



Dear Shareholder,

As Chairman of the Board of Directors, I am pleased to present to you BME's Corporate Responsibility Report (CSR) for 2013.

For BME, one of our main commitments in this area is to help businesses find funding. This is even more essential when these companies are unable to access credit. That is why we are particularly keen to promote financing models with lower leverage and formulas which complement traditional channels to make financing available to enterprises.

The foundations have been laid: market-based funding, as a formula for providing finance to the different business segments, must take centre stage. That is why we are particularly pleased that investment flows channelled through the Stock Exchange in 2013 exceeded \$42 billion, making ours the 4th largest market in the world by investment flows.

In 2013, a new alternative fixed income market, MARF, commenced operations, offering SMEs a new means of accessing financing by issuing Fixed Income securities.

We are also boosting the capacity of MAB (Mercado Alternativo Bursátil). Two of the companies listed on this alternative market with the greatest activity, Carbures and Gowex, have received the EC's "European Small and Mid-Cap Awards" out of a total of 31 companies. These awards, which are in their first year, are intended to increase the success of new market listings to create a favourable environment for companies to access financing.

BME has also been working on building on these objectives and has taken part in various initiatives such as the act commemorating the 25th anniversary of the Securities Market Act, organised by the Fundación de Estudios Financieros (Foundation for Financial Studies) which highlighted the importance of this law in developing and modernising Spain's financial markets and its contribution in helping these to carry out their important function.

The Latibex Forum is a key event in this regard. This popular annual event celebrated its 15th edition in 2013, attracting 400 professionals and 44 companies, 40 of which were Latin American. This forum is an important meeting point for investors, analysts and intermediaries from both sides of the Atlantic. The Medcap Forum, also organised by BME and now in its ninth year, is intended to boost liquidity at medium-sized companies and raise their profile among investors. This year's event attracted many non-resident investors whose presence was up 30% compared to 2012.

BME was also active in organising educational programmes and promoting financial culture. A new book in the ESTUDIOS & INVESTIGACIÓN collection, entitled "Comunicación financiera: transparencia y confianza" (Financial communication: transparency and trust) was published. BME also sponsored, for the 10th consecutive year, the prizes in the Fixed Income, Equities and Derivatives categories at the Finance Forum's 11th annual meeting organised by AEFIN (Asociación Española de Finanzas). This is the most important annual financial research event in Spain.

Letter from the Chairman

In 2013, we also set up the PFA education programme which is open to all BME's shareholders and coordinated by the Instituto BME. This programme, which is aimed at our minority shareholders consisting of free onsite courses, has proven very popular.

As an expression of our commitment to shareholders, and despite difficult circumstances, we have maintained our capital remuneration. Hence, our dividend yield continues to rank high among IBEX 35 companies.

We are also extremely pleased to have been recognised by CK Capital of Canada in a recent study as being "at the global forefront in terms of sustainability information provided by the companies listed".

We have also extended the ongoing training offered to BME employees, with skills courses as well as offering the possibility of e-learning in addition to onsite courses. Various BME employees also gave up their time to help with the "Profesionales desde la Escuela" programme organised by the Las Rozas city council, which teaches students about real labour conditions.

BME remains committed to reducing consumption of resources by using video conferencing facilities to avoid staff having to travel to meetings. We have also embraced other measures to help reduce our electricity gas and water consumption. Likewise, we have continued to reduce the amount of paper used at our locations by adopting new technologies for filing documents and by encouraging email usage instead of traditional mail.

Turning to culture, BME remains a member of the friends of the Prado Foundation, a sponsoring partner of the Reina Sofia museum in Madrid and a partner of the Teatro Real in Madrid. Through the Bilbao stock exchange the company is a strategic patron of the Guggenheim museum in Bilbao.

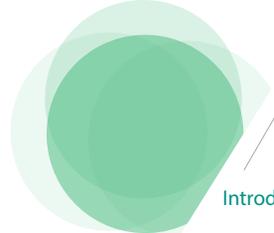
In 2013 BME also sponsored the exhibition on Blas de Lezo, hosted by Madrid's Naval Museum. This 2013 CSR Report shows some of the works in this unique exhibition.

Additionally, it continues to collaborate with different institutions, universities and academic associations in training projects related to the world of securities markets, especially through Instituto BME, which contributes a good number of specific courses to these institutions.

In 2013, BME once again developed various initiatives to make available its resources and the skills of its employees, especially in terms of offering companies new sources of financing which is of vital importance to both national and international companies so that they can begin to grow again and generate wealth and employment.



Antonio J. Zoido



Since 2007, Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME) has fulfilled its voluntary commitment to issue a “triple report” on its economic, corporate and CSR performance. The 2013 Corporate Social Responsibility (CSR) report is available to all shareholders and covers the performance of BME and its subsidiaries during the year. It is complemented by the 2013 Annual Report, which includes the Annual Corporate Governance Report.

BME'S corporate outlook: management model and relationships with main market participants

BME gears its management toward obtaining an optimal performance from all the assets at its disposal in a responsible and sustainable manner. This makes it a company with strong growth potential.

As manager of Spain's financial markets and systems, BME is the nexus between Spanish and international companies and investors. It provides a channel through which savings can be used to finance companies, while endeavouring to offer maximum speed, reliability, transparency, efficiency and security to the markets and systems it manages.

Since BME's incorporation, it has always been committed to being a reference for the economy and for businesses in Spain and Latin America (through the Latibex). To achieve this, its actions are guided by the following principles:

- **Efficiency in service provision**, which is essential for the financial market to perform its key role in fostering sustainable economic growth.
- **Market integrity**, which allows several centres to undertake trading activity simultaneously and under identical conditions.
- **An impartial trading environment**, achieved through strict compliance with laws and regulations governing the financial markets and systems.
- **Transparency and fairness in the market**, by providing complete information on market performance so investors, without any privileges, can operate under the same conditions.

- **Innovation and cutting-edge technology**, by providing the means necessary to help companies grow and actively participate in the creation of new financial products and the development of systems infrastructure.
- **Training**, as a cornerstone for the sustainable development of a financial market.
- **Investor protection**, which is crucial for creating a bond of trust between investors and the market.

In establishing these core principles of conduct, BME has taken into account the needs and priorities of the different market agents, as well as society in general as the ultimate beneficiary when financial markets and, by extension, the economy, operate properly.

Therefore, BME considers users of its services, company employees, shareholders, service providers and society at large as the main market players.

The company's guidelines for conduct with these agents can be outlined as follows:

- Complying with Spanish and international laws and regulations, and the codes to which it adheres voluntarily, as well as complying strictly with social ethics and best practice standards in its business operations.

- Making the necessary efforts to ensure that relations with users, investors and shareholders are profitable for all concerned.
- Maintaining solid and fluid relationships, through official channels, with government and watchdog bodies.
- Implementing clear procedures for selecting partners and marketing services and technology. Among other values, these procedures encourage transparency in all actions with all actors, as well as corporate social responsibility.
- Maintaining permanent contact with shareholders and potential investors.
- Building fluid relationships between the company, its employees and trade union organisations.

BME'S corporate outlook: management model and relationships with main market participants

Awards and distinctions received in 2013

Antonio Zoido, Chairman of BME, was re-elected for his second term as Trustee of the International Financial Reporting Standards (IFRS) Foundation, the supervisory body of the International Accounting Standards Board (IASB).

Initiatives in which BME participates

BME is involved in the following national and international initiatives:

- The European Code of Conduct for Clearing and Settlement (since 2006)
- The Carbon Disclosure Project (since 2007)
- The Code of Best Tax Practices (since 2010)
- The United Nations Global Compact (since 2011)

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 public bodies through official channels predicated on strict adherence to applicable regulations.

Furthermore, BME's role as manager of regulated markets, trading systems, central counterparties and registration, clearing and settlement systems is carried out in compliance with European and Spanish sector regulations. Accordingly, BME and the majority of its subsidiaries are supervised by the Spanish National Securities Commission (Comisión Nacional del Mercado de Valores, CNMV)

and by the European Securities and Markets Authority (ESMA). As part of its solid relationship with the CNMV, BME actively participates in the forums established in the regulator and serves on the Consultative Committee, the advisory body to the CNMV Board of Directors.

Since it was first approved, BME has adhered to the Code of Best Tax Practices, designed to foster a relationship of reciprocal cooperation between the Spanish tax administration agency and companies.

BME does not contribute to any political parties or organisations, allowing BME management to remain independent in its relationships with local, regional and national government bodies.

BME did not receive any financial aid from the government in 2013. However, it did avail itself of subsidies offered by the Tripartite Foundation to provide in-company training initiatives (see Chapter 3 of this report for more information).

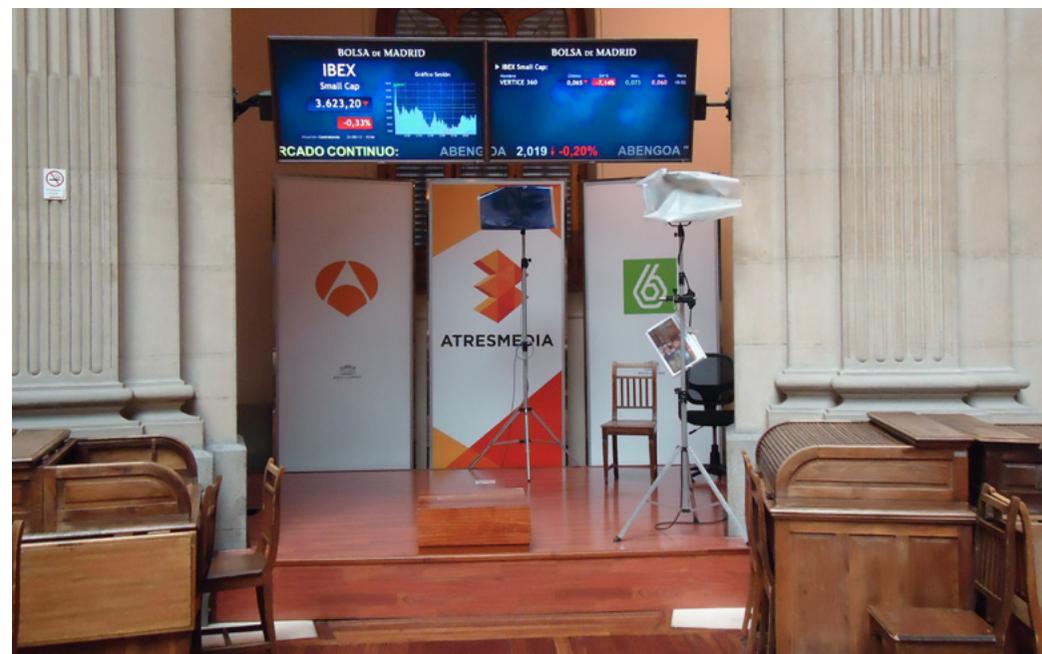
Relations with the media.

The responsibility taken on by BME as the main vehicle for channelling savings towards the financing of companies requires dealing closely with the Spanish and international media. To that end, BME has established a Corporate Communications Area.

BME meets daily demand for news by putting out press releases and addressing the specific enquiries of the media and other information providers.

All company-related information on the corporate web page is kept up to date. The "Press Room" section contains all the Chairman's speeches and other documents of interest.

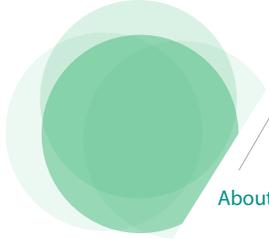
Furthermore, the stock exchange trading floor continues to attract the attention of the media. This has prompted BME to strive to meet certain infrastructure needs of TV and radio stations and other media, and to create an active press room fully equipped with computer systems, subscriptions to financial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



BME and the media. A3 Media's new TV stand on the trading floor of the stock exchange.

Communication channels

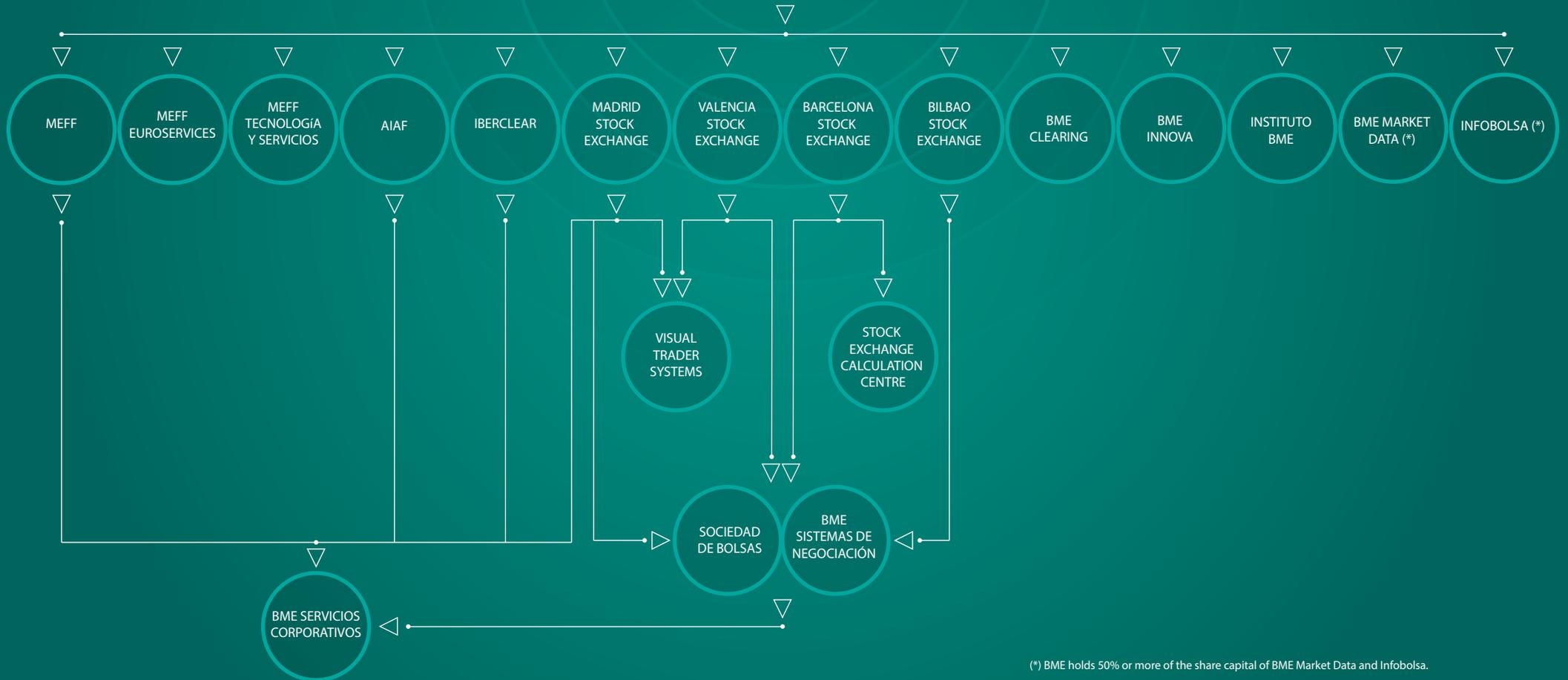




BME is the operator of all stock markets and financial systems in Spain. A public limited company (sociedad anónima), BME has been a listed company since 14 July 2006. BME forms part of the IBEX 35® and the FTSE4Good IBEX®.

BME's headquarters and all of its subsidiary companies' main offices are in Spain, where the group carries out its business. The company's main operational headquarters are in Las Rozas, Madrid.

BME



(*) BME holds 50% or more of the share capital of BME Market Data and Infobolsa.

BME group companies

Stock exchange governing companies



Sociedad de Bolsas, S.A., which manages and operates the Spanish electronic trading platform (S.I.B.E.).



Bolsas y Mercados Españoles, Sistemas de Negociación, S.A., (BME Sistemas de Negociación).

The governing company of two multi-lateral trading systems:

- **Mercado Alternativo Bursátil (MAB)**, which lists securities that require specialised and unique treatment, across a variety of segments.
- **Latibex**, the market for European investors to buy and sell euro-denominated Latin American stocks.

The purpose of stock exchange governing companies is to list for trading, supervise and manage official secondary markets for securities.

The Barcelona, Bilbao and Valencia stock exchange governing companies deal exclusively with public debt issued by the Catalonia, Basque Country and Valencia regional governments, respectively.

The four stock exchange governing companies also own 25% of:



BME Clearing, S.A.U. (BME Clearing).

The central counterparty in respect of derivatives traded on the official secondary derivative market, public debt repos, electricity derivatives and any other financial instrument.



MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U. (MEFF).

Which manages the official secondary market for derivatives with both equity and fixed-income underlyings.

MEFF and BME Clearing are the companies resulting from the spin-off of activities from MEFF Sociedad Rectora de Productos Derivados, S.A.U. (currently BME Clearing, S.A.U.) to BME Gestión de Estudios y Proyectos, S.A.U. (currently MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U.), completed in 2013.

MEFF Euroservices, S.V., S.A.U.

Which transfers orders to European markets (Eurex).

MEFF Tecnología y Servicios, S.A.U.

Which develops and operates data-processing systems and manages the forward market for Red Eléctrica de España.



AIAF Mercado de Renta Fija, S.A.U. (AIAF).

Which manages and supervises both the primary and secondary corporate debt markets, the electronic fixed income trading platform SEND, and is the governing company of the multilateral trading system SENAF and, since 7 October, of the new Mercado Alternativo de Renta Fija (MARF).



Regis-TR, S.A.,

which is 50% owned by Iberclear and Clearstream Banking S.A., a Luxembourg-based company that manages the registration of financial instruments traded (Trade Repository).



Instituto Bolsas y Mercados Españoles, S.L.U. (Instituto BME).

BME's training centre, focusing on the organisation of different training services related to financial markets.



Visual Trader Systems, S.L.

Which develops and operates the Visual Trader system, a platform which allows access to international markets and routing networks. Its connections allow entities and brokers all over the world to both send and receive orders.

This company is owned by the Madrid and Valencia stock exchange governing companies, with stakes of 90% and 10%, respectively.



Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear).

Spain's central depository for securities. Iberclear is responsible for the accounting records and the clearing and settlement of securities listed for trading on Spanish stock exchanges, the book-entry public debt market, AIAF and Latibex.

Iberclear, under the supervision of the Spanish Ministry for Agriculture, Food and the Environment, manages the National Registry of Greenhouse Gas Emission Rights (RENADE).



Bolsas y Mercados Españoles InnoVA, S.A.U. (BME InnoVA).

Which offers specialised strategic consultancy services, custom-made technological solutions and integrated training programmes for the financial markets, as well as products and services for three areas: business continuity, financial communication and management software for financial institutions.



Bolsas y Mercados Españoles Market Data, S.A. (BME Market Data).

Which specialises in handling, generating and selling information from the group's various regulated markets and multilateral trading facilities (MTFs) and in developing value-added services aimed at the securities industry.

BME Market Data is owned by BME, the four stock exchange governing companies, MEFF and AIAF.



Infobolsa, S.A.

Which provides real-time financial market information services. It is jointly owned (50%/50%) by BME and Deutsche Börse.

In addition to the above, **Bolsas y Mercados Españoles Servicios Corporativos, S.A.** and **Link Up Capital Markets, S.A.**, which act as auxiliary companies for the rest of the BME group companies.

Holdings in other companies

Since it was incorporated, BME has been involved in developing and upgrading Latin American financial markets through shareholdings in the following companies:

- **Cámara de Riesgo Central de Contraparte de Colombia, S.A., S.A.**, the clearing house for Colombia's futures and options market, with a 9.99% stake.
- **Bolsa Mexicana de Valores, S.A. de Capital Variable** with a 0.99% stake.

In addition to these holdings in Latin American companies, BME also has interests in other concerns:

- **Operador del Mercado Ibérico de Energía – Polo Español, S.A.** which oversees the financial management of the electricity generation market, with an indirect stake through BME Innova of 5.65%.
- **OMIP Operador do Mercado Ibérico (Portugal), SGPS, S.A.**, the holding company for the Portuguese electricity market, with a 5% stake.
- **Openfinance S.L.**, provider of front-office solutions for financial advisory and portfolio management, 62%-owned by Infobolsa.

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED			
	(thousand euros)		
	2011	2012	2013
Economic value generated	324,375	298,365	310,293
Revenues	314,674	292,109	302,273
Other net gains (losses) ⁽¹⁾	9,701	6,256	8,020
Economic value distributed	326,534	319,257	304,810
Operating expenses	34,571	33,854	33,035
Employee remuneration	61,949	63,400	64,316
Dividends ⁽²⁾	164,225	164,225	145,071
Income tax and other taxes ⁽³⁾	64,673	56,685	61,299
Payments to capital suppliers (financial cost)	0	0	0
Payments to public bodies, donations and other investments in the community	1,116	1,093	1,089
Economic value retained (profit not distributed)	-2,159	-20,892	5,483
Reserves ⁽²⁾	-10,532	-28,752	1,931
Amortisation and depreciation	8,373	7,860	7,414

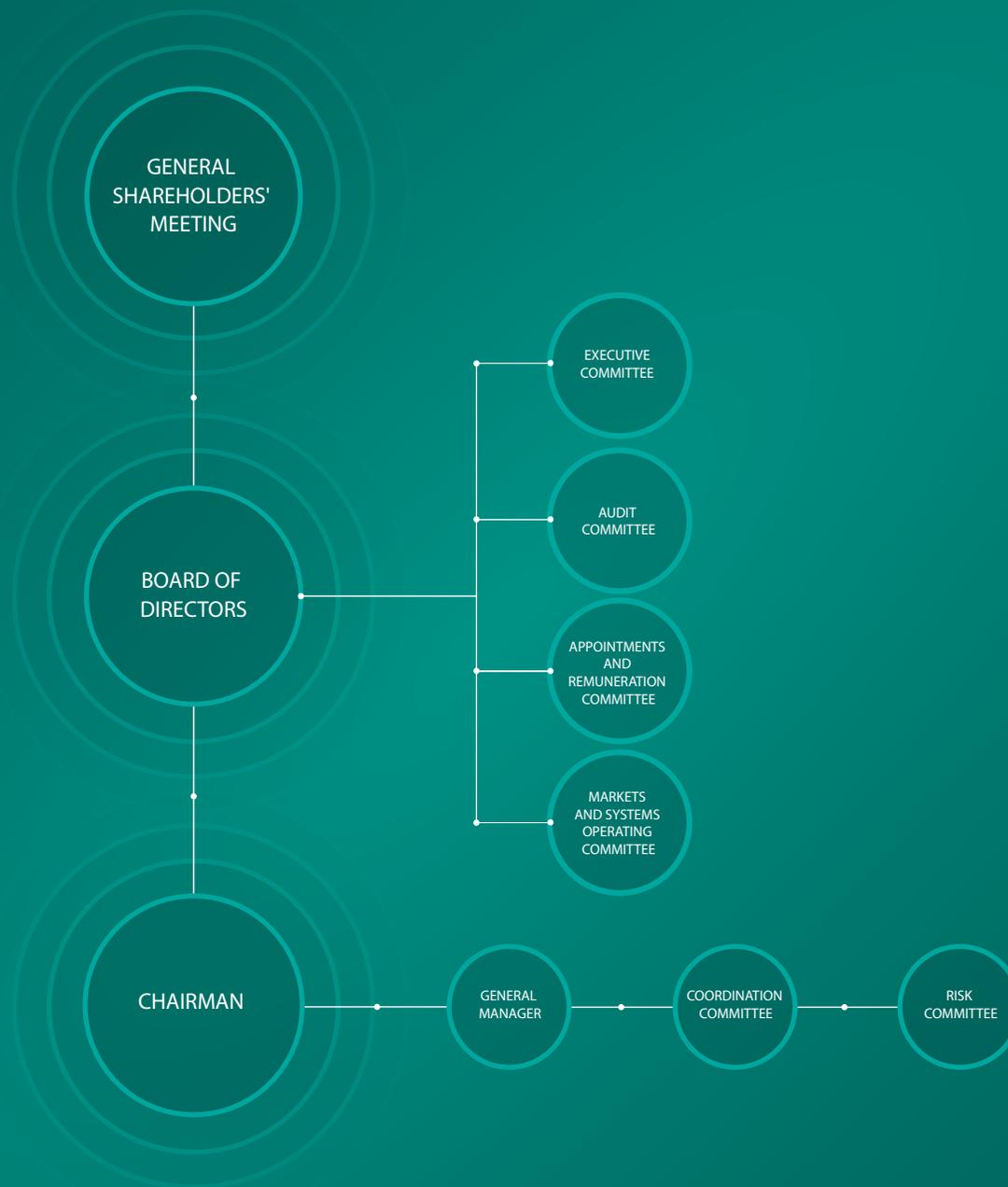
(1) Includes work performed by the company on own assets, other operating revenue, the share of profit (loss) of companies accounted for using the equity method and the net financial result, minus the result attributed to external partners.

(2) Includes the payment of two extraordinary dividends against unrestricted reserves, for €30,980 thousand in 2011 and 2012 and €11.82 in 2013.

(3) Includes only income tax expense and taxes reported in the year.

The total capitalization (broken down as debt) and the equity for 2013 reaches €392.30 billion.

Governing Bodies



Corporate Governance

Corporate Governance

BME's corporate governance structure conforms to the highest market standards in this field. Its guiding principles are transparency, shareholder participation and independence of the external auditor.

BME's internal regulations are available under the "Information for Shareholders and Investors" section of the corporate website: www.bolsasymercados.es.

The **Board of Directors** is the company's most senior governing and administrative body. At 31 december 2013 it comprised 14 members of recognised capacity, integrity and independence.

The composition of the board complied with the recommendations of the unified code of good governance, as 12 members are external directors (seven proprietary and five independent) and only two are classified as executive directors.

Board of directors

DIRECTOR	Post	Type	COMMITTEE			
			Executive Committee	Audit Committee	Appointments and Remuneration Committee	Markets and Systems Operating Procedures Committee
Antonio J. Zoido Martínez	Chairman	Executive	Chairman	-	-	-
José A. Barreiro Hernández	First Vice Chairman	External Non-Independent	Member	-	-	-
Tomás Muniesa Arantegui	Second Vice Chairman	External Non-Independent	Member	-	-	-
Margarita Prat Rodrigo	Third Vice Chairwoman	External independent	Member	Member	-	-
José Antonio Álvarez Álvarez	Director	External Non-Independent	-	-	Member	-
Ignacio Benjumea Cabeza de Vaca	Director	External Non-Independent	Member	-	-	-
Álvaro Cuervo García	Director	External independent	Member	Chairman	-	-
Rosa María García García	Director	External independent	-	-	Member	-
Pablo Forero Calderón	Director	External Non-Independent	-	-	-	Member
Joan Hortalá i Arau	Director	Executive	-	-	-	Chairman
Ricardo Laiseca Asla	Director	External Non-Independent	-	-	-	Member
Karel Lannoo	Director	External independent	-	-	-	Member
Ramiro Mato García-Ansorena	Director	External Non-Independent	-	Member	-	-
Manuel Olivencia Ruiz	Director	External independent	-	-	Chairman	-

* Secretary of the Board and of the Committees: Luis María Cazorla Prieto.

* Deputy Secretary of the Board and of the Committees: Cristina Bajo Martínez.

* Legal advisor: Jaime Aguilar Fernández-Hontoria.

BOARD OF DIRECTORS

External/Internal directors



- Internal directors
- External directors

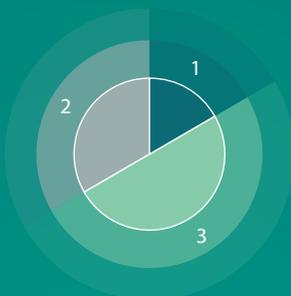
Type of director



- Executive directors
- External Non-independent
- Independent directors

COMMITTEES

Executive Committee



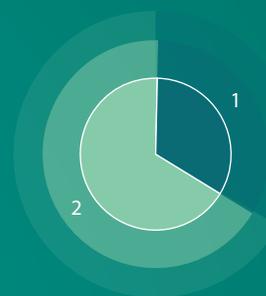
- Executive directors
- External Non-independent
- Independent directors

Audit Committee



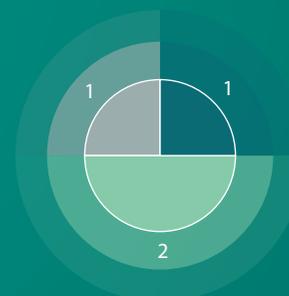
- Executive directors
- External Non-independent
- Independent directors

Appointments and Remuneration Committee



- Executive directors
- External Non-independent
- Independent directors

Markets and Systems Operating Procedures Committee



- Executive directors
- External Non-independent
- Independent directors

All information relating to corporate governance at BME can be found in the company's Annual Corporate Governance report, the Annual Report on Directors' Remuneration for 2013 and the Report on the Board of Directors' activity, are of which all available on the corporate website: www.bolsasymercados.es.

BME's structure

As established in the company's Articles of Association and Board of Directors' Regulations, the Board of Directors has entrusted the running of its ordinary business to the delegate bodies, the Board's executive members and the senior management team.

Accordingly, the company has a **General Manager** who, under the supervision and encouragement of the Chairman, as the most senior executive, coordinates the business units and areas, and a **Coordination Committee**, which is responsible for the permanent coordination between the group's various business units and the activities of the company and the group's companies.

Coordination Committee

Antonio Zoido Martínez (Chairman)
 Javier Hernani Burzako (General Manager)
 Ramón Adarraga Morales
 Jaime Aguilar Fernández-Hontoria
 Antonio Giralt Serra
 José Massa Gutiérrez del Álamo
 Francisco Nicolás Tahoces
 Francisco Oña Navarro
 Jorge Yzaguirre Scharfhausen

Given the group's corporate structure, the coordinated management of its activities is based on a structure of seven business units and seven corporate areas providing support functions to all business units.

Business units	Head
Equities: Trading of securities through the electronic trading platform (Sistema de Interconexión Bursátil) or on the stock exchange floor and all corresponding post-trade activities.	Jorge Yzaguirre Scharfhausen ⁽¹⁾
Derivatives: Derivative trading, central counterparty activities and settlement of derivatives, public debt repos and electricity derivatives.	Francisco de Oña Navarro
Fixed income: Trading of private fixed income and public debt securities.	Francisco de Oña Navarro
Settlement: Registration, clearing and settlement of equity, private fixed income and public debt trades.	José Massa Gutiérrez del Álamo
Information: Dissemination of information as a primary source and commercial provider services.	Ramón Adarraga Morales
Listing: Listing and maintenance services for issuers on the equity and private fixed income markets.	Antonio Giralt Serra
IT & Consulting: Production and sale of software, global access, advisory and training services.	María Parga Landa

(1) From January 2014, Jorge Yzaguirre Scharfhausen is also Head of Derivatives.

Corporate area	Head
Human Resources	Luis García Berral
Technology	Francisco Nicolás Tahoces
Financial	Javier Hernani Burzako (General Manager)
International Relations	Ramón Adarraga Morales
Administration	Luis María Cazorla Prieto
Legal	Jaime Aguilar Fernández-Hontoria
Corporate Communications	Pablo Malumbres Muguerza

In the second half of 2012, BME engaged an external company to analyse its internal organisation, with a view to shoring up the company's organisational and resource management bases. Specific actions are currently being carried out to strengthen the organisational structure areas identified as needing improvement.

Among other improvements, efforts are being made to integrate the Technology Area's IT equipment and create major synergies, as well as to bring about greater organisational integration of the area in developing software. A Project Management and Organisation (PMO) corporate function has also been created. This function reports to General Management and aims to standardise and improve control and monitoring of projects across all areas.

Risk management

BME has a risk management system in place which ensures that any significant risks which could affect the group's objectives and activities are identified, evaluated and controlled as described in BME's Annual Corporate Governance Report.

The Risk Committee, the Internal Audit Department and the Compliance Department assist the Board of Directors and the Audit Committee in developing a suitable risk management programme.

The **Risk Committee**, under the helm of the General Manager, reports to the Coordination Committee. These two units work together to implement the risk control and management policy laid down by the Board of Directors. The committee monitors and analyses the risks arising in the day-to-day activities of BME group companies.

The Risk Committee has created an integrated risk management system (IRMS) following the methodological framework specified in the COSO II paper. It also maintains the Corporate Risk Map, in close cooperation with the business units and corporate areas. In addition to the IRMS, the Risk Committee has formally incorporated the Internal Control over Financial Reporting (ICFR) system. A description of the IRMS, including the ICFR, is available in the Annual Corporate Governance Report for 2013.

At its meeting of 29 November 2012, the Board of Directors resolved to set up a Penalty Prevention System, as described in Chapter 3 of this report. The system is being gradually implemented throughout the group.

The **Internal Audit Department** is charged with providing senior management and the Board with information that enables them to fulfil the company's objectives, including the assessment and evaluation of the efficiency of the risk assessment tasks carried out. Its task is therefore aimed at assessing and improving the efficiency of the processes concerning risk management, control and governance by identifying key risks and controls.

In order to create an independent body that could monitor compliance with the regulations governing the activities of BME and its group companies, on 20 November 2013 the Executive Committee approved the formation of a group-wide **Compliance Department**. The Compliance Department's primary duties include supervising compliance with prevailing regulations, codes of conduct and commercial agreements; verifying the suitability of procedures and compliance therewith; supporting the Audit Committee in supervising regulatory compliance risk; and helping employees to monitor regulatory changes that could affect the activities carried out by the Group.