

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ISSUER IDENTIFICATION

YEAR-END DATE

31/12/2019

Tax Identification

No. [C.I.F.]

A83246314

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 described in section B.1 below, the ordinary General Shareholders Meeting held on 25 April 2019 approved the Directors' Remuneration Policy for the years 2019, 2020 and 2021.

This Policy includes, among other aspects, the amendments made to the remuneration system for the Chairman of the Board of Directors in his new status as non-executive Chairman, such changes affecting the amount of fixed remuneration he will receive as consideration for the responsibilities attaching to the position of Chairman and his non-executive institutional functions, as well as the main terms of his contract due to his new status as non-executive Chairman.

It also set the maximum amount of annual remuneration payable to Directors in their status as such at 2,000,000 euros, in accordance with article 217.3 of the Corporate Enterprises Act.

Remuneration of Directors in their status as such

In accordance with article 40 of the Articles of Association, the remuneration of Directors in their status as such consists of a fixed remuneration and the relevant attendance fees for the meetings of the Board of Directors and its Committees, without prejudice to the fact that Directors may seek and obtain reimbursement of any duly justified expenses they may incur in attending such meetings.

Following the recommendations from the Good Governance Code of Listed Companies from the CNMV (hereinafter, the Good Governance Code), the Directors in their status as such do not have variable remuneration schemes.

The General Shareholders Meeting sets the maximum amount of annual remuneration payable to Directors in their status as such. Moreover, the Board of Directors distributes this remuneration amongst its members accordingly, based on the category of Director and the positions, duties and commitment assumed by each Director on the Board of Directors and its various Committees.

Remuneration of Directors with executive functions at the Company

Article 40 of the Articles of Association stipulates that Directors who discharge executive functions at the Company may receive remuneration, beyond that to which they are entitled as a Director, as consideration for those executive functions and, as the case may be, for services rendered, senior management functions or similar contracts that may be entered into by the Company and such Directors. This additional remuneration may consist of fixed and/or variable remuneration, termination benefits and severance pay, pensions or any other form of compensation.

In addition, the Articles of Association stipulate that these Directors may be remunerated by means of the delivery of shares or share options or any remuneration system pegged to share value, provided the relevant resolution is carried at the General Shareholders Meeting, containing all information required by law.

Since 2019, the sole Director who performs executive functions at the Company is the CEO.

Thus, in accordance with this provision of the Articles of Association and the terms of the Remuneration Policy, the remuneration system for the CEO comprises the following components and items: (i) fixed remuneration; (ii) short-term variable remuneration; (iii) medium and long-term variable remuneration linked to the delivery of Company shares; (iv) social benefit scheme; (v) in-kind remuneration; and (vi) compensation for termination of contract in certain cases. All these components are explained in the following sections of this report.

Mr Hortalá i Arau does not discharge executive functions at the Company and is classified as an Executive Director because he performs executive functions at Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U.

- **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 reference 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.

Criteria used to establish the Company's Remuneration Policy

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 special dedication required to carry out certain functions and responsibilities on the Board of Directors.

- 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 in their status 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 excessive risk-taking 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.

The annual remuneration of variable of the CEO as the sole Director with executive functions at the Company and his participation in the medium- and long-term variable remuneration plans aimed at members of the management team, including executive Directors (as described under section B.7) are established on the basis of the Company's overall performance and results.

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 CEO's variable remuneration is not subject to deferred payments.

Moreover, the CEO's remuneration structure is 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 CEO shall receive only fixed remuneration.
- There is a suitable balance between 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 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.

One of the main characteristics of the CEO's contract, the sole Director who performs executive functions at the Company, 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 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.**

In accordance with the Directors' Remuneration Policy, the Appointments and Remuneration Committee, at its meeting of 20 February 2020, analysed the amount of remuneration payable to Directors in 2020 in their status as such.

The individual remuneration to be received by Directors in their status as such in 2020 will be as follows:

- Fixed remuneration per Director: Directors shall receive 50,000 euros when they have attended at least eight meetings of the Board of Directors over the course of the year or the corresponding proportional part depending on the date of their appointment as Director. Furthermore, the Lead Independent Director shall also receive fixed remuneration of 20,000 euros, as compensation for the performance of the additional duties attributed to this post under the Corporate Enterprises Act and the Board of Directors Regulations; and
- Attendance fees of the Directors for each meeting of the Board of Directors, the Audit Committee, the Appointments and Remuneration Committee and the Markets and Systems Operating Procedures Committee: 1,000 euros, except for the Chairman of each body, who shall receive double the amount in each case.

The remuneration payable to the Chairman of the Board of Directors in 2020 for the responsibilities attaching to that position and for his non-executive institutional functions will break down as follows:

- Fixed remuneration: 732,319 euros.
- Attendance fees for each meeting of the Board of Directors. Due to his status as Chairman of the Board of Directors, this component will amount to 2,000 euros.

The maximum amount of annual remuneration to be paid to the Directors in their status as such for the year 2020, as described in the Directors' Remuneration Policy, is 2,000,000 euros.

– **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.**

Since 2019, the sole Director who performs executive functions at the Company is the CEO.

The Appointments and Remuneration Committee, at its meeting of 27 February 2020, submitted a motion to the Board of Directors proposing an increase in the annual fixed remuneration of the CEO to

625,000 euros, in response to the higher level of responsibility attributed to the CEO following his assumption of all the executive functions that the Chairman of the Board of Directors had previously been performing up until the date of the annual General Shareholders Meeting of 25 April 2019, in accordance with the Director Remuneration Policy for 2019, 2020 and 2021.

The CEO should also receive the attendance fees for the meetings of the Board of Directors, plus the fixed remuneration payable to Directors acting in their status as such if they attend at least eight meetings during the year.

- **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 sole Director at the Company who receives remuneration in kind is the CEO. This remuneration takes 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.

Short-term variable remuneration

The only Director who receives short-term variable remuneration is the Chief Executive Officer as he is the sole Director who performs executive functions at the Company.

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

- Maintain the maximum limit of annual variable remuneration at the CEO's fixed remuneration.
- Set the base of variable remuneration of the CEO for each year as the annual variable remuneration effectively received in the immediately preceding year.
- Link the annual variable remuneration of the CEO to the fulfilment of quantitative and qualitative variables. To this end, when calculating the annual variable remuneration, the metrics linked to each type of target and their corresponding weightings are as follows:

Target type	Weighting	Metric
Quantitative	80%	Annual performance of consolidated EBITDA
		Performance of income not linked to volumes
Qualitative	20%	Efficiency ratio
		Satisfactory performance of his duties

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

80% of the variable remuneration of the 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 CEO shall retain no the right to receive the annual variable remuneration in cash when the Company's consolidated EBITDA decreases by more than 20% compared to the previous year.

Long-term variable remuneration

As of the date of this report, Directors Mr Javier Hernani Burzako and Mr Joan Hortalá y Arau, given their status as Executive Directors, are beneficiaries of the medium and long-term share-based Variable Remuneration Plan pegged to the Company's share price, as described below.

Variable Remuneration Plan in shares approved at the 2018 annual 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 beneficiaries of the Plan must retain, for at least one year, the Company shares that they receive as a result of their involvement in the Plan, net of any applicable income tax withholdings.

Based on this Plan, the Appointments and Remuneration Committee, at its meeting of 28 May 2018, allocated the Theoretical Units pertaining to the first period of the Plan, as follows: 9,133 theoretical units to Mr Javier Hernani Burzako and 2,243 theoretical units to Mr Joan Hortalá i Arau. The number of maximum shares that may be received in 2021 is 13,699 in the case of Mr Hernani Burzako and 3,364 in the case of Mr Hortalá i Arau.

Subsequently, the Appointments and Remuneration Committee, at its meeting of 27 May 2019, proceeded to allocate the theoretical units corresponding to the second period of the Plan, as follows: 9,289 theoretical units to Mr Javier Hernani Burzako and 2,498 theoretical units to Mr Joan Hortalá i Arau. The number of maximum shares that may be received in 2022 is 13,933 in the case of Mr Hernani Burzako and 3,747 in the case of Mr Hortalá i Arau.

Chairman of the Board of Directors

Following the culmination of the process of amending the corporate governance structure, in 2019 Mr Antonio J. Zoido Martínez transferred all the executive functions that he had been performing as Chairman of the Board of Directors to the CEO. As a result, Mr Zoido was classified as "other external Director".

As established in the Directors' Remuneration Policy, Mr Zoido Martínez remains a beneficiary under the Variable Remuneration Plan in shares approved at the ordinary General Shareholders Meeting held in 2018.

Therefore, based on the Theoretical Units assigned in 2018 under the Plan, the maximum number of shares that Mr Zoido Martínez may receive in 2021 will be 22,573, assuming the relevant conditions and requirements are met.

Due to his new status as non-executive Chairman in 2019, no Theoretical Units were assigned to Mr Zoido Martínez during the period, and nor will any such units be assigned in 2020.

As indicated earlier in this report, both the annual variable remuneration of the Chief Executive Officer and the medium and long-term share-based variable remuneration plans under which the Executive Directors and the Chairman of the Board of Directors are beneficiaries in the above-mentioned cases, are established in view of the Company's performance as a whole, as they depend on changes in EBITDA in the case of short-term remuneration, and on the Total Shareholder Return and efficiency ratio and the Company's position with respect to these indicators when compared with five reference companies in the case of the Variable Remuneration Plans in shares.

The qualitative criteria to which the short-term variable remuneration payable to the CEO is linked is the satisfactory performance of his functions. This assessment takes the form of performance reports on the CEO and on the operation and functioning of the Board of Directors.

- **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 sole Director on behalf of whom contributions are made to a welfare system is the CEO.

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; 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.

- **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 sole Director who receives payments or severance pay for early termination is the Chief Executive Officer, under the terms of his contract and as described in the following section of this 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.**

Since 2020, the sole Director who performs executive functions at the Company is the CEO.

Upon being appointed Chief Executive Officer, Mr Hernani Burzako signed a “Director with executive functions contract” with the Company, the terms of which were approved unanimously by the Board of Directors, with no involvement by Mr Hernani Burzako himself, on the recommendation of the Appointments and Remuneration Committee.

The term of his contract has been linked to Mr Javier Hernani Burzako remaining in office as CEO.

During the period in which Mr Hernani Burzako holds the post of CEO he undertakes not to engage in any activity that might compete with the business activities of the Company or any of the companies of its Group, either directly or indirectly, through any persons, companies or investments made in any manner. He likewise undertakes to provide his services to the Company and the companies belonging to 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 breach of the obligations undertaken by the Company, the CEO will be entitled to resume the suspended employment relationship or receive the higher of the following amounts: (i) payment of an amount equivalent to two years’ fixed and annual variable remuneration existing at the moment of termination of the employment relationship as CEO; or (ii) the legal compensation pursuant to the Workers Statute (*Estatuto de los Trabajadores*) 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 if 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 or “*clawback*” clause 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 under the medium and long-term remuneration plan, any of the circumstances detailed below arise, BME shall have the right to demand from the CEO the return of the aforementioned remuneration, or even compensate said return with any other remuneration of any nature that the CEO is entitled 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 Company’s financial statements, 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.**

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.**

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

- **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, seven members of the Board of Directors are expected to receive remuneration from other Group companies based on the positions held at those 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., a company where he has held the position of Director.

Due to his seats on these corporate bodies, Mr Zoido Martínez shall receive the attendance fees that are agreed upon annually by the competent bodies of those companies.

In this regard, it is initially forecast that in 2020 Mr Zoido Martínez, as Chairman of the Board of Directors of Bolsa de Madrid, shall receive the amount of 3,000 euros for each Board meeting he attends, and as Director of Sociedad de Bolsas, S.A., the corresponding attendance fees for the meetings of that company shall be 1,500 euros 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 in 2020 he is expected to be appointed Chairman of the Board of Directors of Sociedad de Bolsas, S.A., both companies belonging to the BME Group.

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 euros per meeting.

In addition to this amount, as stipulated under 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 2020 shall be the same amount paid for this component since 2013, that is, 229,280 euros. Mr Hortalá shall also receive variable remuneration linked to the amount received for this component in 2019 and to the performance of BME's results in 2020.

Meanwhile, given that Mr Hortalá i Arau is to be appointed Chairman of Sociedad de Bolsas, S.A., he shall receive the corresponding attendance fees for the meetings of said body, which are initially expected to amount to 3,000 euros per meeting.

Ms Ana Isabel Fernández Álvarez

Ms Fernández Álvarez is Chairwoman of the Audit Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR), and is

expected to receive the amount of 3,000 euros for each board meeting she attends as attendance fee.

[Mr David Jiménez-Blanco Carrillo de Albornoz](#)

Mr Jiménez-Blanco is Chairman of the Remuneration Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR), and is expected to receive the amount of 3,000 euros for each board meeting he attends as attendance fee.

[Mr Juan March Juan and Ms Isabel Martín Castellá](#)

Ms Martín Castellá and Mr March Juan sit on the Audit Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR), and are expected to receive the amount of 1,500 euros for each committee meeting they attend as attendance fee.

[Mr Santos Martínez-Conde y Gutiérrez-Barquín](#)

Mr Martínez-Conde sits on the Remuneration Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR), and is expected to receive the amount of 1,500 euros for each committee meeting he attends as attendance fee.

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.**

The General Shareholders' Meeting may be asked to approve extraordinary remuneration for the Company's Chief Executive Officer and management team in exceptional cases of dedication, work and difficulty in performing their duties.

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.

https://www.bolsasymercados.es/docs/inf_legal/esp/gobierno/juntageneral/2019/Doc.18_ES_PJG.pdf

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.

The results of the voting on the Annual Report on Remuneration of Directors for 2018 could not be included in the Director Remuneration Policy for 2019, 2020 and 2021 since both documents were presented simultaneously at the ordinary General Shareholders' Meeting held on 25 April 2019.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS 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.

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 Board of Directors' Regulations, 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.

In accordance with article 529 *novodecies* of the Corporate Enterprises Act, the Director Remuneration Policy for 2019, 2020 and 2021 must be laid before the ordinary General Shareholders Meeting for 2019, since the previous Directors' Remuneration Policy has expired.

Coinciding with the ordinary General Shareholders' Meeting held on 25 April 2019, the process to amend the corporate governance structure culminated with the transfer of all the executive functions vested in the Chairman to the Chief Executive Officer.

As a result, the Chairman of the Board of Directors has been vested from that time forward with the duties inherent in said position as well as the non-executive institutional functions and will therefore be classified under the category of "other external Director".

During this process, it was agreed that the figure of Coordinating Director would be maintained, whether or not the Chairman is classified as non-executive.

To bring the Directors' Remuneration Policy in line with the new corporate governance structure, the Appointments and Remuneration Committee, at its meetings of 28 May, 27 June and 19 December 2018 and 30 January and 13 February 2019, analysed and discussed the information and matters that should be included in the Remuneration Policy, such information concerning:

- the determination of the remuneration system for the Chairman of the Board of Directors in their new role as non-executive Chairman and, in particular, the determination of the amount of fixed remuneration that will be received for carrying out the duties inherent in their position as Chairman and the institutional non-executive functions to be carried out at the Company;
- amendments to the main terms of the contract of the Chairman resulting from their new role as non-executive Chairman.

As a result of the above amendments, a new maximum amount of annual remuneration was determined for all Directors in their status as such, in accordance with article 217.3 of the Corporate Enterprises Act. The maximum limit was set at 2,000,000 euros for 2019 and following years.

The Directors' Remuneration Policy for 2019, 2020 and 2021, which included the amended maximum limit on total remuneration, was approved by the Board of Directors at its meeting of 18 March 2019 and laid before the ordinary General Shareholders' Meeting held on 25 April 2019, which proceeded to approve the Policy.

With the Directors' Remuneration Policy for 2019, 2020 and 2021 approved at the ordinary General Shareholders Meeting, the Board of Directors carried the resolutions needed to implement the Policy at its meeting of 27 May 2019.

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 excessive risk-taking by the Company, given that their remuneration 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

Since 2019, the sole Director who performs executive functions at the Company is the CEO.

The annual variable remuneration of the CEO for his executive functions, in addition to his 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 on the basis of the Company's performance as a whole.

To strengthen the relationship between the annual variable remuneration and the value creation and sustainability of the Company in the long term, the current Remuneration Policy establishes that the CEO shall retain no right to receive the annual variable remuneration in cash to which he would be entitled if the Company's consolidated EBITDA falls by more than 20% compared to the immediately preceding year. It also sets out 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 whereby the Company may request the return of the annual variable remuneration or the delivery of shares and even offset that return against any other remuneration to which the CEO may be entitled if the conditions described in section A.1 are met.

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 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.

Following the amendment made to the Company's corporate governance structure, the remuneration that the Chairman of the Board of Directors received in 2019 comprised solely fixed components. This remuneration, as for the other Directors in their status as such, consists of a fixed component plus the attendance fees the meetings of the Board of Directors.

Remuneration of Directors who perform executive functions at the Company

Since 2019, the sole Director who performs executive functions at the Company is the CEO. The CEO received the following remuneration components in 2019:

- Fixed remuneration under the same terms as the remuneration received in 2018, i.e. 500,000 euros.
- Variable remuneration, calculated pursuant to the system for determining variable remuneration established in the Directors' Remuneration Policy for 2019, 2020 and 2021, 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 amount to 184,853.79 euros.

In accordance with the Director Remuneration Policy for 2019, 2020 and 2021, 80% of the variable remuneration payable to the CEO shall be linked to the annual performance of consolidated EBITDA compared to the previous year. Consequently, any changes in the Company's performance will affect the level of fulfilment of the earnings targets and directly affect the amount of the CEO's variable remuneration.

- 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	36,922,631	44.16

	Number	% of votes cast
Votes against	443,418	1.20
Votes in favour	36,222,452	98.10
Abstentions	256,761	0.70

Remarks
The number of 256,761 abstentions detailed in the table above includes 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 660,273 treasury shares directly held by the Company, equal to 0.79% 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.

Remuneration of Directors in their status as such

The Director Remuneration Policy sets the amount of remuneration that was due to the Directors in their status as such in 2019, as follows:

- Fixed remuneration per Director: Directors shall receive 50,000 euros when they have attended at least eight meetings of the Board of Directors over the course of the year or the corresponding proportional part depending on the date of their appointment as Director. Furthermore, the Lead Independent Director shall receive fixed remuneration of 20,000 euros as compensation for the performance of the additional duties attributed in this post under the Corporate Enterprises Act and the Board of Directors Regulations.
- Attendance fees of the Directors for each meeting they attend of the Board of Directors, the Audit Committee, the Appointments and Remuneration Committee and the Markets and Systems Operating Procedures Committee: 1,000 euros, except for the Chairman of each such committee, who shall receive twice that amount.

The fixed components received in 2019 by the Directors in their status as such were the same as the amounts accrued in 2018, except for those arising from the different number of meetings of the Board of Directors and its delegated Committees.

Remuneration of the non-executive Chairman of the Board of Directors

The remuneration accrued by the non-executive Chairman for non-executive institutional functions shall comprise fixed components only, which, as for all the other Directors in their status as such, consist of a fixed remuneration and the attendance fees for the meetings of the Board of Directors.

The Directors' Remuneration Policy sets the amount of remuneration received by the Chairman of the Board of Directors in 2019, as follows:

- Fixed remuneration for non-executive institutional functions: 732,319 euros.
- Attendance fees for the meetings of the Board of Directors. Due to his status as Chairman of the Board of Directors, this component amounted to 2,000 euros. This amount became effective following the approval of the Directors' Remuneration Policy for 2019, 2020 and 2021 by the ordinary General Shareholders Meeting. The amount of the attendance fees in effect prior to the general meeting for those directors who did not receive a fixed remuneration, including the Chairman, was set at 3,000 euros.

Following the transfer of the executive functions previously vested in the Chairman to the CEO in 2019 and the Chairman's new status as non-executive Director, his remuneration comprises solely fixed components.

Maximum limit on annual remuneration

The maximum amount of annual remuneration payable to all the Directors in their status as such in 2019 was approved at the ordinary General Shareholders Meeting held on 25 April 2019, and is included in the Directors' Remuneration Policy for 2019, 2020 and 2021. This amount was raised from 1,200,000 to 2,000,000 euros.

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.

Since 2019, the sole Director who performs executive functions at the Company is the CEO.

As reported in section B.1 above and in accordance with the provisions of the Remuneration Policy, the Board of Directors, at a meeting held on 27 May 2019, agreed to set the fixed remuneration of the CEO at 500,000 euros for 2019, the same amount as in 2018.

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 will 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 one 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 deferral 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 Director Remuneration Policy, Company's non-executive Directors do not receive any variable remuneration.

Variable remuneration of the CEO

Since 2019, the sole Director who performs executive functions at the Company is the CEO.

The annual variable remuneration of the CEO is calculated in accordance with the system for calculating annual variable remuneration set out in the Directors' Remuneration Policy for 2019, which is based of on the following calculation criteria and rules:

- Maintain the maximum limit of annual variable remuneration at the CEO's fixed remuneration.
- Set the base variable remuneration of the CEO for each year as the annual variable remuneration effectively received in the immediately preceding year.
- Link the annual variable remuneration of the 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	Metric
Quantitative	80%	Annual performance of consolidated EBITDA
		Performance of income not linked to volumes
Qualitative	20%	Efficiency ratio
		Satisfactory performance of the Chairman's duties

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

80% of the variable remuneration of the 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% is linked to the aforementioned qualitative criteria.

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

Once the ordinary General Shareholders Meeting voted in favour of the Directors' Remuneration Policy for 2019, 2020 and 2021, the Board of Directors, at its meeting of 27 May 2019, agreed that the annual variable remuneration of the CEO in 2019 would be determined in accordance with the following formula:

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

Where:

- AVR= Annual variable remuneration in cash to be received by CEO.
- Target Bonus = Annual variable remuneration corresponding to 2018.
- DAI= Degree of Achievement of the Incentive, which shall be calculated as follows:

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

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

Performance of consolidated EBITDA	% DAT
Performance of EBITDA ₂₀₁₉ compared to EBITDA ₂₀₁₈	% (EBITDA ₂₀₁₉ / EBITDA ₂₀₁₈)

The CEO shall retain no right to receive the annual variable remuneration in cash when the Company's consolidated EBITDA 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 limit of annual variable remuneration of the CEO is set at the amount of his fixed remuneration.

Accordingly, the Appointments and Remuneration Committee, at its meeting of 20 February 2020, determined and evaluated the degree of achievement of the quantitative target and of the qualitative targets in order to issue a proposal to the Board of Directors for the annual variable remuneration of the CEO.

Based on this system, the sum of 184,853.79 euros was proposed to the Board of Directors as the sum of annual variable remuneration payable to the CEO in 2019.

Explain the long-term variable components of the remuneration systems

Plans under which Mr Javier Hernani Burzako and Mr Joan Hortalá i Arau, as Executive Directors, are beneficiaries

Variable Remuneration Plan in shares approved at the 2017 ordinary General Shareholders Meeting

The Variable Remuneration Plan in shares approved at the ordinary General Shareholders Meeting held on 27 April 2017 expired on 31 December 2019, with settlement of the plan to take place in 2020.

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, during this second 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, depending on BME's final ranking amongst the benchmarked companies.

Without prejudice to the foregoing, the estimated number of shares to be delivered to Messrs Hernani Burzako and Hortalá i Arau in 2020 as a result of the expiration of the first period of the share-based Variable Remuneration Plan shall amount to 10,203 and 2.550, 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 beneficiaries of the Plan must retain, for at least one year, the Company shares that they receive as a result of their participation in the Plan, net of any applicable income tax withholdings.

The Appointments and Remuneration Committee, at its meeting of 28 May 2018, allocated the theoretical units corresponding to the first period of the Plan under the following terms: 9,133 theoretical units to Mr Javier Hernani Burzako and 2,243 theoretical units to Mr Joan Hortalá i Arau. The number of maximum shares that may be received in 2021 is 13,699 in the case of Mr Hernani Burzako and 3,364 in the case of Mr Hortalá i Arau.

Based on this Plan, the Appointments and Remuneration Committee, at its meeting of 27 May 2019, allocated the theoretical units pertaining to the first period of the Plan (i.e. from 1 January 2019 to 31 December 2021) as follows: 9,289 theoretical units to Mr Javier Hernani Burzako and 2,494 theoretical units to Mr Joan Hortalá i Arau. The number of maximum shares that may be received in 2022 is 13,933 in the case of Mr Hernani Burzako and 3,741 in the case of Mr Hortalá i Arau.

Chairman of the Board of Directors

In view of the executive functions carried out prior to the 2019 ordinary General Shareholders Meeting, the Chairman of the Board of Directors is the beneficiary of the Variable Remuneration Plans in shares approved by the ordinary General Shareholders Meeting on 27 April 2017 and 26 April 2018, as described above.

In view of the allocations of Theoretical Units made under these Plans in 2017 and 2018, the maximum number of shares that may be received will be 24,067 in 2020 and 22,573 in 2021.

As a result of his new status as non-executive Chairman, no Theoretical Units were allocated in 2019 and nor will any such units be allocated in 2020.

- 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 who performs executive functions at the Company and who therefore receives variable remuneration is the CEO, whose contract includes a "clawback" clause, as described under

section A.1 of this report.

In 2019 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.**

Social benefit scheme for the Chief Executive Officer

The Remuneration Policy establishes that the CEO's participation in a social welfare scheme is one of the components 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 duties as such, when a final ruling is handed down by a court of law or court of arbitration; 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 confirming that finding.

At its meeting of 19 December 2019, the Appointments and Remuneration Committee agreed that the 2019 contribution would amount to 52,706 euros.

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

Following the changes made to the Company's corporate governance structure, and regardless of the fact that the Chairman no longer performs executive functions, the Company has kept the savings scheme in place for him, consisting of the pension commitment in the event of death, disability or retirement. This system was approved at the ordinary General Shareholders Meeting held on 30 April 2008. This pension obligation consisted of a defined contribution insurance policy for 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 total amount of the accumulated funds arising from this insurance policy is detailed in section C.1 a) ii).

- 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.

Since the Chairman of the Board of Directors no longer performs executive functions, his contract has been amended accordingly.

No new contracts with executive Directors were signed 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 advance payments, 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 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 an employment 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 made no payments to third companies 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 in 2019 he served as Chairman of the Board of Directors of Sociedad de Bolsas, S.A.

For his membership of these corporate bodies, Mr Zoido Martínez received 15,000 euros and 31,500

euros in 2019 as attendance fees for Bolsa de Madrid and Sociedad de Bolsas, respectively.

Mr Javier Hernani Burzako

Mr Hernani Burzako was a member of the Board of Directors of Sociedad Rectora de la Bolsa de Valores de Bilbao, S.A.U. (Bolsa de Bilbao) until 25 April 2019, without receiving any amount in the form of 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 33,000 euros as attendance fees.

For his executive functions he received 229,280 euros in fixed remuneration. The estimated amount of his variable remuneration in 2019 was 50,001 euros.

For his membership of the Board of Directors of Sociedad de Bolsas, he received a total of 16,500 euros in attendance fees in 2019.

Mr Juan Carlos Ureta Domingo

Mr Ureta Domingo was 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 a total of 3,000 euros as attendance fees.

Ms Ana Isabel Fernández Álvarez

In 2019, Ms Fernández Álvarez was appointed Chairwoman of the Audit Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR) and for his membership of this corporate body, she has received a total of 6,000 euros as attendance fees.

Mr David Jiménez-Blanco Carrillo de Albornoz

In 2019, Mr Jiménez-Blanco was appointed Chairman of the Remuneration Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR), and for his membership of this corporate body, he has received a total of 6,000 euros as attendance fees.

Mr Juan March Juan and Ms Isabel Martín Castellá

In 2019, Ms Martín Castellá and Mr March were appointed as members of the Audit Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR) and for their membership of this corporate body, each of them have received a total of 3,000 euros as attendance fees.

Mr Santos Martínez-Conde y Gutiérrez-Barquín

In 2019, Mr Martínez-Conde was appointed as member of the Remuneration Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR), and for her membership of this corporate body, she has received a total of 3,000 euros as attendance fees.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period – 2019 financial year
Mr Antonio J. Zoido Martínez	Chairman	01/01/2019 to 31/12/2019
Mr Javier Hernani Burzako	Chief Executive Officer	01/01/2019 to 31/12/2019
Mr Ignacio Garralda Ruiz de Velasco	Independent Director	01/01/2019 to 31/12/2019
Ms Maria Helena dos Santos Fernandes de Santana	Independent Director	01/01/2019 to 31/12/2019
Mr Joan Hortalá i Arau	Executive Director	01/01/2019 to 31/12/2019
Mr Juan March Juan	Proprietary Director	01/01/2019 to 31/12/2019
Mr Santos Martínez-Conde y Gutiérrez-Barquín	Proprietary Director	01/01/2019 to 31/12/2019
Ms Ana Isabel Fernández Álvarez	Independent Director	01/01/2019 to 31/12/2019
Mr David María Jiménez-Blanco Carrillo de Albornoz	Independent Director	01/01/2019 to 31/12/2019
Ms Isabel Martín Castellá	Independent Director	01/01/2019 to 31/12/2019
Mr Juan Carlos Ureta Domingo	Independent Director	01/01/2019 to 31/12/2019

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 (thousand euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other components	Total for 2019	Total for 2018
Mr Antonio J. Zoido Martínez	732	40	0	0	0	0	0	0	772	1.084
Mr Javier Hernani Burzako	50	17	0	500	185	0	0	0	752	779
Mr Ignacio Garralda Ruiz de Velasco	50	13	8	0	0	0	0	0	71	76
Ms Maria Helena dos Santos Fernandes de Santana	50	13	0	0	0	0	0	0	63	61
Mr Joan Hortalá i Arau	50	17	18	0	0	0	0	0	85	90
Mr Juan March Juan	50	17	17	0	0	0	0	0	84	86
Mr Santos Martínez-Conde y Gutiérrez-Barquín	50	17	9	0	0	0	0	0	76	80
Ms Ana Isabel Fernández Álvarez	50	15	20	0	0	0	0	0	85	66
Mr David María Jiménez-Blanco Carrillo de Albornoz (1)	70	17	18	0	0	0	0	0	105	87
Ms Isabel Martín Castellá	50	15	8	0	0	0	0	0	73	59
Mr Juan Carlos Ureta Domingo	50	16	15	0	0	0	0	0	81	68

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

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 2019		Consolidated financial instruments in 2019		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 consolidate	Nº instruments	Nº instruments	Nº equivalent shares
MR JAVIER HERNANI BURZAKO	SHARE-BASED VARIABLE REMUNERATION PLAN (2017 GM)	0	10.203	0	0	0	5.101	34,86	178	0	0	0
	SHARE-BASED VARIABLE REMUNERATION PLAN (2018 GM)	0	13.699	0	13.933	0	0	0	0	0	0	27.632
MR JOAN HORTALÁ I ARAU	SHARE-BASED VARIABLE REMUNERATION PLAN (2017 GM)	0	2.550	0	0	0	1.275	34,86	44	0	0	0
	SHARE-BASED VARIABLE REMUNERATION PLAN (2018 GM)	0	3.364	0	3.741	0	0	0	0	0	0	7.105
MR ANTONIO J. ZOIDO MARTINEZ	SHARE-BASED VARIABLE REMUNERATION PLAN (2017 GM)	0	24.051	0	0	0	12.025	34,86	419	0	0	0
	SHARE-BASED VARIABLE REMUNERATION PLAN (2018 GM)	0	22.573	0	0	0	0	0	0	0	0	22.573
Remarks												
<p>(1) In light of the executive functions performed by Mr Antonio J. Zoido Martínez prior to the 2019 annual General Shareholders Meeting, he is a beneficiary under the share-based Variable Remuneration Plans approved at the 2017 and 2018 annual General Shareholders Meetings. No theoretical units were allocated to him in 2019.</p> <p>(2) The number of "consolidated financial instruments in the year" relates to the estimated number of shares deliverable to Mr Antonio Zoido Martínez, Mr Javier Hernani Burzako and Mr Joan Hortalá i Arau upon reaching the end of the third period of the share-based Variable Remuneration Plan. At the date of this report, the Appointments and Remuneration Committee does not have the relevant data on the Total Shareholder Return (TSR) and efficiency Ratio of the five companies that form part of the benchmark group necessary to ensure compliance—in accordance with the resolution carried at the General Shareholders Meeting—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.</p> <p>The amount shown 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 19 February 2020, one business day prior to the approval of this report by the Appointments and Remuneration Committee, which amounted to €34.86.</p>												

iii) Long-term savings systems

	Remuneration through consolidation of rights to savings system
Mr Antonio J. Zoido Martínez	0
Mr Javier Hernani Burzako	53

Name	Contribution of the company during the year f (thousand €)				Amount of funds accumulated (thousand €)			
	Savings plans with consolidated economic rights		Savings plans with non-consolidated economic rights		2019		2018	
	2019	2018	2018	2017	Plans with consolidated economic rights	Savings plans with non-consolidated economic rights	Plan with consolidated economic rights	Savings plans with non-consolidated economic rights
	Mr Antonio J. Zoido Martínez	0	0	0	0	2.572	0	2.559
Mr Javier Hernani Burzako	53	59	0	0	123	0	70	0

Remarks

Amount of accumulated funds of Mr Hernani Burzako in his capacity as CEO at 31 December 2019 and 2018, in accordance with the Directors' Remuneration Policy. At 31 December 2019, the amount of accumulated funds of Mr Hernani Burzako under the retirement linked savings plan for Directors of which he was a member in his former capacity as General Manager totalled € 729 thousand.

iv) Details of other items

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 (thousand euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other components	Total for 2019	Total for 2018
Mr Antonio J. Zoido Martínez	0	46	0	0	0	0	0	0	46	31
Mr Joan Hortalá i Arau (1)	0	49	0	229	50	0	0	0	328	329 (3)
Mr Juan Carlos Ureta Domingo (2)	0	3	0	0	0	0	0	0	3	3
Ms Ana Isabel Fernández Álvarez (4)	0	0	6	0	0	0	0	0	6	0
Mr David Jiménez-Blanco Carrillo de Albornoz (4)	0	0	6	0	0	0	0	0	6	0
Mr Juan March Juan (4)	0	0	3	0	0	0	0	0	3	0
Ms Isabel Martín Castellá (4)	0	0	3	0	0	0	0	0	3	0
Mr Santos Martínez-Conde y Gutiérrez-Barquín (4)	0	0	3	0	0	0	0	0	3	0

Remarks

(1) The short-term variable remuneration of Mr Joan Hortalá i Arau corresponds to the estimated amount to be received for this item in 2019.

(2) Amount received through to their departure as director of Sociedad Rectora de la Bolsa de Valores de Madrid, S.A.U.

(3) The total remuneration of Mr Joan Hortalá i Arau in 2018 was modified with respect to the amount stated in the 2018 Annual Director Remuneration Report, because the exact amount of short-term variable remuneration payable was unavailable, and only an estimated amount could be provided.

(4) Ms Ana Isabel Fernández Álvarez, Mr David Jiménez-Blanco Carrillo de Albornoz, Mr Juan March Juan, Ms Isabel Martín Castellá and Mr Santos Martínez-Conde Gutiérrez Barquín were appointed to the Audit Committee and Remuneration Committee of Sociedad de Gestión de los Sistemas de Compensación, Liquidación y Registro de Valores, S.A.U. (IBERCLEAR) by that company's Board of Directors at a meeting held on 10 September 2019.

c) Summary of remuneration (thousand 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 (thousand euros).

Name	Remuneration accrued in the Company					Remuneration accrued in group companies				
	Total cash remuneration	Gross profit of shares or financial instruments consolidated (1)	Remuneration through savings plan	Remuneration through other items	Company total 2019	Total remuneration in cash	Gross profit of shares or financial instruments consolidated	Remuneration through savings plan	Remuneration through other items	Total 2019 Group
Mr Antonio J. Zoido Martínez	772	419	0	0	1.191	46	0	0	0	46
Mr Javier Hernani Burzako	752	178	53	10	993	0	0	0	0	0
Mr Ignacio Garralda Ruiz de Velasco	71	0	0	0	71	0	0	0	0	0
Ms María Helena dos Santos Fernandes de Santana	63	0	0	0	63	0	0	0	0	0
Mr Joan Hortalá i Arau	85	44	0	0	129	328	0	0	0	328
Mr Juan March Juan	84	0	0	0	84	3	0	0	0	3
Mr Santos Martínez-Conde y Gutiérrez-Barquín	76	0	0	0	76	3	0	0	0	3
Ms Ana Isabel Fernández Álvarez	85	0	0	0	85	6	0	0	0	6
Mr David María Jiménez-Blanco Carrillo de Albornoz	105	0	0	0	105	6	0	0	0	6
Ms Isabel Martín Castellá	73	0	0	0	73	3	0	0	0	3
Mr Juan Carlos Ureta Domingo	81	0	0	0	81	3	0	0	0	3
TOTAL	2.247	641	53	10	2.951	398	0	0	0	398

(10) "Gross profit of shares or financial instruments consolidated" relates to the value of the estimated number of shares deliverable to Mr Antonio Zoido Martínez, Mr Javier Hernani Burzako and Mr Joan Hortalá i Arau following expiration 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 19 February 2020, the business day prior to the approval of this report by the Appointments and Remuneration Committee, i.e. €34.86.

At the date of this report, the Appointments and Remuneration Committee does not have the relevant data on the Total Shareholder Return (TSR) and Cost-to-Income Ratio of the five companies that form part of the benchmark group necessary to ensure compliance—in accordance with the aforementioned resolution of the General Shareholders Meeting—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.

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 2020.

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

Yes No