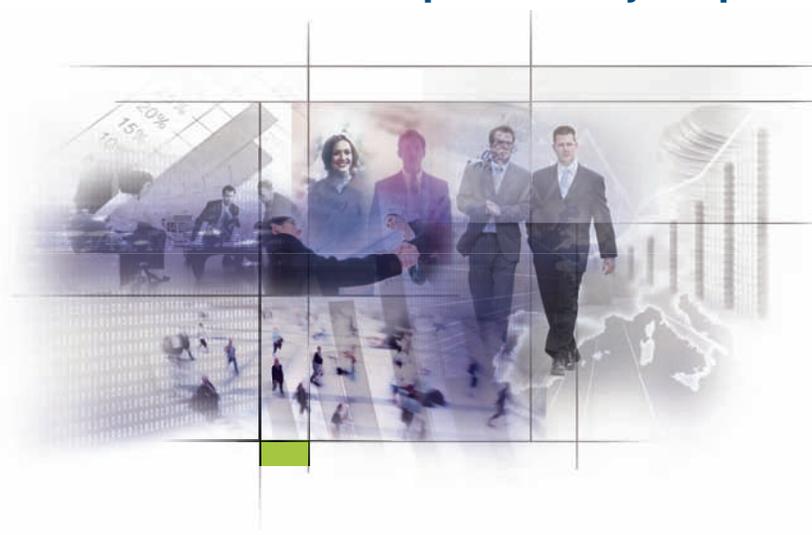


**Bolsas y Mercados Españoles,  
Sociedad Holding de Mercados y  
Sistemas Financieros, S.A.**



## **Corporate and Social Responsibility Report 2007**



**BME's transparent and socially responsible management** of its human and technological resources is turned into **efficiency on its markets**, which are the pillars of the Spanish economy's competitiveness and progress.

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

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

ELABORACIÓN Y DISEÑO: COMUNICACIÓN CORPORATIVA BME

IMPRESIÓN: GRÁFICAS SUMMA, S.A.

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# Letter from the Chairman

I am proud to introduce BME's first Corporate and Social Responsibility (CSR) Report by expressing our deep conviction that companies have certain obligations to society that go far beyond their legitimate direct economic interests. Not only is this BME's belief, but also something we live out in our day-to-day activity.

As operator of market with a trading volume of €1.7 trillion, which is 80% greater than the Spanish GDP, BME occupies a choice position among global markets. More importantly, millions of savers place their confidence in the systems managed by BME, as do the numerous companies that see the market as the natural channel for maximising resources and financing growth. This unshakable confidence is reflected in the fact that almost 24% of shares listed on the Spanish stock exchanges are held by individual investors, the third highest percentage in the European Union.

Both private investors and companies place their trust in the Spanish stock exchanges because they view these markets as the best means of securing future savings or growth objectives. In other words, these parties choose the market that offers them the best options for ensuring quality of life of Spanish households, developing new business projects, and creating employment.

BME's management enables the Spanish financial markets to grow largely on the financial strength of the Spanish economy, following a sustainable business model based on secure, regulated and technologically advanced management of a market with strong international projection.

BME has 176 years of experience in global, continuous and efficient management of all Spanish markets, which have become an indispensable tool for growth and market capitalisation of companies and creation of employment.

BME views corporate social responsibility to be a commitment that goes beyond mere compliance with legislation and regulations, and therefore encourages listed companies to apply best practices, while engaging its own employees, clients and suppliers in a culture based on ethical and transparent management.

As both a market operator and a listed company, BME is constantly in the watchful eye of the media and is subject to potential criticism by opinion leaders and experts. This is merely one more guarantee of the reliability and confidence widely held in BME's management model aiming to ensure viability of business projects while being fully committed to the advancement of society.



BME is also especially committed to defending strong professional ethics as set out in the Internal Code of Conduct applicable to all employees and members of the boards of directors of BME Group companies.

**W**ith this guiding principle, BME incorporates a multitude of citizen concerns and proposals from stakeholders into its management model. Consequently, in preparing this 2007 Corporate and Social Responsibility Report, we have applied the recommendations made by international benchmarking agencies, such as those of the Global Reporting Initiative (GRI).

BME's initiatives place it among the ranks of the global movement heralding a new economy based on responsible and sustainable companies.

**I**n carrying out its business activity, BME must address multiple social and economic interests with the utmost transparency and quality of listed companies, in line with regulations and legislation and with the firm undertaking to contribute to better knowledge of the market among market players.

In summary, by generating confidence through solid communication with all participants and reliable and accessible information, and by creating per-

manent new instruments to provide new, positive solutions to society, BME has locked in investor and company confidence.

**L**ast year, BME furthered the quality of its investor services by signing the European Code of Conduct for clearing and settlement, to enable all participants to trade European securities within a consistent, coherent and cost-efficient framework.

BME has absolute confidence in its human resources and therefore encourages individual empowerment of all its employees, while promoting equality and diversity throughout the Company and striving to maintain parity in opportunities for both men and women.

**B**ME views its CSR objectives as a mandate from society at large. Therefore, the Company strives to anticipate the demands of social and economic players and endeavours to pass the advantages of being a socially responsible company on to its clients, shareholders, main suppliers and the general public, given that all these parties will undoubtedly benefit from a secure, efficient, and forward-looking financial market.

Antonio J. Zoido

**BME is also especially committed to defending strong professional ethics as set out in the Internal Code of Conduct applicable to all employees and members of the boards of directors of BME Group companies.**

# introduction /

## About BME

Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (hereinafter BME) integrates systems for registering, clearing and settling securities and the secondary Spanish markets and official trading systems. The Group mainly comprises the Madrid, Barcelona, Bilbao and Valencia stock exchanges along with MEFF, AIAF, SENAF, Iberclear, the Alternative Equity Market (MAB), BME Consulting, Instituto BME and BME Innova. The activities of these organisations are as follows:

### Stock exchange governing companies

The stock exchange governing companies list, supervise and manage the official secondary market for equities, private fixed income, public debt, warrants and certificates.



**BOLSA DE MADRID**

#### Madrid Stock Exchange (Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U).

The Madrid Stock Exchange owns the following companies:

- Visual Trader Systems: This company channels orders placed on the Spanish market by financial institutions and transmits orders to foreign markets. The Valencia stock exchange holds a 10% interest in Visual Trader Systems.
- Infobolsa: Sells real-time financial information services and is jointly owned by the Madrid stock exchange and Deutsche Börse (50%/50%).



**Bolsa de Barcelona**

#### Barcelona Stock Exchange (Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U).

In addition to the aforementioned activities, the Barcelona Stock Exchange exclusively handles the trading and settlement of public debt issued by the Catalanian regional government.

The Barcelona stock exchange owns the following companies:

- Centro de Cálculo de Bolsa: data processing services
- Borsatel: edition and sale of services and publications related to stock markets



#### Bilbao Stock Exchange (Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.U).

In addition to the aforementioned activities, the Bilbao Stock Exchange exclusively handles the trading and settlement of public debt issued by the Basque Country regional government.



**Bolsa de Valencia**

#### Valencia Stock Exchange (Sociedad Rectora de la Bolsa de Valores de Valencia, S.A.U).

In addition to the aforementioned activities, the Valencia Stock Exchange exclusively handles the trading and settlement of public debt issued by the Valencia regional government.



Together with various Latin American stock exchanges, the four Spanish stock exchanges manage Latibex, the official trading system for Latin American securities in euros. The companies also hold a 25% interest each in Sociedad de Bolsas, S.A., which manages and operates the Spanish electronic trading platform (SIBE).



MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Variable, S.A.U. (MEFF Renta Variable): manages the equity derivatives market and is the counterparty for its main products.

MEFF Sociedad Rectora de Productos Financieros Derivados de Renta Fija, S.A.U. (MEFF Renta Fija): manages the fixed income derivatives market and is the counterparty for its main products.

MEFF Euroservices, S.A.U., S.V.: transfer of orders to European markets (Eurex).

MEFF Tecnología y Servicios S.A.U.: development and operation of data-processing systems, calculation of guarantees, settlement and billing for Spanish electricity market auctions.



AIAF Mercado de Renta Fija S.A.U. (AIAF): manages and supervises both the primary and secondary corporate debt markets.



Sistema Electrónico de Negociación de Activos Financieros, S.A. (SENAF): manages the electronic market for public debt trading, including both spot and repo transactions.



Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear). Spain's central securities depository in charge of the registering of securities and the clearing and settlement of all trades on Spanish stock exchanges, the book-entry public debt market, AIAF and Latibex. The Spanish government, under the supervision of the Ministry for the Environment, has entrusted Iberclear with management of the National Registry of Greenhouse Gas Emission Rights (RENADE).



Bolsas y Mercados Españoles Consulting, S.A.U. (BME Consulting) operates in 23 countries, developing joint consulting and technology projects and cooperation and service provision agreements.



Alternative Equity Market (MAB): official system for trading, settling, clearing and registering trades made on:

- Shares and other securities of Collective Investment Institutions (CIIs)
- Securities and instruments issued or linked to small caps
- Other securities or instruments that, due to their nature, require a special trading scheme



Instituto Bolsas y Mercados Españoles, S.L.U. (Instituto BME) BME's training centre, focusing on organisation of different training services related to financial markets in general.



Bolsas y Mercados Españoles Innova, S.A.U. (BME Innova), offers contingency and business continuity services, BME Alternativ, tailored to financial entities and market members.

# 1 /

## BME's corporate and social responsibility model

BME deeply believes that companies' obligations to society go far beyond their direct legitimate economic interests. This is especially the case for a company such as BME, whose present and future are based on a 176-year history since the founding of Spain's first stock exchange in Madrid in 1831.

For BME, the creation of value for shareholders - the ultimate objective of any for-profit company - is fully compatible with its corporate social responsibilities. In fact, BME has actually identified synergies between the two aims.

Furthermore, as the company integrating all the Spanish securities markets and financial systems, BME is responsible for managing the financial markets through which a considerable part of the country's financial wealth is valued. BME also guarantees the liquidity and transparency of these markets, channels domestic and foreign investors' savings, and serves a reflection of the Spanish economy and companies.

Consequently, BME maintains close, fluid contact with all market participants, shareholders, investors, potential investors, commercial partners, clients, employees, and society as a whole.

The consolidation of BME's institutional structure, its financial solvency and the confidence it earns among direct and indirect users is a top priority for the Company. Responsible and transparent management of BME's technological and human resources directly influences the efficiency of the markets on which a considerable part of the



progress and future health of the Spanish economy depends.

Beginning this year, BME will include an annual Corporate and Social Responsibility Report among its yearly reporting publications. This triple bottom line accounting will increase the level of transparency and information from three key perspectives: accounting-financial, social-labour and environmental.

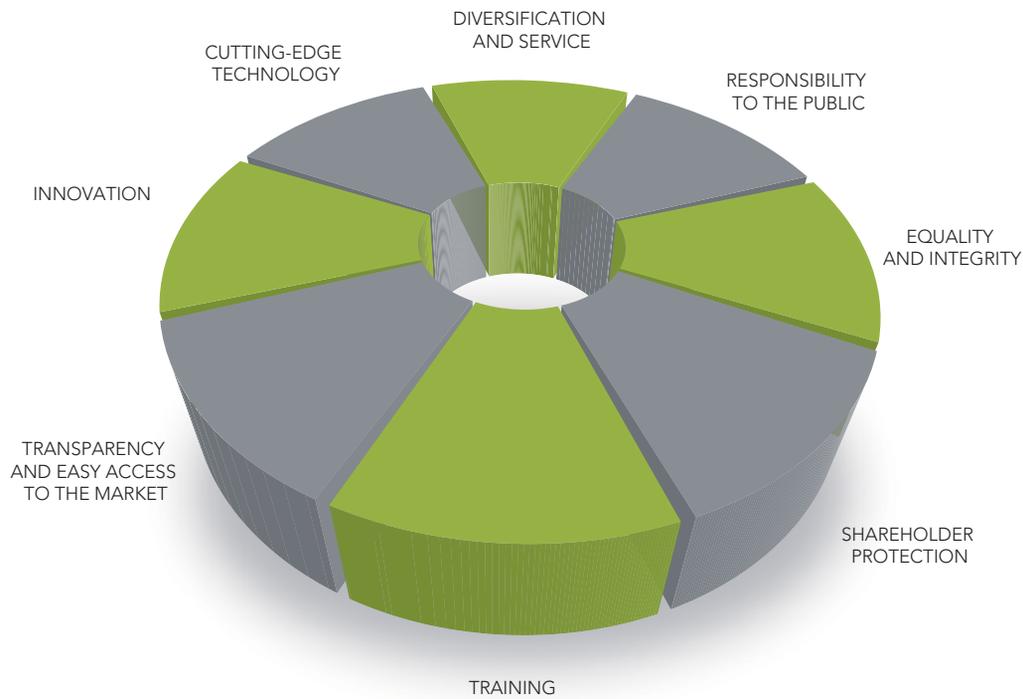
### **Operating principles applied in BME's day-to-day management.**

In line with its commitment to society, BME applies a series of basic principles in both its day-to-day management and when determining its strategic priorities.

The principles reflect BME's understanding of its responsibility in managing the Spanish financial markets: as BME believes that these markets are crucial to the growth of the Spanish economy and, more specifically, a key element aiding market capitalisation, growth and employment creation in Spanish companies, it strives to ensure that these markets are secure and reliable and operate with the most appropriate technology and the highest quality human resources.

**Responsible and transparent management of BME's technological and human resources directly influences the efficiency of the markets on which a considerable part of the progress and future health of the Spanish economy depends.**

## BME'S MAIN VALUES



In this regard, BME provides listed companies, market players and investors with one of the most modern financial markets in the world. This market:

- Is quick, reliable, transparent and highly liquid.
- offers avant-garde efficiency in securities trading.

- offers a wide range of high-quality financial products.
- is highly regulated and supervised.

The basic principles governing BME's operations and which serve as a basis for the code of conduct applicable to employees and collaborators are as follows:

### Investor confidence.

As BME works above all for investors, it strives for excellence in its services, understanding that such a demand for excellence is key to earning investors' confidence.

### Impartiality and fair competition.

The Spanish financial markets managed by BME are efficient, quick and competent. Although trading is carried out in different market centres, transactions are made simultaneously so that the operating capacity is greater overall yet equally distributed, thereby promoting fair competition.

Impartial trading, transparency and strict regulatory control of the financial markets managed by BME are the basic principles guiding its activities, along with proper training in securities markets and investor protection.





### Growth and innovation.

BME spurs expansion in financial markets by providing the necessary means for companies to grow on a global scale. The Company is also thoroughly committed to its own growth capacity through active participation in innovation, creation of new financial products, market efficiency, information on and for the market, services for listed companies, investor training and regulatory processes.

### Transparency.

BME delivers complete information on market trends and performance, as well as information received from listed companies, and adopts all measures it deems necessary to heighten the transparency of financial markets.

### Efficiency.

Optimal efficiency is a priority for BME, as efficient financial markets are a key to sustainable growth, given that in such markets:

- Companies secure funds for development and growth.
- Business leaders are able to develop the potential of their companies.
- Companies can gain exposure to a wider market.
- Savings become investments.
- Small savers can participate in the growth of large companies and have the same access to information as large investors do.
- Financial risks can be diversified and managed.
- Investors can assign capital to the sectors, ideas, and businesses they believe

offer the most growth potential.

- The value of assets is continually assessed.
- Information is communicated to all participants simultaneously.
- The cost of information is shared among many.
- The cost of each operation is low thanks to economies of scale and efficient trading technology.

### Cutting-edge technology.

BME is fully aware that its main task is to manage the Spanish financial systems and markets, and considers stable operation of its systems infrastructure to be a top priority. Consequently, maintenance of and ongoing improvements to the information systems structure are among BME's guiding principles. <

# 21

Relationships with  
society and the market

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RELATIONSHIPS WITH SOCIETY AND THE MARKET

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BME maintains a competent, relevant, impartial and reliable market, and carries out its business activities based on the trust placed in it by society. In order to maintain the public's confidence and respect, BME constantly strives to improve its relationships with the general public. In that regard, BME has defined the following channels for participating in, contributing to and implementing its commitment to society:

### Compliance with laws and regulations

BME strictly complies with legislation and regulations, and endeavours to abide by social ethics models and best practices in all its business activities.

### High-quality services

As the Spanish financial systems and markets manager, BME provides investors, listed

companies and market players with bespoke services, while complying with the highest quality standards.

### Solid relationships with political and governmental entities

BME's relationships with all political and governmental agencies are strictly formal.

### Confidence in commercial partners

BME aims to satisfy the members of its financial communities and to follow clear procedures in selecting partners and selling services and technology. Consequently, BME is watchful that its commercial partners and suppliers comply with applicable regulations.

### Ongoing contact with shareholders

BME maintains ongoing communication with shareholders and potential investors. As part of the services offered to shareholders,

BME responds to inquiries and requests for information and maintains fluid contact with investors and analysts through its Investor Relations Department.

### Environmental sustainability

BME works towards a community in which economic development and environmentally-friendly policies are both compatible and sustainable. Even though the Company's activities are not harmful to the environment, BME nevertheless monitors any environmental impacts it may have and minimises its ecological footprint by encouraging a more rational use of energy and resources, reducing waste and promoting recycling.

In addition to these direct efforts, BME operates with an awareness of the importance that environmental sustainability is acquiring in the financial world. <



# 3/

BME meets  
user needs

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BME MEETS USER NEEDS

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BME's experience in and knowledge of the markets it manages are undoubtedly key elements for the proper functioning of the Spanish financial system. BME is also well-positioned in terms of access to information, documentation and publications on both the Spanish financial system itself and on other financial markets with which it maintains constant and fluid relationships. BME is aware of the importance of all the information and knowledge it brings together, and makes these assets available to all interested parties, such as market members, employees and market users, through the Investor Ombudsman defending the interests of stock market investors, publications of market studies, and the library, where users can consult all documentation and information BME holds, among other services.

### 3.1 / Investor Ombudsman

Among the services offered by BME to its users, it is noteworthy for its importance the Investor Ombudsman. This service is directly available not only to all investors but also to non-investors who are interested in how the stock markets work.

The companies governing the stock markets have established Investor Ombudsman Offices in order to assist, defend and protect the interests of stock market investors. Although initially an Investor Ombudsman was designated for each Spanish stock exchange, the BME currently oversees this office at the Madrid, Barcelona and Valencia stock exchanges.

The Investor Ombudsman's duties are primarily two-fold: firstly, the Ombudsman provides investors with all the **market information** existing at the Spanish stock markets. This allows investors to weigh all key factors prior to taking any investment decisions.

Secondly, in order to protect the interests of and provide information to all market players, the Investor Ombudsman carries out the following duties:

- **Prevention and monitoring**, the Investor Ombudsman attempts to avoid claims and challenges against stock exchange operations by making use of all possible means available.
- **Mediation**, the Investor Ombudsman

encourages certain conditions and provides resources to clarify facts and doubts posed by investors, and aids reconciliation between parties in conflict.

- **Arbitration**, the Ombudsman acts as an arbitrator in contentious claims lodged by investors. In the event the parties do not reach an agreement, the Ombudsman issues a final report to resolve the claim.

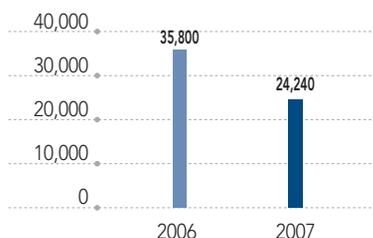
Although there has been a significant rise in stock market trades in recent years, mainly in 2007 and 2006, the number of claims and requests for intervention of the Investor Ombudsman has fallen progressively, as has the number of asset-related claims.

The drop in the number of claims filed reveals that since its creation, the prevention, mediation, arbitration and educational duties of the Investor Ombudsman Office have had a lasting impact on investors and market players. This is especially reflected in the fact that many claims are avoided by referring to the criteria used and precedents set by the Investor Ombudsman in previous cases and to the information shared by the Office on the market's operation, which allows for greater knowledge of the stock exchange system.

In recent years, the Investor Ombudsman has placed greater resources at the hands of investors for them to make inquiries and obtain information. Currently, in addition to traditional means of communication such as the telephone, post and personal

### > Inquiries and requests for information

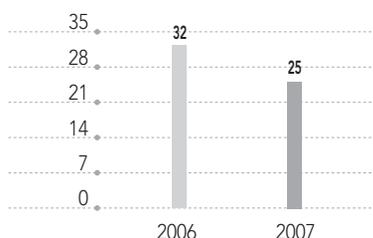
#### Madrid Stock Exchange



#### Barcelona Stock Exchange



#### Bilbao Stock Exchange



attention at the Investor Ombudsman Office, investors are now able to submit inquiries via e-mail. This has been well received by investors.

The activities carried out by each Investor Ombudsman to meet the needs of investors are briefly described below:

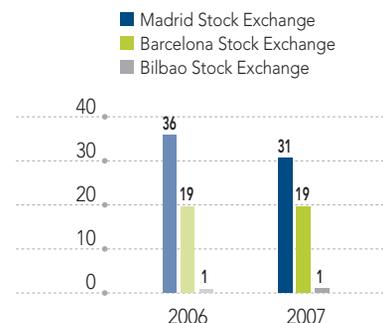
#### Madrid Stock Exchange Investor Ombudsman.

The Madrid Stock Exchange handles the largest number of stock market trades in the country. In 2007 and 2006, requests for information and claims and challenges filed before the Madrid Stock Exchange Investor Ombudsman were as follows. (table 1)

The volume of cases submitted to the Investor Ombudsman reflects the general uncertainties and difficulties which arose throughout 2007. Although the market performed well early in the year, the ensuing market trends reflected adverse situations such as the forecast slowdown of the economy and the uncertainty created by the subprime mortgage crisis, which led to high market volatility.

The Investor Ombudsman service has actually decreased the number of claims on operations carried out on the stock exchange because private investors using this servi-

### > Claims



ce (60% of all inquiries and requests for information submitted to the Madrid Stock Exchange) are able to obtain a better picture of how the market operates and the financial position of listed companies.

A further 20% of information requests were submitted by members of the stock exchange and financial entities who use this information channel as a simple and quick way of asking and resolving inquiries.

The number of claims filed with the Investor Ombudsman continued to decrease in 2007 (31 in 2007 compared to 36 in 2006).

As shown in table 2, the number of contentious inquiries dropped significantly, while the number of favourable final reports and claims outside the Investor Ombudsman's

## BOLSA DE MADRID

> Table 1

	2006	2007
Inquiries and requests for information	35,800	24,240
Claims and requests for intervention	36	31
* Outside the jurisdiction of the Investor Ombudsman	10	11
* Within the jurisdiction of the Investor Ombudsman	26	20
<b>TOTAL</b>	<b>35,836</b>	<b>24,271</b>

> Table 2

	2006		2007	
	Number	Percentage	Number	Percentage
Agreements	4	11%	5	16%
Contentious inquiries	18	50%	7	23%
Final reports/in favour	1	3%	3	10%
Final reports/against	-	-	1	3%
Claims abandoned	-	-	2	6%
Not within jurisdiction	10	28%	11	35%
Pending	3	8%	2	6%
<b>TOTAL</b>	<b>36</b>	<b>100%</b>	<b>31</b>	<b>100%</b>

## BOLSA DE BARCELONA

### > Total inquiries and claims filed with, and interventions by, the Investor Ombudsman

	2006	2007
Inquiries and requests for information	218	228
Claims and requests for intervention	19	19
* Outside the jurisdiction of the Investor Ombudsman	2	4
* Within the jurisdiction of the Investor Ombudsman	17	15
<b>TOTAL</b>	<b>237</b>	<b>247</b>

### > Intervention by the Investor Ombudsman

	2006	2007
Advice on claims against customer care departments	12	12
Inquires resolved and action taken by the Investor Ombudsman	6	7
Agreements reached through mediation by the Investor Ombudsman	1	(1)*
Claims abandoned following mediation by the Investor Ombudsman	(4)*	0
<b>TOTAL</b>	<b>19</b>	<b>19</b>

\* Agreements and claims abandoned were a result of advice rendered by the Investor Ombudsman, and are included under "Inquires resolved and action taken by the Investor Ombudsman."

jurisdiction rose. Contentious inquiries include all investor requests for clarification or explanations of certain actions carried out by brokers.

Thanks to mediation and reports published by the Investor Ombudsman, agreements have been reached in a growing number of cases. This is mainly because the Investor Ombudsman Office publishes the final reports issued and makes the precedents known for future cases. Furthermore, the Investor Ombudsman is often able to find common ground between parties and create appropriate conditions for resolving conflicts without advancing to the final stages of disputes.

Lastly, it is important to note the ratio of reports in favour to reports finding against petitions submitted by claimants. These reports are widely accepted by both the claimants and the entities against which the claims were directed.

### Barcelona Stock Exchange Investor Ombudsman

Both the number of requests for intervention and the total number of inquiries and information requests submitted to the Barcelona Stock Exchange Investor Ombudsman have remained stable in recent years.

The most relevant figures on the activities of the Investor Ombudsman Office in 2007 and 2006 are in the table above.

As shown in the above table, figures for 2007 were primarily in line with 2006, although there was a slight rise in the total number of inquiries submitted to the Investor Ombudsman, from 237 in 2006 to 247 in 2007 (up 4.22%).

These figures evidence the Investor Ombudsman's important role as an advisor for investors when they file claims before any customer service department, client ombudsman or financial services client protection committees.

Of the 19 cases in which the Investor Ombudsman acted, 12 involved studying investors' claims and advising on filing with other bodies or abandonment, while the seven remaining cases required responses to inquires and certain actions requested by investors in respect of stock exchange members, such as rectification of errors or remedying misinformation. As a result of these inquires, there was one amicable agreement between the parties, in favour of the investor.

### Valencia Stock Exchange Investor Ombudsman

The most relevant figures regarding the Investor Ombudsman's activities in 2007 are in the table next page.

The total number of inquires and information requests submitted by investors dropped from 32 in 2006 to 25 in 2007.

The Investor Ombudsman Office responded

## BOLSA DE VALENCIA

### > Total inquiries and claims filed with, and interventions by, the Investor Ombudsman

	2006	2007
Inquiries and requests for information	32	25
* Responded to	20	16
* Outside jurisdiction	7	2
* Sent back to previous stage	5	7
Claims	1	1
<b>TOTAL</b>	<b>33</b>	<b>26</b>

directly to 64% of total investor inquiries.

The majority of inquiries related to internet transactions.

Only one claim has been filed with the Valencia Investor Ombudsman in recent years. The practical absence of claims is mainly due to successful mediation with the entities against which claims were submitted, as most parties are willing to reach agreements with clients that benefit both investors and brokers.

The Valencia Stock Exchange Investor Ombudsman has continued to bring information to the general public during the year, including participation in workshops held at the Valencia Professional Lawyers' Association and the publication of articles.

### 3.2 / BME Client Ombudsman

In addition to the Investor Ombudsmen, in 2004 BME created the BME Client Ombudsman Service.

BME is aware that securities markets rely heavily on information and guaranteed legal security and therefore offers a Client Ombudsman Service to all members of the market and of BME's trading, registration, clearing and settlement services that opt to use this mechanism to protect the interest of their clients as an alternative to establishing their own internal customer care services.

BME's Client Ombudsman Service resolves claims and complaints submitted by clients against these participating entities and responds to the growing demand of investors for greater protection and transparency. Participating entities authorise the service to resolve investor inquiries and claims, promote compliance with transparency regulations

in the financial sector, and encourage protection of the investor community. Decisions issued by the Client Ombudsman are binding for the investment service entity in question.

With the creation of the Client Ombudsman Service, BME provides financial entities, investment services companies, collective investment institutions and insurance entities, among others, with the specialised client attention service for processing and resolving investors' complaints that these

**BME's Client Ombudsman Service resolves claims and complaints submitted by clients** against these participating entities and responds to the growing demand of investors for greater protection and transparency.



entities are required to create pursuant to Ministry of the Economy and Finance Order 734 of 11 March 2004 regarding customer service departments and the financial institution ombudsman.

This service has been welcomed by the market, as evidenced by the participation of 21 entities since the service was initially offered. This number has dropped slightly as some participating entities have been able to create their own internal customer service departments.

In 2007 and 2006, 15 and 14 entities participated in this service, respectively, as detailed below:

### 3.3 / Research service, libraries and documentation centre

BME offers a number of information and consultation services on economic-financial matters and other areas to anyone interested in financial markets and systems. These services are mainly rendered through the BME research services, libraries and documentation centre and aim to distribute information on financial markets by responding reliably and in detail to the inquiries received.

#### Research service

BME's research service is yet another of the Company's channels for delivering information to anyone interested in Spanish financial markets and systems.

One of the main activities of BME's research service is the publication of the magazine "Bolsa", a tool for communicating content and notes of interest to the financial community, especially geared to issues that further knowledge and use of BME products and services.

Together with the Investor Ombudsman, the research service also offers an external attention service providing individualised and

#### > Participating entities

	31/12/2006	31/12/2007
Brokers	5	5
Securities companies	6	6
Credit entities	1	1
Collective investment institutions managers	3	2
<b>TOTAL</b>	<b>15</b>	<b>14</b>



**BME offers a number of information and consultation services** on economic financial matters and other areas to anyone interested in financial markets and systems.

detailed responses to inquiries submitted by persons interested in financial market issues and BME's role in these markets. Within these inquiries it is important to mention those claims submitted by individual investors regarding macro and microeconomic factors affecting the economy of Spanish households, and those submitted by special interest groups (press, universities, institutional investors, etc.).

In order to provide a rapid and well-founded response to these inquiries, the BME research service carries out ongoing research and analysis of the market situation by participating in the preparation of reports, presentations, documents, new projects and specialised information on securities markets generated periodically by different BME departments or as a response to specific needs and demands.

Likewise, in order to provide a reliable and up-to-date picture of the activities carried out in Spanish stock exchanges, BME compiles securities market statistics for publication and/or posting on the BME website

(www.bolsasymercados.es) and submits official statistics to international stock exchange federations and specialised publications.

The BME research service also publishes books on financial and securities markets, collaborates in and sponsors awards for research into markets and the management of financial instruments, and holds training sessions for the financial community.

The Barcelona Stock Exchange also has a research service, which provides foreign investors with thorough information on the characteristics of the Spanish securities market and the legislation and regulations applicable to foreign investment. The service also places these investors in contact with members of the Barcelona Stock Exchange in order to channel and process their orders.

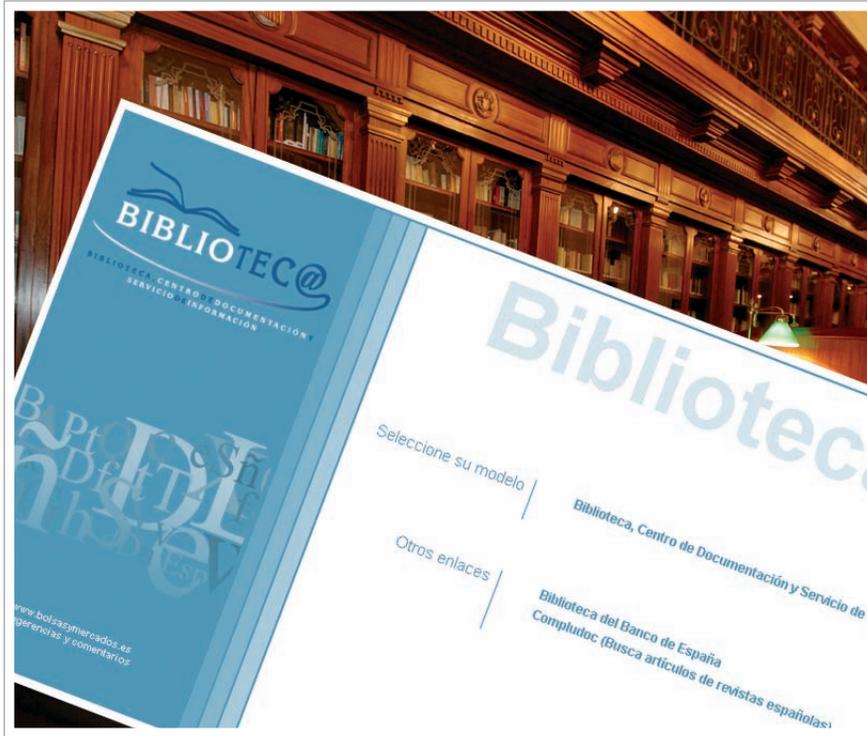
The Barcelona Stock Exchange publishes economic studies in its magazine "Estudios sobre el Mercado de Valores" (Securities Market Studies) (see chapter 10) as well as other monthly and quarterly economic and financial information and consultation publications.

### Library and documentation centre

Certain BME offices have libraries and documentation centres open to the general public and BME employees. These libraries are an essential part of the Company's cultural, educational and information infrastructure and aim to provide users with easy access to all BME information.

In addition, through the Madrid and Barcelona Stock Exchange libraries, BME provides personalised attention and assistance to all possible users of its documentary resources, thereby stimulating interest and ensuring free access to information to anyone interested in the securities markets. Secondary school and university students often use these libraries as an aid in their studies and research, as do participants in the courses organised by Instituto BME. The library also renders its user services via e-mail, answering inquiries on the documentary resources available at the library and distributing summaries of specialised magazines upon request. Lastly, the library provides all BME employees with the services descri-





bed in chapter 8 of this report.

The Madrid Stock Exchange library not only has well-stocked editorial resources but also offers a wide range of specialised magazines and other publications, as well as access to multiple web-based information services.

This library was created by the Exchange and Stock Exchange Agents Union a quarter of a century ago to organise all the informational materials accumulated up to that point.

In 1994 the library was absorbed by the Madrid Stock Exchange research service,

now the BME research service, and has become a specialised and up-to-date information management centre in stock market and financial matters. In 2001 the library became the Documentation Centre and Information Service.

Although the Madrid Stock Exchange library and documentation centre mainly holds editorial resources on economic and financial matters, it also has publications in such diverse disciplines as sociology, law, politics, history, literature and philosophy. The Madrid Stock Exchange database

currently comprises 15,000 entries, of which 10,000 are monographs, including reference works, prospectuses, working papers, magazine articles and around 500 periodicals.

The Barcelona Stock Exchange, aware that books are one of the main instruments for spreading knowledge, houses over 4,000 volumes, including all Barcelona Stock Exchange specialised publications.

The Barcelona Stock Exchange's library service is open to all investors and the general public, free of charge. <



# Commitment to promoting financial culture

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COMMITMENT TO PROMOTING FINANCIAL CULTURE

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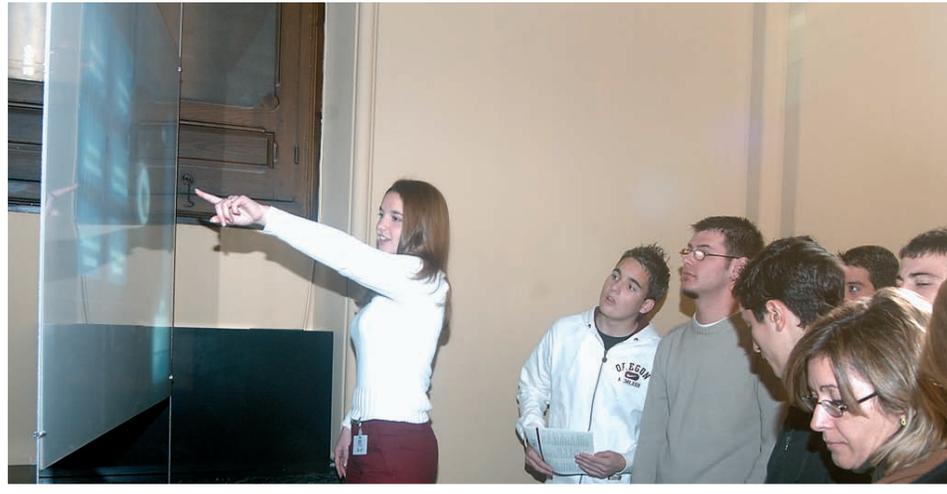
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As the company governing the Spanish financial systems and markets, BME is deeply committed to promoting financial culture nationwide.

This is aimed at all individuals interested in learning about or furthering their knowledge of the finance world, including financial sector professionals and employees of regulating bodies as well as private investors and students. BME's commitment is evidenced in a number of activities, such as guided visits of the Spanish stock exchanges enlightening visitors as to how markets work and the opportunities markets provide them; a wide range of courses and seminars; information provided by the stock exchange Investor Ombudsmen; and the access to the library and documentation services referred to in chapter 3.

#### 4.1 / Guided visits of the Spanish stock exchanges

Companies, investors, media professionals and brokers are often extremely interested in and curious about the buildings housing the Madrid, Barcelona, Bilbao and Valencia stock exchanges, as they hold the securities markets trading floors, among other elements. As a response to this interest, BME and the stock exchange governing companies organise guided visits of the most representative buildings.

The main purpose of these visits is to promote financial culture and BME's activity as the Spanish financial systems and markets operator, as well as the cultural value of those buildings with great historical and

artistic value, such as the Madrid Stock Exchange Palacio de la Bolsa building (see chapter 10).

In that regard, the **Madrid Stock Exchange** has organised the "*BME, Bolsas y Mercados Españoles*" permanent exhibit to explain how the stock exchanges and Spanish financial systems and markets work and to make BME's role as the securities market operator known, as well as the related activities it carries out.

The exhibit teaches visitors about securities market and is held in one of the most important spaces within the Palacio de la Bolsa: the trading floor, the "hall of silent footsteps" and the listing hall. The tour is enhanced by audio-visual elements and interactive games to help visitors learn how to invest responsibly and become familiar with the opportunities mar-

As the company governing the Spanish financial systems and markets, BME is **deeply committed to promoting financial culture nationwide.**

kets offer. Information can be adapted to the specific needs and characteristics of visitors. All visits are guided by BME personnel, who are willing and able to answer questions on how the financial markets operate. Tours are therefore participatory and dynamic.

The **Barcelona Stock Exchange** also offers guided tours of its main building, in which the electronic trading floor is located. Tours are mainly geared towards students from universities, technical schools and secondary schools, and are guided by Barcelona Stock Exchange staff. Guides explain how securities markets are organised and operate while showing visitors the electronic trading floor, among other areas. Many financial learning

centres value this service highly and have included the tour as a regular part of their educational programmes.

Guided visits of the **Bilbao Stock Exchange** building, which dates from the early 20th Century are also available. These visits, geared towards university and secondary students, offer a dynamic and participative global view of the current operations of the Spanish stock exchange, an introduction to the Spanish electronic trading platform (SIBE) through monitoring of the real-time trading screens, a basic idea of stock market indices and the history of the Bilbao Stock Exchange. Visitor satisfaction with these tours is very high, as participants are able to learn

more about the stock exchange world through practical examples.

The **Valencia Stock Exchange** also offers guided tours of its building, a Gothic-era home built in 1384 and housing, among other areas, the trading room. Visits afford groups from different institutions such as schools, institute and universities a general explanation, in simple and understandable language and based on their learning level, of what the stock market is and how it works. In addition, visitors learn to interpret the monitors and ticker tapes in the trading room and are given support documentation including a folder prepared by the Valencia Stock Exchange titled "What is the stock market?"





## 4.2 / Participation in financial education and guidance associations

As part of its commitment to promoting financial culture, BME collaborates with a large number of non-profit associations aiming to develop different areas of knowledge closely related with the financial world.

Among others, BME has partnerships with the following associations:

The Asociación para el Progreso de la Dirección (Association for Progress in Management, APD) which educates, informs, guides and provides networking opportunities at management level. The overall objective of this association is to stimulate an exchange of ideas, knowledge and experience among business managers in Spain.

The APD was created in 1956 and in 1981

was declared an association for the public interest. It is currently one of the most prestigious educational, information and networking centres in the country.

The Asociación Española de Contabilidad y Administración de Empresas (Spanish Accounting and Business Administration Association, AECA), the only Spanish professional association to issue generally accepted accounting principles and standards and interpretations and studies on best practices in business management. The AECA aims to continually improve the competitiveness of business professionals, considering that this is the key to growing organisations and helping society advance.

The Instituto de Auditores Internos (Institute of Internal Auditors, IAI), a cultural association whose specific objectives include ongoing training of its own members through information, communication, and sharing of professional experiences in internal audit.

The IAI offers personalised and thorough attention to its members to guide, advise and educate in all areas of the internal audit profession. The Institute's activities include ongoing education through courses, publications, regular meetings, translations, etc. The Asociación de Periodistas de Información Económica (Association of Economic Journalists, APIE) is a non-profit professional association supporting the interests of its members, namely journalists operating in the field of economic information.

Internationally, BME sponsors activities in the Centre for European Policy Studies (CEPS). Founded in Brussels in 1983, the Centre is among the most experienced and authoritative think tanks operating in the European Union today. CEPS serves as a leading forum for debate on EU affairs, but its most distinguishing feature lies in its strong in-house research capacity on European Union issues.

## 4.3 / Educational services provided by BME

One of the main ways BME fosters financial culture is by offering educational opportunities to anyone interested in financial markets.

BME considers that education and promotion of financial culture is one of the most important functions of financial market managers and therefore carries out a wide range of activities in this regard through BME Group companies and especially Instituto BME, the Group's training centre.

### 4.3.1 / INSTITUTO BME

Instituto BME, BME's training centre, was incorporated in 2005 to help promote BME's financial culture, which since 1990 had been carried out by Instituto MEFF, an educational centre for the Spanish futures and options markets. The creation of Instituto BME clearly reflects the integration of the various securities markets and clearing and settlement systems existing in Spain, this time in the educational area.

Instituto BME's main activity is the organisation of different educational services related to financial markets in general. In particular, the institute places special emphasis on those aspects directly related with products of BME's different markets and trading platforms (equities, fixed income and derivatives) and the clearing and settlement systems, as well as the new developments in the financial world resulting from both globalisation and the continued growth in the sector.

In order to bolster knowledge of financial markets and BME products, Instituto BME relies on a highly practical methodology making full use of cutting-edge technology. The institute also has first-rate human resources, such as its in-house teaching staff, BME professionals providing front-line experience in managing different markets, regular expert collaborators in other areas of the financial sector, and professors from various universities.

Instituto BME's commitment to promoting financial culture is not limited merely to teaching about financial markets, but goes



one step further to encompass a quality commitment to its clients: in 1998 the institute obtained the registered firm certificate, renewed each year in accordance with the UNE-EN ISO 9001:2000 quality standard.

### Instituto BME educational programmes

The vast experience of Instituto BME professionals has allowed the institute to develop highly varied programmes on financial markets and products meeting the needs of a wide range of participants with different requirements and levels of prior knowledge.

Instituto BME offers two types of classroom education:

- Tailored programmes.
- Preparatory courses for various accreditations and official licenses.

All educational programmes designed by Instituto BME cover the different financial markets and products, as well as other related aspects.

Instituto BME is able to offer its students high-quality, cutting edge education, as the most modern and up-to-the-minute metho-

dologies and contents are used in the different programmes. Furthermore, these programmes are taught by a select group of Instituto BME professors, BME and financial sector professionals, and university professors and department heads.

In 2007, over 5,540 students participated in the 156 classroom programmes offered by Instituto BME, ranging from 1.5 to 300 lecture hours.

### Tailored programmes

In addition to the classroom programmes, Instituto BME offers educational consultation services for those clients requiring a specialised service adapted to their particular needs.

Instituto BME's tailored programming offers the experience and knowledge of all BME professionals, together with the most advanced specialised software, to meet the educational needs of companies, public bodies, business schools, universities and investment clubs.

In order to fulfil its objectives and guarantee client satisfaction in the tailored programmes, Instituto BME carries out an in-depth study of the specific needs of each client and, applying its many years of expe-



The institute uses a highly practical methodology based on advanced IT programmes and also has first rate human resources, such as its in house teaching staff, BME professionals and regular expert collaborators in other areas of the financial sector, and professors from various universities.

rience in the field, designs the course content. These programmes are backed by UNE-EN-ISO 9001:2000 quality standards. Instituto BME's tailored educational programming comprises the following stages:

- Preparation of the programme proposal.
- Implementation of the programme.
- Ongoing evaluation.
- Client satisfaction analysis.

In 2007 Instituto BME prepared an educational plan for the Colombia stock exchange, thereby extending

collaboration between Spanish and Latin American capital markets to the area of training. This project relates to the creation in Colombia of a futures and options market and central clearing house. In view of the educational needs arising from the implementation and start-up of such a market, the Colombian stock exchange requested that BME prepare an ambitious training plan. The first stage of this plan was carried out between 21 August and 28 September 2007 through various intensive courses held in Medellín and Bogotá. This educational programme was aimed at a wide range of professionals within the Colombian financial system, such as capital market front, middle and back-office professionals, Colombia stock

exchange professionals, and members of the governing entities and control bodies. Another milestone in Instituto BME's work during the year was the agreement reached with the social security general treasury to develop and carry out an ambitious training programme from June to December 2007. The programme aims to help social security reserve fund managers gain more in-depth and updated knowledge of financial markets, in view of the current suggestion to extend investments in this reserve fund to private fixed income and equities. The educational programme includes a shorter course for reviewers, auditors and accountants with the social security general accounts department, as these professionals also work closely with the reserve fund.

> Instituto BME's tailored programming



## Preparatory courses for various accreditations and official licenses

Instituto BME offers different programmes to help prepare participants for accreditation and official license exams. The institute is also the body empowered to issue MEFF operator licences.

- **Masters in Financial Markets and Alternative Investments (mFIA)**

This masters course was first offered in 2007 and is sponsored by leading Spanish and international financial entities. The course aims to provide the market with highly-trained, qualified investment management professionals with in-depth knowledge of the different types of markets and products.

Enrolment for the first edition of the masters course, which was completed in February 2008, stood at 22 students.

- **Expert in Hedged Equities Portfolio Management preparatory programme and certification, accredited by BME.**

The objective of this programme, which celebrated its fifth year in 2007, is to provide a wide-ranging and in-depth knowledge of securities, cash and derivative assets. As part of this programme, various IT tools are used in a number of theoretical-practical sessions.

In 2007, 17 students participated in this programme, which was completed in January 2008.

- **Preparatory programme for MEFF operator licence official exams**, which are required for market operators and clearing and settlement personnel

This license attests that the holder has sufficient knowledge of both market operations and the financial products traded on the market. There are three different types of licences based on the services the individual will render.

In 2007, 84 of the 110 students participating in the preparatory course obtained the MEFF operator licence.

- **Preparatory programme for back office management expert certification.**

This programme was designed by Instituto BME and the Fundación de Estudios Financieros (Foundation for Financial Studies, FEF), a well-known centre in the financial world, with the collaboration of the Instituto Español de Analistas Financieros (Spanish Institute of Financial Analysts, IEAF). This practical course provides participants with thorough, solid and practical knowledge of settlement, clearing and registration of securities both in Spain and internationally.

A total of 17 students are enrolled in the fourth edition of this programme, which will run from October 2007 to May 2008.

- **The Executive Masters in Financial Risk Management** aims to provide the necessary preparation to successfully pass the Financial Risk Manager exam offered by the Global Association of Risk Professionals (GARP) and the Professional Risk Management exam offered by the Professional Risk Managers' International Association (PRMIA).

- In the last Financial Risk Management exam held in November 2007, all the students that completed BME's Executive

Masters in Financial Risk Management and sat the international test passed with at least 15 points above the worldwide average.

## Other Instituto BME courses

Through Instituto BME, BME has shown its awareness of the importance of the imminent implementation of the Markets in Financial Instruments Directive (MiFID) and the greater complexity this directive will create in the legal framework of Spanish security markets. Consequently, in order to prepare industry professionals for the new compliance and supervision regulations, Instituto BME and NASD, together with the University of Reading, designed a practical three-day course on compliance with the new directive. This course was offered to financial institutions and organisations forming part of the Spanish securities market and aimed to offer participants a global overview of the MiFID requirements applicable to companies operating in the Spanish securities market, as well as the necessary knowledge so that compliance and supervision professionals are able to effectively meet the new challenges posed by constantly evolving market regulation.

The course was successfully held on 2, 3 and 4 July 2007 at the Madrid stock exchange Palacio de la Bolsa.



### Instituto BME's promotion of financial culture outside the financial sector

Through Instituto BME, BME promotes financial culture beyond sector professionals by collaborating in educational projects for various community groups.

BME has always considered that, in addition to professionals working directly in the finance sector, other groups should understand how financial markets and products work in order to best carry out their professional activities. In response to this need, the different BME Group companies have long carried out such activities, which are now centralised in Instituto BME.

For example, in 2007 Instituto BME organised various seminars for the Spanish national police force and the members of the Judiciary General Council. These courses were free of charge and included the active participation of BME employees and professionals from other organisations, such as the Spanish National Securities Market Commission (CNMV).

- **Seminars for members of the Judiciary General Council:** Given that certain judges and prosecutors should be able to truly understand and issue decisions on monetary crimes, from 28 May to 1 June 2007 members of the Judiciary General Council were offered a seminar at the Madrid Stock Exchange building to expand their knowledge of the characteristics of securities markets and trends. As part of this seminar, several BME professionals gave detailed explanations of the different business areas of the BME Group. Special focus was placed on stock market legal issues through the collaboration of attorneys from the Madrid Stock Exchange legal service.

- **Seminars for the Spanish national police force:** It is also important for the national police force to understand the workings of financial markets and financial products, as specialised agents with in-depth financial knowledge would be more able to investigate and prosecute increasingly sophisticated monetary crimes.

In this regard, different BME Group companies have collaborated in executive level educational activities with the Economic and Financial Crimes Unit for over a decade.

In addition, on 23, 24 and 25 January 2007 Instituto BME held the second Seminar on

Markets, Clearing and Settlement Systems and Supervision for the national police force.

Subsequently, on 12 and 13 June 2007 the Seminar on Futures and Options was held in order to explain how derivative markets and products work.

- **Informative press session on Iberclear:** On 23 October 2007 Instituto BME provided an educational session to a group of journalists from the main economic press in Spain (newspapers, agencies, television, etc.). The session aimed to emphasise how it is becoming increasingly more important for financial markets to have efficient and capable registration, clearing and settlement systems, as provided by Iberclear under the BME umbrella.

- **Seminar on financial mathematics:** Since 1997, Instituto BME has offered a seminar on financial mathematics to address the issues of greatest interest to financial markets quantitative specialists.

- **Course on futures and options, in collaboration with the Sarriko Stock Market Club:** On 7, 8 and 9 March 2007 Instituto BME participated in the course on futures and options organised in conjunction with the Sarriko Stock Market Club in the main lecture hall of the Economics and Business School of the Universidad del País Vasco in Bilbao.



### **Instituto BME and NASD, together with the University of Reading, designed a practical course on compliance with the new directive.**

This course was offered to financial institutions and organisations forming part of the Spanish securities market and aimed to offer participants a global overview of the MiFID requirements.

### Instituto BME's commitment to quality: ISO 9001:2000 certification.

Instituto BME has held the AENOR Firm Registration quality certificate since 1998. This certificate is renewed annually in accordance with UNE-EN ISO 9001:2000.

The ISO 9000-compliant certification is a means of formalising collaboration and reinforcing confidence in commercial relationships, as it demonstrates that Instituto BME is fully committed to meeting client needs, fulfilling their expectations and obtaining maximum client satisfaction.

As part of BME's quality system, understood to be the mechanisms established by management to set directives and reach quality targets, the following procedures are especially relevant:

- **Procedure for evaluating and following up on educational services.** This procedure allows the BME to verify client

satisfaction (both students and the entities requesting customised educational programmes)

Upon completion of educational services or on a regular basis during long-term courses (every 40 lecture hours or each month) students are given an evaluation survey designed for the specific course in question. These surveys allow students to evaluate the course content, speakers, resources, organisation and degree of compliance with expectations, and make any suggestions they deem appropriate. The results are used for a statistical analysis applied by Instituto BME in its decision making processes.

- **Inspection and testing procedure,** to verify specific requirements of the service rendered by Instituto BME  
Instituto BME verifies compliance with educational service standards through post-course evaluation of its classroom

and web-based services. Consequently, in those cases where any of the variables analysed (classroom, speakers, other training providers or other factors) are rated below three out of five or the average of the group for any variable is under 2.85, the cause of this real or potential deficiency is studied. Where viable, a temporary solution is applied to the problem and a report is prepared to propose corrective or preventative measures to avoid recurrence. Company management decides whether to implement the proposal and subsequently follows up on the matter.

- **Internal quality audits**

Instituto BME has designated a qualified, experienced and independent auditor to perform the mandatory periodic internal quality audit. The internal audit aims to verify, through sampling, that services rendered by Instituto BME comply with quality standards.

**Instituto BME has held the AENOR Firm Registration quality certificate since 1998.** This certificate is renewed annually in accordance with UNE-EN ISO 9001:2000.



#### 4.3.2 /

### EDUCATIONAL ACTIVITIES OFFERED BY THE STOCK EXCHANGE GOVERNING COMPANIES

The presence of the four stock exchange governing companies in four different Spanish cities makes it possible to directly meet the demand for educational programmes, mainly in respect of secondary securities markets.

The educational activities carried out by each stock exchange governing company are briefly described below.

#### Educational activities by the Madrid Stock Exchange

The Madrid Stock Exchange offers various courses in conjunction with private companies and universities:

- **Online stock exchange course, in collaboration with Software Financiero Bolsa, S.A.:** This introductory course is aimed at individuals who have no specific training yet wish to gain knowledge of stock markets from actual sector professionals. As part of this course, students have access to real time market quotations.

This course is exclusively web-based, which affords greater flexibility, interactivity and convenience for participants.

- **AUNE Madrid stock market and other financial markets course,** with the collaboration of the Madrid Stock Exchange: This introductory course to the stock market and stock trading analyses new financial instruments, such as exchange traded funds and warrants, as well as risk management and outlooks for the Spanish market.

#### Educational activities by the Barcelona Stock Exchange

The Barcelona Stock Exchange has various agreements with Catalan universities for Master degrees in securities markets, such as the web-based Masters in Financial Markets and Instruments offered in collaboration with Universitat Oberta de Catalunya (UOC) and the Masters in Financial Instruments Mathematics taught in conjunction with the Universidad Autónoma de Barcelona (UAB).

- **Master Degree in Financial Markets and Instruments:** Participants in this programme learn the necessary strategies to:

- Gain fundamental mathematical and economic instrumental knowledge to understand the workings of financial markets.
- Understand the workings of financial markets and products.
- Interpret the mechanisms that affect markets.
- Study management of business resources based on risk appetite.
- Create and manage a securities portfolio using knowledge of different selection models and hedge analysis systems.
- Understand the different interest rate risks and various financial tools.
- Understand the workings of the capital, derivative and currency markets.
- **Master Degrees in Financial Instruments Mathematics:** The objective of this course is to train specialists to work in research, development and innovation in the field of finance, to develop and teach the latest techniques for the valuation of derivatives, calculation of hedging strategies and evaluation and control of risks. After the academic period, participants in the masters programme are assigned work placements at different entities, including the Barcelona Stock Exchange.



In addition to these agreements with universities, the Barcelona Stock Exchange offers training courses for its members, such as programmes for certificated trading floor and electronic trading platform operators, geared towards employees of new stock exchange member entities.

### Educational activities by the Bilbao Stock Exchange

The Bilbao Stock Exchange actively collaborates with two entities, the Fundación de Estudios Financieros (Foundation for Financial Studies) and the Basque Country Professional Association of Economists in its educational programmes and promotion of financial culture.

Collaboration with the Fundación de Estudios Financieros allows the Bilbao Stock Exchange to offer two alternative internationally-recognised educational programmes:

- **Advanced Asset Management (6th edition in 2007 - 2008):** The quality of this programme has led many of the members of the Bilbao stock exchange governing company to include this course as a fundamental part of their internal training programmes. The course prepares students to successfully obtain the European Financial Advisor (EFA) certificate granted by the European Financial Planning Association (EFPA), a European-wide accreditation for financial advisors and asset managers.

- **Certified International Investment Analyst (CIIA):** This internationally-recognised certificate for capital market professionals provides students with an international "passport", as it is accepted by the main financial institutions worldwide.

The Bilbao Stock Exchange and the Basque Country Professional Association of Economists also organise courses on foundations of financial markets, in order to bring financial markets within the reach of the general public. These courses deliver a quick overview of the main areas of the stock exchange system.

In addition to this joint course, both entities mutually collaborate in the educational activities they organise, such as courses, seminars, and lectures.

Together with this basic yearly offer, the Bilbao Stock Exchange governing company organises courses and seminars at the request of members, in order to meet all their expectations and needs.

In that regard, each time a new member joins the stock exchange or new personnel is incorporated in these entities, the Bilbao Stock Exchange holds a preparatory course for the electronic trading platform (SIBE) authorised operator certificate, which is required for personnel of market members wishing to use the platform.

Courses and seminars are also organised when new developments occur in the securities markets that could be of interest to market members or individual investors.

### Educational activities by the Valencia Stock Exchange

In 2002, based on their excellent relationship, the Valencia Stock Exchange and the Universidad de Valencia decided to strengthen their existing collaboration by signing a cooperation agreement for the organisation of a number of joint activities and projects in order to promote and enrich the stock exchange and financial culture in the Valencia region.

These collaboration projects include the professional university specialisation diploma in Spanish stock exchanges and financial markets. This module is aimed at students in the last years of business administration and economics degrees and covers multiple aspects of the stock exchanges and securities markets, their characteristics, operations, participating agents, etc.

Valencia Stock Exchange personnel, prestigious professionals from the finance sector and Universidad de Valencia professors teach this course, which is fully subsidised by the Valencia Stock Exchange.

The Valencia Stock Exchange also collaborates with the Universidad de Valencia in a number of activities to support other areas of financial culture, such as the Regional Economic Olympics and the "La Nau Gran" university programme (see section 10 on BME's commitment to culture).

In addition to its collaboration with the Universidad de Valencia, the Valencia Stock Exchange works regularly with the Fundación de Estudios Bursátiles y Financieros

By being present in different Spanish cities, the four Spanish stock exchanges can **directly meet existing information demands**, which mainly focus on their activity as secondary stock markets.

(Foundation for Stock Exchange and Financial Studies).

One of the most noteworthy projects in that regard is the participation of Valencia Stock Exchange personnel as professors in the Stock Exchange Financial Masters programme organised by this foundation in a practical class on the Spanish electronic trading platform.

The Valencia Stock Exchange has also signed collaboration agreements with the Fundación Universidad Empresa de Valencia (Valencia University Corporate Foundation, ADEIT) to sponsor the diploma in stock exchanges and financial markets offered by the Foundation and organised by the Universidad de Valencia. Lastly, the Valencia Stock Exchange supports the Fundación Vives in its Economic and Financial forum.

#### 4.3.3 /

#### OTHER EDUCATIONAL ACTIVITIES

In view of the specialised activities carried out by certain BME Group companies and the services rendered to market participants, some of these companies provide individual educational activities directly related with their market speciality.

One such example is the series of courses on business continuity provided by BME Innova in October 2007. This course was offered on the occasion of the launch of the BME Alternativ service (see chapter 6), which provides market members with the continuity and contingency service required by the Markets in Financial Instruments Directive.

These courses taught financial sector professionals how to design and implement business continuity plans. <

# 5/

Commitment to  
other markets.  
BME's international focus

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COMMITMENT TO OTHER MARKETS,  
BME'S INTERNATIONAL FOCUS

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**BME's international products, services and technology strategy** aims not only to further its business but also to propel growth development and the modernisation of the financial markets of other countries.

As has been the case since its incorporation, throughout 2007 BME's products, services and technology have been developed under an internationally-focused strategy. This international strategy aims not only to further BME's business but also to propel growth, development and modernisation of the financial markets of other countries, thereby contributing to their economic expansion. BME is currently present in 23 international markets through technology and strategic consulting projects. This activity is mainly carried out in emerging economies, especially in Latin America.

### 5.1 / Commitment to emerging markets and developing countries

BME's technology and consulting projects in developing countries are mainly carried out through BME Consulting, the Group's technology systems and consulting company, although other Group companies contribute their efforts, knowledge and experience to improving and developing these financial markets. Among developing markets and countries, Latin America has been and continues to be a priority for BME. In that regard, BME will continue to further its activities in all business areas in the region, which already encompass a number of countries and initiatives.

#### Technology

Through BME Consulting, BME contributes to the modernisation of Latin American

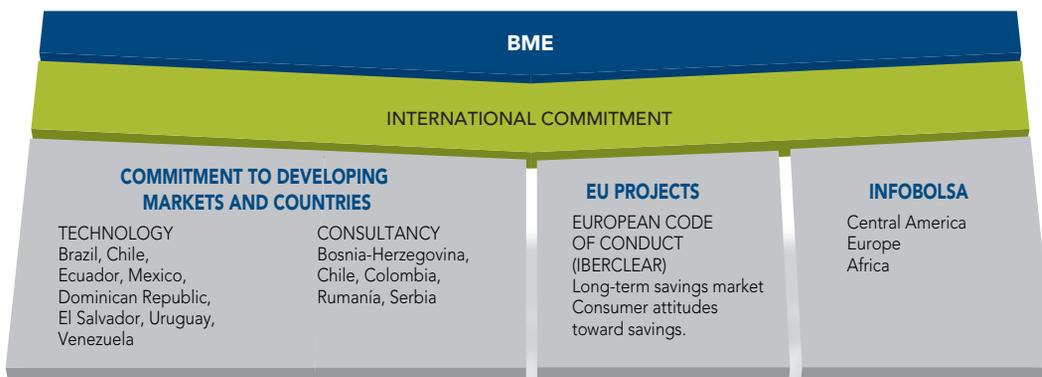
securities markets by providing support for the Spanish electronic trading platform (SIBE), which has been implemented in a number of countries.

On 8 October 2007 the SIBE platform was introduced in the Dominican Republic Stock Exchange, bringing the number of Latin American markets using this platform to five:

- Venezuela: equities and private fixed income markets.
- El Salvador: equities and private fixed income markets.
- Uruguay: private fixed income markets
- Ecuador: equities and private fixed income markets.
- Dominican Republic: fixed income markets.

BME Consulting constantly updates and adapts these systems to local conditions and needs.

As part of its efforts to strengthen the region's markets, a term market was created for the Caracas Stock Exchange, as well as a pri-





mary electronic market for the Dominican Republic Stock Exchange and static-price volatility auction mechanisms for the Montevideo Stock Exchange.

As an essential part of the implementation of these technological systems and in order to ensure that these markets are operated correctly by qualified personnel, BME Consulting provides training courses on new applications and adaptations.

BME's activities in Latin America also include the export of other market support systems. In recent years the derivatives trading, registration, clearing and settlement systems (MEFF SMART) were implemented in Mexico, while the Visual Trader automatic order system was established in Chile and the Infobolsa financial information system

was set up in Chile, Brazil and Mexico.

#### Consulting

BME's strategic consulting experts have completed a number of projects in Latin American and Eastern European securities markets.

In this regard, in Colombia BME Consulting has carried out two projects for the Colombian Stock Exchange and the Securities Authorities. The first project involved an assessment of corporate governance practices in Colombia and the drafting of a Colombian Good Governance Code. The second project identified weaknesses in Colombian securities market practices and made recommendations for improvements to bring these practices into line with internatio-

nal standards. Both studies were financed by the Inter-American Development Bank aimed at ensuring greater protection for retail investors and attracting more international capital to lower the cost of financing of new projects in all economic sectors of the country. In Chile, BME Consulting was selected in 2007 by the Inter-American Development Bank to perform a viability study for the creation and development of a central clearing house for the Chilean commodities exchange (BPC) that would guarantee recourse on trades and minimise operating, credit and settlement risks. The overall objective of this project was to improve financing conditions and risk management for Chilean agricultural and livestock producers.

Also in Chile and in partnership with



BME has also created **Latibex, the only international market exclusively for Latin American securities.** This market is the ideal arena for efficiently channeling European investments to that continent.

Accenture, BME Consulting performed a diagnostic analysis of the Central Securities Depository (DCV) in order to evaluate opportunities for improvement of current IT tools. In Bosnia and Herzegovina, BME Consulting provided technical assistance to the Financial Intelligence Unit, the agency entrusted with money laundering and terrorism financing prevention in that country. BME Consulting performed a diagnostic analysis, reviewed the unit's operations, prepared recommendations in line with best international practices and drafted a procedures manual. As a result of this work, the FIU was able to join the Egmont Group, evidencing Bosnia and Herzegovina's quality standards in this area, facilitating the entrance of new foreign investment, and improving the crime-fighting mechanisms available to Bosnian authorities.

In Romania, BME Consulting and four other international companies carried out a project financed by the World Bank to assist the Romanian National Securities Market Commission in the creation of a bonds market and the regulation, supervision and establishment of organisational requirements for rating credit companies. The project elevated the access of companies and city councils to capital markets and lowered the financing costs of modernisation projects undertaken by municipal corporations.

In Serbia, the Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas (International Foundation of Public Administration and Policies for Latin America, FIIAPP) entrusted BME Consulting with the overhaul of credit facilities financing and general financing conditions for small and medium-sized enterprises by the Serbian National Bank.

## 5.2 / Other international projects and activities

In addition to its work in emerging economies, BME carries out activities in developed nations as well. In 2007 BME Consulting prepared reports for the European Commission on the current situation of long-term savings products markets in the EU and European consumers' attitudes towards savings.

### Latibex market

BME has also created Latibex, the only international market exclusively for Latin American securities. This market is the ideal arena for efficiently channelling European investments to that continent, as it allows European investors to buy and sell the main Latin American stocks in a single market, with a single clearing and settlement system, recognised transparency and security standards and in one sole currency, the euro.

Since its creation in December 1999, the Latibex market has grown considerably, to become the third-ranking Latin American market in terms of capitalisation and one of the indicators of BME's international reach. In view of the importance of the Latibex market and the need to promote the development and prospects in Latin American companies among investors, BME organises the annual Latibex Forum (see chapter 11 for further information on the 2007 Forum).

Among European efforts to integrate financial systems and markets, BME, through Iberclear, has participated actively in meetings and contacts for preparing the **European Code of Conduct**, which establishes self regulation standards for the post trading sector.

### European Code of Conduct

Among European efforts to integrate financial systems and markets, BME, through Iberclear, has participated actively in meetings and contacts for preparing the European Code of Conduct, which establishes self-regulation standards for the post-trading sector. This initiative aims to make cross-border settlements as cost-efficient as national settlements. BME's participation in this challenge has been significant on the European stage.

In view of the importance of the Code, especially for Iberclear, in the early stages of this new regulation BME created an interdisciplinary work group with personnel from the Group's international divisions. The creation of this work group, the relationships between its members and the demonstrated efficiency of its efforts further evidence the operating synergies arising on integration of the various market components under the BME umbrella. The Code establishes four basic principles: price transparency to enable European market customers to best choose their service provider; access and interoperability between infrastructures; unbundling of services to allow customers to select between trading, clearing and settlement options on an individual basis; and, lastly, accounting separation of these services, as well as of the basic value-added services offered by central securities depositories.

Although the Code is currently applicable to equities markets only, efforts will be

made to extend it to fixed income and derivatives markets as well.

### Latin American futures and options markets

Through MEFF, BME also participates in Latin American futures and options markets, particularly in Mexico and Colombia.

In the Mexican market, the 2003 agreement between MEFF and MexDer, the Mexican futures and options market, set a sturdy foundation for collaboration between the countries, as the use of the MEFF system has

been recently extended to bonds futures trading and Mexican stock trading.

This agreement was BME's first step in collaborating in Latin American derivatives markets.

Likewise, in 2007 MEFF, the Colombian stock exchange governing company, Deceval, S.A. (the Colombian centralised securities depository) and various financial entities created a central clearing house for the Colombian futures and options market. In September 2007, the Colombian financial authorities approved incorporation of this

MEFF, the Colombian stock exchange, the Depósito Centralizado de Valores de Colombia (Deceval) and other different entities have all founded a company whose mission is to act as a central counterparty for the **Colombian options and futures markets**.



The recent agreement with the Mexican Stock Exchange (BMV) for the supply of NetStation services in that country is yet another example of adapting and rolling out **Infobolsa's services to any need or requirement.**

company under the name Cámara de Riesgo Central de Contraparte de Colombia, S.A. (CRCC S.A.). Through MEFF, BME holds a 10% interest in this company. As part of this project, Instituto BME has provided customised training (see chapter 4), thereby extending collaboration between Spanish and Latin American capital markets to the educational area as well.

### Infobolsa

Infobolsa, one of BME's financial information companies, signed an agreement with the Mexican Stock Exchange (BMV) for the supply of NetStation services in that country.

As a result, the Mexican Stock Exchange's professional financial market information service, SiBolsa, is fully based on NetStation technologies.

In view of the variety of products traded on the Mexican market, the project presented a number of challenges. As a by-product of the project, improvements have been made in BME's information integration systems to facilitate additions and management of new content in the future. This project included not only the delivery, maintenance and rendering of services, but also the necessary tools to manage these services, through an Infobolsa-desig-

ned portal allowing BMV to manage user registrations, control user access, include new information content and, in general, perform all commercial operations with clients.

In addition to the above, through BME Consulting and Infobolsa, BME has submitted bids for various projects in Central America, Africa and Eastern Europe. Furthermore, as part of its international strategy, in 2007 BME announced that it intends to participate in the public offering of shares in Bolsa Mexicana de Valores, S.A. (equities) and its listing on the Mexican Stock Exchange. <



# 6/

Commitment to sustainable development and prime conditions for growth

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COMMITMENT TO SUSTAINABLE DEVELOPMENT AND  
PRIME CONDITIONS FOR GROWTH

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As the Spanish financial markets operator, BME is committed to providing Spanish companies with all the necessary tools to foster and stimulate their global growth.

Among other mechanisms, this commitment is put into practice through BME's active participation in innovation in financial markets, encompassing implementation of all technological and information advances necessary to achieve efficient operation of its markets, the creation of new products to cover existing market demands, and admission to trading of new products.

## 6.1 / Technological and information advances

In 2007 BME made numerous technological advances to provide the best possible service to its clients and to the market in general. These efforts mainly relate to the following projects:

### Increase of the technological capacity in the Spanish electronic trading platform (SIBE).

In January 2007 BME tripled the technological capacity of its electronic trading platform (SIBE) to meet the expected growth in market trades.

The SIBE has been seen as an exponent of the modernisation of Spanish securities markets and, as an electronic system, guarantees that both foreign and Spanish investors obtain the best market price existing at the time and maximum liquidity and speed in processing orders. The characteristics and reliability of SIBE have prompted

a number of foreign stock exchanges, particularly in Latin America, to adopt this system (see chapter 5).

With the enlargement of SIBE's technological capacity, the ability to process trades in the central system was heightened and the average response time for processing orders was more than halved, bringing the speed into line with that of the most advanced stock exchanges in the world.

This improvement, which has boosted the efficiency and reliability of the Spanish stock market, was carried out with the utmost transparency and did not affect users' operations on the system.

### New high-tech trading tool.

In line with BME's commitment to offer market participants the most innovative trading methods, and in view of the extensive international shift towards programme trading systems, in February 2007 Visual Trader Systems launched SuperTrack, a new technological tool to allow securities market members and other clients to design their own algorithmic trading models.

Algorithmic trading, widely used internationally, is part of the most advanced programme trading generation and represents a giant leap forward in stock market trading and changes in the market microstructure.

With Visual Trader Systems' development and launch of SuperTrack, BME has placed one of the most advanced and efficient information systems in the world in the hands of Spanish securities market members.

As the Spanish financial markets operator BME is committed to providing Spanish companies with all the necessary tools to foster and stimulate their **global growth**.

With Visual Trader Systems' development and launch of SuperTrack BME has placed **one of the most advanced and efficient information systems in the world** in the hands of Spanish securities market members.



### Implementation of a fixed income single matching system.

On 10 April 2007 IBERCLEAR rolled out the fixed income single matching system for the registration, clearing and settlement operations platform for private and public fixed income securities, thereby completing the large-scale Unified Communications Window technological project.

Matching (case) is the process of comparing and reconciling details on settlement orders between two counterparties to ensure that there is an agreement on these details, such as the securities to be settled, the amount of the securities, price, value date of settlement, etc.

With the single matching system, BME, through Iberclear, has incorporated the most advanced international standards into its fixed income operations, both in matching processes and in communication formats. These mechanisms, which have been designed in accordance with ISO 15022

standards, eliminate BME's need for pre-matching by phone, thereby increasing the efficiency of such an important process as settlement.

With the Unified Communications Window, Iberclear participating entities are able to use the transfers and loans single matching system, already fully operational, for securities settlement platforms, plus the fixed income single matching system for fixed income platforms. Entities can also rely on the most modern connection mechanisms, such as SwiftNet, which Iberclear has added to the platforms previously in use, such as the client-server process, developed exclusively by Iberclear.

The launch of the new single matching system places Iberclear at the technological forefront in processing settlement orders as well as in connectivity and communication formats with participating entities, thereby facilitating straight through processing (STP).

### Creation of a unified Spanish fixed income information system.

In order to heighten transparency in fixed income markets and provide members with a more efficient market, in November 2007 BME created the unified fixed income information system, a new information platform publishing an integrated price list of the market's quoted products and all completed trades, regardless of the system on which the trade was made.

This new information system represents considerable progress towards the consolidation and integration of information on BME's various fixed income markets, including both public and corporate debt.

This new Internet-accessible platform is flexible, simple and secure for users. By allowing remote access, the platform removes the need for any type of local installation.

This new service of the BME Fixed Income Area relates to pre- and post-trading information; that is, market price information before orders are processed and after operations are finalised, respectively. These indicators reflect market trends over the course of the session, allowing users to assess and

Through Iberclear and with the single matching system **BME has incorporated the most advanced international standards into its fixed income operations both in matching processes and in communication formats.** These mechanisms which have been designed in accordance with ISO 15022 standards.



gain a complete picture of price variations in different assets.

With this new platform, market supervisors and members can gather quick and reliable information on fixed income markets in order to analyse activity in each segment and make investment decisions and valuations. The roll-out of this initiative enhances the image of Spanish fixed income markets throughout the world and reinforces the international presence of these markets.

## 6.2 / New financial products

Over the past year, various BME activity's areas have brought new trading opportunities to the market, either by launching new products, such as new IBEX® indices; by applying BME's experience to provide participating entities with those services they need to further their activities, such as the BME Alternativ service; or by admitting to

trading existing products that did not have the quality seal of being admitted on an official securities market.

### BME Alternativ: Continuity and contingency services for financial entities

The implementation in 2007 of the Markets in Financial Instruments Directive (MiFID) and the Basel II Accord poses challenges to all financial market participants, especially with respect to risk management mechanisms. In that regard, these new regulations require financial intermediaries to roll out

This new information system represents considerable progress towards the consolidation and integration of information on BME's various fixed income markets, including both public and corporate debt.

adequate systems and support to guarantee continuity of their businesses.

Through BME Innova's roll-out of the BME Alternativ continuity and contingency service, BME once again placed its experience and knowledge of client needs at the service of the Spanish industry. The BME Alternativ product gives both market members and other types of financial entities the tools to continue their usual operations in the event of any incident which prevents them from doing so from their own installations or with their own equipment.

As proper technology components are key to establishing efficient continuity and contingency solutions, BME Innova has entered into partnership with two leading tech-

nological companies for this project. Both partners are world leaders in business continuity services and bring to the table significant experience in business recovery processes and telecommunications and IT solutions.

BME Innova offers the following business continuity products to the financial sector:

- **Immediate Response Service:** financial intermediaries are provided with back-up offices with a pre-determined number of work stations adapted to their needs and outfitted with complete hardware, software and high-speed market connectivity with the financial markets. In the event of any operating contingency, these clients can continue their normal

activity using the back-up installations in less than 30 minutes.

- **Shared services:** clients are provided with shared rooms of back-up offices featuring work stations and access to BME's entire chain of services and to external financial services. These services are completed by either shared or exclusive housing and/or hosting solutions.
- **Exclusive services:** includes the aforementioned services, rendered on an exclusive basis, as each client is assigned one or more rooms for their exclusive use in a contingency situation. As in the previous case, these services are completed by either shared or exclusive housing and/or hosting solutions.





### Creation of new IBEX® indices.

In recent years, through Sociedad de Bolsas, S.A., BME has increased the number of index IBEX®, which one all of them replicable and marketable IBEX® indices. The calculation formula used in these indices provides interested entities with the possibility of extending their own product range, allowing them to issue financial products based on these indices, such as exchange traded funds, index funds or derivatives. In 2007 two new IBEX® series indices were created.

- **The IBEX TOP DIVIDENDO® index**, which was first calculated and published on 9 May 2007. This index reflects the performance of the 25 companies with the highest dividend returns on the Spanish securities market. The purpose of this index is to measure the performance of companies included in the IBEX 35®, IBEX MEDIUM CAP® or IBEX SMALL CAP® indices with the highest dividend returns.

The index is calculated in accordance with technical standards for composition and calculation of IBEX® indices. The IBEX® technical advisory committee will review the composition of the index on a yearly basis.

- **FTSE4Good IBEX® index.** In response to growing investor interest for socially responsible investments in Spain, in September 2007 BME announced its collaboration with the FTSE Group index maker in the launching of the FTSE4Good IBEX® index, a new indicator of socially responsible investments which will include Spanish companies listed on the BME markets. BME started to calculate and publish this index in March 2008. The launch of the FTSE4Good IBEX® index is part of BME's commitment to help the promotion of corporate social responsibility in Spain through projects advocating socially responsible business practices. This has been made possible through

collaboration with FTSE, the manager of the FTSE4Good indices, which have become the world-renowned benchmark to help investors identify companies with responsible business practices.

The FTSE4Good IBEX® index will include, inter alia, securities with medium and high capitalisation on the Spanish stock exchange that currently form part of the FTSE4Good index. The methodology and transparency standards will be based on variable selection criteria in line with general FTSE4Good standards: management of labour risks in the supply chain, fight against climate change and greenhouse gas emissions, relationships with stakeholders, environmental sustainability, defence of universal human rights, etc. Standards have been placed especially high in order to challenge companies to truly improve their business practices.

Decisions on the composition of the index will be taken by the independent consultant Ethical Investment Research Service (EIRIS) and the Fundación Economía y Desarrollo (Economic and Development Council, ECODES), who will also review the standards to be applied.

### Extension of the Alternative Equity Market (MAB) services.

MAB, BME's alternative equity market for securities that, due to their unique characteristics, require a special trading scheme, was launched in 2006. This market was initially designed for trading of shares in open-end

The launch of the FTSE4Good IBEX® index is part of BME's **commitment to helping further corporate social responsibility in Spain** through projects advocating socially responsible business practice.

investment companies (Sociedades de Inversión de Capital Variable, SICAVs). After a successful year operating in the SICAV segment and in view of the upward trends in both the Spanish and global economies and the strong performance of stock markets, in 2007 MAB services were extended to two new business segments: venture capital entities and small and medium-sized enterprises.

• **Venture capital entities**

Listing on an official market enables venture capital companies and funds to increase liquidity and transparency, helping to make them a more popular asset class and facilitating their inclusion in institutional and retail investment portfolios.

MAB's venture capital segment was rolled out on 27 June 2007 with the listing of the BBVA Capital Privado F.C.R. venture capital fund managed by BBVA Gestión.

• **Small and medium-sized enterprises**

As part of the extension of MAB services, in May 2007 a new initiative was launched to list certain small-cap companies with ambitious growth objectives. This service is governed by more flexible regulations designed especially for these companies and entails lower costs than the traditional market.

Through this project, MAB aims to help growing Small and medium sized enterprises benefit from the advantages of being listed companies, such as objective valuation, greater financial balance, the possibility of converting invested capital into liquidity, greater visibility and financial and commercial



reputation, access to more investors, incentives for employees, etc. The initiative aims to provide these companies with the necessary tools for securing significant and decisive advances.

**Extension of the futures and options line**

In response to the demand among Spanish and foreign entities, in 2007 MEFF significantly enlarged its product range.

• **Futures and options on IBEX 35® shares**

In January 2007 futures and options trading was extended to all shares listed on the IBEX 35®, covering 100% of index capitalisation in both futures and options.

• **Cash-settled single stocks futures on European shares**

In September 2007 the range of futures on shares in the derivative market was extended by incorporating cash-settle single stocks

**Through this project MAB aims to help growing SMEs benefit from the advantages of being listed companies such as objective valuation, greater financial balance, the possibility of converting invested capital into liquidity, greater visibility and financial and commercial reputation, access to more investors incentives for employees etc.**

**In January 2007 futures and options trading was extended to all shares listed on the IBEX 35®, covering 100% of index capitalisation in both futures and options.**

futures on the main non-Spanish European shares.

With this new offer, BME has met the demand arising from the growing interest in this product in recent years in the leading global and highly-competitive markets.

#### Admission to trading of turbo warrants

In order to satisfy the existing market demand, in April 2007 turbo warrants were admitted to trading on the Spanish stock

exchanges, in the warrants, certificates and other products segment.

Turbo warrants are a specific type of warrant, aptly-named to describe the fact that their potential gains and losses are greater than for plain vanilla contracts.

#### Admission to trading on the fixed income market of non-euro issues

On May 2007, in response to a request from Spanish issuers, BME, through AIAF, admitted to trading Spanish issues in four of the

main non-euro currencies: US dollar, pound sterling, Swiss franc and the Japanese yen.

This new service brings new sources of financing to investors and helps them identify new niches, clients, instruments and alternatives for distribution.

AIAF and Iberclear collaborated in the roll-out of this service, which again evidences the synergies and opportunities made possible by the integration of all markets, platforms and clearing and settlement systems under the BME umbrella. <





# Commitment to shareholders

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**7**

COMMITMENT TO SHAREHOLDERS

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**BME encourages its shareholders to participate in the Company's activity** and strives to achieve maximum shareholder confidence not only by delivering complete information through a number of channels but also by guaranteeing the exercise of shareholders' voting rights.

BME's main asset is its shareholders, whose capital investments form the backbone of the financial structure and, ultimately, the activity of the Company. Consequently, BME places top priority on ensuring that shareholders can fully exercise their rights in equitable and fair conditions.

BME encourages its shareholders to participate in the Company's activity and strives to achieve maximum shareholder confidence, not only by delivering complete information through a number of channels, but also by guaranteeing the exercise of shareholders' voting rights.

Complete information for shareholders through various channels is critical to increasing the value of shares in BME, which is undoubtedly what any shareholder looks for in its investments.

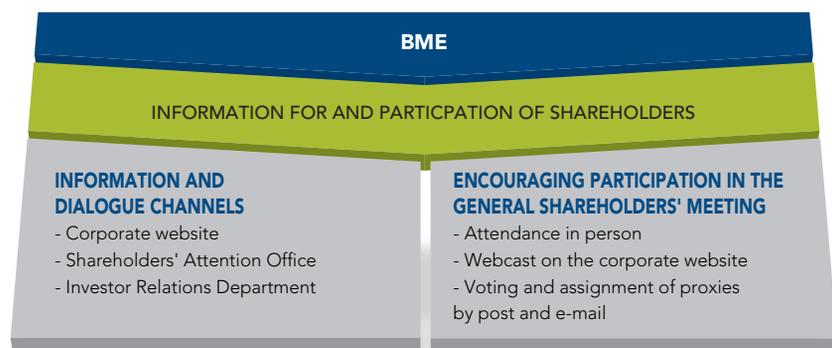
## 7.1 / Information and dialogue.

Prior to its flotation on the Madrid, Barcelona, Bilbao and Valencia stock exchanges on 14 July 2006, BME already boasted a number of regular information sources, a corporate website and a shareholders' office, through which company and financial information was published and shareholder inquiries were handled. After its flotation, BME strengthened these channels for communication and dialogue with shareholders, analysts and investors, not only to comply with prevailing technical and legal regulations in that regard, but also to fulfil the commitment undertaken with these parties to maintain

the maximum level of information and communication at all times.

Throughout 2007 BME has improved these information and dialogue channels allowing shareholders to receive information, submit inquiries and requests, and exercise their rights through the different means provided by the Company, namely the corporate website, the Shareholders' Office and the Investor Relations Department. These channels for communication between BME and its shareholders, analysts and investors help the Company identify possible improvements and define the necessary steps to better cover the needs of these parties, thereby offering the highest-quality service possible.

BME provides exact, complete and timely



BME provides exact complete and timely information allowing its shareholders to continually value the Company's performance and assets. In addition BME responds to requests for information from all shareholders, institutional investors and analysts.

information allowing its shareholders to continually value the Company's performance and assets. In addition, BME responds to requests for information from all shareholders, institutional investors and analysts through the following structures:

- **Corporate website ([www.bolsasymercados.es](http://www.bolsasymercados.es)):** All legal and financial information on BME is publicly available on the corporate website section under "Information for Shareholders and Investors". BME updates this website on a regular basis and ensures that all interested parties can easily and directly access all web contents, which are provided in both Spanish and English.

Furthermore, in order to provide all relevant information on BME and its subsidiaries, the BME website contains detailed information on all areas of business and services, and includes direct links to the websites of its group companies.

The significant increase in the number of visits to the BME website in 2007 evidences the growing interest in BME among shareholders, analysts, investors and the market in general. One of the most popular areas of the site is the section containing the notices of the ordinary general shareholders' meetings.

- **Shareholders' Office:** This area is overseen by the general secretary and the Board of Directors, in coordination with the Company's financial management team, whose contributions allow the Office to provide accurate and

timely responses to inquiries for financial information.

The Shareholders' Office has established a flexible, permanent and bilateral communication route that allows shareholders to submit inquiries transparently and efficiently. This communication channel also provides shareholders with a forum for making suggestions, observations and comments.

Since the creation of this communication channel, shareholders' inquiries have mainly related to the general shareholders' meetings, information on BME and its activities, dividend payment dates, and BME publications, such as the magazine "Bolsa".

- **Investors' Relations Department:**

This department provides investors and financial analysts with information on BME's performance, periodic results and strategy.

In carrying out its duties and responsibilities, the department applies the Standards of Practice for Investor Relations, which cover publication of information and provide basic guidelines for relationships between issuers and analysts/investors.

In order to guarantee the independence and transparency of information published for the market and the equal treatment of both shareholders and investors, the Investors' Relations Department and the financial management team do not publish any information or maintain any contact with

analysts and investors immediately prior to the publication of periodic results.

This department's main activities include presenting periodic public information to analysts and investors and organising meetings to strengthen contacts and relationships with investors.

Results are presented at BME's head offices at the Madrid Stock Exchange building and published in real time through the BME webcast.

In the interest of full transparency, all information and presentations are previously available to interested parties on the BME and CNMV websites ([www.bolsasymercados.es](http://www.bolsasymercados.es) and [www.cnmv.es](http://www.cnmv.es)).

The Investors' Relations Department also holds group meetings, one-on-one encounters and roadshows with analysts and investors in order to maintain foreign investors and analysts informed of the BME Group's performance, periodic results and strategy.

In 2007 members of the BME Investors' Relations Department held three roadshows in March, June and November, visiting Brussels, Amsterdam, London, New York, Boston, Paris, Frankfurt, Zurich and Geneva, and have participated in mid/small cap meetings organised by Banco Espirito Santo, Banco Santander, Morgan, Chevreux and UBS, as well as BME's own MEDCAP Forum (see chapter 11). Together with visits and conference calls with investors, BME has had direct contact with over 300 investors during the year.

## > 2007 General Shareholder's meeting attendance

	Attendance quorum	Total remote voting		Total remote appointment of proxies	
		By post	By e-mail	By post	By e-mail
No. of shareholders	4,024	1,316	15	2,336	10
	Total attendance			Total remote attendance	
No. of shareholders	4,024			3,677	

## 7.2 / Measures to encourage shareholder participation.

BME, on its first year as listed company and being aware of the importance of shareholders participation in the company, has encouraged such participation in the General Shareholders' Meeting, by providing the shareholders with all the relevant channels to exercise the information, voting and representation right. Given that a significant percentage of sha-

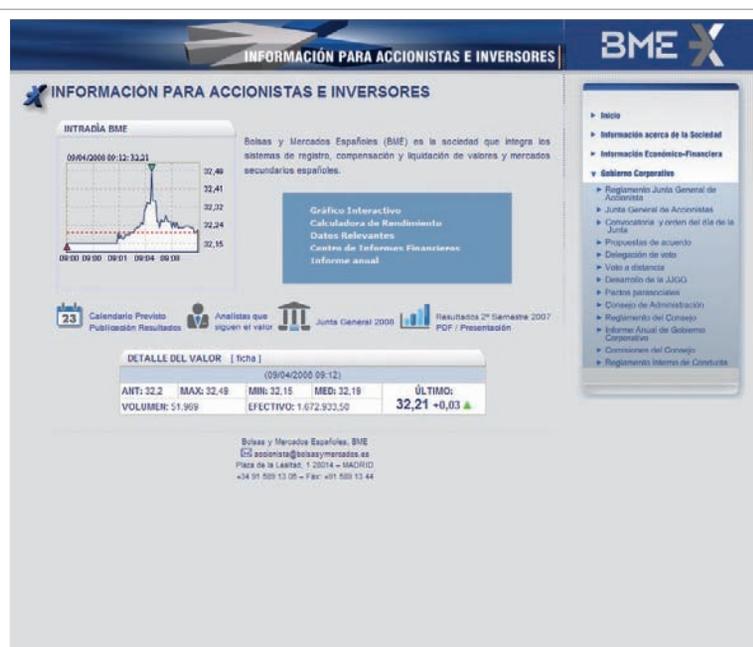
reholders were unable to attend the general meeting held at the head offices in Madrid, the meeting was broadcast live on the BME's website.

With a view to securing the highest possible participation in the Company, the BME Board of Directors approved remote voting and remote appointment of proxies for the BME general shareholders' meeting held on 26 April 2007. Consequently, shareholders unable to personally attend the meeting could choose to either vote or appoint a proxy by post or electronic communication.

During the year, BME also broadened the information channels available to shareholders: in addition to the Shareholders' Office, shareholders can now consult information through a specific section of the corporate website. Shareholders can also use these channels to submit any inquiries they may have.

A considerable number of shareholders took advantage of the remote voting and remote appointment of proxies mechanisms available for the first general meeting held subsequent to flotation of the Company, as shown above.

The BME Board of Directors approved remote voting and remote appointment of proxies for the BME general shareholders' meeting held on 26 April 2007.





> **BME's share in 2007**



**7.3 / Creation of value for BME shares**

**A) Trends in share price.**

Shareholders investing in BME naturally wish to see guaranteed returns on their investments. BME aims to reward this investor trust and therefore includes maximisation of shareholder returns among its main objectives.

Growth in value of shares involves not only financial aspects (net profit, dividends poli-

cies) but also, and increasingly, other aspects such as human resources planning, prevention of adverse environmental impacts, and market risk prevention policies.

Consequently, full information on the above-mentioned aspects has become a key factor in determining the value of shares.

In this regard, BME uses all means available to maintain the highest level of information and the greatest returns and efficiency ratios, which are the indicators shareholders look to when considering the

value of their investments. If both the information provided and the financial ratios are positive, the share price increases. In 2007 BME's share price rose 47.84%, as shown in the left chart:

**B) Distribution of dividends**

BME rewards shareholders for their investments in the Company through its dividend distribution policy.

To lock in investor trust, the profits generated thanks to BME's good business management are passed on to shareholders through attractive dividend returns. Since its incorporation, BME has distributed ordinary and extraordinary dividends totalling 639,121,719.25 euros.

In 2007 BME distributed ordinary dividends on 2006 profit amounting to over 100 million euros, doubling the investor returns of the previous year.

In view of BME's profit in 2007, dividends for this year will most likely continue to increase, as suggested by the interim dividends approved by the Board of Directors amounting to 79,936,473.45 euros (0.956 euros gross per share).

This interim dividend was 60% higher than in 2006. <

> **Dividends distributed by BME**

Payment date	Gross amount €	Type (ordinary or extraordinary)	Total amount distributed € (gross)	Year of profits
26 Jan 07	0.598	Ordinary (interim)	50,002,103.68	2006
7 May 07	0.598	Ordinary (supplementary)	50,002,103.68	2006
22 Jan 08	0.956	Ordinary (interim)	79,936,473.45	2007

**Growth in value** of shares involves not only financial aspects (net profit dividends policies) but also and increasingly other aspects such as human resources planning, prevention of adverse environmental impacts and market risk prevention policies.

# 8 /

Commitment  
to individuals

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COMMITMENT TO INDIVIDUALS

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Equality and diversity are essential components of BME's corporate culture and help create a creative, productive and motivated workplace atmosphere. BME appreciates the individual attributes contributed by each employee and actively works to promote equality and diversity throughout the company, as well as an appropriate gender balance.

The financial industry is a fast-paced environment, and working in BME requires great dedication. Consequently, the Company looks for employees that are highly committed to their profession.

Working in the financial industry also implies great responsibilities in information proces-

sing, intangible assets, and company assets, among other areas.

BME has therefore adopted a long-term plan to promote the well-being, health and professional and personal development of each employee.

In recent years, BME has made considerable progress in integrating its employee teams as part of the general business integration, which is yielding very positive results for the Company as a whole.

Guided by this commitment and responsibility, BME's efforts in this endeavour have created a more modern company able to meet future challenges, to better respond to client needs and to bring value growth to share-

holders.

The Company has also broadened the services it renders to employees in respect of training, improved work performance and more fluid communication of the most relevant developments in the Company.

In order to continue as a leader in today's market, BME must continue the efforts it has been making since its incorporation to identify new trends and to improve its services and technological tools.

Consequently, BME relies on training, increasingly modern resources, and communication between the different areas and businesses in order to help all employees perform to the best of their abilities.

BME encourages individual empowerment of all its employees while promoting equality and diversity throughout the Company and striving to maintain parity in opportunities for both men and women.

**It has therefore adopted a long-term plan to promote the well-being health and professional and personal development of each employee.**

## 8.1 / Employees.

The headcount of the BME Group stands at 728 employees, of which 36.53% are female. The breakdown by age and gender of personnel is shown in the following graphs, which reveal greater parity between the number of men and women in the youngest generation of employees.

The average length of service of employees is 16.16 years, while the average age is 42.75 years. Of all personnel, 316 employees (43.40%) hold university degrees.

In terms of geographical distribution, 74.59% of employees work in Madrid, with the remaining 25.41% distributed between Barcelona, Valencia and Bilbao, as shown in the attached chart:

Variations in the composition of BME personnel from 2006 to 2007 are as shown in the charts.

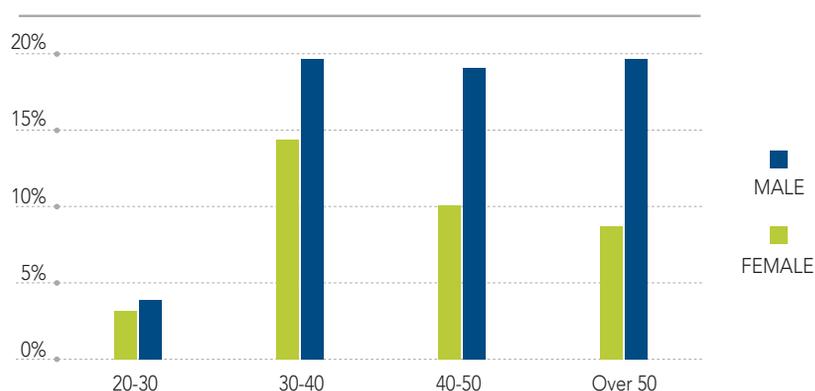
The base salary of BME employees is established using the salary table provided in the extra-statutory collective labour agreement, which applies to 86.64% of personnel. Both the collective labour agreement and the salary table contained therein preclude any gender bias in determining salaries.

The extra-statutory collective labour agreement also establishes the professional categories and levels at which new employees join the Company. In view of this level, the monthly base salary for new employees was 750 euros in 2007, which is 179.40 euros above the Spanish minimum wage for 2007 (570.60 euros).

### > Breakdown by gender of personnel

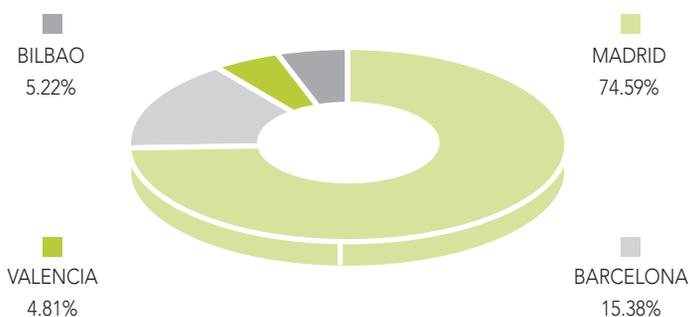


### > Breakdown by age of personnel



%	AGE				Gender
	20-30	30-40	40-50	Over 50	
Total	7.01	33.80	28.99	28.16	
Male	3.16	14.29	10.03	8.65	36.13
Female	3.85	19.51	18.96	19.51	61.83

### > Breakdown by location



### > No. of BME employees at 31/12/2006

Male	437
Female	240
<b>TOTAL</b>	<b>677</b>

### > No. of BME employees at 31/12/2007

Male	462
Female	266
<b>TOTAL</b>	<b>728</b>

**BME's human resources policy aims to bring employees together in a unified environment** promoting the integration of personnel from different companies and encouraging a single business culture.

## 8.2 / Towards a unified business culture.

The incorporation of BME marked the beginning of the integration of the companies forming the basic structure of the Spanish financial systems and markets (equities, fixed income, derivatives, clearing and settlement, and information). Following the flotation of BME in July 2006, this integration is now complete. The finished product is a large company with unified management that has shaped a competitive and profitable market model. BME's human resources policy aims to bring employees together in a unified environment, promoting the integration of personnel from different companies and encouraging a single business culture. BME's commitment to employees and to the creation of a unified business culture was evidenced by the Board of Directors' resolution to offer employees the opportunity to purchase shares in the Company

during the public offering and flotation of BME in 2006, establishing a specific employee share tranche at 10% less than the retail share price.

In addition, since its incorporation and as part of the aforementioned integration process, one of BME's human resources objectives is to standardise practices between the different Group companies. This entailed the implementation of a group-wide computerised human resources management system to ensure consistent management criteria.

An online human resources tool was rolled out simultaneously, providing readily-available information and data communication.

This technology has allowed BME to bring its approach to human resources management into line with the Company's strategic objectives, thereby retaining the best employees and contributing to raise overall value.

As part of BME's efforts towards a unified business culture, in 2007 an extra-statutory

collective labour agreement was signed to regulate the labour relationships of 86.81% of BME Group employees, which up until then had been governed by a number of different collective labour agreements. The remaining 13.19% of employees are subject to the collective labour agreement for the Barcelona stock exchange governing company, the collective labour agreement for Empresa Centro Cálculo Bolsa, S.A. and the collective labour agreement for the Bilbao stock exchange governing company, as shown in the below table.

One of the main changes in the extra-statutory collective labour agreement is the new employee classification system. This system assimilates the different professional categories contained in previous collective labour agreements and eliminates any differences in classifying employees that render the same services. This classification was made by interpreting and applying a series of factors evaluating the degree of training, professional knowledge, initiative, self-reliance, and res-

### > BME's Collective Labour Agreements

Collective Labour Agreement	Employees	%
Barcelona Stock Exchange Governing Company	36	4.95
Empresa Centro Cálculo Bolsa, S.A.	22	3.02
Bilbao Stock Exchange Governing Company	38	5.22
BME Extra-statutory Collective Labour Agreement	632	86.81
	728	100

possibility of the employee, as well as the complexity of the particular job description.

As part of the new professional classification model, the previous promotions system based on length of service was substituted by a new system in which training, personal evaluation and experience all come into play. The objective of this new system is to encourage professional development of employees and satisfy individual professional expectations by defining clear and transparent processes

to make employees aware of their career possibilities at BME.

Given that the extra-statutory collective labour agreement is applicable to 86.81% of BME Group company employees, any reference to employee benefits, rights and obligations made in this report shall be those set out in the agreement, except where otherwise indicated. In any event, the rights and benefits set out in other three collective labour agreements are similar for the remaining 13.19% of employees.

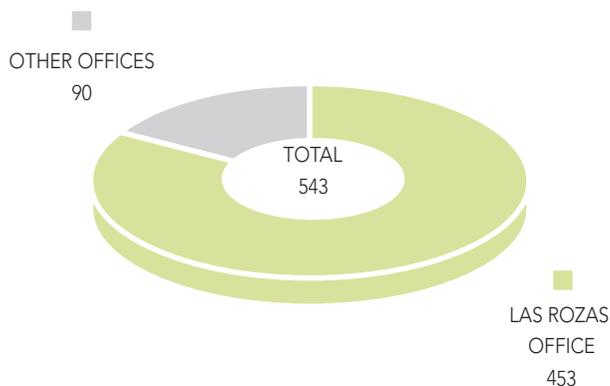
### 8.3 / New offices in Madrid.

#### An employee-friendly working environment.

The transfer of the majority of BME personnel to the new head offices in Las Rozas, Madrid, has undoubtedly helped strengthen the corporate culture and other factors that in coming years will benefit BME, its employees and the Spanish financial markets as whole, by increasing BME's capacity to offer services to the market.



#### > Distribution of BME employees in Madrid





The new Las Rozas facilities are not only pleasant, modern and secure, but also reflect BME's compliance with various legal, health and safety, and quality standards and regulations.

In designing the new offices, BME sought improved communication between different employees and areas in order to increase information and experiences exchange and the capacity and quality of the work of different teams.

The most modern and cutting-edge materials were used, all of which comply with strict safety, workplace health and safety, allergies, and fire prevention standards, among others.

Currently, 453 employees (62.23% of total BME personnel and 83.43% of employees in Madrid) work in the new installations.

## 8.4 / Training.

One of the main objectives of BME's human resources department is the implementation of a general staff-wide training plan.

This plan is based on the following principles:

- Ongoing and systematic training that, over time, builds up a complete knowledge base.
- Efficient and effective training in terms of the quality of specific training activities and of the training process itself.
- Design of a training process, not just a series of one-off training activities.
- Involvement of the entire BME organisational structure in the training plan.
- Creation of a training module with speci-

fic content for the online human resources webpage.

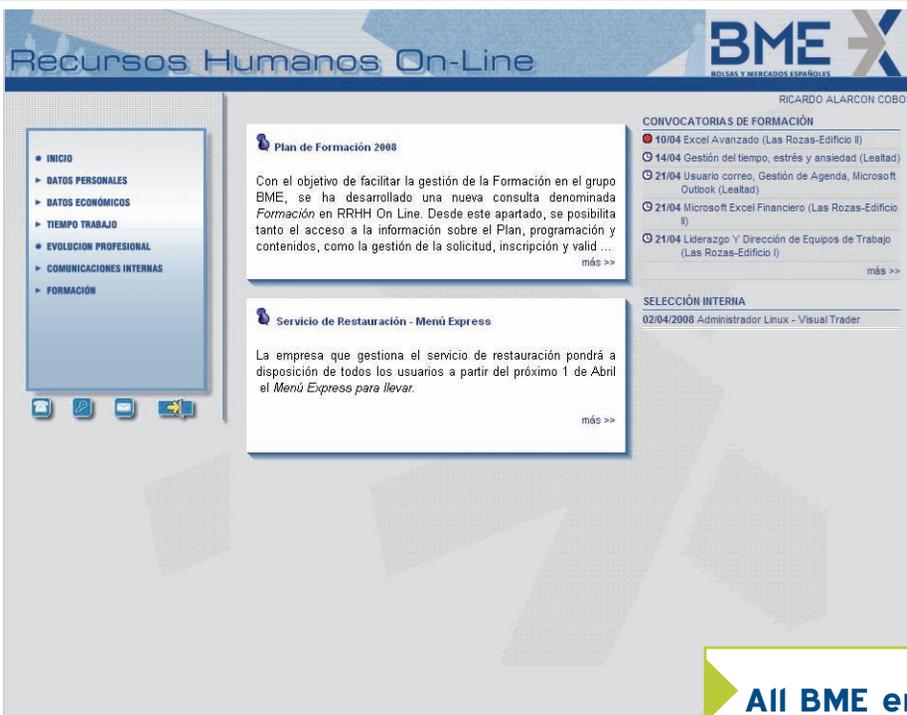
- Mixed training activities comprising both online training and classroom instruction.

The 2007 training plan covers four areas of learning: management skills, office equipment skills, technology and economic-financial skills.

In designing the training plan, the Company takes into account the specific needs arising over the course of the past months. In that regard, in order to adequately programme these activities, employees are asked to complete questionnaires identifying their training needs.

In 2007 approximately 230 employees received training, through 382 lecture hours in specialised training courses and programmes on different knowledge areas, aimed at

**In 2007 approximately 230 employees received training through 382 lecture hours in specialised training courses and programmes on different knowledge areas aimed at both personal and professional development of BME employees.**



**All BME employees have access to the online human resources tool providing readily available information and data communication**

both personal and professional development of BME employees.

These courses have mainly focused on developing employees' skills (time and stress management, team work, emotional intelligence, etc.), training in different IT matters and knowledge of BME's business areas.

In addition to the above courses, BME offers employees free group or individual English classes. In 2007, 2,300 hours of English classes were provided for a total of 213 employees.

Also as part of the ongoing training of employees, the Madrid Stock Exchange library service (see chapter 3) provides all employees with the following services, among others:

- Internal lending of books and periodicals
- Monthly publication of a list of new acquisitions,

informing employees of the new books or documentation available on stock exchange or financial matters

- Processing of requests for purchase of books and subscriptions to periodicals, and renewal and control of these subscriptions
  - E-mail distribution to interested parties of summaries of specialised periodicals, along with the articles which may be published in this format
  - Information on new developments in regulations in certain specialised areas and departments
  - Processing of information requests
- BME employees also have online access to the BME library and documentation centre catalogue through the BME intranet.

## 8.5 / Internal communication

All BME employees have access to the online human resources tool providing readily available information and data communication.

The BME intranet represents an effective channel for the human resources, management and employee's communication.

By logging on to the online human resources section, employees can access all relevant information on their personal and salary data, including personal data, personal income tax information and any operations on shares carried out by the employee. In addition, employees can use this tool to report new operations on shares, thereby compl-

ying with the BME Internal Code of Conduct from their work station. Employees can also easily verify the bank account on file at the Company, and access payroll receipts and salary advances request forms.

Use of this intranet has not only improved contact between employees and the human resources department, but has also facilitated and simplified the modification of personal data and requests for information, leave, vacations and salary advances, thereby cutting down on unnecessary paperwork. Employees are also able to access labour calendars, vacation schedules, internal communications and the training plan.

BME is well aware that employees should

enjoy their leisure time as well. In this regard, employees can consult a specific area on the human resources section showing special offers available to BME personnel, such as packages and promotions from a collaborating travel agency.

BME also publishes the employee magazine "Activo" to inform personnel of the activities and projects underway in different areas of the Company, as well as the leisure activities organised by the human resources department and the latest BME news and projects. This initiative is a valuable step forward in internal communication and evidences the consolidation of the Company.

## 8.6 / Appreciation for professional talent. Diversity and equal opportunities.

BME considers that employees are a key asset of any company and therefore places high value on diversity, is committed to non-discriminatory policies, and promotes equal opportunities.

BME's selection and hiring policies ensure equal opportunities and eradicate any discriminatory treatment, both in terms of physical access to work stations and with respect to occupying different positions

BME also publishes the employee magazine "Activo" to inform personnel of the activities and projects underway in different areas of the Company as well as the latest BME news and projects.



### Un paso decisivo para BME

Un complejo inteligente de 11.000 metros cuadrados, dotado de la más avanzada tecnología, se pone al servicio del equipo humano de BME para incrementar la calidad de los servicios que presta al mercado. La integración de la mayoría de sus empleados en la nueva sede de Las Rozas, supone para BME un paso decisivo hacia su pleno desarrollo, en línea con lo que han venido haciendo las principales Bolsas del mundo.

La elección del nuevo complejo BME, situado en el km 16,5 de la A-4, en Madrid, se ha efectuado tras el análisis de las necesidades de BME y de la oferta existente con las características exigidas. Cumple con los requisitos principales, se adapta plenamente a las necesidades en las distintas vertientes y da respuesta a las demandas actuales que plantean los mercados. La decisión supone alinearse con las Bolsas líderes en el ámbito internacional que han hecho lo mismo en los años recientes, adquiriendo sedes nuevas, más funcionales y adecuadas a las necesidades actuales, especialmente las tecnológicas, donde mejorar los servicios cada vez más numerosos y sofisticados que ofrecen a sus clientes y abandonando sus edificios tradicionales y emblemáticos, en unos casos, o reservándolos como espacio representativo e institucional, en otros.

Las razones de BME para dar este paso son numerosas y consistentes. Una iniciativa estratégica en la gestión de BME que impulsará la integración de los equipos humanos, ahorrará

costes, facilitará el desarrollo de servicios comunes y evitará duplicidades, consolidará la cultura empresarial e impulsará la unidad de acción. Al mismo tiempo, la reorganización de la estructura permitirá reducir significativamente los costes y obtener ventajas financieras.

Por lo que se refiere a la plantilla, se logra una mayor comunicación entre los distintos equipos humanos y una concentración de conocimientos

y experiencias. Todo ello generará oportunidades para el futuro de la compañía y de quienes en ella trabajan.

El logro del máximo bienestar y comodidad laboral ha sido uno de los principales objetivos como fórmula para hacer más fácil y confortable el trabajo de todos y mejorar las relaciones personales y laborales.

### La Bolsa española pone en marcha los ETFs

Los inversores españoles encontrarán con un nuevo producto, los fondos de inversión cotizados en Bolsa, más conocidos como "Exchange Traded Funds (ETF)", tras la aprobación del Reglamento de Instituciones de Inversión Colectiva.

La aparición en la Bolsa española de estos fondos, cuya participación se negociará en mercados electrónicos, junto con el cambio fiscal que contiene el Reglamento respecto a la retención a cuenta en la transmisión de este tipo de productos mejorará la calidad del mercado español, ampliarán las alternativas de inversión para el conjunto de inversores y permitirán a quienes participan en el mercado compartir en igualdad de condiciones con el resto de países europeos, en un contexto cada vez más abierto y unificado.

Los ETFs, combinan las ventajas de los fondos de inversión tradicionales, especialmente la diversificación, con la inversión directa en acciones y permiten las estrategias de cobertura.

### SUMARIO

#### Proyección internacional de infobolsa

El reciente lanzamiento de los servicios NetStation de Infobolsa en México y la próxima puesta en marcha de un Portal Financiero para Inversores Privados en la web site de la Deutsche Börse, añaden, en el año 2008, la presencia de Infobolsa en otros mercados internacionales.

La compra, en el año 2007, del 50% de Infobolsa por parte de la Deutsche Börse, trajo consigo nuevos e importantes retos para la compañía, entre ellos, el lanzamiento y la consolidación de su negocio en el difícil mercado alemán, hecho que ha representado un paso decisivo hacia la expansión internacional más allá del mercado ibérico.

página 12

#### y además...

##### El Plan de formación de BME

BME otorga otro premio para fortalecer la familia Ibes

La nueva exposición Bolsa y Mercados Españoles recibe 3.000 visitantes al mes

BME: futbol en la élite económica



within the Company. Personnel are selected through the internal processes described below, which ensure confidentiality, independence, and equal opportunities.

As part of BME's commitment to equal opportunities, the extra-statutory collective labour agreement provides for the creation of an internal committee to prepare a diagnostic report on gender parity in the Company, aimed at avoiding any discrimination and ensuring equal treatment for all employees.

BME has made significant efforts to ensure an appropriate gender balance among personnel. In this regard, of the 47 new employees joining the Company in 2007, 24 were women and 23 were men.

As a sign of the full integration of personnel in BME's corporate culture, to date no discrimination-related incidents have arisen.

BME is also committed to encouraging professional talent. The hiring process entails submission of a request from the area/department manager in question and subsequent approval by the human resources department, at which time a candidate profile is drawn up. Prior to initiating the external selection process, in which various recruiting sources are used, and in order to facilitate access of internal personnel to vacancies within Group companies, job vacancies are first posted on the human resources intranet for internal recruitment. Both internal and external candidates are selected on the basis of

the degree to which they meet the required profile.

BME's policy for promoting employees is another example of its commitment to personnel. As established in the collective labour agreement, promotions aim to optimise the organisational structure by placing personnel in the most appropriate position to meet their individual professional and salary goals and to reward effort and continued dedication to the Company's business.

The following criteria are used to determine salary raises within each professional category:

- Yearly employee evaluation
- Training
- Length of service at the current level

Remuneration of personnel takes into account the level of responsibility as well as employee performance in each position.

## 8.7 / Work/life balance.

BME facilitates a work/life balance not only through its professional development and training policies, but also through flexible working days, care and support for family members, leaves of absence, and other measures.

### Main work/life balance principles:

#### Flexible working day.

As part of a "flexitime" system allowing personnel to adapt their schedules to their personal and professional circumstances, employees may arrive at work between 8:30 am and 9:30 am and leave any time after 5:00 pm.

Although certain departments have specific schedules, 50% of employees work a five-and-a-half hour working day on Fridays and on the days before public holidays, providing work obligations so permit.



### Paid leave.

In addition to the statutory vacation periods, the collective labour agreement establishes that employees are entitled to seven extra days per year. Requests to take leave on these days are authorised automatically, unless it is not possible due to unavoidable work obligations. Furthermore, employees are entitled to the paid leave established in general legislation, such as fifteen days honeymoon leave and two working days for moving house.

BME also grants paid leave to employees for exams, doctor's visits or to fulfil any unavoidable public or personal duty.

### Care and services for family members.

The work/life balance is one of the greatest challenges facing companies today. BME is committed to providing this balance and therefore takes into account the personal circumstances and needs of each employee. In addition to bonuses on birth or adoption

of a child, BME's family-related measures include the following:

- Those employees who have or are legal guardians of children with a physical or mental disability receive 4,700.00 euros per child. During the year, eleven employees received this type of assistance.
- Serious illness or death: Employees are given three calendar days leave of absence (up to six days when travel is required) in the case of serious illness or death of a spouse, child, parent, parent-in-law, grandchild, grandparent or sibling. In the event of serious illness or death of second and third-degree relatives, employees are granted two and one calendar days, respectively.

### Scholarships.

BME's commitment to professional development of its employees is also evidenced in the scholarships it provides to cover certain costs of additional training and education. In that regard, BME employees wishing to grow professionally and secure future promotions by participating in various levels of structured education receive assistance of 680 euros per year.

### Personal loans.

The Company has established a fund for personal loans, amounting to 1,390.50 euros for each employee in the companies to which the collective labour agreement applies. The fund is managed by employees' representatives, who notify the human resources department of any use of funds.

Loan amounts are as follows:

- Up to 18,000 euros for the one-time purchase of a primary residence.
- Up to 12,000 euros for justified extraordinary expenses.
- 2007, 55 employees received personal loans from BME.

### Other assistance.

In 2007 employees also benefited from the following assistance:

- Interest-free advances on salaries.
- Assistance of two-and-a-half months' salary for weddings, calculated on the base salary, length of service and amounts established in the collective labour agreement
- One-months' salary upon birth of a child.
- Assistance of 262.65 euros per year for schooling of children under 23.
- Scholarships of 300 euros for children in higher education programmes.

### Working day reduction.

- **Nursing:** Employees are entitled to a one-hour absence from work each day for nursing a child under nine months. This period can be divided into two half-hour absences. Employees may choose to substitute this right with a one-hour reduction in the working day. In the event both parents work, either the mother or father may exercise this right. In addition, female workers may choose to substitute this right by adding eight working days to the maternity leave period.
- Work-day reductions are also available to those employees who are legal guardians

> **Health in the workplace**

Absences	Employees	Days	% Emp.	% days
Work-related accident or illness	2	24	0.27	0.01
Non-work related accident or illness	148	6236	20.32	2.34

	Employees	Days	% Emp.	% days
Maternity / paternity leave	37	2,049	6.86	0.77

and direct caretakers of children under eight years of age, persons with physical, mental or sensory disabilities, or elderly unemployed individuals who cannot care for themselves.

In 2007, 25 employees benefited from a work-day reduction for nursing or for caretaking.

**8.8 / Health and safety in the workplace.**

BME considers that a healthy and accident-free workplace is crucial to any company. Employees are entitled to efficient protection of their physical well-being and an adequate workplace health and safety policy, as well as implementation of all risk prevention measures required by law or regulations. In accordance with Law 54/2003 reforming the legal framework for labour risk prevention and in order to establish guidelines for guaranteeing the health and safety of employees in all work-related aspects, labour risk prevention should form part of companies' general management systems, both in activities and in all hierarchical levels of the company, through the implementation and application of a labour risk prevention plan. BME guarantees the health, safety and risk prevention measures established in the labour risk prevention law in all its work centres. Each year the Company carries out a series of stu-

dies and projects to define the most significant risks, either in terms of seriousness or frequency, and implements effective prevention and protection systems, as well as improvements to the work environment.

In 2007 only two employees were involved in an accident or illness that was directly related to their work.

Absences of BME employees in 2007 are shown in the above table:

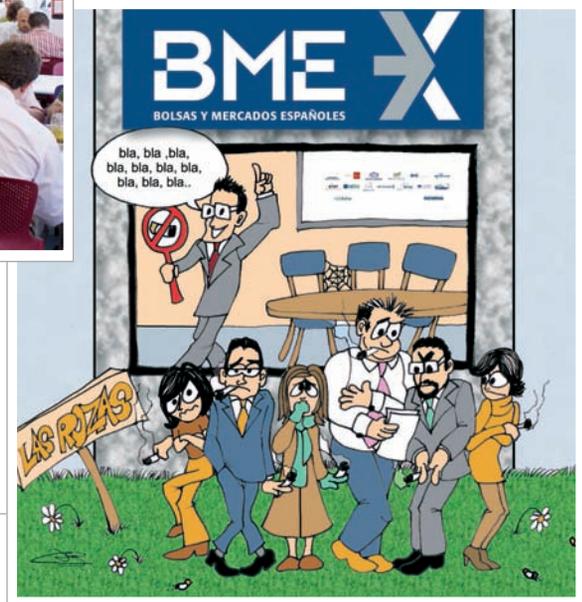
Maternity/paternity leave taken by BME employees in 2007 as shown in the table above:

Employees are able to take part in workplace risk prevention planning and control of the measures adopted through their legal representatives and the internal bodies specifically entrusted with these issues.

In 2007 various prevention training courses were offered to members of the prevention plan teams (first aid and alarm equipment and evacuation), safety representatives and employees.

With respect to safety, all employees at the new BME offices in Las Rozas work within

**BME considers that a healthy and accident free workplace is crucial to any company and employees are entitled to efficient protection of their physical well being and an adequate workplace health and safety policy, as well as implementation of all risk prevention measures required by law or regulations.**



**BME provides its employees with a yearly medical exam and holds an annual flu vaccination campaign.**

50 metres of an exit or stairwell. All fire extinguishing equipment is readily available and meets water systems and hose regulations.

BME has established the following joint management/employee health and safety committees in order to control and advise on these programmes:

- Health and Safety Committee: 9 members
- Evacuation team: 71 members
- Emergency team: 34 members
- First aid team: 5 members

#### Employee health.

BME provides its employees with a yearly medical exam and holds annual flu vaccinations campaigns.

BME has also contracted health insurance for all BME Group employees. This insurance covers medical assistance, surgery and hospital stays in the event of illness or injuries, as per the contract conditions.

In order to meet the primary medical care needs at BME's work centres, the Company has nurse's stations staffed by medical personnel.

#### 8.9 / Ethics and transparency of BME Group personnel.

BME is aware of the delicate role its employees play in Spanish financial markets. BME employees work directly with securities markets and could therefore have access to sensitive material. Consequently, all employees are required to comply with the highest ethics and responsibility standards. Furthermore, these ethics, responsibility and transparency standards are applied to

**BME's activity and the requisite transparency with which both the Company and its employees should act have been clearly reflected in the Internal Code of Conduct.** This covers a multitude of aspects of the Company's business, is applied to all employees and affects all the values and instruments related to BME.



BME's dealings with all market participants.

### BME Group Internal Code of Conduct

Upon the flotation of BME, the Board of Directors approved an Internal Code of Conduct applicable to all BME employees and Board members. This Code unified the different regulations existing in the various Group companies.

The objective of the new Internal Code of Conduct is to regulate BME employees' activities, as well as those of the members of the boards of directors of all BME Group companies, in respect of the securities and instruments traded on or pending admission to any of the markets, official trading systems, or registration, clearing and settlement systems managed or governed by BME.

BME's activity and the requisite transparency with which both the Company and its employees should act have been clearly reflected in the Internal Code of Conduct. The Code covers a multitude of aspects of

the Company's business, is applied to all employees, and affects all the values and instruments related to BME.

The general principles set out in the Code are applied to all employees, conflicts of interest, confidentiality requirements in respect of information obtained in the course of work duties, and obligations, prohibitions and restrictions relating to the processing of securities and financial instruments operations.

The financial systems and markets operating Committee within the Board of Directors has been entrusted with ensuring that all BME employees and members of the boards of directors of BME Group companies comply with the Code.

This Committee receives relevant information from the conduct code Committee, which is entrusted with applying, interpreting and monitoring the Internal Code of Conduct. Employees may submit any inquiries regarding application of the Code to this Committee.

In addition to these two Committees, the conduct regulations Committee has desig-

nated a conduct regulations unit to which employees may submit all reports related to compliance with the Code.

All employees may reference information on the Internal Code of Conduct on the human resources intranet, through which they may also submit reports to the conduct regulations unit.

### Procedure for reporting weaknesses in internal control and risk management systems

As mentioned above, transparency is required not only of BME employees but also of the Company itself.

In that regard, BME's internal regulations (article 17.2.c of the Board of Directors' regulations) establish a system to allow Company personnel to anonymously report any irregularities in the internal control and risk management systems.

The Company has entrusted the Audit Committee with establishing and supervising the procedure, evidencing BME's commitment to reporting of all weaknesses.



In that regard, on 20 November 2006 the Audit Committee approved the procedure for reporting weaknesses in internal control and risk management systems. This procedure, which is available to all employees on the intranet, regulates the scope of reports, the process for handling these reports and, above all, the methods established to safeguard the anonymity of Group employees submitting the reports.

The weaknesses reporting procedure was implemented in 2007. No reports were submitted during the year.

### 8.10 / Activities.

BME is convinced of the benefits of healthy, enjoyable and family-oriented leisure time for its employees.

BME organises a number of leisure events, such as the Christmas-time Three Kings' visit to the Madrid Stock Exchange building and a number of sporting activities for children of employees.

BME sponsors a five-a-side football team and a basketball team by covering the costs of RC Sport 2007-2008 league fees and equipment for athletes.

In addition, BME supports a newly-formed running group and encourages BME employees to take part in community road

racers. This group aims to promote the health benefits of running and to organise, together with other entities, a run/walk in which all BME employees may participate.

In 2007 BME also organised the third edition of the BME Employee Padel Tennis Tournament in which over 42 teams participated, and has encouraged the creation among employees of the first BME cycling group, which enjoys bike excursions in the Madrid mountain range.

Lastly, BME has established agreements with various sports centres near the Las Rozas offices (namely O2 Centro Wellness Sexta Avenida, Club Físico y Centro Fitness Virgin Active Las Rozas, and Gimnasio Rozas Burgo) for reduced membership fees for employees. <

BME's internal regulations (article 17.2.c of the Board of Directors' regulations) establish a **system to allow Company personnel to anonymously report any irregularities in the internal control and risk management systems.**

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Commitment to the  
environment

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COMMITMENT TO THE ENVIRONMENT

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BME's business activities do not have a direct impact on the environment. Nevertheless, BME is aware of its environmental responsibilities and has undertaken to reduce any indirect effects its activities may have on the environment, specifically in respect of use of water, energy and paper, and waste management. BME therefore joins the ranks of companies whose management decisions take into account all possible environmental effects. With this position, BME hopes to help convince other companies to adopt environmentally-friendly policies and targets.

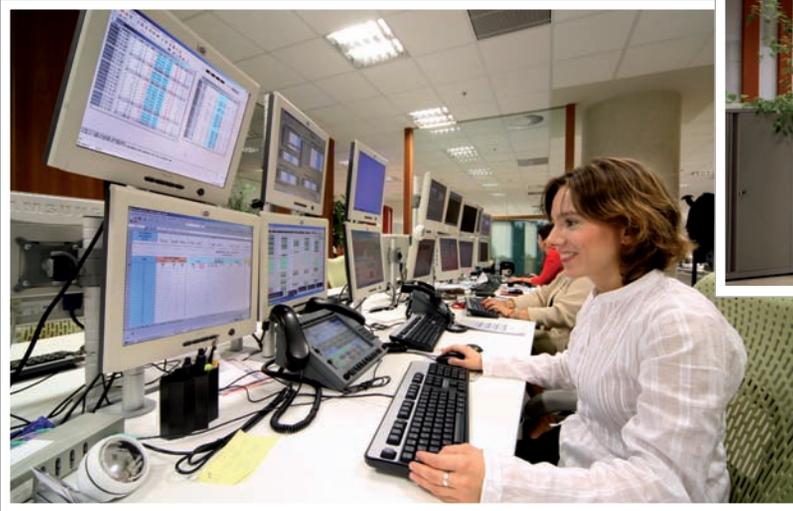
BME has adopted mechanisms to evaluate, manage, and improve its activities from an environmental standpoint. These measures relate to reducing the use of natural resources, adequate waste management, and the commitment to sustainable development.

BME's main lines of action in that regard are as follows:

- Compliance with prevailing national, regional and local legislation, as well as with BME's own commitments to minimise the environmental impact of its activities.
- Promotion of the necessary measures to reduce use of energy, water and paper.
- Promotion of recycling of waste in order to minimise the Company's environmental impact, focusing on a strict "reduce, reuse, recycle" approach.
- Advancement of environmentally-responsible behaviour by BME employees through the implementation of best environmental practices.
- Contribution to corporate social responsibility in Spain through projects encouraging socially responsible business practices.

**BME joins the ranks of companies whose management decisions take into account all possible environmental effects.** With this position, BME hopes to help convince other companies to adopt environmentally friendly policies and targets.





## 9.1 / USE OF RESOURCES.

All companies must use, to a greater or lesser degree, certain natural resources in carrying out their business activities. However, BME considers that the foundation for any environmentally sustainable programme should be a reduction in this use of resources.

In the case of BME, the resources mainly used are water, energy to run the Company's offices, and paper used by employees in carrying out their work activities.

### Energy and water

BME is aware that energy and water are increasingly scarce resources and therefore applies an integrated energy and water savings programme as part of its sustainable development approach.

For a number of years now, BME has applied an environmentally-friendly management model in its offices. As part of this model, its buildings are kept in prime operating condition, which makes it possible to reduce and optimise energy use.

Installations management at BME focuses on an integrated model comprising a series of specific initiatives. These initiatives include the rational use of heating and air conditioning elements, whereby buildings are kept at a suitable and constant temperature within the limits recommended by various organisations specialised in the intelligent use of climate-control systems.

**BME's development model is environmentally compatible and its buildings are kept in prime operating condition, which makes it possible to reduce and optimise energy use.**

In addition, energy is saved in all BME buildings through programming of night-time lighting, installation of appliances with an "A" energy efficiency rating, and the use of energy-saving light bulbs.

Furthermore, additional energy and water savings were achieved in 2007 with the transfer of the majority of BME employees from a number of different buildings in Madrid to the new head offices in Las Rozas. With respect to water use, BME supplies its buildings through the public water supply service.

BME's activity has no negative effects on any water source or system. The Company's waste water systems are connected to the conventional city drainage systems.

### Paper

Among BME's various measures for reducing use of natural resources, all departments and areas strive to limit the amount of paper consumed. The Company encourages distribution of internal memorandums via e-mail, thereby eliminating the printing needs and saving paper. By way of example, the human resources department sends all notices to employees via e-mail, and electronic Christmas greeting cards are made available for employees to send to their contacts instead of traditional paper cards.

BME also reduces paper use by relying on the corporate intranet as an information channel and means of contacting employees.



Through the BME intranet, all employees can consult recent notices, the BME magazines Activo and Bolsa, and other publications, thereby reducing the need for paper. Furthermore, as mentioned in chapter 8, employees can use the human resources online section of the BME intranet to consult human resource services and to process personal requests.

BME's internal mail service reuses envelopes and document boxes, thereby optimising the use of these materials.

As a result of the above measures, in 2007 BME has achieved a sustainable use of paper in its activities.

## 9.2 / WASTE MANAGEMENT.

BME considers that a company's ecologically-friendly policies should not only call for a reduction in the use of basic resources which could generate waste, but also the reuse and recycling of these resources. This extends the useful lives of resources and allows for multiple uses. BME contributes to sustainable development through proper waste management programmes entailing external recycling.

Proper waste treatment and management by companies is critical to preserving the environment. Recycling is an essential waste management tool, given that not only does it reduce the amount of raw materials used and the resulting water and energy expenses, but it also decreases the quantity of waste and pollution.

Waste generated by BME's activities mainly includes paper, cardboard and office material. These elements are recycled at each of the work centres in accordance with the most appropriate technical systems for each case. For example, as paper and cardboard waste is kept to a minimum at the BME head offices in Las Rozas (62.23% of BME employees), the paper and cardboard recycling bins provided by the city council for subse-

Waste generated by BME's activities mainly includes paper cardboard and office material. **These elements are recycled at each of the work centres in accordance with the most appropriate technical systems for each case.**

quent removal, treatment and recycling have been sufficient.

Office materials that are especially damaging to the environment, such as printer toner and replacement cartridges, are recycled through materials suppliers.

BME also manages waste generated at the employees' cafeteria in the Las Rozas head offices, contracting a specialised company to remove those wastes considered especially damaging to the environment.

BME employees play a fundamental role in the Company's environmental policy by using resources responsibly and managing waste generated by their work activities. BME therefore motivates and involves all personnel in the responsible use of resources and encourages environmentally-friendly behaviour.

### 9.3 /

#### **BME'S COMMITMENT TO SUSTAINABLE DEVELOPMENT.**

BME is among the growing ranks of citizens and companies becoming increasingly aware of environmental issues. The Company continually rolls out new initiatives towards sustainable development, i.e., being fully aware that although natural resources must be used, they are limited and should therefore be applied carefully and responsibly.

In view of the undeniable need to limit fuel consumption and to reduce CO2 emissions,

BME has undertaken initiatives to encourage employees to use alternatives to private vehicles to travel to and from the BME work centres. By way of example, BME provides a shuttle bus service for employees at a number of work centres.

Specifically, BME provides employees with a shuttle bus service between the Las Rozas head offices and the regional commuter train station at Majadahonda, and between the Plaza de la Lealtad and the Las Rozas offices. This latter service aims to provide an alternative to private transportation for those employees who work in both build-

ings or who are required to travel between the two offices for occasional meetings. In 2007 approximately 20 of the 100 employees working at the BME Las Rozas head offices used this service each day.

Similarly, BME encourages the use of video conferences for meetings between the different work centres, thereby removing the need for employees and other participants to travel to a different building. This has led not only to a significant cost savings but also contributes, within the scope of BME's possible influence, to a reduction in the level of greenhouse gas emissions.

**BME encourages the use of video conferences** for meetings between the different work centres, thereby removing the need for employees and other participants to travel to a different building.





## 9.4 /

### **BME AND THE KYOTO PROTOCOL.**

BME collaborates in the fight against climate change through its role as supervisor of the National Registry of Greenhouse Gas Emission Rights (RENADE).

The Spanish government has entrusted Iberclear with management of this CO2 emissions rights registry under the supervision of the Ministry for the Environment. This responsibility places BME in a prime position in global efforts to protect the environment and its ecosystems.

Companies contributing to this environmental effort gain credibility and improve their corporate image and reputation.

Greenhouse gas emission rights are part of the Kyoto Protocol whereby the countries party to the Protocol undertake to limit their greenhouse gas emissions.

The Kyoto Protocol establishes a unit for

measuring these emissions, whereby each tonne of CO2 emitted to the atmosphere equals one emission right. Each participating country prepares a national allocation plan in which each installation carrying out activities considered to be polluting under the Protocol (electric, paper, ceramic, cement, etc) is assigned a specific amount of emission rights (tonnage).

Ownership and control of these emission rights in Spain is monitored through the RENADE. All emissions trades, CO2 emissions by installations forming part of the national allocation plan, and rights applied by these installations in exchange for emissions made are recorded in the registry. Those installations that have applied fewer rights than they were assigned can sell their surplus rights to other installations requiring more rights.

BME's role in the emission trading scheme is

only beginning. 2006 was the first year in which all the legal required actions in this area were carried out (assignment of rights, verification of emissions, application of rights, cancellation, etc.).

The evolution of this registry in the future will entail an even greater commitment by BME to controlling climate change. For example, as of 2008 emission rights can be traded not only in the European arena but globally as well. At that time, all registries will be interconnected through the United Nations International Transaction Log (ITL) and trading will encompass other units created under the Kyoto Protocol, assigned on the basis of "green" projects.

In addition, in the future the registry will be extended from CO2 to other greenhouse gases, such as methane and nitrous oxide. This will require highly technical advances and adaptations. <

**The Spanish government has entrusted Iberclear with management of this CO2 emissions rights registry under the supervision of the Ministry for the Environment. This responsibility places BME in a prime position in global efforts to protect the environment and its ecosystems.**

# 10 /

Commitment  
to culture

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COMMITMENT TO CULTURE

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BME makes considerable efforts to collaborate not only with its clients and investors but also with other social groups by supporting and promoting culture in general.

### 10.1 / The Palacio de la Bolsa: part of Madrid's historical and cultural wealth.

BME's registered offices are located in the Palacio de la Bolsa, one of the most striking landmarks of Madrid and one of the most important assets of BME and the securities market. Located in the Plaza de la Lealtad in Madrid, the Palacio de la Bolsa is a neoclassic-renaissance building designed by Enrique María Repullés y Vargas. The building was inaugurated by the Queen Regent María Cristina on 7 May 1893 and today is part of the historical and artistic wealth of Spain.

The Palacio and its trading floor are symbols of the Spanish securities market. In view of its beauty and history, the building is one of the most prestigious constructions housing stock exchange activities in the world.

The community's interest in the architectural value and the activities carried out in this building is reflected in the success of BME's participation in recent years in two annual events aimed at sharing and extolling the beauty of the building: the Madrid White Nights (Noche en Blanco) initiative and Architecture Week.

On 22 September 2007, Madrid held the second edition of the Noche en Blanco,

organised by the city council arts section as part of the European White Nights consortium shared by Paris, Riga, Rome and Brussels. This cultural initiative opens the doors of the most spectacular landmarks of these cities and brings new developments in contemporary art closer to the public. As part of the festival, BME opened the doors to the Palacio de la Bolsa trading floor.

The Palacio de la Bolsa was also one of the buildings included in the Architecture Week initiative organised by the Fundación Arquitectura COAM, together with the Madrid city council, the National Architects' Professional Association, the IFEMA trade fair institution, the Metro de Madrid underground train company, the Madrid transportation consortium and the regional commuter train company (RENFE). The activities programmed for Architecture Week included a guided visit of the Madrid Palacio de la Bolsa building on 2 October 2007, sharing the history of the building and some of the most important architectural elements it contains.

### 10.2 / Collaboration and sponsorships.

BME's commitment to culture also takes the form of participation and membership in associations and foundations which organise cultural and academic activities outside the financial arena (see chapter 4 for contributions to financial culture). BME also edits economic publications in order to share this culture with university students, academics and sector professionals.

#### 1) COMMITMENT TO ART.

As an expression of its commitment to culture and society, BME collaborates with some of the most well-known museums in Spain by sponsoring exhibitions and activities and participating in museum programmes on a regular basis. BME forms part of the Friends of the Prado Foundation, is a sponsoring partner of the Reina Sofia Museum and, through the Bilbao Stock Exchange, is a strategic patron of the Guggenheim Museum.

As part of this commitment, BME promotes artistic and social values through the organisation of an outdoor painting competition, "En torno al Prado y a la Bolsa". In 2007 BME organised the eighth edition of this annual competition, which has attracted over 3,000 artists since its inception. As part of the competition, artists capture some of the unique scenes near the stock exchange building, the Prado Museum and nearby boulevard, and the Atocha roundabout.

**BME shares information and studies on the Spanish economy finance the securities market and the main sectors of the Company's activity through various internal and external publications such as Activo and Bolsa.**

BME also supports musical arts through the Barcelona Stock Exchange, which sponsors the Gran Teatre del Liceu.

## 2) COMMITMENT TO ACADEMIA

BME's commitment to culture also entails collaboration with a number of cultural organisations.

a) La Fundación pro Real Academia Española (Foundation in support of the Spanish Language Royal Academy).

As part of its commitment to culture, BME is a sponsoring member of the Foundation in support of the Spanish Language Royal Academy. This Foundation was created on 20 October 1993 to channel general support to enable the academy to carry out its cultural mandate.

b) Collaboration with universities and membership of academic associations.

BME collaborates with various associations and foundations within the areas of education, financial information and organisation of activities for universities.

In partnership with the Universidad de Valencia, the Valencia Stock Exchange organises the La Nau Gran project, a programme facilitating access to the University for individuals over the age of 55. As students, this population segment is able to use the same classrooms and materials as younger students pursuing university degrees.

Together with the Valencia Regional Government and the Valencia, Alicante and Castellón universities, the Valencia Stock Exchange also organised and sponsored

the sixth regional Economics Olympics and the fifth edition of the Economic Olympics for the entire autonomous community of Valencia.

As part of the Economic Olympics, secondary students compete in subjects such as biology, economics, physics, mathematics and chemistry. The main objective of these two competitions is to encourage students to study these sciences on a university level. All prizes were donated by the Valencia Stock Exchange.

## 3) PATRONAGE AND EDITION OF PUBLICATIONS

BME supports the study of the Spanish economy, finance and securities market through the edition of books on these matters.

In 2007 BME edited and presented three new books in the ESTUDIOS & INVESTIGACIÓN collection. The first two books were a compilation of speeches from the Financial Mathematics Seminar organised by Instituto BME in a book of the same title, and the speeches given during the BME summer course at the Universidad de Oviedo in the book "Nuevas Alternativas para la Inversión Colectiva Fondos Cotizados y Fondos de Inversión Libres" (New Collective Investment Alternatives: Exchange Traded Funds and Hedge Funds).

The third book, "Libro-guía sobre las Med-Cap" (Guide to Mid-Caps) is a listing of the 86 small and medium capitalisation companies that at 31 December 2006 were traded on the electronic trading system and which

did not form part of the IBEX35®.

Through the Latibex market, BME has also sponsored the first guide to Latin American securities traded on the Spanish market. The book, "Guía Latibex 2007" (2007 Latibex Guide), is the first guide prepared exclusively on securities traded on the Latibex and is an indispensable tool for private investors interested in diversifying their portfolio with Latin American securities.

BME also supports the monthly periodical "Revista de Contratación Electrónica" (Electronic Trading Magazine) which publishes papers and essays on electronic commerce and trading, intellectual and industrial property, and stock market trading, as well as the "Revista de Derecho del Mercado de Valores" (Securities Market Law Magazine).

## 4) PUBLICATION OF MAGAZINES

BME shares information and studies on the Spanish economy, finance, the securities market and the main sectors of the Company's activity through various internal and external publications, such as the internal employee magazine Activo and the external market periodical Bolsa.

As detailed in chapter 8, Activo is directed at all BME employees, while Bolsa is a monthly market magazine featuring contributions from personnel of different BME departments and from external collaborators. The magazine informs readers of the latest developments in financial markets.

In addition to the above publications, certain BME Group companies also edit publi-



cations aimed at promoting and circulating information on new products and services. These publications include the following:

- Through the research service, the Barcelona Stock Exchange has published "Estudios sobre el Mercado de Valores", a collection of papers on financial and stock-exchange matters, since 1993.
- As part of efforts to improve its relationships with clients and participating entities and the services it renders, Iberclear has created the Iberclear.com newsletter, considered to be one of the company's most important recent innovations in quality

management. Transparency, proximity, information and speed in reacting and responding to suggestions are all essential to business relationships in the twenty-first century. This publication reports the most recent events in Iberclear and discusses upcoming developments in BME's clearing and settlement area.

The second edition of the newsletter was distributed in November 2007. Frequency of publication will depend on the relevant developments occurring in the sector.

- MEFF, which manages the derivatives area, publishes a newsletter informing of

recent news and developments in futures and options markets, such as changes in conditions for these contracts, possible modifications to fee schemes, and new market members. The newsletter, which is available on the MEFF website, is distributed to all market members and to a wide range of participants.

- AIAF, the fixed income section of BME, provides market participants with a newsletter reporting on legislative developments in the corporate debt market, announcements and events, and new products and services available. <

# 11 /

## Comitment to developing financial markets

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COMMITMENT TO DEVELOPING FINANCIAL MARKETS

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BME and its subsidiaries make considerable efforts to ensure that their technical and human resources are available to the public and to organise workshops, trade fairs and other activities to publicise the most recent developments and initiatives undertaken by BME.

As market issuers have long viewed the stock market buildings as an appropriate setting for their presentations, stock market flotations, and other relevant corporate events, BME places these installations at their disposal.

### 11.1 / Bell ringing.

The Spanish stock exchanges invite entities to ring the trading floor bell to open trading sessions, either using a touch screen with a virtual bell or by actually ringing a metal bell. Participation in this tradition affords securities issuers greater publicity for their stock market flotations, new product launches, results presentations and other significant events targeting market participants, investors, shareholders and the market in general.

In 2007, twelve of the thirteen companies requesting flotation of their shares on Spanish equity markets preformed the bell-ringing ceremony, which earned them greater media coverage for the flotation.

In addition to flotations in 2007, BME has invited a number of Spanish and foreign listed companies to open trading sessions in order to commemorate anniversaries on the Spanish market, present results, launch new products and financial instruments, and host other activities in an emblematic stock market setting.

**Participation in this tradition affords securities issuers greater publicity** for their stock market flotations, new product launches, results presentations and other significant events targeting market participants, investors, shareholders and the market in general.



## 11.2 / Presentations and other market development activities held at BME installations.

The iconic nature of the Madrid, Barcelona, Bilbao and Valencia stock exchange buildings within the securities markets often captures the interest and curiosity of the public. Consequently, the main market players, such as listed companies, brokers, and the media, consider the stock market installations to be an ideal setting to host a number of activities. Both companies and individuals consider that holding events and presenting results, products and services on the securities market trading floors brings greater publicity to their events. This has become somewhat of a tradition and a guarantee that new market players will take notice of these activities. Consequently, BME's buildings, especially the Madrid Palacio de la Bolsa, have become a forum for promoting financial culture for all types of companies. In addition, academic encounters and educational activities related

with the financial sector are commonly held in these installations, as are awards ceremonies, press events, educational events by financial training institutes, anniversaries and commemorations, and product launches.

In this regard, numerous companies issuing securities have presented their results, launched new products, and even held such important acts as pre-flotation presentations, at the Spanish stock market buildings.

BME installations are also used for presentation of books on financial markets and company law. Following the publication in 2006 of the Unified Good Governance Code by the Spanish National Securities Market Commission, a highly relevant document for listed companies, two related books were presented at the Madrid stock exchange building in 2007: "El Buen Gobierno de España: un análisis crítico" (Good Corporate Governance in Spain: a critical analysis), by Blas Calzada Terrados and "El Código Unificado de Gobierno Corporativo" (The Unified Good Governance Code) by Rafael Mateu de Ros Cerezo. "Régimen Jurídico de los mercados de valores y de las instituciones

de inversión colectiva" (Legal Framework of the Securities Markets and Collective Investment Institutions) was also presented in this setting.

BME also opens its facilities for awards ceremonies organised by the leading audit companies, economic newspapers, and financial market and corporate entities. For example, BME buildings were the setting for Ernst & Young's business awards, La Gaceta de los Negocios's VIII Stock Market Awards, the business awards ceremony held by the financial magazine Dinero, the Spanish Confederation of Savings Banks' (CECA) financial distinctions, and the recognition by the periodical El Boletín de Valencia business leaders. Other important awards ceremonies include the Best of European Business (McGuffin Events), awards conferred by Société Générale for its warrants contest, and awards for BME's Analysis of Atypical Financial Contracts competition.

The Madrid stock exchange building was also the ideal setting for the highly publicised presentation of the first edition of the President's Economic Report on 16 July 2007.



### 11.3 / Awards conferred by BME.

In 2007, BME organised the BASE IBEX and BASE LATIBEX awards for management by collective investment institutions of investments in Spanish equities and in Latin American equities through the Latibex market. This recognition is part of BME's general efforts to promote the IBEX35® and Latibex Top® indices for trading of both shares and futures, options and warrants.

BME has also awarded the prizes for the best work in equities, fixed income and derivatives markets in the XV Financial Forum organised by the Asociación Española de Finanzas (Spanish Finance Association, AEFIN).

The annual Financial Forum is the meeting point for researchers in banking and finance, both from the academic world and from financial institutions.

These awards are given to university students and researchers, reflecting the shared goal of BME and the Finance Forum to encourage research in finance among academic communities and Spanish professors. The Forum acts as a bridge between these two groups and spurs growth in the financial industry. BME is proud that each year the quality of the work submitted to this competition increases notably.

### 11.4 / Promotion and development of the market.

BME promotes and develops the market not only through making its facilities available to market participants for holding events to propel growth in stock markets, but also through participation in securities markets forums and trade fairs held in Spain.

Furthermore, BME carries out a number of initiatives to strengthen its international position.

#### A) PROMOTION AND DEVELOPMENT OF BME IN SPAIN.

Members of BME's management team regularly participate in a number of events, workshops, and conferences, and work directly with the media to continually promote the Spanish securities market.

The following events have been included in this report due to their relevance in the securities markets:

#### 1) Bolsalia

As part of its commitment to spreading and promoting financial culture, BME participates in Bolsalia, one of the leading stock

exchange and financial markets trade fairs in Spain. This trade fair is directed at both individual shareholders and professionals and aims to provide information on the outlook for markets and the main securities traded.

In addition, training workshops held as part of this fair help shareholders and investors learn more about the business strategies and the dividend policies applied for the leading Spanish securities. BME participates in Bolsalia by hosting unique open classes, conferences and contests which have become pillars of the trade fair. The conferences organised by BME have mainly related to salient issues such as exchange traded funds, a new and interesting investment tool, and to the Latibex market.

The latest edition of the Bolsalia trade fair was held on 22, 23 and 24 March 2007 at the Madrid Conference Centre, attracting the largest number of participants in recent years.

#### 2) Borsadiner

Through the Barcelona Stock Exchange, BME helps foster financial culture through Borsadiner, the trade fair on money, the stock exchange and other financial markets. This is the only financial markets trade fair held in Catalonia.

Through its stock exchange governing companies BME participates in organisations striving to place the Spanish stock exchanges at the head of the European financial market along with the London Paris and Frankfurt exchanges **thereby strengthening their international position.**

The seventh edition of Borsadiner was held on 15, 16 and 17 November 2007, attracting an important group of investors, both in terms of quantity and their investment capacity. Borsadiner 2007 focused on stock market investment, investment and pension funds, other asset investments, as well as day trading and related tax matters.

During the latest edition of Borsadiner, BME delivered a wealth of information on its markets, products and services, specifically focusing on investor services. BME also held an informational/educational workshop featuring twelve speeches by entities and professionals presenting their products, services and markets to the investment community.

In conjunction with this trade fair, the second edition of the Borsadiner Professionals workshop for financial professionals was held on 15 and 16 November 2007 as a meeting space for professionals and experts to discuss current financial market issues and developments.

### 3) Latibex Forum

In view of the importance of the Latibex market (see chapter 5) and the need to inform investors of the development activities and outlook for Latin American companies, BME organises the yearly Latibex Forum. The Forum provides an opportunity to discuss all aspects of the operations and characteristics of the Latibex international market, which has become a bridge between Latin American companies and European investors.

The Latibex Forum has become the top

meeting place for European and Spanish institutional investors, financial intermediaries, representatives of international organisations, government officials, Latin American listed companies and European listed companies with a strong presence in Latin America.

The ninth edition of the Forum was held in Madrid on 21, 22 and 23 November 2007 and provided all participants with information on a multitude of subjects of interest, such as Latin American fixed income, improvements in infrastructures, IT and communications, business transparency and communication in Latin America, and investment risks in the region.

The Forum also featured speeches on the opportunities provided by renewable energies in Latin America and the substantial improvement of certain economies in the region in recent years. The one-on-one encounters between companies and investors were an ideal setting for an exchange of information on issuing companies, their securities and the potential each company offers the European market.

For the second consecutive year, the Latibex Forum hosted the ceremony for the Garrigues-Affinitas Good Corporate Governance in Latin America Award, recognising business excellence in good corporate practices and transparency.

### 4) MEDCAP Forum

On 30 and 31 May 2007 small and medium-capitalisation companies came together for the third edition of the MEDCAP Forum





organised by BME as part of its commitment to promoting Spanish financial markets.

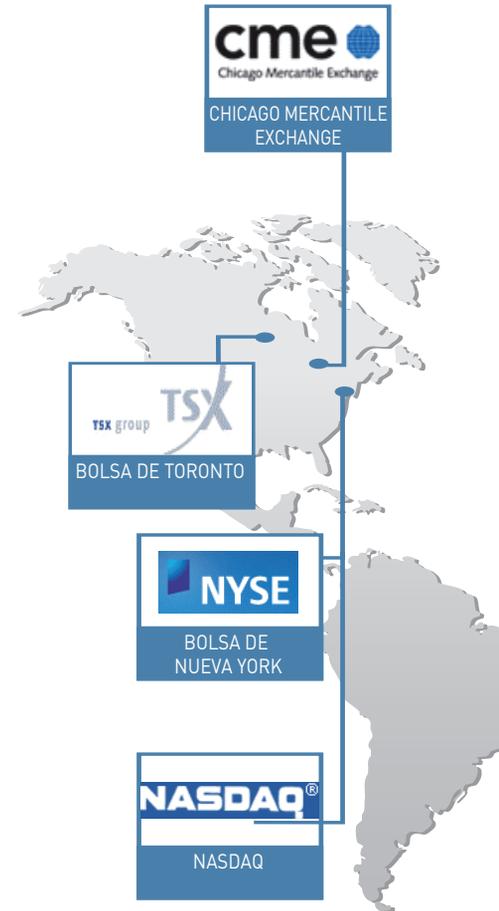
This forum, organised by the four Spanish stock exchange governing companies, is a yearly encounter for analysts, managers and Spanish and foreign investors interested in Spanish listed companies with small and medium market capitalisation. The objective of the forum is to promote the liquidity and financing ability of these companies. The MEDCAP Forum has become yet another tool for achieving greater transparency and improvement in market relations.

By bringing together analysts, managers and investors and facilitating a number of instruments, installations and technical means (conference calls, webcasts), BME provides small and medium capitalisation companies with an annual forum for presenting their results other than at their general shareholders' meetings.

This year's programme was very ambitious, alternating between business panels and round tables debating issues of general interest such as the tools for investing in small and medium capitalisation securities, liability of directors, and venture capital activities in small and medium capitalisation companies. As in earlier editions, the programme featured bilateral interviews analysing the reality and expectations of these companies. The main managers of 60 small and medium capitalisation listed companies and over 200 Spanish and foreign investors and analysts participated in the 2007 MEDCAP forum.

### BME forms part of the most relevant international stock exchange associations:

- World Federation of Exchanges (WFE)
- Federation of European Securities Exchanges (FESE)
- Federación Iberoamericana de Bolsas (FIAB)
- Committee of European Securities Regulators (CESR).
- International Organization of Securities Commissions (IOSCO)
- European Central Securities Depositories Association (ECSDA)
- International Securities Services Association (ISSA)
- Futures and Options Association (FOA)
- Futures Industry Association (FIA)
- Asociación XBRL España



#### 5) European Securitisation Forum: European Securitisation Market Conference.

BME is well aware of the challenges facing the Spanish securitisation market following implementation of the new Basel II legislation through the Bank of Spain Solvency Circular and in view of the current need to diversity securitised assets. Through AIAF, BME has contributed to the efficient growth and ongoing development of securitisation and has championed the interests of its members at the European Securitisation Market one-day conference organised by the European Securitisation Forum and held in Madrid on 10 October 2007.

At the conference, AIAF offered a talk titled "The present and future of the Spanish securitisation market" to a group of financial enti-

ties, investors, rating agencies, and securitised markets authorities.

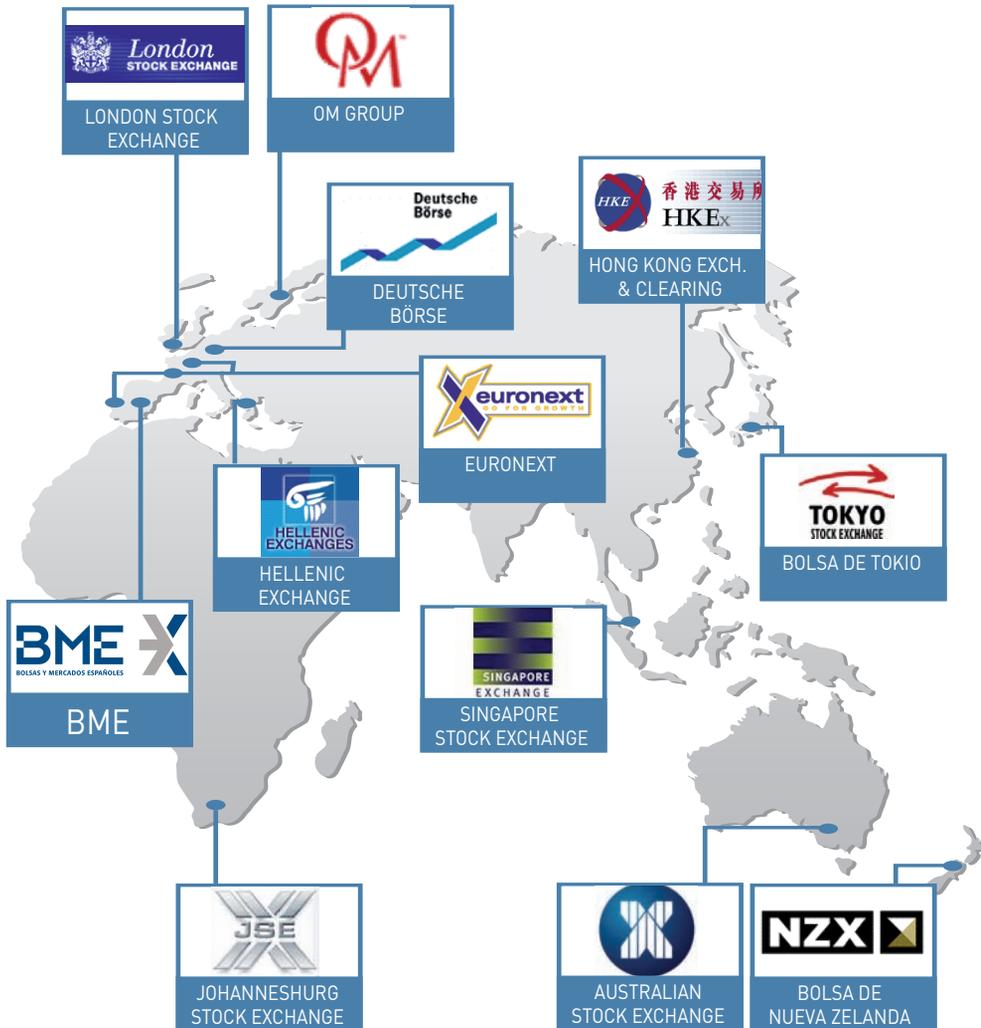
#### B) INTERNATIONAL PROMOTION AND DEVELOPMENT.

BME is firmly committed to fostering and developing the Spanish finance markets internationally by publicising its most relevant services to companies and organisations operating in these markets, as well as its growing infrastructure and communications network that guarantee market competitiveness.

Through its stock exchange governing companies, BME participates in organisations striving to place the Spanish stock exchanges at the head of the European financial market, along with the London, Paris and Frankfurt exchanges, thereby strengthening their international position.

The Madrid Stock Exchange forms part of the "Asociación Madrid Centro Financiero Internacional" (Madrid International Finance Centre Association) along with other Spanish financial companies, banks, insurance companies, the "Instituto Madrileño de Desarrollo" (Madrid Development Institute, IMADE), which reports to the Madrid Regional Government Council for the Economy, and the Madrid City Council through the Madrid Emprande Economic Development Agency. This association aims to promote Madrid as an international financial arena and publicise the results, strengths and abilities of the Madrid market, which today ranks seventh among international stock markets in terms of both size and volume of activity.

The Barcelona Stock Exchange forms part of the "Asociación Barcelona Centro



Financiero Europeo” (Barcelona European Finance Centre Association), created in 1991 by over forty institutions and entities to promote the Barcelona market as a leading European stock exchange. The Barcelona Stock Market currently holds the two-year presidency of this association. BME forms part of the most relevant international stock exchange associations. BME is a member of the World Federation of Exchanges (WFE), a private international organisation bringing together the managers of the main global financial markets. The Federation is a forum for communication, analysis and debate among members, in order to facilitate representation and development of international financial markets and identify the needs users may have in view of the ongoing changes in these markets.

BME is also a member of the Federation of European Securities Exchanges (FESE), which represents the operators of European regulated markets. The overarching objectives of the FESE are to foster the global competitiveness of European exchanges, promote public recognition of the exchanges and their contribution to the European and global economies, and provide a forum for open debate on capital markets. The FESE works closely with securities clearing and settlement companies, the European Commission, the European Parliament, Ecofin, and the Committee of European Securities Regulators (CESR). In view of the importance BME places on developing Latin American markets (see chapter 5), it is also a member of the Federación Iberoamericana de Bolsas (Iber-

American Stock Exchange Federation, FIAB). The FIAB's mission is to foster cooperation among its members in order to promote development and advancement of their securities markets and financial instruments, in the best interest of all market participants. BME is also a member of the International Organisation of Securities Commissions (IOSCO). This organisation, established in 1983, currently sets international standards for securities markets. Through Iberclear, BME is a member of the European Central Securities Depositories Association (ECSDA) and the International Securities Services Association (ISSA), a private sector organisation which aims to promote progress in the securities services industry, open up communication channels between securi-

ties services providers, and increase the professional knowledge of securities industry participants.

The international association offers solutions and advice on technical, economic, financial and legal aspects and regulatory matters to reduce the risks and increase efficiency in deposit and settlement of securities and in payments to issuers, investors and market participants.

Through MEF and its activities to develop Spanish futures and options markets, BME participates in two global associations, the Futures and Options Association (FOA) and the Futures Industry Association (FIA).

The Futures and Options Association (FOA) is an industry association for firms and institutions carrying out business in futures, options and other derivatives. The FOA's objective is to represent the interests of its members in the public and regulatory domain and deliver a wide range of support services to its membership.

The FOA's membership includes banks and financial institutions, brokers, commodity trade houses, energy market participants, fund managers, exchanges, clearing houses, systems providers, lawyers, accountants and consultants.

The Futures Industry Association is the only association representing all organisations that have an interest in the futures market. Members include international exchanges, banks, legal and accounting firms, brokers, and information providers headquartered in the US and abroad.

The FIA provides a forum for futures and options professionals from around the globe to share information and concerns on the worldwide futures industry. The FIA works to facilitate cross-border trade, supervise and contribute to international regulations, assist new markets, and standardise practices and policies aimed at creating more efficient cross-border trade. The FIA participates in international projects such as the drafting of recommenda-

tions to improve protection of assets held by market participants throughout the world and compiling information on regulations, technology, design, and systems for international trades.

In terms of information, BME participates in the Asociación XBRL España, whose objective is to bring together individuals and public and private entities to implement, adopt and develop the extensible business reporting language both nationally and internationally in order to unify financial and business reporting standards.

The Extensible Business Reporting Language, known by its acronym XBRL, was born from the proposal made in 1998 by Charles Hoffman, an expert accountant and auditor, to simplify automated reporting through use of the XML language. Currently, XML is the language used for internet-based information exchange, and therefore a multitude of tools, opportunities and technology would be available if information is reported in XML format.





**BME promotes participation of individuals in financial markets** by supporting investment clubs which contribute to the public's understanding of how stock markets work.

**C) OTHER ACTIVITIES**

BME promotes participation of individuals in financial markets by supporting investment clubs, which contribute to the public's understanding of how

stock markets work. BME provides potential clubs with information on how to create such a group, as well as the forms to be completed and information on taxation to which these

groups are subject, and, most importantly, reminds potential groups that investment clubs should be a source of information and not a means for attracting funds. <

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## Directions and contacts

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DIRECTIONS AND CONTACTS

## DIRECTIONS:

### BOLSAS Y MERCADOS ESPAÑOLES (BME)

#### HEADQUARTERS

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 5000

#### LAS ROZAS

Tramontana 2 bis, 28230 LAS ROZAS, Madrid, España  
TEL: + 34 91 709 5000  
[www.bolsasymercados.es](http://www.bolsasymercados.es)

## SPANISH STOCK EXCHANGES

### Bolsa de Madrid

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 5000  
[www.bolsamadrid.es](http://www.bolsamadrid.es)

### Bolsa de Barcelona

Paseo de Gracia, 19, 08007 BARCELONA, España  
TEL: + 34 93 401 35 55  
[www.borsabcn.es](http://www.borsabcn.es)

### Bolsa de Bilbao

José María Olábarri 1, 48001 BILBAO, España  
TEL: + 34 94 403 44 00  
[www.bolsabilbao.es](http://www.bolsabilbao.es)

### Bolsa de Valencia

Libreros, 2 y 4, 46002 VALENCIA, España  
TEL: + 34 96 387 01 00  
[www.bolsavalencia.es](http://www.bolsavalencia.es)

## CONTACTS:

### Investor Ombudsman

Madrid - TEL: + 34 91 5891184  
Barcelona - TEL: + 34 93 4013555  
Valencia - TEL: + 34 96 38701 23 / 56

### Research service, libraries and documentation centre

Servicio de Estudios de la Bolsa de Madrid. Revista BOLSA.  
TEL: +34915891006  
Servicio de Estudios de la Bolsa de Barcelona.  
TEL: +34 934013555  
Biblioteca de la Bolsa de Madrid  
e-mail: [biblio@bolsamadrid.es](mailto:biblio@bolsamadrid.es)  
TEL: +34915891321  
Biblioteca de la Bolsa de Barcelona  
TEL: +34 934013555

### Visits

Bolsa de Madrid. Carmen Galindo. TEL: +34 91589 22 64  
Bolsa de Bilbao. Ana Herrera TEL: +34 944034400  
Bolsa de Barcelona: Carolina Díaz Cortés. TEL: +34 934013552  
Bolsa de Valencia: Carmen García. TEL: +34 963870111

### Educational services

Instituto BME  
Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 589 23 24  
[institutobme@bolsasymercados.es](mailto:institutobme@bolsasymercados.es)

### International Relations

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 7095136  
Internacional@bolsasymercados.es

### Latibex, Mercado de Valores Latinoamericanos

TEL: +34 91 589 26 81  
www.latibex.com  
info@latibex.com

### Shareholder's office

Secretaría General  
Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 589 13 06  
accionista@bolsasymercados.es

### Investor Relations

Dirección Financiera  
Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 51 63/ 61  
investorrelations@bolsasymercados.es

### Humans Resources

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 5148  
formacion@bolsasymercados.es

### Corporate Communication

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 589 10 05/1407  
newsbme@bolsasymercados.es

### Market development

TEL: +34 91 589 14 02  
gbujalance@bolsamadrid.es

### MAB

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 589 21 02  
www.bolsasymercados.es

### Infobolsa

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 5600  
www.infobolsa.com  
comercial@infobolsa.es

### BME Consulting

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 5700  
www.bmeconsulting.es  
info@bmeconsulting.es

### Visual Trader

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 5731  
www.bolsasymercados.es  
info@visual-trader.com

### BME Innova

Palacio de la Bolsa, Plaza de la Lealtad 1, 28014 MADRID, España  
TEL: + 34 91 709 5000  
www.bolsasymercados.es

**Corporate and Social Responsibility Report**



2007

