

## BME's Corporate Outlook: management model and relationships with main market participants

BME's management, like that of any other company, is geared towards obtaining an optimal performance from all the assets at its disposal in a responsible and sustainable manner.

BME also acts as a nexus between companies and investors, a function that is key to the economy. Savings, both of individuals and institutional investors, are channelled through BME to finance the companies which are the foundation and source of wealth creation in all developed societies.

Over the last few years BME has had a commitment to offer speed, reliability, transparency, efficiency and security to all participants in the markets and financial systems it manages.

Specifically, it has focused on developing a management model based on consolidating BME as a leading reference for liquidity, reliability and transparency in a global market and this work is reflected in factors which are key for market credibility.

This on-going effort bore fruit in 2009 and 2010, when, despite the difficulties experienced by the world financial markets, regulated markets, and specifically, the Spanish regulated markets, operated satisfactorily and enjoyed the credibility and functionality necessary to properly ensure the formation of prices for the assets traded on them.

Therefore, BME this year reiterates its commitment to remaining a reference for the economy and for businesses in Spain and Latin America (through the Latibex), re-establishing in a transparent manner the Core Company Principles of Conduct that consistently guide its corporate outlook. These are:

- **Efficiency in service provision.** This is essential to permit Spain's financial market to perform its key role in fostering sustainable growth in the Spanish economy.
- **Market integrity.** Compliance with this principle allows trading activity to be undertaken from many market centres simultaneously and under identical conditions.
- **An impartial trading environment,** achieved through strict compliance with laws and regulations governing the financial markets and systems managed by BME.
- **Transparency and fairness in the market.** BME provides complete information on market performance and information received from entities approved for trading on the market, allowing all investors, without privileges of any sort based on trading volume, to operate under the same conditions.
- **Innovation and cutting-edge technology.** BME provides markets with the means necessary to help companies grow at a global level, and

is an active participant in the creation of new financial products and the ongoing development of the systems infrastructure essential to the development of the financial market.

- **Training.** A cornerstone of any financial market's sustainable development is the education of all market players, both professionals and individuals, on how the market operates. BME supports many educational programmes, both in-house and at other institutions, geared to both individual and professional investors.
  - **Investor protection.** BME believes that assisting, defending and providing guidance to investors in financial markets, especially investors whose knowledge and experience are limited, is essential for creating a bond of trust between investors and the market.
- In establishing these core principles of action, BME has taken into account the needs and priorities of the different agents participating in the market. Such needs and priorities largely coincide with those of society at large. After all, society is the ultimate beneficiary of the rewards generated when the financial markets and, by extension, the Spanish economy, operate properly.

Therefore, the main market players are considered to be those who use BME's services, Company employees, shareholders, service providers and society at large.

Based on this definition, the Company's guidelines for conduct with these agents, who are the foundation for BME's work in the areas of its participation in and contribution and commitment to society, may be outlined as follows:

- Compliance with the laws and regulations applicable to BME, both Spanish and international. BME's business activities must strictly meet social ethics and best practice standards.
- Making the necessary effort to ensure that relations with users and investors be profitable for all concerned.
- Maintaining solid and fluid relationships, through official channels, with government and oversight bodies.
- Implementing clear procedures for selecting partners and marketing services and technology.
- Permanent contact with shareholders and potential investors.
- Building fluid relationships between the Company, its employees and trade union organisations.

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### Awards and distinctions received in 2010

**Forinvest 2010 Award for the best entity in 2009.**

Bolsas y Mercados Españoles received the Best Entity of 2009 annual award from the Valencia-based investment forum.

**Javier Hernani named Europe's second best CFO among financial entities.**

The specialist magazine, Institutional Investor, named Javier Hernani, BME's Finance Director, Europe's second best CFO in the Financial Entities section for his work during the financial crisis.

This distinction is part of the "2010 All-Europe Executive Team" ranking drawn up by the US magazine. One of the qualities valued by the analysts assessing the candidates for the awards was their capacity to take decisions and make positive moves during the crisis, achieving a more efficient use of resources and successful cost control. This ensures their companies have a sound financial position during the crisis in readiness for achieving steady growth in the medium and long term.

**Latibex receives Best Initiative award.**

The Latibex market won the Best Financial Initiative award conferred by the Convention of Independent Financial Advisors (CIFA), an association of independent financial advisors based in Geneva (Switzerland).

**Information Security prize awarded to Instituto de Continuidad de Negocio, of which BME Innova is a founding member.**

Instituto de Continuidad de Negocio, recently created with the backing and active collaboration of BME (BME Innova is a founding member), has been awarded the Information Security prize by the specialised magazine SIC for its founding strategy of disseminating the best international practices and for becoming a role model in Spain and Latin America.



Angel Torre, Chairman of the Bolsa de Valencia, receives BME award, at Forinvest.



Javier Hernani, CFO of BME, who received an award in 2010.



Latibex, a good initiative connecting Europe and Latinamerica.



Maria Parga, Managing Director, BME Innova.

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## Relations with Public Administrations

Given the importance of the activities carried out by BME in ensuring the smooth running of the financial markets, and by extension the Spanish economy, the Company must maintain a fluid relationship with all public bodies.

BME views these relationships, developed through official channels and built on respect and strict compliance with legislation in force at any given time, as essential for strengthening the bond of trust that the Company has forged with investors and society in general.

Furthermore, BME's role as manager of regulated markets and trading systems is played out within the framework of Spanish sector legislation, particularly, the Securities' Market Act and enabling provisions. Therefore, both BME and most of its subsidiaries are supervised by the Comisión Nacional del Mercado de Valores (CNMV).

This body, along with the regional governments with the power to regulate stock market issues, is required to supervise and inspect the stock markets and the activities of the individuals and legal entities operating in those markets. Therefore, BME, as the management body of these markets, must maintain a fluid relationship with these regulatory bodies and take an active part in any forums required under said legislation.

Under current legislation, the secondary markets in Spain are represented on the CNMV's Consultative Committee by six of its fourteen members. The remaining members represent securities issuers and investors.

This Consultative Committee is the CNMV Board of Directors' advisory body, responsible, among other tasks, for reporting on issues relating directly to the organisation and activities of the stock market.

Additionally, in line with its commitment to ensuring transparency, on 30 September 2010, BME's Board of Directors resolved to adhere to the Code of Best Tax Practices (Código de Buenas Prácticas Tributarias).

This Code, approved by the Large Businesses Forum, aims to develop a fluid relationship between the Spanish tax agency and tax-paying companies; a relationship based on transparency and mutual trust.

Meanwhile, BME does not make contributions to political parties or political organisations of any stripe, allowing the management to remain independent in its relationships with government bodies at a local, regional and national level.

In 2010, BME received no financial aid from the government. However, the Company did avail itself of subsidies offered by the Tripartite Foundation to provide in-company training initiatives

for its employees. The Tripartite Foundation for In-Company Training (La Fundación Tripartita para la Formación en el Empleo) is one of the public bodies making up the organisational and institutional framework of the in-company training subsystem. Its duties include fomenting and disseminating the practice of in-company training among companies and employees.

## Relations with the Media

The responsibility taken on by BME as the main vehicle for channelling savings towards the financing of companies requires dealing with the Spanish and international media with particular attention. This role falls to the Corporate Communication department.

In order to meet this day-to-day demand for information, press releases and other documents are disseminated in response to the information demands of the media and other information providers. All significant information is kept up-to-date on the Company's website.

BME regularly distributes press releases among the media and has set up an email account, which they can use to address queries to the Company and request that notes disseminated be delivered by email.

Furthermore, on its corporate website, [www.bolsasymercados.es](http://www.bolsasymercados.es), BME has set up a "PRESS" section specifically for the media, offering access to all significant information relating to the Company, the Chairman's speeches and other documents of interest, as well as a photo file and images of the Company's visual identity.

At the same time, the developments that consistently arise in the financial world make it necessary to take steps to help journalists keep up to speed on new developments. To this end

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Instituto BME periodically offers courses geared towards these professionals (see Chapter sixth of this report from more information).

Furthermore, the stock exchange trading floor continues to attract the attention of the media. This has prompted BME to seek to meet the specific infrastructure needs of TV and radio stations and other media and has created an active press room fully equipped with computer systems, subscriptions to financial information services, etc.



The stock exchange and the media, a close and rewarding relationship



Annual lunch with the media at the Bolsa de Madrid palace.

	2008	2009	2010
News items about BME published in the media	630	900	1,200
News articles published by BME employees	15	20	26
Press releases issued by BME	104	110	101
Chairman's speeches made available to the press	7	11	15
Press conferences	111	150	193

## BME's Communication channels with

