



Dear shareholder:

As Chairman of the Board of Directors, it is my pleasure to present to you BME's Corporate Social Responsibility (CSR) report for 2014.

We spent 2014 redoubling our efforts to develop new ways for a greater number of companies to raise funding. We believe this is the best we can do on all fronts -including CSR- for all of us to drive the incipient recovery of the Spanish economy.

One example of these efforts is the Mercado Alternativo de Renta Fija (MARF) for medium-sized companies; issuance volume on this market in its first year of operation was considerable. Also in 2014, activity picked back up on the MAB, which was created to enable small and mid-cap companies to tap the capital market for finance.

Through all its mechanisms combined, BME channeled some €36.1 billion of finance to companies, making it the second largest European market and the eighth in the world.

We remain committed to fostering and spreading the financial culture in Spain, so that as many people as possible can learn as much as they can about financial markets. There are a variety of activities in this respect. For instance, I would highlight the publication of the book *Gestión Activa de Carteras de Renta Fija: un enfoque práctico* (Active Fixed Income Portfolio Management: a Practical Approach), or the awards sponsored by BME for Outstanding Achievements in Equities, Fixed Income and Derivatives at the XXI Finance Forum held by the Spanish Finance Association AEFIN, the benchmark event in Spain in the area of financial research.

Also worth noting are the courses and seminars hosted by Instituto BME, not to mention the reports and studies prepared by our Research Department and published in the *BOLSA* magazine and disseminated through various media and communication channels.

One study showed that households were once again the second largest owners of shares in 2014, accounting for nearly 27% of the total, almost seven

percentage points higher than when the 2007 crisis unfolded and the highest in the past 11 years.

We are also pleased to see the stock exchange regaining its status as a source of wealth and saving for citizens through the remuneration policy applied by most companies with regard to retail investors. Market recovery has pushed the financial wealth of families back up to record levels of over €1 trillion.

Meanwhile, BME maintains the return on capital invested, offering one of the highest dividend yields of any IBEX 35 company.

We continue to promote and host seminars and conferences, such as the MEDCAP Forum, designed to bring SMEs closer to Spanish and foreign investors, or the Latibex Forum, which has become an annual meeting point for Spanish investors with other European and Latin American investors.

Antonio Zoido, BME Chairman & CEO



The BME Shareholder Education Programme, organised by its training centre, Instituto BME, continued to offer free on-site courses. In 2014 Instituto BME embarked on a new initiative: the Asset Management Course for people wanting to learn how to handle and invest their savings in the best way.

As for BME employees, the 2014 edition of the BME Idea contest was held, while an in-house campaign was carried out designed to encourage us, at BME, to work towards a common goal so that we can face the future and cope with the challenges that lie ahead.

We choose our suppliers among those with the cleanest technologies and lowest electricity usage. We also continue to curb our CO₂ emissions through limited and responsible use of heating, air-conditioning and lighting at all our buildings, and have

implemented appropriate maintenance to detect leaks and prevent water loss, while at the same time using more water-efficient systems. As a result of these endeavours, we reduced water consumption at work centres in 2014, while also achieving savings in paper consumption.

Once again in 2014, BME was involved with cultural institutions as a member of the Friends of the Prado Foundation, a sponsoring partner of the Reina Sofia Museum in Madrid, a partner of the Teatro Real in Madrid and, through the Bilbao Stock Exchange, a strategic patron of the Guggenheim Museum in that city.

Social initiatives carried out by BME in the year included co-operation with the Madrid Food Bank, making financial donations to acquire machinery.

We are extremely proud of our performance in 2014 which, like previous years, was tough. We faced the challenges and changes, and turned them into opportunities, all while upholding BME's commitments to solvency and responsibility with society at large.

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 2014 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 2014 Annual Report, which includes the Annual Corporate Governance Report.



BME'S CORPORATE OUTLOOK: MANAGEMENT MODEL AND RELATIONSHIPS WITH THE MAIN MARKET PARTICIPANTS.

BME gears its management towards 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 operator 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 its incorporation, BME has always been committed to being a reference for the economy and for businesses in Spain and Latin America (through 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.



Institutional Investor Magazine named our CFO second best financial director in Europe

Awards and distinctions received in 2014

In 2014, Javier Hernani Burzako, General Manager of BME, was once again named the second best finance director in Europe by the prestigious journal Institutional Investor, based on a survey carried out among over 2,000 managers worldwide.

Also, the company was named by the Multisector Default Platform as one of the leading IBEX35® companies to pay its suppliers within the legally-established deadline.

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 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 or Public Administrations in 2014. However, it did avail itself of subsidies offered by the Fundación Tripartita para la Formación en el Empleo to provide in-company training initiatives for its employees (See Chapter 3 of this report for more information).



Christmas lunch with Financial media

Relations with the media

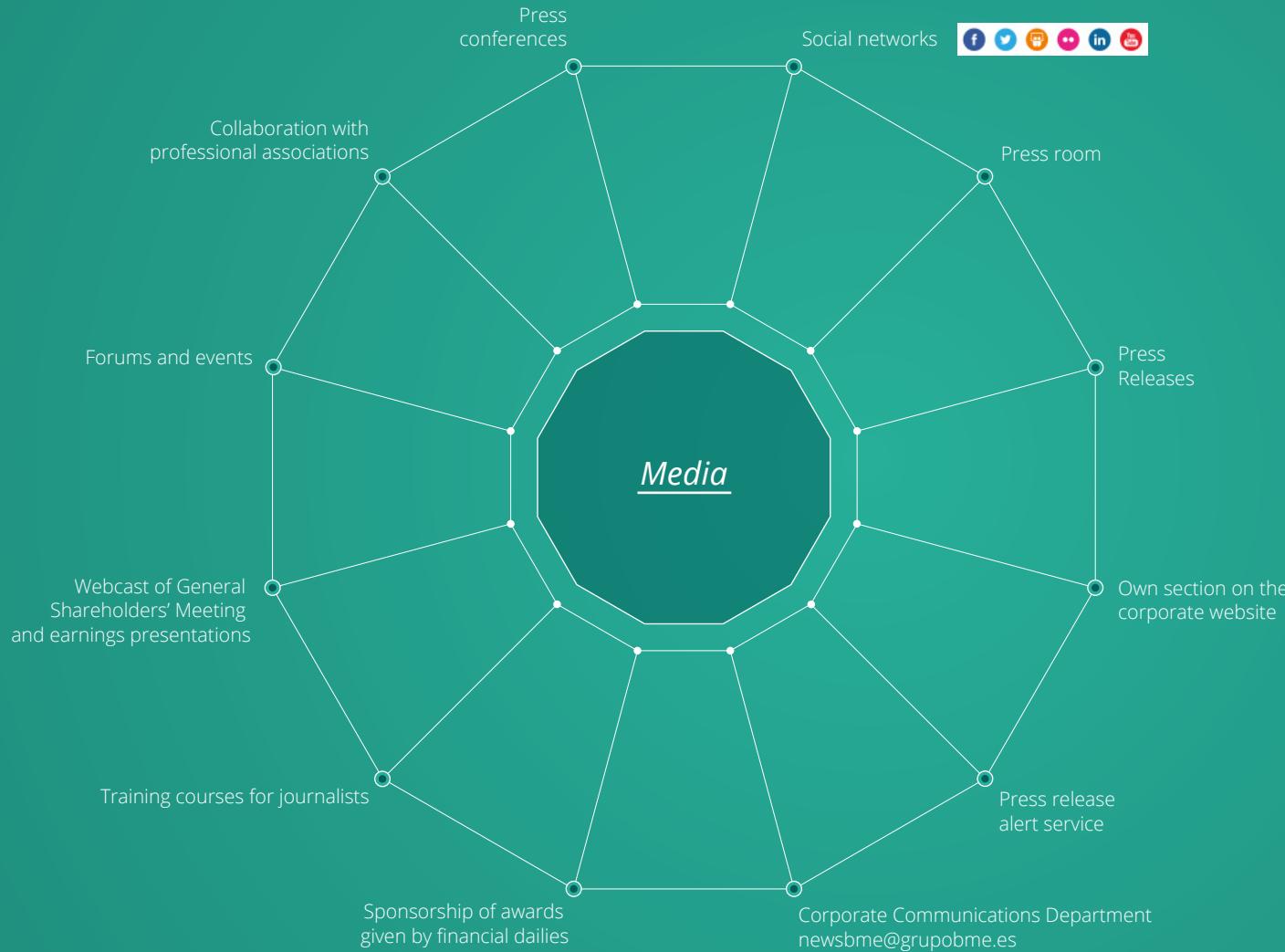
The responsibility taken on by BME as the main vehicle for channelling savings towards the financing of companies requires dealing closely with the Spanish and international media. To that end, BME has established a Corporate Communications Area.

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 website 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 the 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.

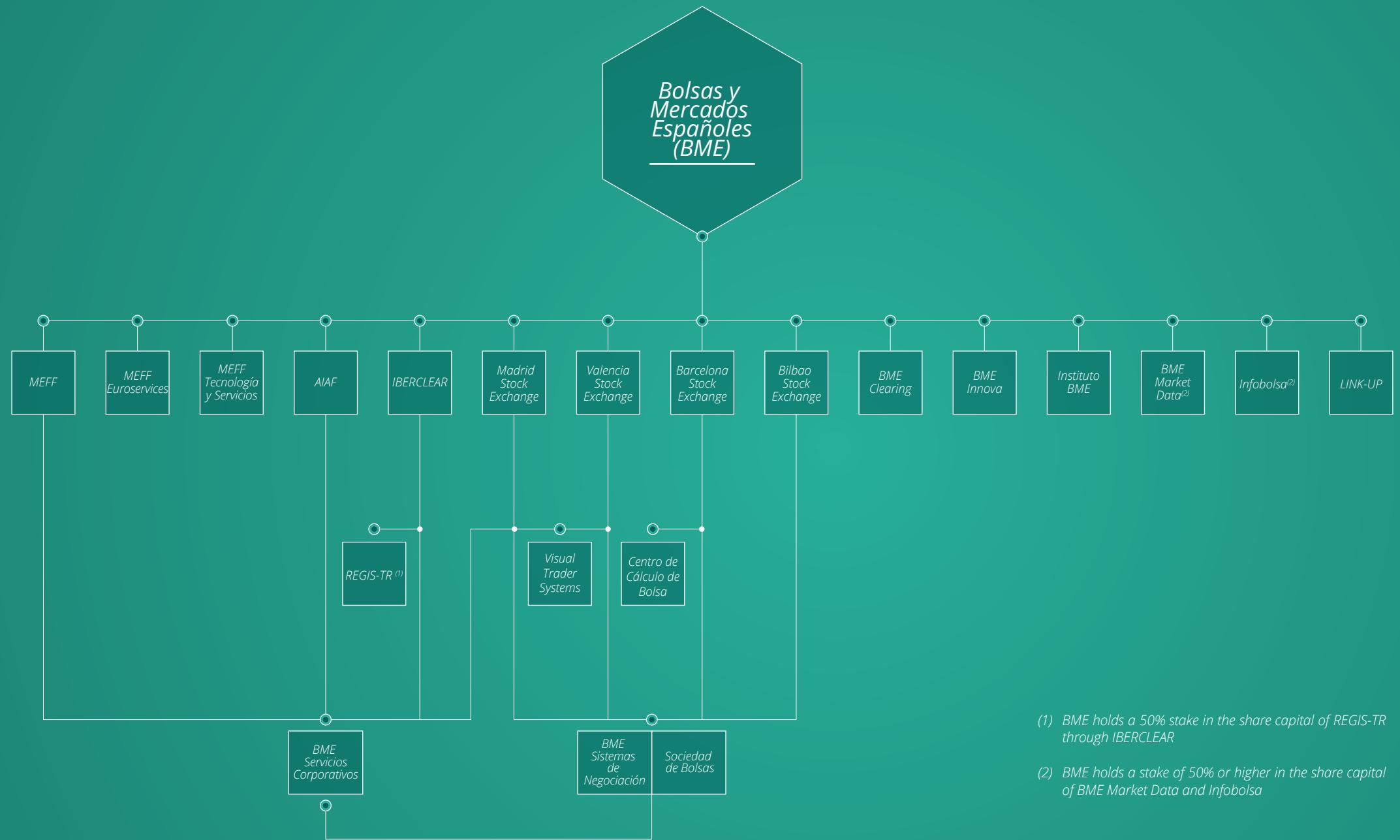
Communications Channels





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 group companies

Stock exchange governing companies



BOLSA DE MADRID



Bolsa de Bilbao



Bolsa de Barcelona



Bolsa de Valencia

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:



SOCIEDAD
DE BOLSAS
SISTEMA DE INTERCONEXIÓN BURSÁTIL

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



BME Clearing, S.A.U. (BME Clearing), which acts as the central counterparty entity for derivatives traded on the official secondary derivatives market, public debt repos, electricity derivatives and any other financial instrument.



MERCADO DE RENTA FIJA

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 the Mercado Alternativo de Renta Fija (MARF).



MERCADO ALTERNATIVO BURSÁTIL



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.



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 as well as the trade repository for the energy contract group.

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



IBERCLEAR

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



Regis-TR, S.A., which is 50% owned by Iberclear and Clearstream Banking Luxemburg, S.A., a Luxembourg-based company. This company acts as a trade repository for derivatives.



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



Instituto Bolsas y Mercados Españoles, S.L.U., is BME's educational centre, whose activities are focussed on organising a range of educational services linked to financial markets in general.



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, as at 31 December 2014 Infobolsa S.A. had a stake in the share capital of Difubolsa – Servicios de Difusao a Informação de Bolsa S.A. and Infobolsa Deutschland, GmbH of 99.99% and 100%, respectively.

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



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.



Openfinance S.L., provider of front-office solutions for financial advisory and portfolio management, 81%-owned by Infobolsa.



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:

- **Cámaras de Riesgo Central de Contraparte de Colombia, 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. (OMEL)** 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.
- **Sociedad Promotora Bilbao Gas Hub**, which is concerned with the promotion of logistics, market and financial services intended to facilitate gas transactions, which in June 2014 was 5.13% owned by BME.

Economic value generated, distributed and retained (thousand euros)

	2012	2013	2014
Economic value generated	298,365	310,293	344,929
Revenues	292,109	302,273	332,901
Other net gains (losses) ⁽¹⁾	6,256	8,020	12,028
Economic value distributed	319,257	304,810	311,092
Operating expenses	33,854	33,035	38,012
Employee remuneration	63,400	64,316	63,668
Dividends ⁽²⁾	164,225	145,071	137,483
Income tax and other taxes ⁽³⁾	56,685	61,299	70,824
Payments to capital suppliers (financial cost)	0	0	0
Payments to public bodies, donations and other investments in the community	1,093	1,089	1,105
Economic value retained (profit not distributed)	-20,892	5,483	33,837
Reserves ⁽²⁾	-28,752	-1,931	27,441
Amortisation and depreciation	7,860	7,414	6,396

The total capitalisation (broken down by debt) and the equity for 2012, 2013 and 2014 amounted to €412,831, 392,306 and 418,931 thousand, respectively.

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.

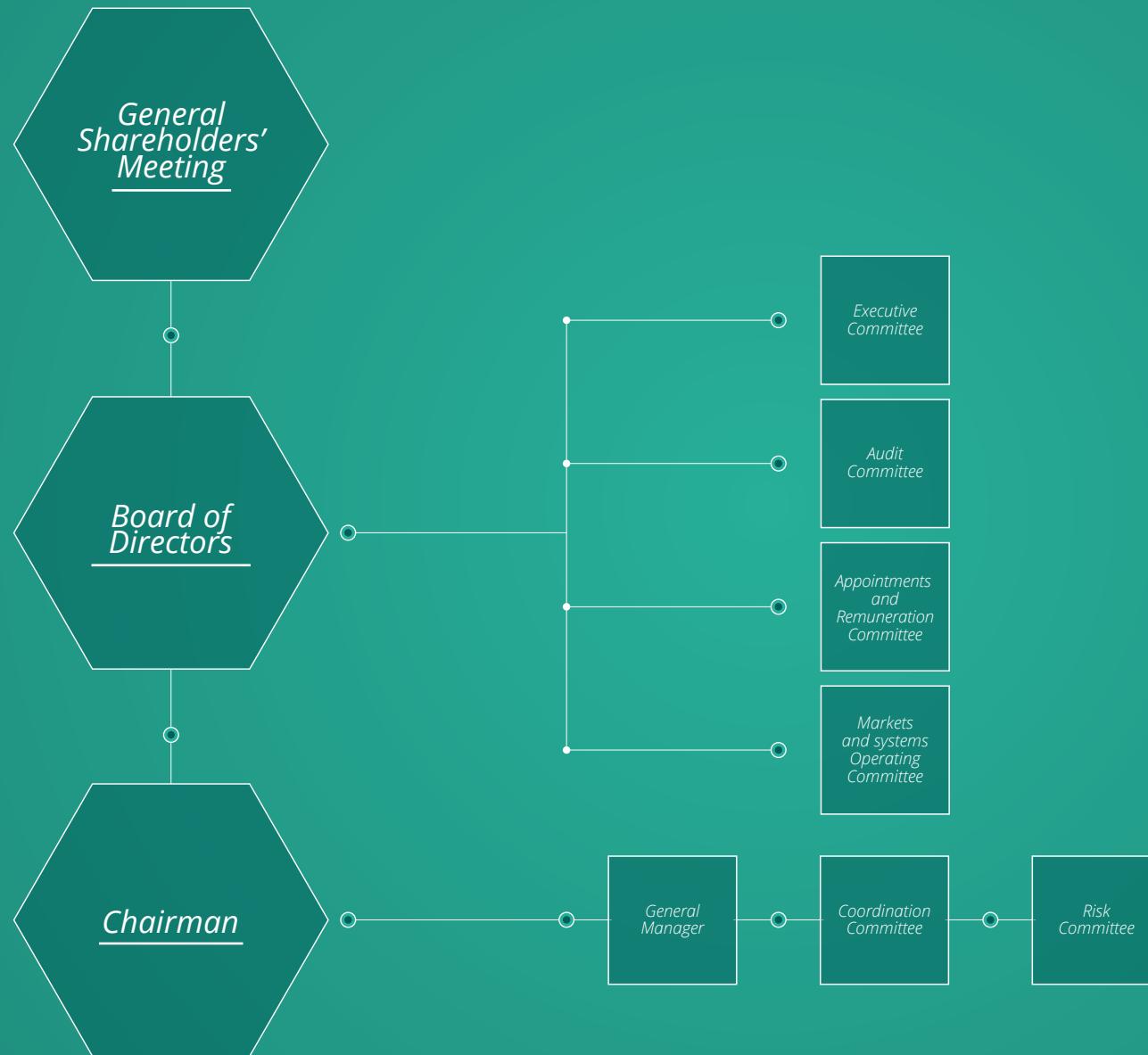
BME's internal regulations are available under the "Information for Shareholders and Investors" section of the corporate website: www.bolsasymercados.es.

(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 extraordinary dividends against unrestricted reserves for €30,980 thousand in 2012 and €11,826 thousand in 2013.

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

Governing Bodies





Board of Directors

The **Board of Directors** is the company's most senior governing and administrative body. At 31 December 2014 it comprised 12 members of recognised capacity, integrity and independence.

The composition of the board complies with the recommendations of the Unified Code of Good Governance as 10 members are external directors (3 external non-independent, 6 independent and 1 other external director) and only two are classified as executive directors.

Directors	Post	Type	Executive Committee	Audit Committee	COMMITTEES		Markets and Systems Operating Procedures Committee
					Appointments and Remuneration Committee	Member	
Antonio J. Zoido Martínez	Chairman	Executive	Chairman	-	-	-	-
Ignacio Garralda Ruiz de Velasco	First Vice Chairman	External independent	Member	-	-	-	-
Margarita Prat Rodrigo	Second Vice Chairwoman	External independent	Member	Chairman	-	-	-
Álvaro Cuervo García	Director	External independent	Member	Member	Member	-	-
Carlos Fernández González	Director	Other external director	-	-	Member	-	-
Rosa María García García	Director	External independent	-	-	Member	-	-
Joan Hortalá i Arau	Director	Executive	-	-	-	Chairman	-
Karel Lannoo	Director	External independent	-	-	-	Member	-
Juan March Juan	Director	External non independent	-	-	-	-	-
Santos Martínez-Conde y Gutiérrez-Barquín	Director	External non 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

BREAKDOWN OF COMMITTEES



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 2014 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 de Oña Navarro

Jorge Yzaguirre Scharhausen



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.

In 2014, as a result of the new activities carried out by the company, specifically by BME Clearing, the business units were redefined.

The Equity and Fixed Income units now encompass activities which were previously in the Listing unit. A Clearing unit has also been created and includes the clearing and central counterparty activities offered by BME Clearing and which were previously part of the Derivatives business unit.

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, as well as listing and maintenance services for issuers on the equity market.	Jorge Yzaguirre Scharhausen
Derivatives: Derivative trading, central counterparty activities and settlement of derivatives, public debt repos and electricity derivatives.	Jorge Yzaguirre Scharhausen
Fixed income: Trading of private fixed income and public debt securities as well as listing and maintenance services for issuers on the private fixed income market.	Francisco de Oña Navarro
Settlement and Registration: Registration, clearing and settlement of equity, private fixed income and public debt trades.	José Massa Gutiérrez del Álamo
Clearing: Derivative trading, central counterparty activities and settlement of derivatives, public debt repos and electricity derivatives.	Francisco de Oña Navarro
Information: Dissemination of information as a primary source and commercial services provider.	Ramón Adarraga Morales
IT & Consulting: Production and sale of software, global access, advisory and training services.	Javier Hernani Burzako

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



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.

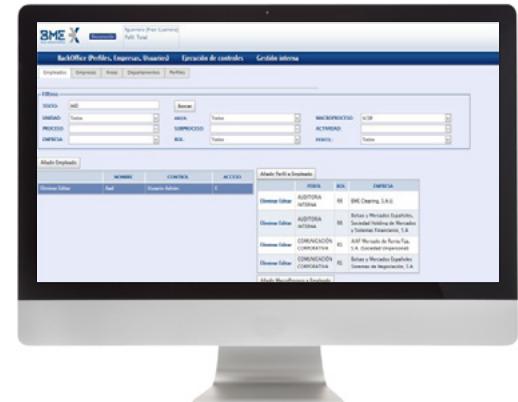
The Risk Committee has created an integrated risk management system (IRMS) following the methodological framework specified in the COSO II paper. It also maintains the Corporate Risk Map, in close cooperation with the business units and corporate areas. In addition to the IRMS, the **Risk Committee** 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 2014.

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, in 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.



IRMS Image



We help finance companies



In 2013 BME ranked fourth among the world's stock exchanges for investment flows channeled to listed companies, at over €32.1 billion euros.

 **BME Valores**
BOLSA Y MERCADO OPALESCO

→ We are the biggest payments system in Spain



Our technological platforms process over €250,000 in financial assets every day.

 **BME Valores**
BOLSA Y MERCADO OPALESCO