)	-	-	(874)
Amounts used	37	(94)	(154)	(540)	(751)
Balances at 31 December 2018	**(50)**	**10,006**	**427**	**4,918**	**15,301**
Net provision (reversal) with a charge (credit) to profit/(loss) (*)	1,191	450	23	-	1,664
Net provision (reversal) with a charge (credit) to equity (Note 11)	39	2,068	-	-	2,107
Amounts used	(971)	(115)	(13)	(1,158)	(2,257)
Balances at 31 December 2019	**209**	**12,409**	**437**	**3,760**	**16,815**

(*) Net provisions charged to income corresponding to loyalty bonuses relate to the current service cost for the period of €17 thousand (€21 thousand in 2018) – Note 19-, actuarial losses for the amount of €2 thousand (actuarial gains of €30 thousand in 2018) - Note 19 - and an interest cost for the amount of €4 thousand (€4 thousand in 2018) (Note 21).

The asset arising from "Long-term employee benefits" corresponding to retirement bonuses, amounting to €50 thousand at 31 December 2018, was recognised under "Non-current financial assets" in the consolidated statement of financial position (Note 7).

Retirement bonuses

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

Long-term employee benefit obligations - Retirement bonuses	Thousands of euros	
	2019	2018
Current service cost (Note 19)	441	444
Past service cost (Note 19)	749	-
Interest costs (Note 21)	114	105
Expected return on insurance policies (Note 21)	(113)	(101)
Actuarial (gains)/losses recognised in equity	39	(494)
	1,230	**(46)**

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

Long-term employee benefit obligations - Retirement bonuses	Thousands of euros	
	2019	2018
Present value of obligations at 1 January	7,348	7,874
Current service cost	441	444
Past service cost	749	-
Interest costs	114	105
Actuarial (gains)/losses recognised in equity	560	(590)
Benefits paid	(481)	(481)
Transfers	8	(4)
Present value of obligations at 31 December	**8,739**	**7,348**

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	7,398	7,915
Expected return on insurance policies	113	101
Actuarial gains/(losses) recognised in equity	521	(96)
Premiums paid	1,083	395
Benefits paid and others	(593)	(913)
Transfers	8	(4)
Fair value of insurance policies linked to pensions at 31 December	**8,530**	**7,398**

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

	Thousands of euros	
	2019	2018
Present value of obligations	8,739	7,348
Less:		
Fair value of plan assets	8,530	7,398
Provisions (assets) for employee benefits - retirement bonuses (Note 7)	**209**	**(50)**

Plan assets comprise qualifying insurance policies at 31 December 2019 and 2018, respectively.

Expected contributions to post-employment benefits for 2020 amount to €570 thousand.

Health benefits

The amounts recognised in the consolidated income statement and directly in consolidated equity in respect of health benefit commitments are as follows:

Long-term employee benefit obligations - Health benefits	Thousands of euros	
	2019	2018
Current service cost (Note 19)	270	275
Interest costs (Note 21)	180	172
Actuarial (gains)/losses recognised in equity	2,068	(380)
	2,518	**67**

The changes in the fair value of the obligations accrued in respect of health benefit commitments were as follows:

Long-term employee benefit obligations - Health benefits	Thousands of euros	
	2019	2018
Present value of obligations at 1 January	10,006	10,033
Current service cost	270	275
Interest costs	180	172
Actuarial (gains)/losses recognised in equity	2,068	(380)
Benefits paid	(115)	(94)
Present value of obligations at 31 December	**12,409**	**10,006**

The status of health benefit commitments is set forth below:

	Thousands of euros	
	2019	2018
Present value of obligations	12,409	10,006
Less:		
Fair value of plan assets	-	-
Provisions for employee benefits - Health benefits	**12,409**	**10,006**

14. Trade and other payables

The breakdown of this consolidated statement of financial position heading at 31 December 2019 and 2018 was as follows:

	Thousands of euros	
	2019	2018
Suppliers	19,336	21,661
Suppliers, companies accounted for using the equity method	1	2
Current tax liabilities (Note 16)	37,717	43,890
Other payables-		
Public bodies (Note 16)	16,899	13,737
Wages and salaries payable (Note 2.l and 19)	6,537	7,850
	23,436	21,587
	80,490	**87,140**

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

The Directors believe that the carrying amount of the balances grouped under "Trade and other payables" on the consolidated statement of financial position are equivalent to their fair value.

15. Other current and non-current liabilities

At 31 December 2019 and 2018, this heading on the consolidated statements of financial position mainly comprised deferred income recognised by the various Group companies in 2018 for the listing of securities for trading due to the entry into force of IFRS 15 and the contract liabilities recognised due to revenue originating from contracts with customer whose performance obligations are partially satisfied as at 31 December 2019 and 31 December 2018, respectively.

The changes in contract liabilities in 2019 and 2018 are as follows:

	Thousands of euros
Balance at 1 January 2018	**24,420**
Additions	40,043
Recoveries credited to income	(41,001)
Balances at 31 December 2018	**23,462**
Additions	28,159
Recoveries credited to income	(30,675)
Balances at 31 December 2019	**20,946**

At 31 December 2019, it is estimated that the contract liabilities will be recovered with a credit to income in the following financial years:

	Thousands of euros
Year	**Total**
2020	6,276
2021	4,207
2022	3,472
2023	2,499
Thereafter	4,492
Total	**20,946**

In 2019 and 2018, no major changes were recognised in the contract liabilities resulting from the amendments to the measurement of progression, changes to the estimates or the amendments to the contracts.

16. Tax

a) Consolidated tax group

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

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

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 on Value Added Tax, as at 1 January 2015. Subsequently, on 29 December 2014, Bolsas y Mercados Españoles applied to pay tax under the Special System, of which it is the parent company with 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.

b) Years open to inspection

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

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

c) Tax receivable and payable

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

	Thousands of euros	
	2019	2018
Deferred tax assets:		
Deferred taxes arising on -		
Differences between accounting and tax criteria	14,233	14,238
	14,233	**14,238**
Current tax assets (Note 8):		
Tax assets arising on -		
Income tax withholdings and payments on account	33,010	37,098
Other tax assets	1,827	1,753
	34,837	**38,851**
Other receivables (Note 8):		
Value-added tax	2,907	2,709
Other tax assets	20	19
	2,927	**2,728**

	Thousands of euros	
	2019	2018
Deferred tax liabilities:		
Deferred taxes arising on -		
Differences between accounting and tax criteria	5,909	5,191
	5,909	**5,191**
Current tax liabilities (Note 14):		
Tax liabilities arising on -		
Income tax provision	37,717	43,890
	37,717	**43,890**
Other payables (Note 14):		
Tax liabilities arising on -		
Withholdings and contributions payable to Social Security	14,330	11,601
Value-added tax	2,569	2,136
	16,899	**13,737**

At 31 December 2019 and 2018, "Deferred tax assets" (non-current assets) included, mainly, the deferred tax asset resulting from the tax effect of the application of IFRS 15, the temporary differences resulting from the recognition of non-current provisions (Notes 12 and 13) and the contributions to insurance arranged in the way of a supplementary pension, in addition to defined-benefit post-employment obligations held by the Group (see Note 2-k), as well as the provisions performed due to the share-based remuneration plans (Note 19-c).

At 31 December 2019 and 2018, "Deferred tax liabilities" mainly comprised the tax effect of the amortisation of goodwill in Iberclear (Note 5) for the amount of €3,747 thousand. At 31 December 2019, this balance also included €1,539 thousand relating to the tax effect of the valuation adjustment made to the Group's shareholding in Bolsa Mexicana de Valores, S.A., de C.V. (€820 thousand at 31 December 2018) (Note 7).

At 31 December 2019 and 2018, "Withholdings and contributions payable to Social Security" included withholdings on dividends of €9,446 thousand and €8,030 thousand respectively.

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

The reconciliation of accounting profit to taxable income and the income tax expense in 2019 and 2018 are as follows:

	Thousands of euros	
	2019	**2018**
Consolidated profit before tax	161,923	179,826
Impact of permanent differences and consolidation adjustments	(1,012)	1,537
Impact of temporary differences:		
Increase	3,201	8,398
Decrease	(8,053)	(8,843)
Consolidated taxable income	156,059	180,918
Offsetting of tax loss carryforwards	(936)	(496)
Average tax rate	24.65%	24.71%
Share	38,473	44,707
Impact of temporary differences and consolidation adjustments	1,509	469
Tax credits	(186)	(192)
Total income tax expense	**39,796**	**44,984**

Income tax payable for 2019 amounted to €39,796 thousand (€44,984 thousand in 2018), and is recognised under "Income tax expense" in the consolidated income statement, in the amount of €39,542 thousand (€44,526 thousand in 2018), with a charge to equity in the amount of €254 thousand (a charge of €458 thousand in 2018). The heading "Income tax expense" in the consolidated income statement for 2019 includes revenue of €92 thousand mostly originating from deductions for research and development activities in 2017 (€802 euros in 2018).

As a result of the amendment introduced by Royal Decree Law 3/2016, of 2 December, adopting tax measures aimed at consolidating public finances and other urgent measures in the social domain, the Group reversed tax deductible impairments, leading to an increase in income tax in the amount of €253 thousand (€382 thousand in 2018) – see Note 2.p-.

At 31 December 2019, the provision in connection with this tax, net of withholdings, amounted to €37,717 thousand (€43,890 thousand at 31 December 2018), recognised under "Current tax liabilities" (current liabilities).

All the consolidated companies residing in Spain pay income tax at a rate of 25% of taxable income, except for Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., Sociedad Unipersonal, which pays tax at 19%. At 31 December 2019 and 2018, the taxable income of this company was €6,534 thousand and €8,361 thousand respectively.

e) Tax loss carryforwards

At 31 December 2019 the Group had recognised the following tax loss carryforwards which it expects to be able to utilise against taxable income in future years:

Year of origin	Thousands of euros
2002	1,146
2009	787
2010	2,676
2011	2,355
2012	2,524
2013	2,854
	12,342

At 31 December 2019 the Group's Directors decided not to recognise tax loss carryforwards in the consolidated statement of financial position.

17. Revenue, other operating income and variable direct costs of operations

a) Revenue

The breakdown by business unit of "Revenue - Services rendered" on the consolidated statement of profit and loss is as below:

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

	Thousands of euros	
	2019	**2018**
Business unit (Note 18):		
Equities	111,511	129,117
Fixed Income	7,568	7,878
Derivatives	10,863	10,793
Clearing	25,865	26,249
Settlement and Registration	66,903	64,500
Market Data & VAS	66,792	67,253
Corporate Unit	1,666	1,569
	291,168	**307,359**

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

The Fixed Income unit reflects revenue generated on fixed income security trades performed by the BME fixed income market and the four Spanish stock exchanges, as well as revenue originating in fixed income securities.

The revenue generated by the Derivatives unit includes revenue obtained on the activities engaged in by MEFF Sociedad Rectora del Mercado de Productos Derivados in the trading of financial derivatives and electricity derivatives.

The revenue generated by the Clearing unit basically consists of revenue obtained by BME Clearing in conducting its clearing, central counterparty and settlement activities for derivatives, government debt repos, OTC interest rate derivatives and electricity and gas derivatives, clearing activities for derivatives on equity spot trades from the Spanish Electronic Trading Platform.

The Settlement and Registration business unit includes the revenue resulting from the registration and settlement of the trades performed on the stock markets, on the AIAF Fixed-income market and the Government Debt market, in accordance with the activities carried out by Iberclear.

The Market Data & VAS Business unit includes income arising from primary data services and those relating to value-added services such as the sale of market solutions, financial information services and access to markets, consultancy and other lines of business that boost the Group's diversification into activities that complement its core business.

The amounts included in this Note differ from those disclosed in Note 18 with regard to inter-segment sales, whereby they are included in the revenue attributed to each business unit but later eliminated upon consolidation for the purposes of consolidated revenue disclosed here.

b) Other operating income

"Other operating income" included €995 thousand of expensespassed on (€740 thousand in 2018).

c) Variable direct cost of operations

"Variable direct costs of operations" includes €11,447 thousand relating to incremental expenses directly attributable to the provision of a service, such as expenses depending on trading or settlement volumes, to revenue distribution agreements and sources of information acquired (€8,772 thousand in 2018).

In 2019 and 2018, the costs for settlement services and information billed by T2S to Iberclear were included under this heading.

18. Operating segments

Basis of segmentation

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

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

Main business segments

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

In 2019 and 2018, the Bolsas y Mercados Españoles Group focused its activities on the following large business units:

Operating segments (Business units)	Description of the core activity of each business unit
Equities	Trading of securities through the electronic trading platform (Sistema de Interconexión Bursátil) as well as listing and maintenance services for issuers on the equity market.
Fixed Income	Trading of private fixed-income and public debt securities as well as listing and maintenance services for issuers on the private fixed-income market.
Derivatives	Trading of financial derivatives and electricity derivatives.
Clearing	Clearing, central counterparty and settlement activities of equity securities, financial derivatives, government debt repos, OTC interest rate derivatives and electricity and gas derivatives.
Settlement and Registration	Registration and settlement of equity, private fixed-income and Government Debt trades.
Market Data & VAS	Primary data services and value added services.

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

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

Basis and methodology for segment reporting

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

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

All the Group's non-current assets are in Spain, with the exception of the shareholdings in Bolsa Mexicana de Valores, S.A., de C.V., OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. and Cámara de Riesgo Central de Contraparte de Colombia S.A. (Note 7), which account for 7.52% of non-current assets at 31 December 2019 (6.72% at 31 December 2018), with the exception of the non-current assets provided by subsidiaries BME Soporte Local Colombia, S.A.S. and LATAM Exchanges Data, Inc. which are not significant for the Group. Lastly, the Group had no material reconciling balances at 31 December 2019 or 31 December 2018.

Segment information corresponding to the 2019 and 2018 financial years is presented below.

	Thousands of euros																	
	Equities		**Fixed Income**		**Derivatives**		**Clearing**		**Settlement and Registration**		**Market Data & VAS**		**Corporate Unit**		**Consolidation adjustments**		**Total Group**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Revenue:																		
Revenue -	112,006	129,690	7,568	7,878	11,805	11,841	28,494	29,317	67,280	64,874	71,046	71,365	18,763	17,219	(25,794)	(24,825)	291,168	307,359
Services rendered	111,511	129,117	7,568	7,878	10,863	10,793	25,865	26,249	66,903	64,500	66,792	67,253	1,666	1,569	-	-	291,168	307,359
Services rendered among operating segments	495	573	-	-	942	1,048	2,629	3,068	377	374	4,254	4,112	17,097	15,650	(25,794)	(24,825)	-	-
Other operating income	-	-	-	-	-	-	-	-	-	-	-	-	4,466	4,864	(2,504)	(2,510)	1,962	2,354
Own work capitalised	-	-	-	-	-	-	-	-	-	-	-	-	3,709	3,215	-	-	3,709	3,215
Variable direct cost of transactions	(7)	(17)	-	-	(584)	(652)	(2,806)	(3,073)	(8,346)	(5,900)	(4,746)	(4,660)	-	-	5,042	5,530	(11,447)	(8,772)
Revenue	**111,999**	**129,673**	**7,568**	**7,878**	**11,221**	**11,189**	**25,688**	**26,244**	**58,934**	**58,974**	**66,300**	**66,705**	**26,938**	**25,298**	**(23,256)**	**(21,805)**	**285,392**	**304,156**
Of which:																		
Trading	88,376	104,831	4,336	4,287	11,221	11,189	-	-	-	-	-	-	-	-	-	-	103,933	120,307
Listing and other services	23,623	24,842	3,232	3,591	-	-	-	-	-	-	-	-	-	-	-	-	26,855	28,433
Clearing	-	-	-	-	-	-	25,688	26,244	-	-	-	-	-	-	-	-	25,688	26,244
Settlement	-	-	-	-	-	-	-	-	10,046	9,809	-	-	-	-	-	-	10,046	9,809
Registration	-	-	-	-	-	-	-	-	35,961	36,650	-	-	-	-	-	-	35,961	36,650
Other settlement and registration services	-	-	-	-	-	-	-	-	12,927	12,515	-	-	-	-	-	-	12,927	12,515
Primary information services	-	-	-	-	-	-	-	-	-	-	38,797	39,029	-	-	-	-	38,797	39,029
Value Added Services	-	-	-	-	-	-	-	-	-	-	27,503	27,676	-	-	-	-	27,503	27,676
Other corporate services	-	-	-	-	-	-	-	-	-	-	-	-	26,938	25,298	-	-	26,938	25,298
Consolidation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,256)	(21,805)	(23,256)	(21,805)
Of which: (*)																		
At a specific time or over time during the accounting period	108,326	125,760	5,874	5,843	11,221	11,189	25,688	26,244	58,934	58,974	64,696	65,250	26,662	25,042	(23,256)	(21,805)	278,145	296,497
Over time, during several accounting periods	3,673	3,913	1,694	2,035	-	-	-	-	-	-	1,604	1,455	276	256	-	-	7,247	7,659

	Thousands of euros																	
	Equity		Fixed Income		Derivatives		Clearing		Settlement and Registration		Market Data & VAS		Corporate Unit		Consolidation adjustments		Total Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Expenses:																		
Staff costs	(22,202)	(23,589)	(2,755)	(3,284)	(4,450)	(4,350)	(6,413)	(6,186)	(9,036)	(9,317)	(14,249)	(13,337)	(14,032)	(15,896)	2	7	(73,135)	(75,952)
Other operating costs	(16,048)	(17,188)	(1,232)	(1,368)	(3,629)	(3,170)	(4,607)	(4,129)	(6,178)	(7,239)	(15,071)	(12,386)	(18,805)	(18,456)	23,254	21,798	(42,316)	(42,138)
Amortisation and depreciation	-	-	-	-	-	-	-	-	-	-	-	-	(9,473)	(7,902)	-	-	(9,473)	(7,902)
Impairment and gains/(losses) on disposal of non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	24	(933)	-	-	24	(933)
Operating profit/(loss)	**73,749**	**88,896**	**3,581**	**3,226**	**3,142**	**3,669**	**14,668**	**15,929**	**43,720**	**42,418**	**36,980**	**40,982**	**(15,348)**	**(17,889)**	**-**	**-**	**160,492**	**177,231**
Net financial income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(503)**	**206**	**-**	**-**	**(503)**	**206**
Share of profit (loss) accounted for using the equity method	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,934**	**2,389**	**-**	**-**	**1,934**	**2,389**
Profit (loss) before tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**-**	**-**	**161,923**	**179,826**

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

19. Staff costs

a) Composition

The breakdown of "Staff costs" is provided below:

	Thousands of euros	
	2019	2018
Wages, salaries and similar expenses:		
Wages and salaries (*)	52,817	52,971
Share-based payment arrangements (Note 19-c)	1,454	1,865
Termination benefits (**)	3,450	7,319
	57,721	62,155
Social welfare expenses:		
Social Security	10,847	10,088
Contributions to defined contribution plans (Note 2-k)	348	197
	11,195	10,285
Provisions and other staff costs (*)	4,219	3,512
	73,135	**75,952**

(*) The balance of these accounts includes provisions for employee benefits in 2019 of €1,479 thousand (€710 thousand in 2018) (see Note 13).

(**) The balance includes provisions for incentive-based redundancies in 2018, for the amount of €5,404 thousand (no amount for this concept in 2019) ((Note 13).

At 31 December 2019 and 2018, wages and salaries payable to employees amounted to €6,537 thousand and €7,850 thousand respectively, recognised under "Trade and other payables – Other payables" in the consolidated statement of financial position (Note 14).

b) Number of employees

The average number of Group employees at 31 December 2019 and 2018 by professional category and gender, was as follows:

	Number of Employees			
	2019 (*)		2018 (*)(**)	
	Men	Women	Men	Women
Senior management	7	2	7	1
Middle management	35	19	41	18
Specialist technicians	299	196	308	189
Auxiliary / Support Staff	156	82	167	94
	497	**299**	**523**	**302**

(*) For these purposes, the employees corresponding to subsidiaries BME Soporte Local Colombia, S.A.S. and LATAM Exchanges Data, Inc, and to companies consolidated under the equity method, Regis-TR, S.A., Regis-TR UK, Ltd. and LATAM Exchanges Data México, S.A. de C.V, are not taken into account.

(**)Restated information, which includes the employees of subsidiary Open Finance, S.L.

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%.

The average number of Group employees at year-end, by category, was as follows:

	Average number of Employees	
	2019 (*)	2018 (*)(**)
Senior management	9	8
Middle management	55	58
Specialist technicians	484	495
Auxiliary / Support Staff	257	242
	805	803

(*) For these purposes, the employees corresponding to subsidiaries BME Soporte Local Colombia, S.A.S. and LATAM Exchanges Data, Inc, and to companies consolidated under the equity method, Regis-TR, S.A., Regis-TR UK, Ltd. and LATAM Exchanges Data México, S.A. de C.V, are not taken into account.

(**) Restated information, which includes the employees of subsidiary Open Finance, S.L

The average number of Group employees in 2019 and 2018 with a disability of 33% or more, by category, was as follows:

	Average number of Employees	
	2019 (*)	2018 (*)
Middle management	-	-
Specialist technicians	5	4
Auxiliary / Support Staff	1	1
	6	5

(*) For these purposes, the employees corresponding to subsidiaries BME Soporte Local Colombia, S.A.S. and LATAM Exchanges Data, Inc, and to companies consolidated under the equity method, Regis-TR, S.A., Regis-TR UK, Ltd. and LATAM Exchanges Data México, S.A. de C.V, are not taken into account.

To this end, in 2019 and 2018, the Group made donations to job placement and job creation activities for disabled persons, in accordance with Royal Decree 364/2005, of 8 April, regulating special alternative measures to comply with the requirement that 2% of companies' employees have a disability as set out in the Consolidated Text of the General Law on the rights of disabled persons and their social inclusion approved byRoyal Legislative Decree 1/2013, of November 29, which states that the number of workers with a disability equal to or greater than 33% must not be lower than 2% of the total workforce.

c) Share-based remuneration schemes

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 variable 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
1º	1.5
2º	1
3º	0.8
4º	0.6
5º	0
6º	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.

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	0.329%	-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

As a result, the estimated fair value of the equity instruments granted for the first, second and third three-year periods of the 2014-2019 Plan (i.e., from 1 January 2014 to 31 December 2016, from 1 January 2015 to 31 December 2017 and from 1 January 2016 to 31 December 2018), which amounted to €3,158 thousand, €4,131 thousand and €3,112 thousand, respectively, according to the latest estimates, are recognised under "Staff costs - Wages, salaries and similar expenses" in the consolidated income statement for beneficiaries of the 2014-2019 Plan who are Group employees (see section a) of this Note), and under "External services - Other expenses" for 2014-2019 Plan beneficiaries who are not Group employees, over the specific period during which the beneficiaries render services to the Group, with a credit in both cases to "Other equity instruments" (see Note 11). At 31 December 2018, the amount recognised under "Staff costs - Wages, salaries and similar expenses" and "External services – Other expenses" in the consolidated income statement amounted to €790 thousand and €250 thousand, respectively.

On 31 December 2017 the second three-year period of the 2014-2019 Plan expired. 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 (Note 11).

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 (Note 11).

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 variable 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.

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

As a result, the estimated fair value of the equity instruments granted for the first three-year period of the 2017-2020 Plan (i.e., from 1 January 2017 to 31 December 2019), which amounted to €2,693 thousand, according to the latest estimates, is recognised under "Staff costs - Wages, salaries and similar expenses" in the consolidated income statement for beneficiaries of the 2017-2020 Plan who have accrued said remuneration as Group employees (see section a) of this Note), and under "External services - Other expenses" for the beneficiaries of 2017-2020 Plan who are not Group employees, over the specific period during which the beneficiaries render services to the Group, with a credit in both cases to "Other equity instruments" (see Note 11). At 31 December 2019, the amount recognised under "Staff costs - Wages, salaries and similar expenses" and "External services – Other expenses" in the consolidated income statement amounted to €685 thousand and €212 thousand, respectively (€685 thousand and €212 thousand in 2018).

The amount recognised in the "External services – Other expenses" account arising from the aforementioned 2017-2020 Plan corresponds in its entirety to the amount accrued by the Executive Directors of the Company (Notes 4 and 20).

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 variable 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 evolution 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.

In view of the executive functions assigned to him up until the Ordinary General Shareholders' Meeting of 2019, the Chairman of the Board of Directors maintains his status as a beneficiary of the 2018-2023 Plan. As a result of his new status as non-executive Chairman, the theoretical units corresponding to the second term of the Plan have not been assigned to Mr Zoido Martínez in 2019 under the 2018-2023 Plan, nor will the theoretical units corresponding to the third term of the Plan that would have corresponded to him be assigned in 2020.

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

As a result, the estimated fair value of the equity instruments granted for the first and second three-year periods of the 2018-2023 Plan (i.e., from 1 January 2018 to 31 December 2020 and 1 January 2019 to 31 December 2021), which amounted to €1,559 thousand and €1,282 thousand respectively, according to the latest estimate, will be recognised under "Employee benefits expense - Wages, salaries and similar expenses" for beneficiaries of the 2018-2023 Plan who have accrued this remuneration as Group employees (see section a) of this Note), and under "External services - Other expenses" for beneficiaries of the 2018-2023 Plan who are not Group employees, over the specific period during which the beneficiaries render services to the Group, with a credit in both cases to "Other equity instruments" (Note 11). At 31 December 2019, the amount recognised under "Staff costs - Wages, salaries and similar expenses" and "External services – Other expenses" in the consolidated income statement amounted to €769 thousand and €178 thousand, respectively (€390 thousand and €130 thousand in 2018).

The amount recognised in the "External services – Other expenses" account arising from the aforementioned 2018-2023 Plan corresponds in its entirety to the amount accrued by the Executive Directors of the Company (Notes 4 and 20).

20.Other operating costs

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

	Thousands of euros	
	2019	2018
External services:		
Leases (Note 1-b)	437	2,799
Information technology equipment and computer software	9,906	8,609
Communications network	2,957	3,039
Travel, marketing and promotion	4,416	4,685
Independent professional services	8,256	6,837
Information services	1,130	800
Power and utilities	1,220	1,282
Security, cleaning and maintenance	4,287	4,533
Publications	90	126
Other	7,466	8,392
	40,165	**41,102**
Taxes	954	660
Losses, impairment and changes in trade provisions (Note 8)	1,197	376
	42,316	**42,138**

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

The balance of the "Information technology equipment and computer software" account in 2019 and 2018 includes costs relating to IT maintenance and IT services incurred by the Group.

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

At year end 2019 and 2018, prepaid expenses in respect of sundry items were recognised under "Other current assets" on the asset side of the consolidated statement of financial position (Note 10).

Fees paid to PricewaterhouseCoopers Auditores, S.L. for the audit of the individual and consolidated annual accounts the audit of the consolidted financial statements at 30 June 2019 and the individual financial statements of certain Group companies in 2019 amounted to €544 thousand (€526 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 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	38.86	37.02
Ratio of transactions paid	39.42	37.60
Ratio of transactions pending payment	23.16	24.25
	Thousands of euros	**Thousands of euros**
Total payments made	62,185	55,174
Total payments pending	2,250	2,515

Information on leases

Future minimum rentals payable by the Group under leases, including leases under the scope of IFRS 16 (Notes 1-b and 2-r) is as follows:

	Thousands of euros (*)
Within one year	2,517
Between 1 and 5 years	9,421
More than 5 years	19,988

(*) Amounts not updated for CPI.

These leases are mainly the operating headquarters of some Group companies, as well as other buildings used to provide technical support to various Group companies. The main lease contracts expire in 2027 and 2034.

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

The difference between these minimum future payments and lease liabilities (Note 1-b) corresponds mainly to the taxes included in the calculation of minimum future payments.

21.Net financial income

The breakdown of net finance income in 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Financial income:		
From equity investments (Note 7)	643	509
From marketable securities and other financial instruments		
Commercial paper (Notes 7 and 9)	-	2
Reverse repurchase agreements (own) (Note 9)	(17)	(30)
Guarantees and deposits received from market (Note 7)	12,227	10,762
Term deposits at credit institutions (Notes 7 and 9)	-	-
Other finance income	31	84
	12,241	10,818
	12,884	**11,327**
Finance cost-		
Third-party borrowings*	(946)	(146)
Provisions adjustments (Note 13)	(185)	(180)
Guarantees received from participants (Note 7)	(12,227)	(10,762)
	(13,358)	**(11,088)**
Change in fair value of financial instruments	-	-
Exchange gains/(losses)	(29)	(33)
Impairment and gains (losses) on disposal of financial instruments (Notes 2.e.vi and 7)	-	-
Net financial income	**(503)**	**206**

(*) The variation corresponds mainly to the financial cost deriving from the application of IFRS 16 (Note 1-b and 2-r).

22. Related party transactions

The entire balance of related party transactions relates to the balances outstanding and transactions entered into with members of the Board of Directors, Senior Management of the Group, according to the information disclosed in Note 4 and those entered into with the investees Regis-TR, S.A., Regis-TR UK, Ltd and LATAM Exchanges Data México, S.A. de C.V. (see Note 2.a and Appendix I).

In relation to the transactions executed with Regis-TR, S.A., below follows a breakdown of the income and expenses, as well as the balances of the transactions performed in 2019 and 2018:

	Thousands of euros	
	2019	**2018**
Income and expenses		
Services received	367	367
Services rendered	2,494	1,755
Impairment and gains/(losses) on disposal of non-current assets	31	62
	2,892	**2,184**
Other transactions		
Sale of intangible assets	1,985	1,293
Trade and other receivables	1,273	443
Trade and other payables	1	2
	3,259	**1,738**

In relation to Regis-TR UK, Ltd and LATAM Exchanges Data México, S.A. de C.V., during 2019 there were no operations other than the contributions made to social capital as part of its constitution (Note 2.a).

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.

Due to the nature of the core businesses of the Group companies and the vast majority of their shareholders (primarily financial institutions and investment service companies) virtually all related party transactions involve the trading, settlement or issuance of securities, generating revenue for the Group. They are conducted on an arm's length basis.

23.Other information

Other disclosures at 31 December 2019 and 2018 are provided below:

	Thousands of euros	
	2019	**2018**
Collateral and guarantees managed:		
Guarantees received -		
Received as transfer of securities	472,474	565,429
Received as pledge	1,021,228	673,675
	1,493,702	**1,239,104**
Collateral and guarantees received	989,453	977,744
Credit facilities:		
Amount available	24,937	17,937
Amount drawn	-	-
	24,937	17,937
	2,508,092	**2,234,785**

The main items included in these accounts are as follows:

1. Guarantees received (in addition to guarantee deposits made in cash (Note 7)).

   At 31 December 2019, this item includes the guarantees (in addition to cash guarantees - Note 7) received by BME Clearing and put up by members as collateral for their open positions in their respective segments, totalling €1,493,702 thousand (€1,239,104 thousand at 31 December 2018).

2. Credit facilities balance: includes the undrawn amount of the credit lines of MEFF Tecnología y Servicios set up for members of the electricity settlement clearance market according to prevailing legislation of €24,937thousand and €17,937 thousand in 2019 and 2018, respectively.

24.Risk management

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

a) Operational risks

The risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risks are classified in terms of their applicability to the BME Group overall, or exclusive identification for one of the business units or corporate areas.

Operational risks affecting all BME business units and corporate areas include:

- Fraud risk: This is the risk of action taken, either internally or externally, to avoid a regulation, which may cause damage to a third party or to the Group itself.

- Technology risk and information security risk: The risk of faults in the IT and electronic systems used by the Group, either internally or affecting the market. They may arise as a result of communications errors, or hardware or software malfunctions. They include failures in the collection and disclosure of market information to users. They also include any alterations and/or intrusions that may arise in system security. Given the nature of its operations, these are considered the main risks for the BME Group.

- Risk of administrative errors: These arise from erroneous calculations, improper execution, faulty manual operations, or because databases have not been updated. They also include any events arising from errors during billing or monitoring of collections.

The main business risks arising from the specific activities carried on by BME Group companies are detailed below:

- Risks of inadequate functioning of markets:

Possibility of errors arising in trading or supervision processes to prevent adequate overall functioning of the system.

- Risks in relation to the Securities Settlement System (Iberclear):

  - Risk of errors in settlement processes: These risks may relate to delays in reception of information from the issuer or payment agent and calculation of prices leading to errors in the multiple settlement or the amount of cash to be charged or credited.

  - Risk of errors in reconciliation processes: This is the risk of data mismatches between ARCO and T2S concerning positions or accounts.

- Risks in relation to the dissemination of information:

These risks chiefly relate to non-availability of systems over a longer period than expected, compromising dissemination of information from trading systems.

b) Market risk

These are the current or potential risks posed by adverse movements in interest rates or changes in prices or share prices.

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

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

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

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

The margin calculation model developed by BME Clearing offers a coverage level that is appropriate for stress conditions, in alignment with the high confidence level required under EMIR regulations, which in turn further strengthens the Stress methodology applied under other specific requirements of EMIR. For extreme conditions that go beyond the assumptions of these confidence levels, BME Clearing supplements its monitoring of coverage with an analysis of sensitivity scenarios.

BME Clearing has procedures in place to recognise changes in market conditions, including an increase in volatility or a reduction in the liquidity of the financial instruments cleared, with a view to quickly adapting the calculation of its margin requirements so as to adequately reflect the new market conditions.

BME Clearing also performs daily back tests for each account with an open position in order to evaluate the coverage of its margins by carrying out a comparison, a posteriori, of the results observed (maximum losses recorded within a determined close-out period) with the forecast results in terms of required initial margins.

Additionally, to assess assets received temporarily as guarantees deposited by members, BME Clearing applies a prudential haircut.

BME Clearing applies haircuts for the following market risks:

- Interest rate risk
- Currency risk
- Credit spread risk (risk premium)
- Price fluctuation risk
- Concentration risk

c) Liquidity and solvency risk

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

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

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

Irrespective of the possible other investment decisions that the Group may take, subject to approval by their governing bodies and, where necessary, the General Shareholders' Meeting, Group-level criteria have been determined for the investment of cash in financial assets with a view to minimising exposure to credit and interest-rate risks. In order to ensure compliance with these objectives and policies, financial management regularly reviews the level of compliance with the investment policies in place. No incidents were detected in 2019 or 2018.

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

- Liquidity or funding risk is the risk that the Group will encounter difficulties in meeting its payment obligations or, in order to do so, it is forced to raise funds under onerous conditions.
- Liquidity/market risk is the risk the Group will have one-off losses caused by the selling of assets where the strike price is significantly lower than the expected market price owing to a devaluation caused by frictions in the supply-demand balance.

Due to the specific nature of its activities, BME Clearing has adequate controls in place for both types of liquidity risk, that are consistent, proven and in line with the best - and even the most conservative - practices in financial risk management.

In relation to liquidity/funding risk, BME Clearing has a comprehensive liquidity plan in place, with a chain of guaranteed resources in the event more liquidity is needed than is available in the initial layers of liquidity. Further, on a daily basis, BME Clearing carries out a simulation of the two members with the largest exposure defaulting at the same time, evaluating whether the aforementioned resources would be sufficient.

As mentioned above, the application of haircuts is one way of controlling a lack of liquidity on the market. These are also applied in stress scenarios; therefore, the collateral can easily be liquidated at its reduced value in either a normal market situation or in an extreme situation of falling prices.

There are two types of "market illiquidity". Exogenous illiquidity results from the specific characteristics of a security, from the bid-ask spread affecting settlement of the securities held by market participants. Endogenous illiquidity is specific to each market participant's individual position – the larger a participant's position, the higher the security's illiquidity for this participant.

Using the application of haircuts as a way of controlling exogenous liquidity, BME Clearing also applies endogenous liquidity risk by controlling concentration risk, adjusting upwards the initial margin according to a barometer of exposures measured against the volume of assets traded.

d) Credit or counterparty risk

The risk of a Company debtor failing to meet its payment commitments, or an impairment of its credit rating. Two main risks affecting the BME Group are identified:

- Counterparty risk associated with BME Clearing: In its role as the central clearing house, the risk accepted by BME Clearing, S.A.U. as counterparty of the position of a clearing member is hedged by actively managing the risk attached to the required margins paid by clearing members with respect to that risk.

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

  In this respect, the Group's main financial assets, not including the assets for which BME Clearing, S.A.U. acts as CCP, are assets purchased under resale agreements, cash balances, commercial paper, Spanish public debt securities, and trade and other receivables, which represent the Group's maximum exposure to credit risk with respect to its financial assets.

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

- CCP concentration risk. To control risk deriving from its positions in financial assets and exposure to counterparties, BME Clearing continually and efficiently monitors CCP concentration risk at different levels:

  - At an aggregate level;
  - At clearing house member level;
  - At the level of each account open at the CCP;
  - In each issuer; and
  - In each country.

In addition to the characteristics of the assets, BME Clearing also takes into account the risks associated with them, including volatility, duration, illiquidity, non-linear price characteristics, "jump-to-default" and "wrong-way-risk", the latter two of which are closely related to credit or counterparty risk.

With regard to counterparty risk related specifically to non-compliance by members, BME Clearing calculates the amount of the default fund every month for each of its segments. This amount is calculated in such a way that it covers the highest risk in a stress test situation, experienced in the last calendar quarter, based on the maximum daily risk recorded by the two Clearing Members with the highest risk, in the same risk scenario, plus an additional 10%.

Counterparty risk not covered by the CCP's specific financial resources (i.e. margins requested from its members, the default fund and own dedicated resources) is also analysed at BME Clearing. Non-covered counterparty risk is defined as the expected loss deriving from default by the counterparty as a result of insufficient accredited collateral (specific financial resources) that could arise due to one-off market events that trigger a severe risk of default by clearing members.

BME Clearing has an internal model in place to estimate the expected loss due to insufficient guarantees in the event of one-off market or credit events.

With regard to the credit risk associated with the collection in cash of the various charges established by the Group by way of consideration for its services, most customers in terms of billing volume are financial institutions subject to supervision by the competent authorities. Further, as most of these services are settled within the standard settlement period for the corresponding transactions in each market and using the settlement instructions issued by the CCP, in the same way as it instructs the settlement of its own operations, any balances receivable from clients for normal operations are short-lived. In any event, credit risk attributable to trade receivables is reflected in the statement of financial position net of the provisions for insolvency estimated by the Group's management based on experience of previous years and their assessment of the prevailing economic situation.

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

e) Industry risk

Compliance risks in connection with regulatory changes, the Company's reputation, sector competences, relations with stakeholders and the political, economic, penal, legal and tax environment.

The capacity to manage and diversify revenue sources makes it possible to suitably mitigate these risks.

This category also includes the following non-financial risks: environmental risk (possibility of damage being caused to the environment due to the Company's activity) and the risk of corruption and bribery (possibility of non-compliance with ethical standards and regulations normally leading to administrative infringements and even crimes), although these risks have been assessed as largely insignificant at the BME Group.

25. Capital management

At 31 December 2019 and 2018, capital managed by the Group comprised primarily capital, reserves and profit for the year attributable to owners of the parent, which are recognised on the consolidated statement of financial positions under “Equity”, less interim dividends and treasury shares, which are also recognised under this heading in the consolidated statement of financial positions (Note 11).

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

Regulatory capital management is based on an analysis of the minimum capital requirement established by the legislation applicable at 31 December 2019. In this regard, it should be mentioned that as well as the general restrictions on equity established by the Spanish Companies Act applicable to limited liability companies, for some Group companies the criteria adopted for managing capital comply with the minimum capital requirements established in specific legislation governing these entities, specifically:

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

2. Article 17 of Royal Decree 1282/2010 of 16 October, regulating official futures and options markets, which is applicable to MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. (Sociedad unipersonal), establishes that “the capital of stock exchange management companies must be sufficient to ensure they can fulfil their corporate purpose. The management company’s own resources must not be lower than €18 million or the sum of the guarantees provided by the management company.” By virtue of the provisions of this article, the Ministry of Economy and Finance, based on the favourable report by the National Securities Market Commission, the Banco de España and the Autonomous Communities of Catalonia, the Basque Country and the Valencian Community, have determined that the own resources of MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. (Sociedad Unipersonal) may not be lower than €7,980,000 as established in Order ECC 1556/2016, of 19 July.

3. European Parliament Regulation 648/2012 on, inter alia, central counterparties, came into effect in August 2012. Among other requirements, this Regulation establishes the prudential requirements applicable to central counterparties (CCPs), in order to guarantee that they are safe and solid and comply at all times with the capital requirements. Given that the risks stemming from clearing activities are largely covered by specific financial resources, these capital requirements must ensure that a CCP is at all times adequately capitalised against credit, counterparty, market, operational, legal and business risks which are not already covered by specific financial resources and that it is able to conduct an orderly restructuring or winding down of its operations if necessary.

   In this regard, in December 2012 Commission Delegated Regulation (EU) No 152/2013 of 19 December was approved supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on capital requirements for central counterparties.

   As indicated in these regulatory technical standards, CCPs will have sufficient capital to cover the sum of the requirements for the winding down or restructuring of their operations, for their operational and legal risks, for their credit, counterparty and market risks, as well as for their business risk.

   BME Clearing, S.A. - Sociedad Unipersonal, as the CCP of the BME Group, has a risk management framework comprising risk management policies, procedures, and systems that enable it to identify, measure, monitor and manage risks to which it is or may be exposed. All risks are first identified by the Risk Committee, which periodically reviews risk management issues related with day-to-day operations, specifically the level of compliance with risk management criteria, models and parameters.

   In the case of BME Clearing, S.A. - Sociedad Unipersonal, in the framework of the process of evaluating and confirming the licence to operate as a CCP required by the EMIR and carried out by the National Securities Market Commission and the Association of Regulators established for this purpose, it was concluded that the own resources of BME Clearing, S.A., - Sociedad Unipersonal, were sufficient and complied with the capital requirements included in the regulatory technical standards report regarding the capital requirements of CCPs.

4. Regulation (EU) No 909/2014 of the European Parliament and Council on improving securities settlement in the European Union and on central securities depositories (CSD)

was published in July 2014. Hence, this Regulation establishes that the capital, together with retained earnings and reserves of a CSD, will be proportional to the risks stemming from the activities of the CSD and will be at all times sufficient to ensure that the CSD is adequately protected against operational, legal, custody, investment and business risks so that the CSD can continue to provide services as a going concern and ensure an orderly winding down or restructuring of the CSD's activities over an appropriate time span of at least six months under a range of stress scenarios.

The Regulation also requires that CSDs maintain a plan for raising additional capital should their equity capital approach or fall below the requirements set forth above, and for the orderly winding down or restructuring of their operations and services where the CSD is unable to raise new capital. This plan has been approved in 2019 by the Board of Directors of the CSD.

On 11 November 2016 Commission Delegated Regulation (EU) No 2017/390 was published supplementing Regulation (EU) No 909/2014 with regard to regulatory technical standards on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services.

On 20 September 2019, Iberclear, as the central securities depositary of the BME Group, received authorisation from the CNMV as a CSD; after this date, compliance with the capital requirements set out in the aforementioned technical standard became mandatory.

At 31 December 2019 and 2018, the various Group companies subject to the aforementioned special rules on capital requirements complied with the requirements established therein.

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

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

Irrespective of the possible other investment decisions that the Group may take, subject to approval by their governing bodies and, where necessary, the General Shareholders' Meeting, Group-level criteria have been determined for the investment of cash in financial assets with a view to minimising exposure to credit and market risks.

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

In order to ensure these objectives and policies are adhered to, financial management regularly reviews the level of compliance with the investment policies in place. No issues in this regard have been detected during 2019 and 2018.

Appendix I

2019

	Address	Direct ownership interest	Indirect ownership interest	Capital	Share premium and reserves	Interim dividend	Results		Other equity
				Thousands of euros — Data at 31 December 2019			Operative	Net	
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., (Sociedad Unipersonal) [1]	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]	Barcelona	100.00%	-	8,564	2,936	(9,899)	8,292	10,450	879
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., (Sociedad Unipersonal) [1]	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]	Valencia	100.00%	-	4,111	1,285	(5,708)	2,172	5,867	536
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., (Sociedad Unipersonal) [1]	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]	Madrid	100.00%	-	10	(23)	-	72	53	180
Bolsas y Mercados Españoles Market Data, S.A [1][2]	Madrid	49.71%	50.29%	4,165	686	(22,857)	37,348	28,088	334
Bolsas y Mercados Españoles Renta Fija, S.A. (Sociedad Unipersonal) [1]	Madrid	100.00%	-	3,005	3,490	(2,193)	3,267	2,535	1,922
BME Clearing, S.A. (Sociedad Unipersonal) [1]	Madrid	100.00%	-	18,030	24,446	(9,053)	13,522	10,062	1,731
MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) [1]	Barcelona	100.00%	-	60	548	-	1,371	1,054	-
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. (Sociedad Unipersonal) [1]	Madrid	100.00%	-	6,650	2,264	(3,960)	2,507	4,037	888
BME Servicios Corporativos, S.A. [1][3]	Madrid	-	100.00%	25,000	25,390	-	620	466	74
Bolsas y Mercados Españoles Inntech, S.A. (Sociedad Unipersonal) [1][4]	Madrid	100.00%	-	331	10,687	-	(778)	(97)	427
BME Post Trade Services, S.A. (Sociedad Unipersonal) [1]	Madrid	100.00%	-	60	2,410	-	1,297	1,207	4
LATAM Exchanges Data, Inc [1]	Miami	51.00%	-	2,241	(249)	-	(483)	(485)	(15)
Subsidiaries through the Spanish stock exchange management companies:									
Bolsas y Mercados Españoles Sistemas de Negociación, S.A. [1]	Madrid	-	100.00%	60	281	(1,043)	1,946	1,457	332
Sociedad de Bolsas, S.A. [1]	Madrid	-	100.00%	8,414	1,109	(3,475)	4,540	4,104	1,395

(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) Indirect shareholding via the Spanish stock exchange management companies, Bolsas y Mercados Españoles Renta Fija, S.A. - Sociedad Unipersonal, MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.- Sociedad Unipersonal and Sociedad de Bolsas, S.A. Data obtained from the financial statements of Bolsas y Mercados Españoles Market Data, S.A - Sociedad Unipersonal corresponding to the year ended 31 December 2019, which are subject to audit.

(3) Indirect shareholding via Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal; Bolsas y Mercados Españoles Renta Fija, S.A. - Sociedad Unipersonal; MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal; Sociedad de Bolsas, S.A.; and Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal.

(4) 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.").

FY 2018

	Address	Direct ownership interest	Indirect ownership interest	Capital	Share premium and reserves	Interim dividend	Results: Operative	Results: Net	Other equity
	Thousands of euros — Data at 31 December 2019								
Sociedad Rectora de la Bolsa de Valores de Madrid, S.A., (Sociedad Unipersonal) (1)	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)	Barcelona	100.00%	-	8,564	2,930	(10,746)	9,803	11,309	841
Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A., (Sociedad Unipersonal) (1)	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)	Valencia	100.00%	-	4,111	1,291	(5,089)	1,586	5,155	509
Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., (Sociedad Unipersonal) (1)	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)	Madrid	100.00%	-	10	14	-	(19)	(15)	168
Bolsas y Mercados Españoles Market Data, S.A (1) (2)	Madrid	49.71%	50.29%	4,165	749	(23,195)	36,652	27,512	295
Bolsas y Mercados Españoles Renta Fija, S.A. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	3,005	3,524	(2,239)	3,412	2,687	1,871
BME Clearing, S.A. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	18,030	24,501	(9,607)	14,531	11,114	1,606
MEFF Tecnología y Servicios, S.A. (Sociedad Unipersonal) (1)	Barcelona	100.00%	-	60	548	-	1,816	1,397	-
MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	6,650	2,302	(4,400)	2,999	4,534	728
BME Servicios Corporativos, S.A. (1) (3)	Madrid	-	100.00%	25,000	25,365	-	699	537	74
Bolsas y Mercados Españoles Inntech, S.A. (Sociedad Unipersonal) (1) (4)	Madrid	100.00%	-	331	(11,893)	-	(30)	(272)	354
BME Post Trade Services, S.A. (Sociedad Unipersonal) (1)	Madrid	100.00%	-	60	13,529	-	700	649	(11,478)
LATAM Exchanges Data, Inc (1)	Miami	51.00%	-	873	-	-	(249)	(249)	2
Subsidiaries through the Spanish stock exchange management companies:									
Bolsas y Mercados Españoles Sistemas de Negociación, S.A. (1)	Madrid	-	100.00%	60	321	(1,260)	2,375	1,779	304
Sociedad de Bolsas, S.A. (1)	Madrid	-	100.00%	8,414	1,467	(2,684)	4,046	3,797	1,355

(1) Data taken from the separate financial statements for the year ended 31 December 2018, 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) Indirect shareholding via the Spanish stock exchange management companies, Bolsas y Mercados Españoles Renta Fija, S.A. - Sociedad Unipersonal, MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.- Sociedad Unipersonal and Sociedad de Bolsas, S.A. Data obtained from the financial statements of Bolsas y Mercados Españoles Market Data, S.A - Sociedad Unipersonal corresponding to the year ended 31 December 2018, which are subject to audit.

(3) Indirect shareholding via Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. - Sociedad Unipersonal; Bolsas y Mercados Españoles Renta Fija, S.A. - Sociedad Unipersonal; MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A. - Sociedad Unipersonal; Sociedad de Bolsas, S.A.; and Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. - Sociedad Unipersonal.

(4) 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.).

2019

	Address	Ownership interest	Value of holding	Assets	Liabilities	Revenue	Expenses	Capital	Share premium and reserves	Results: Operations	Results: Net	Other equity
				Thousands of euros								
				Data at 31 December 2019								
				Joint venture and associate investment data								
								Equity				
Equity method:												
Regis-TR, S.A. (*) (1)	Luxembourg	50.00%	8,146	21,693 (3)	5,401 (3)	16,874	(12,889) (4)	3,600	8,706	5,313	3,986	0
Regis-TR UK, Ltd (*) (2)	London	50.00%	458	1,098 (5)	182	15	(147)	1,029	-	(132)	(132)	19
LATAM Exchanges Data México de C.V. (**) (2)	Mexico City	49.00%	11	23	-	-	-	23	-	-	-	-

(*) Investments in joint ventures (Note 2-a).
(**) Investments in associates (Note 2-a).
(1) Data taken from the financial statements for the year ended 31 December 2019, which are audited.
(2) Data taken from the financial statements for the year ended 31 December 2019, which are not audited.
(3) The assets balance comprises €6,965 thousand of "Non-current assets" and €14,728 thousand of "Current assets", respectively. Liabilities comprise €4,968 thousand of "Current liabilities" and €433 thousand of "Non-current liabilities".
(4) Includes expenses with the Bolsas y Mercados Españoles Group of €1,938 thousand.
(5) The assets balance comprises €50 thousand of "Non-current assets" and €1,048 thousand of "Current assets".

FY 2018

				Thousands of euros								
				Data at 31 December 2019								
				Joint venture and associate investment data								
								Equity				
									Share premium and reserves	Results		Other equity
	Address	Ownership interest	Value of holding	Assets	Liabilities	Revenue	Expenses	Capital		Operations	Net	
Equity method:												
Regis-TR, S.A. (*) (1)	Luxembourg	50.00%	6,661	16,921 (2)	3,600 (2)	16,213	(11,414) (3)	3,600	4,922	6,454	4,799	-

(*) Investments in joint ventures (Note 2-a).
(1) Data taken from the financial statements for the year ended 31 December 2018, which are subject to audit.
(2) The assets balance comprises €3,455 thousand of "Non-current assets" and €13,466 thousand of "Current assets". Liabilities comprise €3,491 thousand of "Current liabilities" and €109 thousand of "Non-current liabilities".
(3) Includes expenses with the Bolsas y Mercados Españoles Group of €1,755 thousand.

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 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 8,408 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. in 2018, the percentage of the Company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. remains at 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. in 2018, the percentage of the company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. remains at 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 SCLBARNA 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. in 2018, the percentage of the company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. remains at 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. in 2018, the percentage of the Company's shareholding in Bolsas y Mercados Españoles Market Data, S.A. remains at 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 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 rules governing the markets at any given time.

In this connection, on 21 December 2010, the CNMV published in the Official State Gazette (BOE) the new official secondary futures and options markets (MEFF) 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 Depositary (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. and Regis-TR, S.A., with ownership interests of 21% 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 the 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., in addition to the cancellation of the corresponding registration form, was registered with the Companies Register of Lisbon. Therefore, at 31 December 2019 and 2018, the company maintained a 100% interest 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, both 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 31 December 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.