

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ISSUER IDENTIFICATION

YEAR-END DATE

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Tax Identification

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Company Name:

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

Registered Office:

PLAZA DE LA LEALTAD, 1 (MADRID)

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

At any event, the following aspects should be reported:

- Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.
- Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- Information on whether any external advisors took part in this process and, if so, their identity.

BME's corporate governance system is established in such a manner that the proposals submitted to the Board of Directors concerning remuneration initially originate from the Appointments and Remuneration Committee.

Pursuant to the provisions of Articles 529 *quindecies* of the Corporate Enterprises Act and 20.2.i) of the Regulations of the Board of Directors, the Appointments and Remuneration Committee is responsible for proposing the Directors' Remuneration Policy to the Board of Directors, as well as the individual remuneration and other contractual conditions of the executive Directors.

As a result of expiry of the Directors' Remuneration Policy on 31 December 2018, at the date of this report the Appointments and Remuneration Committee is working on a new Directors' Remuneration Policy for the years 2019, 2020 and 2021 which, pursuant to the provisions of Article 529 *novodecies* of the Corporate Enterprises Act, shall be submitted to the 2019 Ordinary General Shareholders' Meeting.

At the date of this report there are no plans for any modifications to the items of Directors' remuneration, no account was taken of any comparable companies, and no external advisors were involved.

The changes made to the new Policy shall be set out therein and in the specific report by the Appointments and Remuneration Committee which, pursuant to Article 529 *novodecies* of the Corporate Enterprises Act, shall be submitted to shareholders along with the notice convening the next Ordinary General Shareholders' Meeting.

- Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which shall include, as the case may be, a mention to the measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company and measures to avoid conflicts of interest, as the case may be.

Furthermore, state whether the company has established any period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and consolidated financial instruments, or if any clause exists reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate has been agreed.

At the date of this report there are no plans for any significant changes to the previous Policy in this regard in the Directors' Remuneration Policy for the years 2019, 2020 and 2021.

The criteria followed to determine the remuneration structure of the Directors in their status as such are as follows:

- Compensate based on corporate governance standards and market circumstances, bearing in mind the Company's nature and activity.
- Compensate in accordance with the offices, functions and the commitment assumed on the Board and in its delegate bodies.
- Compensate the effective dedication, abilities and responsibilities of the position, without the remuneration becoming an obstacle to their duty of loyalty, nor affecting objectivity when defending the interests of the company.
- Compensate Directors acting as such exclusively by means of remuneration of a fixed nature for their attendance and belonging to the Board of Directors and its Committees, without incorporating variable components, following the recommendations of the Good Governance Code.

When compensating the Directors' executive functions, the purpose of the Remuneration Policy is to set up competitive remuneration packages that attract, retain and engage highly distinguished professionals, while at the same time establish a stable link and long-term commitment over time between remuneration, results, shareholders' interests and risks undertaken. Thus, it is geared towards generating value for the Company, endeavouring to be aligned with shareholder interests and strict compliance with prevailing regulations on the matter.

The Policy also establishes a suitable and proportionate combination between fixed and variable remuneration and, within the latter, a balanced and efficient relationship between the remuneration received in cash and that linked to the delivery of the Company's shares. Moreover, following best practices in matters of good corporate governance, a significant part of the variable component of the remuneration is deferred over time, being derived from medium and long-term incentive plans and settled in Company shares.

Criteria used to reduce exposure to excessive risk.

Under no circumstances does the design of the Directors' remuneration system encourage the taking of excessive risks by the Company, given that, as per the Articles of Association, the remuneration items received by Directors in their status as such is this is limited to attendance fees and fixed remuneration, with the express purpose of not tying this remuneration to targets and variable components.

In terms of the remuneration of Directors for their executive functions, it should be pointed out that the annual variable remuneration of the Chairman for his executive functions and that of the CEO, in addition to their participation in the medium and long term variable remuneration plans, aimed at members of the management team, including executive Directors of the Company who, up to the date of this report, perceive in attention to the Directors' Remuneration Policy for the years 2016, 2017 and 2018, described in section B.7, are established basis on the Company's performance as a whole.

The above notwithstanding, it must be noted that BME does not engage in any lending or investment banking activities. BME does not engage in business activities that entail balance sheet risks

associated, for example, with changes in the price of assets, where volatility could give rise to profits one year and losses the next. Clearing house activities obtain funds from the total volume of instruments arranged to which it provides service and from the balance thereof. This is not an investment activity subject to price volatility.

In the Company's opinion, the absence of volatility in the Company's results linked to the assumption of balance sheet risks, as a result of the nature of the activities carried out by BME, justifies, up to the date of this report, the fact that the Chairman and CEO's variable remuneration is not subject to deferred payments.

Moreover, the remuneration structures of the Chairman and the CEO established in the Directors' Remuneration Policy for the years 2016, 2017 and 2018 were devised to meet the objectives of long-term value creation, in the interests of the Company and its shareholders, so that:

- The variable components of remuneration are sufficiently flexible to allow its modulation to the point where it is possible for its value to be non-existent. In a scenario where the targets linked to annual variable remuneration or to medium and long-term variable remuneration are not achieved, the Chairman and CEO shall only receive fixed remuneration.
- There is a suitable balance between the fixed and variable components, consistent with market practice.
- To determine the annual variable remuneration, both quantitative and qualitative metrics are taken into account.
- The medium and long-term variable remuneration linked to the delivery of shares forms part of a multi-annual framework and includes a mechanism so that shares are not received all at once by beneficiaries, but rather over a prolonged and extended period of time.
- The medium and long-term variable remuneration linked to the delivery of shares is fully paid with the Company's shares. This formula links the Directors' remuneration to the interests of the shareholders.

Likewise, the beneficiaries of these variable remuneration schemes linked to the delivery of shares may not carry out, either directly or indirectly, any hedging transactions on the value of any shares which, where applicable, they may receive as a result of their participation therein. Also, the last Plan approved at the Ordinary General Shareholders' Meeting on 26 April 2018 establishes a one-year holding period for shares.

One of the main characteristics of the CEO's contract is a recovery or clawback clause, which affects the settlement and payment of any annual variable remuneration or delivery of shares as part of the medium and long term remuneration plan, as described in the section addressing the conditions of the CEO's contract.

The remuneration of the Chairman and the Chief Executive Officer therefore reflects the long-term values and interests of the Company.

– **Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.**

The amount and nature of fixed components that are due to be accrued during the year by Directors in their status as such shall be set out in the Directors' Remuneration Policy for the years 2019, 2020 and 2021, to be submitted to a vote at the next Ordinary General Shareholders' Meeting, and no significant changes are expected.

– **Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.**

The amount and nature of fixed components that are due to be accrued during the year by executive

Directors in their status as such shall be set out in the Directors' Remuneration Policy for the years 2019, 2020 and 2021, to be submitted to a vote at the next Ordinary General Shareholders' Meeting, and no significant changes are expected.

- **Amount and nature of any components of remuneration in kind that will accrue during the year, including but not limited to insurance premiums paid in favour of the director.**

The amount and nature of components of remuneration in kind shall be set out in the Directors' Remuneration Policy, to be submitted to a vote at the next Ordinary General Shareholders' Meeting, and no significant changes are expected.

In the Directors' Remuneration Policy for the years 2016, 2017 and 2018, the sole Director at the Company receiving remuneration in kind is the CEO. This remuneration takes on the form of the payment of life insurance premiums and a health insurance policy under the same terms and for the same coverage applicable to BME employees.

- **Amount and nature of variable components, differentiating between those established in the short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.**

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The amount and nature of the variable components of remuneration earned exclusively by Directors for the executive functions they carry out at the Company shall be set out in the Directors' Remuneration Policy for the years 2019, 2020 and 2021, to be submitted to a vote at the next Ordinary General Shareholders' Meeting, and no significant changes are expected.

- **Main characteristics of long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are consolidated for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director.**

State if the accrual or consolidation of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short or long-term performance of the director.

The characteristics of long-term savings schemes shall be set out in the Directors' Remuneration Policy for the years 2019, 2020 and 2021, to be submitted to a vote at the next Ordinary General Shareholders' Meeting, and no significant changes are expected.

In the Directors' Remuneration Policy for the years 2016, 2017 and 2018, the sole Director on behalf of whom contributions are made to a Welfare System is the CEO, in the terms described in section B.9 of this report.

- **Any type of payment or severance pay for early termination or dismissal of the director,**

or deriving from the termination of the contractual relation, in the terms provided, between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the director to any type of remuneration.

There is no severance pay for dismissal of the Directors in their status as such or for early termination of the contractual relationship.

The conditions of the contracts of Directors with executive functions are set out in the next section of the Report.

- **State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, permanence and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.**

Contractual conditions of the Chairman of the Board of Directors.

At the date of this Report, the Chairman exercises senior management functions at BME as the Chairman of the Board of Directors and CEO of the Company, and has entered into a service agreement with the Company, the terms and conditions of which were unanimously approved by the Board of Directors, following a report from the Appointments and Remuneration Committee.

At said date, the term of this service agreement is conditional on Mr. Antonio Zoido Martínez maintaining the position of Chairman.

During the period in which Mr. Zoido holds the post of Chairman he undertakes the obligation of not engaging in any activity that may give rise to competition with the Company or any of the companies of its Group, either directly or indirectly, through any persons, companies or investments made in any manner, and must provide his services to the Company and the companies of its Group exclusively and with absolute dedication.

This service provision contract also contains the Chairman's termination conditions agreed by the extraordinary General Shareholders' Meeting held on 5 June 2006, which granted the right to a payment of an amount equivalent to three times the annual fixed remuneration at the moment this termination occurs.

If the Chairman voluntarily leaves the post, fails to fulfil his duties or if any of the cases needed for BME to be able to take corporate action against him for liability concur, the Chairman shall not receive the aforementioned amount.

This severance payment shall require the Chairman, during a three-year period, to not engage in any activity that may be classed as competition with the Company or any of the companies of its Group, either directly or indirectly, through any persons, companies or investments or in any other manner, and to not hold any post, or be employed or provide services at companies not included in the Company's Group that have an identical or similar corporate purpose or activity as the Company or any of the companies of its Group.

Should Mr. Zoido Martínez fail to comply with this non-competition duty during the three years following his termination as Chairman, he shall lose his right to the termination benefits mentioned above and, consequently, shall be required to return any amount received until this date in this connection.

Contractual conditions of the CEO.

Following his appointment as Chief Executive Officer, Mr. Hernani Burzako signed a "Contract of

Director with executive functions" at the Company, the terms of which were approved unanimously by the Board of Directors, with no involvement by Mr. Hernani Burzako, at the behest of the Appointments and Remuneration Committee. This contract sets out the conditions established in the Directors' Remuneration Policy for the years 2016, 2017 and 2018, as summarised below.

The term of this contract has been linked to on Mr. Javier Hernani Burzako maintaining the position of CEO.

During the period in which Mr. Hernani Burzako holds the post of CEO he undertakes the obligation of not engaging in any activity that may give rise to competition with the Company or any of the companies of its Group, either directly or indirectly, through any persons, companies or investments made in any manner, and must provide his services to the Company and the companies of its Group exclusively and with absolute dedication.

The contract establishes that, in the event of the removal of the CEO, the revocation of his powers, or the termination of the existing contract on the initiative of the CEO due to a non-fulfilment of the obligations undertaken by the Company, the CEO shall retain the right to resume the suspended employment relationship or receive the higher of the following amounts: (i) payment of the amount equivalent to two years' fixed and annual variable remuneration existing at the moment of termination of the employment relationship as CEO or (ii) the legal compensation pursuant to the Employment Statute at that time for any dismissal considered unfair.

If termination results from a failure to fulfil his duties as CEO of the Company duly declared by a court and/or any of the cases needed for BME to be able to take corporate action against him for liability concur, neither resumption of the employment relationship nor payment of the aforementioned amount shall occur.

In the event of voluntary resignation of the CEO, he shall be entitled to resume his suspended employment relationship with the Company, calculating the length of time of service as CEO as if it had been an ordinary employment relationship for relevant legal purposes.

The contract contains a recovery clause or "*clawback*" in the event that during the two years following (i) the settlement and payment of any amount of the annual variable remuneration or (ii) the delivery of shares deriving from the medium- and long-term remuneration plan, any of the circumstances detailed below arise, BME shall have the right to demand from the responsible party the return of the aforementioned remuneration, or even compensate said return with any other remuneration of any nature that the CEO has a right to receive. These circumstances are the following:

1. When it is demonstrated that the settlement and payment of the annual variable remuneration or the delivery of shares deriving from the medium and long-term remuneration plan have been fully or partially made based on:
 - a) information whose falsification or gross inaccuracy is subsequently and duly demonstrated, or
 - b) in the case that other significant factors arise that were not foreseen, or known, or evaluated by the Company at the time of the payment of the variable remuneration or the delivery of the shares, that have a negative material effect on the balance sheets or income statements of any of the years from the period to which the recovery or "*clawback*" refer.
2. There is a significant reformulation of the financial statements of the Company, unless such reformulation is due to an amendment to the applicable accounting rules, provided that such a reformulation refers to any of the periods taken into consideration for the determination of the annual variable remuneration or the shares to be delivered in accordance with the medium and long-term remuneration plan.

- **The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.**

As a result of expiry of the Directors' Remuneration Policy on 31 December 2018, at the date of this

report the Appointments and Remuneration Committee is working on a new Directors' Remuneration Policy for 2019, 2020 and 2021 which, pursuant to the provisions of Article 529 *novodecies* of the Corporate Enterprises Act, shall be submitted to the 2019 Ordinary General Shareholders' Meeting.

As in previous years, there are no plans for any supplementary remuneration for Directors as a reward for any services provided that are different to those inherent to their position.

- **Other remunerative items or by-products, as the case may be, of the company granting the director advance payments, loans, guarantees or any other remuneration.**

As a result of expiry of the Directors' Remuneration Policy on 31 December 2018, at the date of this report the Appointments and Remuneration Committee is working on a new Directors' Remuneration Policy for 2019, 2020 and 2021 which, pursuant to the provisions of Article 529 *novodecies* of the Corporate Enterprises Act, shall be submitted to the 2019 Ordinary General Shareholders' Meeting.

As in previous years, there are no plans for any such items of remuneration.

- **The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that are not included in the previous sections, whether payment is satisfied by the company or another group company.**

Regardless of the remuneration they shall receive as Directors of the Company, four members of the Board of Directors are expected to receive remuneration from other Group companies based on the positions held at said companies.

Mr. Antonio Zoido Martínez

Mr. Zoido Martínez is Chairman of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. (Bolsa de Madrid) and member of the Board of Directors of Sociedad de Bolsas, S.A., company where he has held the position of Director.

Due to forming part of these corporate bodies, Mr. Zoido Martínez shall receive the attendance fees that are agreed annually by the competent bodies of these companies.

In this regard, it is initially forecast that in 2019 Mr. Zoido Martínez, as Chairman of the Board of Directors of Bolsa de Madrid shall receive the amount of €3,000 for each of the Board meetings he attends, and as Director of Sociedad de Bolsas, S.A., the corresponding attendance fees for the sessions of said body, this being €1,500 per meeting.

Mr. Javier Hernani Burzako

Mr. Hernani Burzako is a member of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.U. (Bolsa de Bilbao), and as a result of belonging to this corporate body shall receive the attendance fees that are annually agreed by the competent body and which initially amount to €1,500 per meeting.

Mr. Joan Hortalá i Arau

Mr. Hortalá i Arau is Chairman of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U. (Bolsa de Barcelona) and a member of the Board of Directors of Sociedad de Bolsas, S.A., both of which are BME Group companies.

As Chairman of the Board of Directors of Bolsa de Barcelona, Mr. Hortalá i Arau receives the attendance fees agreed upon by the competent body, i.e. €3,000 per meeting.

In addition to this amount, as stipulated in Article 26 of the Articles of Association of Bolsa de Barcelona, and based on the executive powers attributed in this company, Mr. Hortalá i Arau receives fixed remuneration and variable remuneration, the amounts of which are set annually, based on the same criteria of prudence and moderation that govern the remuneration of the Group's Directors.

Specifically, the amount corresponding to fixed remuneration to be received by Mr. Hortalá i Arau in

2019 shall be the same amount paid for this component since 2013, this being €229,280.

Likewise, Mr. Hortalá shall also receive variable remuneration linked to the amount received for this component in 2018 and to the performance of BME's results in 2019.

Accordingly, given that Mr. Hortalá i Arau is a Director of Sociedad de Bolsas, S.A., he shall receive the corresponding attendance fees for the sessions of said body, which are initially expected to amount to €1,500 per meeting.

Mr. Juan Carlos Ureta Domingo

Mr. Ureta Domingo is a member of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. (Bolsa de Madrid), and as a result of belonging to this corporate body shall receive the attendance fees that are annually agreed by the competent body and which initially amount to €1,500 per meeting.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

- **A new policy or a modification of the policy already approved by the General Meeting.**
- **Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.**
- **Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report shall be submitted and which are proposed to be applicable to the current year.**

As a result of expiry of the Directors' Remuneration Policy on 31 December 2018, at the date of this report the Appointments and Remuneration Committee is working on a new Directors' Remuneration Policy for 2019, 2020 and 2021 which, pursuant to the provisions of Article 529 *novodecies* of the Corporate Enterprises Act, shall be submitted to the 2019 Ordinary General Shareholders' Meeting.

The relevant changes made to the new Remuneration Policy shall be set out therein and in the specific report by the Appointments and Remuneration Committee which, pursuant to Article 529 *novodecies* of the Corporate Enterprises Act, shall be submitted to shareholders along with the notice convening the next Ordinary General Shareholders' Meeting.

A.3 Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.

<http://www.bolsasymercados.es/esp/Accionistas-Inversores/Gobierno-Corporativo/Informes-Politicas/Informes-Anuales-Remuneraciones-Consejeros>

A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.

In view of the outcome of voting, it is considered that the Directors' Remuneration Policy for 2016, 2017 and 2018 is in accordance with the opinion of a large majority of the shareholders.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

B.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

As described in section A.1, the corporate governance system of BME is established in such a manner that the proposals submitted to the Company's Board of Directors concerning remuneration initially originate from the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee, at meetings held on 31 January and 14 and 20 February 2018, analysed the components of remuneration to be received by the Directors in their status as such, and also for executive functions carried out in 2018.

Thus, in relation to the remuneration of Directors in their status as such, it issued a proposal to the Board of Directors to modify distribution of the amounts, specifically an increase in the amount of the fixed remuneration per Directors, and a reduction in the amount of attendance fees for Directors at each meeting of the Board and its Committees.

It also issued a proposal to the Board of Directors to maintain the same amounts of the fixed remuneration per Directors with executive functions as in 2017, and the same criterion for determination of their variable remuneration established in the Remuneration Policy.

These issues were included in the Report on Directors' Remuneration submitted to the Board of Directors on 20 February 2018 and approved by the Board of Directors on 27 February 2018.

Also, at its meetings on 31 January, 14 February and 13 March 2018, pursuant to the provisions of the current Directors' Remuneration Policy, the Appointments and Remuneration Committee analysed and proposed the establishment of a new share-based Variable Remuneration Plan, linked exclusively to developments in the *Total Shareholder Return* (TSR). The Plan was approved by the Board of Directors at a meeting on 19 March 2018, and submitted to a vote at the Ordinary General Shareholders' Meeting on 26 April 2018.

When a favourable vote had been obtained on the Directors' Remuneration Report and the share-based Variable Remuneration Plan had been approved by the Ordinary General Shareholders' Meeting, the Board of Directors adopted the execution resolutions concerned on 28 May 2018.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.

Remuneration of Directors in their status as such.

Under no circumstances does the design of the Directors' remuneration system encourage the taking of excessive risks by the Company, given that this is limited to attendance fees and a fixed remuneration, with the express purpose of not tying this remuneration to targets and variable components.

Remuneration of Directors carrying out executive functions at the Company.

The annual variable remuneration of the Chairman for his executive functions and of the CEO, in addition to their participation in the medium and long-term variable remuneration plans based on shares, aimed at members of the management team, including the Company's executive Directors, are established based on the Company's performance as a whole.

The Remuneration Policy in place in 2018, in order to strengthen the relationship between annual variable remuneration and the value creation and sustainability of the Company in the long term, established that the Chairman and the CEO shall retain no right to receive the annual variable remuneration in cash that they would be entitled to them when the Company's consolidated EBITDA falls by more than 20% compared to the immediately prior year, and also established the criteria applied for the calculation of the annual variable remuneration in the year following that in which no annual variable remuneration has been received.

Also, the basic conditions of the Chief Executive Officer's contract include a "clawback" clause, under which the Company may request the return of the annual variable remuneration or the delivery of shares, and, even, compensated said return with any other remuneration of any nature that the CEO has a right to receive if the conditions described in section A.1 are fulfilled.

Moreover, the share-based Variable Remuneration Plan approved by the Ordinary General Shareholders' Meeting on 26 April 2018, which was linked exclusively to developments in *Total Shareholder Return* (TSR), is multi-year and, where applicable, shall be paid in full in Company shares which the beneficiaries, among whom the executive Directors, must hold for a period of one year, which intensifies the link between remuneration and the Company's long-term interests.

The above notwithstanding, it must be noted that BME does not engage in any lending or investment banking activities. BME does not engage in business activities that entail balance sheet risks associated, for example, with changes in the price of assets, where volatility could give rise to profits one year and losses the next. Clearing house activities obtain funds from the total volume of instruments arranged to which it provides service and from the balance thereof. This is not an investment activity subject to price volatility.

In the Company's opinion, the absence of volatility in the Company's results linked to the assumption of balance sheet risks, as a result of the nature of the activities carried out by BME, justifies the fact that the variable remuneration received by the Chairman and CEO is not subject to deferred payments and that it has not been considered necessary to amend the conditions of remuneration concerning the Chairman to establish clauses allowing the Company to claim repayment.

- B.3 Explain how the remuneration accrued over the year meets the provisions contained in the current remuneration policy. Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short and long-term results of the company.**

Remuneration of Directors in their status as such.

The remuneration received by each member of the Board of Directors in their status as such corresponds exclusively to the sum of the fixed remuneration they received for attending eight meetings of the Board of Directors or, in the case of Directors appointed by the Ordinary General Shareholders' Meeting on 26 April 2018, the proportional part they were entitled to depending on the date of appointment, and attendance fees for meetings of the Board of Directors and any delegated Committees of which they are members.

Remuneration of Directors carrying out executive functions at the Company.

The remuneration received by directors with executive functions in 2018 was as follows:

- Fixed remuneration in the same terms as that received in 2017, i.e. €732,319 for the Chairman of the Board of Directors and €500,000 for the CEO.

The Remuneration Policy establishes that the Board of Directors may revise the sums of fixed remuneration of the Chairman and of the CEO. It was not considered necessary to modify these in 2018.

- Variable remuneration, calculated pursuant to the system for determining variable remuneration established in the Directors' Remuneration Policy for 2016, 2017 and 2018, based on quantitative and qualitative criteria. Following analysis of the degree of compliance with these criteria, the Appointments and Remuneration Committee proposed that this remuneration should be €313,377.59 and €213,951.15 for the Chairman of the Board of Directors and the CEO respectively.

With regard to the aforementioned annual variable remuneration of the Chairman and the CEO corresponding to 2018, in accordance with the provisions of the Directors' Remuneration Policy for the years 2016, 2017 and 2018, 80% of the amount payable shall be linked to the annual performance of the consolidated EBITDA compared the preceding year. Consequently, any changes in the Company's performance affect the level of fulfilment of the earnings targets and directly affect the amount of the annual variable remuneration of the Chairman and CEO.

- Medium and long-term variable remuneration linked to the delivery of Company shares, the receipt and amount of which depend on the level of compliance with, among other indicators, the *Total Shareholder Return*, which is affected by the Company's results.

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

	Number	% of total
Votes cast	35,782,145	42.79

	Number	% of votes cast
Votes against	708,305	1.98
Votes in favour	34,904,242	97.55
Abstentions	169,598	0.47

Remarks
The number of 169,598 abstentions detailed in the table above contains both abstentions and blank votes. For the purposes of the provisions of Article 148 of the Corporate Enterprises Act, it should also be taken into account that 514,258 treasury shares directly held by the Company, equal to 0.62% of the share capital, even though the votes corresponding to these shares had been held in abeyance, were calculated for the purpose of establishing the quorum and adopting General Meeting resolutions. Percentages in the table above in relation to votes against, votes in favour and abstentions are calculated on the basis of votes actually cast.

B.5 Explain how the fixed components accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year.

The maximum amount of annual remuneration to be paid to the Directors in their status as such for the year 2018 remained unchanged with respect to the previous year. This amount, which is set out in the Directors' Remuneration Policy, is €1,200,000.

On 28 May 2018 the Board of Directors approved the amount of remuneration to be received by the Directors acting as such in 2018 in the following terms:

- Fixed remuneration per Director: increased from €30,000 to €50,000 when Directors have attended at least eight meetings of the Board of Directors over the course of the year, or the corresponding proportional part depending on the date of their appointment as Director. Furthermore, the Lead independent Director shall also receive fixed remuneration of €20,000,

as compensation for the performance of the additional duties attributed to this post under the Corporate Enterprises Act and the Board of Directors Regulations. The Chairman of the Board of Directors does not receive a fixed remuneration pursuant to the provisions of the Directors' Remuneration Policy.

- Attendance fees of the Directors for each meeting of the Board of Directors, the Executive Committee, the Audit Committee, the Appointments and Remuneration Committee and the Markets and Systems Operating Procedures Committee: a reduction from €1,500 to €1,000, with the exception of the Chairman of each of these bodies, who shall receive double the amount in each case. In any case, attendance fees are maintained as €1,500 for members of the BME Board of Directors who do not receive any fixed remuneration.

The modification of the sum of attendance fees came into force in May 2018, following a favourable vote by the Ordinary General Shareholders' Meeting on the 2019 Directors' Remuneration Report.

B.6 Explain how the salaries accrued by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.

As reported in section B.1, at a meeting on 28 May 2018 the Board of Directors agreed to set the fixed remuneration of the Chairman and the CEO as €732,319 and €500,000 respectively, the same amount they received in 2017.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued in the year ended.

In particular:

- Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated.
In the case of share options and other financial instruments, the general characteristics of each plan shall include information on both the conditions to acquire unconditional ownership (consolidation) and to exercise these options or financial instruments, including the price and term to exercise them.
- Each of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remuneration systems or plans that include variable remuneration.
- As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

Explain the short-term variable components of the remuneration systems

Variable remuneration of non-executive Directors

Pursuant to the Directors' Remuneration Policy, the Company's non-executive Directors do not receive any variable remuneration.

Variable remuneration of the Chairman based on the duties carried out as Chairman of the Board of Directors and chief executive of the company and of the CEO.

The annual variable remuneration of the Chairman and CEO is calculated in accordance with the system for calculating the annual variable remuneration established in the Directors' Remuneration Policy for 2018, the criteria of which for their determination and calculation are as follows:

- Maintain the maximum limits of annual variable remuneration at the amounts set for their corresponding fixed remuneration.
- Set the base of variable remuneration of the Chairman and CEO for each year as the annual variable remuneration effectively received the immediately preceding year.
- Link the annual variable remuneration of the Chairman and CEO to the fulfilment of quantitative and qualitative variables. To this end, for the calculation of the annual variable remuneration, the metrics linked to each type of objective, and their corresponding weighting are as follows:

Target type	Weighting	Metrics
Quantitative	80%	Annual performance of consolidated EBITDA.
Qualitative	20%	Performance of income not linked to volumes.
		Efficiency ratio.
		Satisfactory performance of the Chairman's duties.

The evaluation of performance is conducted through the reports on the performance of the Chairman and CEO and the functioning of the Board of Directors.

80% of the variable remuneration of the Chairman and CEO shall therefore be linked to the performance of the Company's consolidated EBITDA compared to the immediately preceding year, increased or decreased by the same proportion that the Company's consolidated EBITDA increases or decreases relative to the immediately preceding year. The remaining 20% shall be linked to the aforementioned qualitative criteria.

The Chairman and CEO shall retain no right to receive the annual variable remuneration in cash when the consolidated EBITDA of the Company decreases by more than 20% compared to the previous year.

Pursuant to the provisions of the Remuneration Policy and following a vote in favour of the Directors' Remuneration Policy by the Ordinary General Shareholders' Meeting, at a meeting on 28 May 2018 the Board of Directors resolved that the 2018 annual variable remuneration of the Chairman and CEO would be determined according to the following formula:

$$\text{AVR} = \text{Target Bonus} \times \% \text{DAI}$$

Where:

- AVR= Annual variable remuneration in cash to be received by the Chairman/CEO.
- Target Bonus = Annual variable remuneration corresponding to 2017.
- DAI= Degree of Achievement of the Incentive, which shall be calculated as follows:

$$\text{DAI} = 80\% \times \text{DAT}_{\text{EBITDA}} + 20\% \times \text{DAT}_{\text{Qualitative}}$$

- $\text{DAT}_{\text{Qualitative}}$ = Degree of achievement of the qualitative targets (performance of revenue not linked to volumes; efficiency ratio; and satisfactory performance of functions).
- $\text{DAT}_{\text{EBITDA}}$ = Degree of achievement of the EBITDA target, in accordance with the following table:

Performance of consolidated EBITDA	% DAT
Performance of EBITDA ₂₀₁₈ compared to EBITDA ₂₀₁₇	% (EBITDA ₂₀₁₈ / EBITDA ₂₀₁₇)

Both the Chairman and CEO shall retain no right to receive the annual variable remuneration in cash when the consolidated EBITDA of the Company decreases by more than 20% compared to the previous year.

As mentioned in Section A.1, a clawback clause is one of the main characteristics of the CEO's contract set out in the Directors' Remuneration Policy, which affects the settlement and payment of

any annual variable remuneration or delivery of shares as part of the medium and long term remuneration plan.

The maximum limits of the annual variable remuneration of the Chairman and the CEO are the amounts of their respective fixed remuneration.

In accordance with the foregoing, at meetings on 30 January and 13 February 2019 the Appointments and Remuneration Committee determined and evaluated the degree of achievement of the quantitative objective and of the so-called qualitative objectives in order to issue a proposal to the Board of Directors for the annual variable remuneration of the Chairman and the CEO.

In relation to the annual variable remuneration of the Chairman and the CEO for 2018, based on the aforementioned system, the sum of €313,377.59 and €213,951.15, was proposed to the Board of Directors, respectively.

Explain the long-term variable components of the remuneration systems

Variable Remuneration Plan in shares approved at the 2014 Ordinary General Shareholders' Meeting.

On 31 December 2018, the third period of the calculation of shares to be delivered under the aforementioned Share-based Variable Remuneration Plan, the settlement of which will be performed during 2018, came to an end.

This Plan was based on assigning a number of theoretical units to beneficiaries in 2014, 2015 and 2016, as the basis for calculating the shares to be delivered to the beneficiaries, if appropriate, and subject to fulfilment of the plan's objectives in 2017, 2018 and 2019.

At the date of this report, the Appointments and Remuneration Committee does not have the information on *Total Shareholder Return* ("TSR") or the efficiency ratio of the five companies that form part of the benchmark group necessary to ensure compliance with the objectives established in the Plan and, where applicable, the specific number of shares to be received by each of the beneficiaries, including the executive Directors, upon the third maturity period of the Plan.

The number of shares to deliver shall be calculated by dividing the number of theoretical units assigned in each year into two parts, linked to each of the two indicators, and each being multiplied by a factor of 0 to 1.5 according to the BME's final ranking amongst the benchmarked companies.

Without prejudice to the foregoing, the estimated number of shares to be delivered to Messrs. Zoido Martínez, Hernani Burzako and Joan Hortalá i Arau in 2018 at the end of the third maturity period of the Share-based Variable Remuneration Plan shall amount to 15,846, 5,161 and 1,290 respectively.

Variable Remuneration Plan in shares approved at the 2018 Ordinary General Shareholders' Meeting.

The Ordinary General Shareholders' Meeting on 26 April 2018 approved the establishment of a share-based Variable Remuneration Plan, based on assignation to the beneficiaries of a number of Theoretical Units in the years 2018, 2019 and 2020, units which, where applicable, provided the objectives set out in the Plan are met, shall be converted to BME shares in 2021, 2022 and 2023 respectively.

The specific number of shares to be delivered shall be determined on the basis of developments in BME's *Total Shareholder Return* (TSR) in each of the Plan Measurement Periods, which in any case must be positive, with respect to developments of these indicators at five benchmarked entities.

The maximum number of shares included in the Plan is 486,003, representing 0.58% of BME's share capital, of which a maximum of 22,573 shares may be granted to Mr. Antonio Zoido Martínez, 13,699 shares to Mr. Javier Hernani Burzako and 3,364 shares to Mr. Joan Hortalá i Arau, in their capacity as executive Directors.

The beneficiaries of the Plan must maintain the Company Shares, net of the income tax withholdings

applicable, that they receive as a result of their participation.

Based on this plan, the Appointments and Remuneration Committee, at its meeting held on 28 May 2018, allocated to the executive Directors the theoretical units corresponding to the first Measurement Period in the Plan, i.e. from 1 January 2018 to 31 December 2020, in the following terms:

	Theoretical units assigned	Maximum number of theoretical shares
Mr. Antonio Zoido Martínez	15,049	22,573
Mr. Javier Hernani Burzako	9,133	13,699
Mr. Joan Hortalá i Arau	2,243	3,364

The maximum number of theoretical shares relates to the maximum number of shares that Mr. Zoido Martínez, Mr. Hernani Burzako and Mr. Hortalá i Arau may receive in 2021.

- B.8 Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been consolidated and deferred or, in the case of the latter, consolidated and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.**

The sole Director whose contractual conditions stipulate a recovery clause or “*clawback*” is the CEO. In 2018 there were no circumstances that could entail a claim for the variable components of his remuneration.

- B.9 Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefits that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions to consolidate economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.**

Savings scheme in place for the Chairman of the Board of Directors.

Pursuant to Article 40 of the Articles of Association and based on the functions that the Chairman has attributed thereto as Chairman of the Board of Directors and CEO of the Company, the Ordinary General Shareholders' Meeting held on 30 April 2008 approved, at the request of the Board of Directors and following a favourable report from the Appointments and Remuneration Committee, the establishment of a pension plan in the event of death, disability or retirement of the Chairman, a commitment that was outsourced on 18 December 2008 by taking out a specific insurance policy. This pension obligation consisted of a defined contribution insurance policy, in which three annual premiums were paid in 2008, 2009 and 2010.

In accordance with the provisions of this resolution, no contributions have been made to this pension obligation since 2011.

The right to collect any retirement benefits arising from this obligation is incompatible with the right to collect any termination benefits to which Mr. Zoido Martínez may be entitled as a result of ceasing to discharge his duties in the Company, as detailed in section A.1 of this Report.

The total amount of the accumulated funds arising from this insurance policy is detailed in section C.1 a) ii).

Social benefit scheme for the Chief Executive Officer.

The Remuneration Policy establishes that the participation of the CEO in a social welfare scheme is one of the elements of remuneration paid for serving in this post, under the same terms applicable to managers with a working relationship at the Company and by the amount considered appropriate concerning the level of responsibility assumed as the Chief Executive Officer.

This system is based on a pension commitment consisting of a defined contribution insurance policy to provide cover for retirement, disability and death, with two circumstances concerning the non-acquisition or consolidation of rights:

- Termination as Director with executive functions as a result of the breach of his rights as such, when a final ruling is handed down by a Court of Law or Court of Arbitration, accordingly; or
- Termination as Director with executive functions as a result of the enforcement of corporate liability action, when a final ruling is handed down by a Court of Law or Court of Arbitration, accordingly.

At a meeting on 20 December 2017 the Appointments and Remuneration Committee agreed that the contribution would amount to €58,500 for 2018.

B.10 Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract in the terms provided for therein, accrued and/or received by directors during the year ended.

No severance pay was accrued and/or received by Directors during the year.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in section A.1.

There were no major changes to the contracts of persons exercising senior management functions as executive Directors, and no new contracts were signed with executive Directors during the year.

B.12 Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.

The Company's Directors did not receive any remuneration for services provided other than that inherent to their positions.

B.13 Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts possibly returned, as well as the obligations taken on by way of guarantee or collateral.

The Company has not granted any advances, loans or guarantees to any members of the Board of Directors.

B.14 Itemise the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.

The sole Director at the Company who receives remuneration in kind is the CEO. This remuneration takes on the form of the payment of life insurance premiums and a health insurance policy under the same terms and for the same coverage applicable to employees with a working relationship.

B.15 Explain the remuneration accrued by directors by virtue of payments settled by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

The Company has not made any payments to a third company for the purposes of remunerating its Directors' services to them.

B.16 Explain any other items of remuneration other than those mentioned in the previous sections, whatever their nature or the group company that settles the payment, particularly when this is a related operation or its settlement distorts the true image of the total remuneration accrued by the director.

Regardless of the remuneration received as Directors of the Company, the following members of the Board of Directors received remuneration from other Group companies in connection with the positions held at these companies:

Mr. Antonio Zoido Martínez

Mr. Zoido Martínez is Chairman of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. (Bolsa de Madrid) and member of the Board of Directors of Sociedad de Bolsas, S.A., company where he holds the position of Director.

For his membership of these corporate bodies, in 2018 Mr. Zoido Martínez received €15,000 and €4,500 euros as attendance fees for Bolsa de Madrid and Sociedad de Bolsas, S.A. respectively.

Mr. Javier Hernani Burzako

Mr. Hernani Burzako is a member of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.U. (Bolsa de Bilbao), and as a result of belonging to this body in 2018 he received €3,000 euros as attendance fees.

Mr. Joan Hortalá i Arau

Mr. Hortalá i Arau is Chairman of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U. (Bolsa de Barcelona) and a member of the Board of Directors of Sociedad de Bolsas, S.A.

As Chairman of the Board of Directors of Bolsa de Barcelona he received attendance fees of €33,000. For his executive functions he received €229,280 in fixed remuneration, and the estimated amount of his variable remuneration in 2018 was €48,000.

Mr. Juan Carlos Ureta Domingo

Mr. Ureta Domingo is a member of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. (Bolsa de Madrid), and for his membership of this corporate body he has received attendance fees of €3,000 since his appointment as Director of BME on 26 April 2018.

Mr. Carlos Fernández González

Mr. Fernández González was a member of BME's Board of Directors until 26 April 2018.

For his membership of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. up to this date, he received attendance fees of €1,500.

Mr. Fernández González is also the Investor Ombudsman of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U. and up to that date he received remuneration in the amount of €20,000 for services rendered.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period 2018 financial year
Mr. Antonio J. Zoido Martínez	Executive Chairman	From 01/01/2018 to 31/12/2018
Mr. Javier Hernani Burzako	Chief Executive Officer	From 01/01/2018 to 31/12/2018
Mr. Ignacio Garralda Ruiz de Velasco	Independent Director	From 01/01/2018 to 31/12/2018
Ms. Maria Helena dos Santos Fernandes de Santana	Independent Director	From 01/01/2018 to 31/12/2018
Mr. Joan Hortalá i Arau	Executive Director	From 01/01/2018 to 31/12/2018
Mr. Juan March Juan	Proprietary Director	From 01/01/2018 to 31/12/2018
Mr. Santos Martínez-Conde y Gutiérrez-Barquín	Proprietary Director	From 01/01/2018 to 31/12/2018
Mr. Manuel Olivencia Ruiz	Independent Director	From 01/01/21018 to 02/01/2018
Ms. Margarita Prat Rodrigo	Independent Director	From 01/01/2018 to 26/04/2018
Mr. Álvaro Cuervo García	Independent Director	From 01/01/2018 to 26/04/2018
Mr. Carlos Fernández González	Other External Director	From 01/01/2018 to 26/04/2018
Mr. Karel Lannoo	Independent Director	From 01/01/2018 to 26/04/2018
Ms. Ana Isabel Fernández Álvarez	Independent Director	From 26/04/2018 to 31/12/2018
Mr. David María Jiménez-Blanco Carrillo de Albornoz	Independent Director	From 26/04/2018 to 31/12/2018
Ms. Isabel Martín Castellá	Independent Director	From 26/04/2018 to 31/12/2018
Mr. Juan Carlos Ureta Domingo	Independent Director	From 26/04/2018 to 31/12/2018

C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other components	Total for 2018	Total for 2017
Mr. Antonio J. Zoido Martínez	0	36	3	732	313	0	0	0	1,084	1,184
Mr. Javier Hernani Burzako	50	15	0	500	214	0	0	0	779	623(12)
Mr. Ignacio Garralda Ruiz de Velasco (1)	50	12	14	0	0	0	0	0	76	45
Ms. Maria Helena dos Santos Fernandes de Santana	50	11	0	0	0	0	0	0	61	44
Mr. Joan Hortalá i Arau	50	14	26	0	0	0	0	0	90	78
Mr. Juan March Juan	50	13	23	0	0	0	0	0	86	67
Mr. Santos Martínez-Conde y Gutiérrez-Barquín	50	13	17	0	0	0	0	0	80	72
Mr. Manuel Olivencia Ruiz (2)	0	0	0	0	0	0	0	0	0	102
Ms. Margarita Prat Rodrigo (3)	0	6	13	0	0	0	0	0	19	74
Mr. Álvaro Cuervo García (4)	0	6	31	0	0	0	0	0	37	86
Mr. Carlos Fernández González (5)	0	4	11	0	0	0	0	0	15	72
Mr. Karel Lannoo (6)	0	4	5	0	0	0	0	0	9	54
Ms. Ana Isabel Fernández Álvarez (7)	44	8	14	0	0	0	0	0	66	0
Mr. David María Jiménez-Blanco Carrillo de Albornoz (8)	70 (11)	9	8	0	0	0	0	0	87	0
Ms. Isabel Martín Castellá (9)	44	8	7	0	0	0	0	0	59	0
Mr. Juan Carlos Ureta Domingo (10)	50	9	9	0	0	0	0	0	68	0

(1) Mr. Ignacio Garralda Ruiz de Velasco was appointed as a Member of the Appointments and Remuneration Committee on 31 January 2018.

(2) Mr. Manuel Olivencia Ruiz passed away on 1 January 2018.

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

(4) Mr. Álvaro Cuervo García was appointed Chairman of the Appointments and Remuneration Committee on 15 January 2018. On 26 April 2018 he stood down as Director, Chairman of the Appointments and Remuneration Committee, and Member of the Audit Committee and of the Executive Committee.

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

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

(7) Ms. Ana Isabel Fernández Álvarez was appointed Director, Chairman of the Audit Committee and Member of the Executive Committee on 26 April 2018.

(8) Mr. David María Jiménez-Blanco Carrillo de Albornoz was appointed Director, Chairman of the Appointments and Remuneration Committee and Member of the Executive Committee on 26 April 2018.

(9) Ms. Isabel Martín Castellá was appointed Director and Member of the Audit Committee on 26 April 2018.

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

(11) Mr. David María Jiménez-Blanco Carrillo de Albornoz received a fixed allocation of €20,000 for performance of the duties attributed to Lead independent Director in addition to the fixed allocation received as Director, in accordance with the Directors' Remuneration Policy.

(12) The total remuneration received by Mr. Javier Hernani Burzako in 2017 corresponds to the total remuneration received since his appointment as CEO on 27 April 2017.

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	Name of the Plan	Financial instruments at the beginning of 2018		Consolidated financial instruments in 2018		Consolidated financial instruments in the year (2)				Instruments matured and not exercised	Financial instruments at the end of 2018	
		Nº Instruments	Nº equivalent shares	Nº Instruments	Nº equivalent shares	Nº Instruments	Nº equivalent/consolidated shares	Price of consolidated shares	Gross profit of shares or financial instruments consolidated (thousands of €)	Nº Instruments	Nº Instruments	Nº equivalent shares
MR. ANTONIO J. ZOIDO MARTINEZ	SHARE-BASED VARIABLE REMUNERATION PLAN (2014 GM)	0	31.693	0	0	0	15.846(1)	25,38	402	0	0	0
	SHARE-BASED VARIABLE REMUNERATION PLAN (2017 GM)	0	24.051	0	0	0	0	0	0	0	0	24.051
	SHARE-BASED VARIABLE REMUNERATION PLAN (2018 GM)	0	0	0	22.573	0	0	0	0	0	0	22.573
MR. JAVIER HERNANI BURZAKO	SHARE-BASED VARIABLE REMUNERATION PLAN (2014 GM)	0	10.323	0	0	0	5.161(1)	25,38	131	0	0	0
	SHARE-BASED VARIABLE REMUNERATION PLAN (2017 GM)	0	10.203	0	0	0	0	0	0	0	0	10.203
	SHARE-BASED VARIABLE REMUNERATION PLAN (2018 GM)	0	0	0	13.699	0	0	0	0	0	0	13.699
MR. JOAN HORTALÁ I ARAU	SHARE-BASED VARIABLE REMUNERATION PLAN (2014 GM)	0	2.580	0	0	0	1.290(1)	25,38	33	0	0	0
	SHARE-BASED VARIABLE REMUNERATION PLAN (2017 GM)	0	2.550	0	0	0	0	0	0	0	0	2.550
	SHARE-BASED VARIABLE REMUNERATION PLAN (2018 GM)	0	0	0	3.364	0	0	0	0	0	0	3.364

Remarks
<p>See section C.1 of this report.</p> <p>(1) The number of "equivalent/consolidated shares" relates to the estimated number of shares to be delivered to Mr. Antonio Zoido Martínez, Mr. Javier Hernani Burzako and Mr. Joan Hortalá i Arau following expiry of the third maturity period of the Share-based Variable Remuneration Plan. At the date of this report, the Appointments and Remuneration Committee did not have the information on the performance of the total shareholder return (TSR) or the efficiency ratio of the five companies that form part of the benchmark group necessary to report, as established by the General Meeting's resolution, on compliance with the objectives established in the Plan and, where applicable, the specific number of shares to be received by each of the beneficiaries, including the executive Directors, on expiry of the third maturity period of this Plan.</p> <p>The amount reflected was calculated taking into account the estimated number of shares and the market price of BME's share at the close of the market on 12 February 2019, one business day prior to the approval of this report by the Appointments and Remuneration Committee, which amounted to €25.38.</p>

iii) Long-term savings systems

	Remuneration through consolidation of rights to savings plans
Mr. Antonio J. Zoido Martínez	0
Mr. Javier Hernani Burzako	59

Name	Contribution of the company during the year (thousands of euros)				Amount of funds accumulated (thousands of euros)			
	Savings plans with consolidated economic rights		Savings plans with non-consolidated economic rights		2018		2017	
	2018	2017	2018	2017	Plans with consolidated economic rights	Savings plans with non-consolidated economic rights	Plans with consolidated economic rights	Savings plans with non-consolidated economic rights
	Mr. Antonio J. Zoido Martínez	0	0	0	0	2.559	0	2.545
Mr. Javier Hernani Burzako	59	11 ⁽¹⁾	0	0	70	0	11 ⁽²⁾	0

Remarks

(1) Contribution to the Welfare System of Mr. Hernani Burzako in his capacity as CEO in accordance with the Directors' Remuneration Policy. Also, in 2017 the Company made a contribution to the retirement linked savings plan for Directors through Mr. Hernani Burzako in his former capacity as General Manager, totalling €47,000.

(2) Amount of accumulated funds of Mr. Hernani Burzako in his capacity as CEO at 31 December 2018 and 2017 in accordance with the Directors' Remuneration Policy. At 31 December 2018, the amount of accumulated funds of Mr. Hernani Burzako in the retirement linked savings plan for Directors of which he was a member in his former capacity as General Manager totalled €713,000.

iv) Details of other items

Name	Item	Amount remunerated
Mr. Javier Hernani Burzako	Life insurance premiums	7
	Medical insurance policy	3

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other components	Total for 2018	Total for 2017
Mr. Antonio J. Zoido Martínez	0	31	0	0	0	0	0	0	31	31
Mr. Javier Hernani Burzako	0	3	0	0	0	0	0	0	3	0
Mr. Carlos Fernández González (1)	0	2	0	0	0	0	0	20(4)	22	68
Mr. Joan Hortalá i Arau (2)	0	50	0	229	48	0	0	0	327	329 (5)
Mr. Juan Carlos Ureta Domingo (3)	0	3	0	0	0	0	0	0	3	

Remarks

<p>(1) Amount received up to 26 April 2018 when he stood down as Director of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.</p> <p>(2) The short-term variable remuneration of Mr. Joan Hortalá i Arau corresponds to the estimated amount to be received for this item.</p> <p>(3) Amount received as of 26 April 2018 when he was appointed Director of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.</p> <p>(4) Amount received up to 26 April 2018 when he stood down as Director of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., due to his function as Investor Ombudsman of the Madrid Stock Exchange.</p> <p>(5) The total remuneration of Mr. Joan Hortalá i Arau in 2017 was modified with respect to the remuneration stated in the 2017 Annual Directors' Remuneration Report, because the short-term variable remuneration for Group Companies was unavailable, and only an estimated amount could be considered.</p>
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c) Summary of remuneration (in thousands of euros)

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (in thousand of euros)

Name	Remuneration accrued in the Company					Remuneration accrued in group companies				
	Total remuneration in cash	Gross profit of shares or financial instruments consolidated (10)	Remuneration through savings plan	Remuneration through other items	Company total 2018	Total remuneration in cash	Gross profit of shares or financial instruments consolidated	Remuneration through savings plan	Remuneration through other items	Total 2018 group
Mr. Antonio J. Zoido Martínez	1.084	402	0	0	1.486	31	0	0	0	31
Mr. Javier Hernani Burzako	779	131	59	10	979	3	0	0	0	3
Mr. Ignacio Garralda Ruiz de Velasco	76	0	0	0	76	0	0	0	0	0
Ms. Maria Helena dos Santos Fernandes de Santana	61	0	0	0	61	0	0	0	0	0
Mr. Joan Hortalá i Arau	90	33	0	0	123	327	0	0	0	327
Mr. Juan March Juan	86	0	0	0	86	0	0	0	0	0
Mr. Santos Martínez-Conde y Gutiérrez-Barquín	80	0	0	0	80	0	0	0	0	0
Mr. Manuel Olivencia Ruiz (1)	0	0	0	0	0	0	0	0	0	0
Ms. Margarita Prat Rodrigo (2)	19	0	0	0	19	0	0	0	0	0
Mr. Álvaro Cuervo García (3)	37	0	0	0	37	0	0	0	0	0
Mr. Carlos Fernández González (4)	15	0	0	0	15	22	0	0	0	22
Mr. Karel Lannoo (5)	9	0	0	0	9	0	0	0	0	0
Ms. Ana Isabel Fernández Álvarez (6)	66	0	0	0	66	0	0	0	0	0
Mr. David María Jiménez-Blanco Carrillo de Albornoz (7)	87	0	0	0	87	0	0	0	0	0
Ms. Isabel Martín Castellá (8)	59	0	0	0	59	0	0	0	0	0
Mr. Juan Carlos Ureta Domingo (9)	68	0	0	0	68	3	0	0	0	3
TOTAL	2.616	566	59	10	3.251	386	0	0	0	386

(1) Mr. Manuel Olivencia Ruiz passed away on 1 January 2018.

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

(3) Mr. Álvaro Cuervo García was appointed Chairman of the Appointments and Remuneration Committee on 15 January 2018. On 26 April 2018 he stood down as Director, Chairman of the Appointments and Remuneration Committee, and Member of the Audit Committee and of the Executive Committee.

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

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

(6) Ms. Ana Isabel Fernández Álvarez was appointed Director, Member and Chairman of the Audit Committee and Member of the Executive Committee on 26 April 2018.

(7) Mr. David María Jiménez-Blanco Carrillo de Albornoz was appointed Director, Member and Chairman of the Appointments and Remuneration Committee and Member of the Executive Committee on 26 April 2018.

(8) Ms. Isabel Martín Castellá was appointed Director and Member of the Audit Committee on 26 April 2018.

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

(10) "Amount of the shares granted" relates to the value of the estimated number of shares to be delivered to Mr. Antonio Zoido Martínez, Mr. Javier Hernani Burzako and Mr. Joan Hortalá i Arau as a result of the expiration of the third period of the Share-based Variable Remuneration Plan described in section C.1, taking into account the market price of BME's shares at market close on 12 February 2019, the business day prior to the approval of this report by the Appointments and Remuneration Committee, i.e. €25.38.

At the date of this report, the Appointments and Remuneration Committee did not have the information on the performance of the total shareholder return (TSR) or the efficiency ratio of the five companies that form part of the benchmark group necessary to report, as established by the aforementioned General Meeting resolution, on the compliance of the objectives established in the plan and, where applicable, the specific number of shares to be received by each of the beneficiaries, including the executive Directors in the second period of this plan.

D. OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

This annual remuneration report was approved by the Board of Directors of the Company on 27 February 2019.

State whether any directors voted against or abstained from approving this report.

Yes No