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BME's Participation in Raising Awareness of and Fostering a Financial Culture

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BME is aware of the importance of financial literacy as a means of fostering stability and confidence in the financial system as well as economic growth.



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BME focusses its efforts on the promotion of financial culture. To this end it reaches out to anyone interested in the world of finance, whether they are individuals, students or professionals from the financial industry and regulatory agencies.

BME, as the company governing Spanish financial systems and markets, is aware of the importance of financial literacy as a means of fostering stability and confidence in the financial system as well as economic growth and to this end is deeply committed to promoting financial culture nationwide. It thus reaches out to anyone interested in the financial world, from individuals and students to professionals in the financial industry and at regulatory organisations.

BME makes available the wide range of resources at its disposal to anyone interested in furthering their knowledge of the financial world. Examples include guided visits of the Spanish stock exchanges enlightening visitors as to how markets work and the opportunities markets provide them; a wide range of courses and seminars; information provided by the stock exchange Investor Ombudsmen, and access to the library and documentation services referred to in Chapter 6.

Additionally, BME's ongoing interest in publicising, via a number of means, the progress of its business may be gauged from the new developments and initiatives unveiled by the Company. BME helps to organise workshops, trade fairs and other activities to spread word of its activities at both a national and international level.

8.1. Guided visits of the Spanish stock exchanges

The Madrid, Barcelona, Bilbao and Valencia stock exchanges are headquartered in buildings of great artistic and cultural importance, which, in addition, serve as iconic symbols for the financial community.

Companies, investors, media professionals, brokers and the general public are often extremely interested in and curious about these buildings. As a response to this interest, BME and the stock exchange governing companies organise guided visits of the most iconic buildings.



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One of the main purposes of these visits, given the nature of BME's business, is to raise awareness of the financial culture. However, we must not overlook the cultural value of those buildings with great historical and artistic value, such as the Madrid Stock Exchange, one of Spain's key historic and cultural assets.

The interest sparked by the **Madrid Stock Exchange Building** may be analysed from two standpoints: On one hand, the building's interest from a financial point of view due to the business conducted therein, and, on the other hand, the building's historic nature, which gives it historic and artistic value. These two aspects are combined during the guided visits, though some visits may focus more on one than the other, depending upon the visitors and their purposes for entering the building.

In that regard, the Madrid Stock Exchange has organised the "*BME, Bolsas y Mercados Españoles*" permanent exhibit to explain in a simple and easy-to-understand fashion how the stock exchanges and Spanish financial systems and markets work. It also outlines BME's role as the securities market manager and the related activities BME carries out.

To bolster its educational and practical features, the exhibit uses the latest technologies, giving visitors the most genuine experience possible of the stock market world. The tour is enhanced by audiovisual elements and interactive games to

help visitors learn how to invest responsibly and become familiar with the opportunities markets offer.

All visits are guided by BME personnel, who are willing and able to answer questions on how the financial markets operate. Tours are therefore participatory and dynamic.

The *Palacio de la Bolsa* is one of the most emblematic buildings on the Madrid cityscape. Built in a neoclassic-renaissance style, the building is part of Spain's historical and artistic heritage. The building, which today remains as it was designed by Enrique María Repullés y Vargas, was inaugurated by the Queen Regent María Cristina on 7 May 1893.

The cultural-historic aspect is also touched upon during guided visits, since the exhibit is held in one of the most important spaces within the Palacio de la Bolsa: **The Trading Room**, which is the exchange building's main space and the heart of the stock market; the **Salón de los Pasos Perdidos (Hall of Silent Footsteps)**, also known as the Salón de Conversaciones, a meeting room for official events related to the stock market; and the **Listing Hall**, where, until the Law of 28 July 1988 prompted a total overhaul of the stock market, stock brokers would meet at the close of trading to settle any discrepancies in pricing.



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Both the educational and artistic angles are borne in mind by the organisers of the visits, which last approximately 60 minutes. Options include "a la carte" individual visits, customised to visitors' needs, and group visits (maximum of 30 people), which are more systematic, without ruling out the possibility of tailoring the visit to the needs and educational level of participants.

Most groups visiting the exchange are from schools, universities, professional training centres, professionals, associations, art centres, etc.

This assists in guaranteeing that the visits are fundamentally geared towards improving education about and raising awareness of stock markets, with an intention of reaching all sorts of people regardless of their level of familiarity with the field.

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

On 13 September 2008, Madrid held the second edition of the **Noche en Blanco**, organised by the city council arts section as part of the European White Nights consortium shared by: Paris, Riga, Rome and Brussels. This cultural initiative opens the doors of the most spectacular landmarks of

these cities and brings new developments in contemporary art closer to the public. As part of the festival and in response to public interest, BME opened the doors to the Palacio de la Bolsa trading floor. Visitors had access to the building from 9:00 p.m. to 2:15 a.m., an hour later than initially planned. In that time 900 people in groups of 40 people each every 15 minutes visited the trading floor.

The Palacio de la Bolsa was also one of the buildings included in the fifth edition of **Architecture Week**, an initiative organised by the Fundación Arquitectura COAM, together with the Madrid city council, the Madrid regional government, the National Architects' Professional Association, the Madrid Architects' Association and several private corporations. The activities programmed for Architecture Week again included a guided visit for architecture students to the Madrid *Palacio de la Bolsa* building on 7 October 2008. The building was open to the public from 10:00 a.m. to 4:30 p.m. and attracted about 600 visitors.

The **Barcelona Stock Exchange** also offers guided tours of its main building, which houses the electronic trading floor. The programme of visits is meant as an educational tool for raising awareness of the stock market, giving it a fundamentally economic angle. Visits by the public are scheduled from Monday to Friday between 8:30 a.m. and 6:00 p.m. Tours are mainly geared towards students

from universities, technical schools and secondary schools, and are guided by Barcelona Stock Exchange staff. Guides explain how securities markets are organised and operate while showing visitors the electronic trading floor, among other areas. Many learning centres value this service highly and have included the tour as a regular part of their educational programmes.

Guided visits of the **Bilbao Stock Exchange** building, which dates from the early 20th century, are also available. These visits have an important role in educating the public about the stock market. During a presentation which gives an overview of the market, visitors learn about the history of the stock market, the 1988 Securities Market Law and its consequences, the operations of the stock market, an introduction to the Spanish electronic trading platform (SIBE Windows) through monitoring of real-time trading screens, a basic idea of the IBEX 35 index and the Bilbao Stock Exchange's official index, BB2000.

All visits are guided by Bilbao Exchange personnel, who are willing and able to answer questions on how the financial markets operate. Tours are therefore participatory and dynamic.

The **Valencia Stock Exchange** is based in a Gothic-era residence built in 1384 which houses, among other areas, the trading room.

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Like the other exchanges, the Valencia exchange offers guided visits to the public. Visits afford groups from different institutions such as schools, institutes and universities a general explanation, in simple and understandable language and based on their learning level, of what the stock market is and how it works. In addition, visitors learn to interpret the monitors and ticker tapes in the trading room and are given support documentation including a folder prepared by the Valencia Stock Exchange titled "What is the stock market?"

8.2. Promotion and development of BME in the financial community

BME is greatly interested in publicising and developing its business both within the Company and outside of it. BME participates and sponsors a range of events, forums and trade fairs related to the financial community, as part of efforts to raise awareness of it as a Company at the service of shareholders and Spanish and foreign investors, and to contribute to the development and expansion of the stock market.

The relationship with the Media

The responsibility assumed by BME as the main vehicle for channelling the savings of people and businesses towards the financing of companies requires dealing with the media with especial dedication. This is the task carried out by the Corporate Communication department.

In order to meet this information demand, many of the websites that make up the integrated website of BME and its subsidiaries offer a specific format that allows users to access and understand the information provided. On the other hand, Press Releases and other documents are regularly distributed in response to the information demands of the media and other institutions.

In parallel the developments that consistently take place in the financial world make it necessary to take steps to help journalists keep up to speed on new developments. To this end Instituto BME periodically offers courses geared towards these professionals.

In addition to this, the stock exchange's trading floor continues to attract the attention of the media. For this reason BME works on a continual basis to meet certain types of infrastructure needs of TV and radio stations and other media and has created a Press Room, located in the stock exchange building and fully equipped with computer systems, subscriptions to financial information services etc.

The following are highlights of high-profile events relating to securities markets in which BME professionals took part.

Forums, trade fairs and events

BME's view of the importance of financial markets materialises in the annual **Latibex Forum**,

in which BME aims to publicise a market that has become a bridge between Latin American companies and European investors. The Forum provides an opportunity to discuss all aspects of the operations and characteristics of the Latibex international market.

The Latibex Forum has become an annual must-attend event, where Latin America's best business projects and Europe's top investors come together. It is likewise a key meeting place for financial intermediaries, representatives of international organisations, government officials, Latin American listed companies and European listed companies with a strong presence in Latin America.

The 10th annual forum was held in Madrid from 19-21 November 2008, and drew more than 60 Latin American companies. The forum offered attendees information on a range of issues of interest, as newsworthy as, "Water and Energy: dual factors for sustainability" and "Oil, the long-term outlook," and participants addressed in detail the Latin American financial system and the region's capacity for growth amid the economic crisis.

Over the course of the three days of the event, one-on-one encounters between companies and investors were an ideal setting for an exchange of information on issuing companies, their securities and the potential each company offers the European markets as a source of

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financing. BME, via the four Spanish exchanges, organised the **MEDCAP Forum of small and mid-cap companies**, a yearly encounter for analysts, managers and Spanish and foreign investors interested in Spanish listed companies with small and medium market capitalisation. The objective of the forum is to promote the liquidity and financing ability of these companies. The MEDCAP Forum has become yet another tool for achieving greater transparency and improvement in market relations.

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

Continuing its commitment to promoting financial markets, BME organised the fourth edition of this forum, which was held on 4-5 June 2008.

The 2008 event featured industry round table debates on topics of general interest such as the effects of the euro vs. the dollar, CSR policies and their reflection in stock market prices, biotechnology, pharmaceuticals and healthcare, engineering and the boom in alternative energies. The programme featured bilateral interviews

analysing the reality and expectations of these companies. Managers of nearly 60 small and medium capitalisation listed companies and more than 200 Spanish and foreign investors and analysts participated in the forum, during which attendees placed particular emphasis on the important role of R&D in the positive performance of this group of Spanish companies in recent years.

The Valencia Events Centre on 10-12 April was the venue for the first **Forinvest** event, an international forum and trade fair for financial products and services, investments, insurance and technological solutions for the financial community.

This pioneering event in Spain encompassed all of the sub-sectors involved in the financial industry, and was created with the primary aim of becoming a meeting place for the leading players in the Spanish economy. Forinvest aspires to be the financial industry's premier global forum.

BME, through the Valencia Stock Exchange, is fully aware of its remit for encouraging economic development in the Valencian Community and promoting it as a financial centre, which includes playing an active role in organising and running Forinvest with its own exhibition stand.

Bolsalia is one of main stock exchange fairs at national level for the promotion of the stock exchange sector and the financial markets. BME,

as part of its drive to disseminate and promote the Spanish financial markets and bring it closer to the public, collaborates with round tables, conferences and competitions.

In its nineteenth gathering, which took place in March 2008, BME was present with two stands where it offered participants a schedule of 30-minute conferences given by stock market professionals. The topics discussed in the conferences hosted by BME centred on such relevant matters as investment in warrants, Ibex 35 Mini futures or Exchange Traded Funds (ETFs).

Through the Barcelona stock exchange BME collaborates in the promotion of financial markets in the Saló del dinero, the stock exchange and other financial markets, **Borsadiner**, a fair linked to financial markets that takes place in Catalonia.

In its ninth gathering, which took place in October 2008, BME was present, through the Barcelona stock exchange, with a stand where complete information was provided on all markets, products and services available, with a special focus on all the services offered to investors by BME. Visitors had the chance to see through different terminals demonstrations of how the market data service Databolsa works. It provides real time information about the most relevant national and international exchanges.

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In addition to everything said, it is worth mentioning BME's interest in acting as a company serving the interests of shareholders and foreign investors as well as in developing and projecting its activities onto the international front, as described in Chapter 7 of this Report.

Investment clubs

BME encourages the participation of individuals in financial markets by providing the public with information regarding these groups. The clubs contribute to the public's understanding of how stock markets work. BME provides potential clubs with information on how to create such a group, as well as the forms to be completed and information on taxation to which these groups are subject, and, most importantly, reminds potential groups that investment clubs should be: a source of information and not a means for attracting funds.

8.3. Commitment to culture and the financial community

The importance BME assigns to cultural activities may be clearly seen in its willingness to be a constant participant in cultural and academic organisations, as well as to sponsor and issue economic publications geared towards university students, academics and sector professionals.

Another sign of its commitment to the financial community, apart from taking part in cultural

and academic organisations and sponsoring and issuing economic publications, is that BME, both alone and in conjunction with other entities, has organised contests which include awards as a manner of encouraging and developing stock market activity.

BME's ties to the art world

Throughout its history, BME has shown great interest in the art world and everything it encompasses. Proof of this interest is its participation and cooperation in supporting a number of Spanish museums.

BME forms part of the Friends of the Prado Foundation, is a sponsoring partner of the Reina Sofia Museum in Madrid and, through the Bilbao Stock Exchange, is a strategic patron of the Guggenheim Museum in Bilbao.

In addition to this permanent patronage, BME promotes artistic and social values through the organisation of an outdoor painting competition, *En torno al Prado y a la Bolsa* (Around the Prado and the Stock Exchange). The 10th edition of this event was held on 25 May 2008. As part of the competition, artists capture some of the unique scenes near the stock exchange building, the Prado Museum and nearby boulevards.

BME's support for cultural activities also took shape in a unique manner in 2008 as its building played host to the first exhibit ever held in Spain on corporate art collections.

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The exhibit, titled "*Empresas con Arte: una mirada a la pintura española contemporánea*," (*Companies and Art: Contemporary Spanish Painting*) was held at the Palacio de la Bolsa in Madrid.

The show hosted some of the most emblematic paintings in the collections of corporations such as Telefónica, Altadis, BBVA, Santander, Coca-Cola, Lladró, Mapfre, Unión Fenosa, La Caixa, Banco Popular and Caja Madrid, with a total of 24 Spanish companies from a range of industries participating, most of them listed firms. The exhibit consisted of a total of 50 paintings by such illustrious artists as Goya, Fortuny, Madrazo, Sorolla, Dalí, Chillida, Antonio López Picasso and Barceló, among others.

The exhibit lasted one month and was free of charge, allowing the general public to visit the exhibit at BME's emblematic headquarters building.

In sum, the exhibit highlighted the commitment of BME and many listed companies to promoting art and enhancing the social dimension of their business.

BME is also a supporter of the music community, and through the Barcelona Exchange is a patron of the Liceu Theatre.

BME and the academic world

BME's close links to and deep interest in cultural affairs is also reflected in its participation and cooperation with a number of organisations, universities and academic associations.

BME is a sponsoring member of the Foundation in support of the Spanish Royal Language Academy, which was created in 1993.

BME collaborates, among other institutions, with the financial sector's Fundación Pirámide.

BME also works with various associations and foundations linked to universities.

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

Together with the Valencia Regional Government and the Valencia, Alicante and Castellón universities, the Valencia Stock Exchange also organised and sponsored the seventh regional Economics Olympics and the sixth edition of the Economic Olympics for the entire autonomous community of Valencia.

As part of the Economic Olympics, secondary students compete in subjects such as Biology, Economics, Physics, Mathematics and Chemistry. The main objective of these competitions is to encourage students to study these sciences at university level. All prizes were donated by the Valencia Stock Exchange.

BME's publishing of books and magazines

In order to contribute to the study and knowledge of the Spanish economy, finance and stock market and reach the widest possible audience, BME shares information and research on the Spanish economy, finance, the securities market and the main sectors of the Company's activity. These efforts include publishing books and distributing publications, both among its employees and the general public.

BME in 2008 developed and published a new book in the *ESTUDIOS & INVESTIGACIÓN* collection, entitled "*Fondos de Inversión Españoles: crecimiento y análisis de eficiencia*" ("Spanish Investment Funds: growth and efficiency analysis"). The book is intended to measure the efficiency of investment fund management, taking into account factors such as fund managers' available information on the economic cycle and their skills at stock picking. The book includes a description of the development of the collective investment fund industry in Spain.

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BME also publishes magazines, highlights of which are its in-house publication "*Activo*," discussed in Chapter 3 of this report, and the publicly-distributed "*Bolsa*" magazine. The latter is intended to bring readers the latest news in financial markets, and has from its inception been a monthly publication. However, starting in the third quarter of 2008, as mentioned in Chapter 5 of this report, the Company changed the publication schedule to make the print magazine a quarterly.

The magazine intends to help keep readers up to date on the latest developments affecting financial markets and as was mentioned in Chapter 5, the magazine may also be read online at the Company's website, www.bolsasymercados.es, which is freely accessible to the public.

In addition to the above publications, certain BME Group companies also edit publications aimed at promoting and circulating information on new products and services.

The Barcelona Stock Exchange's research arm publishes economic studies in its magazine "*Estudios sobre el Mercado de Valores*" (Securities Market Studies). It has published these papers on financial and equity market topics since 1993.

Meanwhile, since 2007 Iberclear has issued its "*Iberclear.com*" bulletin in order to improve

relationships with clients and participating entities and the services it renders. This publication reports the most recent events in Iberclear and discusses upcoming developments in BME's Clearing and Settlement Area.

Three issues of the bulletin were released in March, April and November, though frequency of publication will depend on the relevant developments occurring in the sector.

MEFF publishes a newsletter informing of recent news and developments in futures and options markets. The newsletter, which is available on the MEFF website, is distributed by email to all market members and to a wide range of participants.

AIAF, the fixed income business area of BME, provides market participants with a newsletter reporting on legislative developments in the corporate debt market, announcements and events, and new products and services available. The newsletter is distributed to the market participant entities.

Publication patronage

BME sponsors several magazines, such as the *Revista de Derecho del Mercado de Valores* ("Securities Market Law"), which is distributed twice per year and provides in-depth and general coverage of the theory and practise of Spanish securities market law, in its doctrinal production, legislative and jurisprudence aspects.

BME also supports the monthly periodical *Revista de Contratación Electrónica* (Electronic Trading Magazine) which publishes papers and essays on electronic commerce and trading, intellectual and industrial property and stock market trading.

For the second consecutive year, BME sponsored the book, *Guía Latibex 2008 (2008 Latibex Guide)*, which discusses the Latin American securities traded on the Latibex. The guide is meant to familiarise investors with each of the large companies listed on the FTSE Latibex All Shares of firms traded on the euro-denominated market created by the Spanish equity market.

BME was also sole sponsor of the "*Guía Medcap*" (Medcap Guide), launched by the A Coruña Finance School and presented during the Medcap Forum mentioned earlier in this chapter. The Medcap Guide is an online resource for researching small and mid-cap companies (www.medcapbolsa.com) and facilitates analysis of this type of listed company on the Spanish market.

In addition to this, BME is a sponsor of the *Agencia de Medios de Comunicación Económica*, published by the association of financial journalists, the APIE.

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8.4. Awards sponsored by BME

The following are highlights of the awards and other honours BME sponsored, whether directly or indirectly:

BASE IBEX and BASE LATIBEX Awards

BME in 2008 organised the BASE IBEX and BASE LATIBEX awards for management by collective investment institutions of investments in Spanish equities and in Latin American equities through the Latibex market.

This recognition is part of BME's general efforts to promote investment in the Spanish stock market and encourage the use of the IBEX35® for trading of shares and futures, options and warrants.

The awards ceremony was held on 11 March 2008 at the annual Investment Funds gala hosted by newspaper Expansión and Interactive Data.

CFA Analysis Competition

For the third year in a row, BME, in conjunction with other entities, organised the Atypical Financial Contracts (CFA) competition. The competition requires participants to draw up a research report on any listed company. Participants write a sell-side report in which each team delivers a valuation and buy or sell recommendation.

The awards ceremony for the analysis of listed companies took place on 27 March 2008 at the headquarters of the Madrid Exchange.

Latibex Investor Month

In an effort to encourage minority investors to trade securities and ETFs on the Latibex under special conditions, in May 2008 the campaign "Latibex Investor Month" was launched. The award was given to the investor who made the highest number of trades for more than 300 euros.

Around the world with ETFs

Also in May 2008, BME joined with other private companies to organise the "Around the World with ETFs" competition, for the purpose of familiarising the investor public with this product. Participants were asked to simulate the management of an investment portfolio consisting of ETFs listed on the SIBE.

This initiative met with great interest, drawing nearly 3,000 participants who vied to achieve the best returns in each of the three contest categories: "First week's winner," "Second week's winner" and "Overall winner."

LATIBEX investment contest

The fifth edition of the Latibex Investment Contest was held during the most recent Bolsa event. Participants in this competition select their portfolios over the course of the contest, choosing five stocks among shares

included in the FTSE Latibex Top. The winner was the person whose portfolio had gained the most effective value by the close of trading on 2 April 2008.

Financial Forum Prize

BME also awarded prizes for the best work on equities, fixed income and derivatives markets in the "XVI Financial Forum" organised by the Asociación Española de Finanzas (Spanish Finance Association, AEFIN) and held in Barcelona on 13-14 November 2008.

The annual Financial Forum is the meeting point for researchers in banking and finance, both from the academic world and from financial institutions. These awards are given to university students and researchers, reflecting the shared goal of BME and the Finance Forum to encourage research in finance among academic communities and Spanish trainers. The Forum acts as a bridge between these two groups and spurs growth in the financial industry. BME is proud that each year the quality of the work submitted to this Forum increases notably.