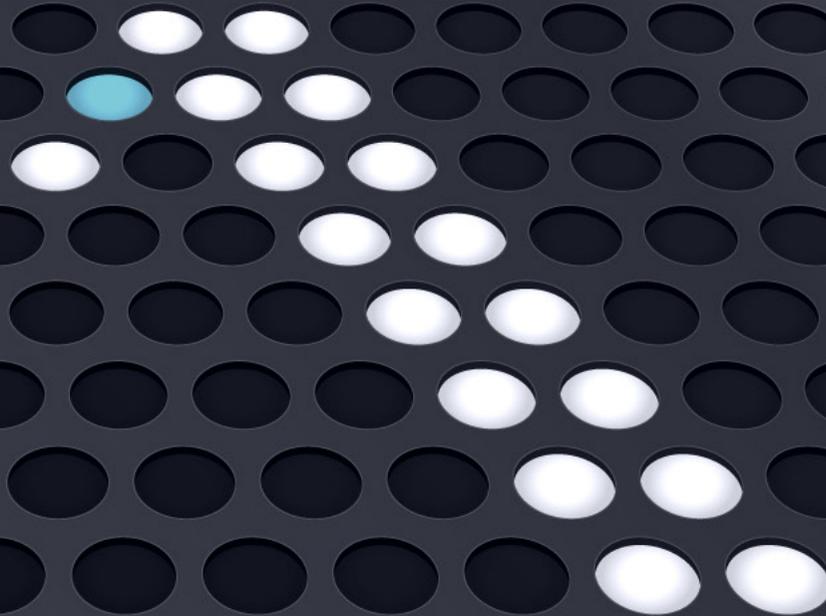


BME MEETS
USER NEEDS





1.1. BME'S ACTIVITIES

- » BME currently integrates systems for registering, clearing and settling securities, central counterparty entities, secondary Spanish markets and official trading systems, and carries out a range of complementary and auxiliary services spanning, among other areas, information, consulting, information technologies, contingency services, business continuity and contingency, and training.

The following tables offer a schematic outline of BME's main activities, showing the services it provides at 31 December 2015 and its users and customers, mostly entities supervised by the Comisión Nacional del Mercado de Valores. BME's markets and trading systems do not provide services directly to retail investors, except for ancillary services.



1.2. PRODUCTS AND USERS

PRODUCTS AND SERVICES PROVIDED BY BME

BME	Products and Services	Through	Users
EQUITIES	<ul style="list-style-type: none"> Trading in shares of Spanish, European and Latin American companies, shares and units of SICAVs, venture capital firms, hedge funds, REITs, ETFs, warrants, certificates and other products. Calculation of indices (IBEX, stock markets). 	<ul style="list-style-type: none"> Madrid, Barcelona, Bilbao and Valencia stock exchanges, Sociedad de Bolsas, MAB, LATIBEX. 	<ul style="list-style-type: none"> Companies, issuers. Market members (investment services companies and credit institutions) and, through them, private and institutional investors.
FIXED INCOME	<ul style="list-style-type: none"> Public debt (treasury bills, government bonds and debentures). Private fixed income (commercial paper, bonds, debentures, covered and regional bonds, MBS & ABS, and government-backed debt issues). Regional government debt. 	<ul style="list-style-type: none"> AIAF/SENAF/SEND/ MARF Barcelona, Bilbao and Valencia stock exchanges 	<ul style="list-style-type: none"> Market members (investment services companies and credit institutions) and, through them, companies and private and institutional investors.
DERIVATIVES	<ul style="list-style-type: none"> Options and futures on shares, bonds and indices. 10Y bond futures. Stock dividend futures. Registration of electricity market derivatives. 	<ul style="list-style-type: none"> MEFF 	<ul style="list-style-type: none"> Members of MEFF and, through the market members, private and institutional investors.
CLEARING	<ul style="list-style-type: none"> Clearing, central counterparty and settlement activities of derivatives, public debt repos, equities, OTC interest rate derivatives and electricity derivatives. 	<ul style="list-style-type: none"> BME Clearing 	<ul style="list-style-type: none"> Members of BME Clearing. Electricity utilities.
REGISTRATION AND SETTLEMENT	<ul style="list-style-type: none"> Accounting, clearing and settlement of all securities admitted for trading on Spanish stock exchanges, SENAF, SEND, AIAF, MARF, MAB and LATIBEX. Registration of CO2 emission allowances. Register for OTC derivative trades and Remit RRM. 	<ul style="list-style-type: none"> IBERCLEAR RENADE REGIS-TR 	<ul style="list-style-type: none"> Members of Iberclear. RENADE members. CO2 emitter companies. REGIS-TR clients.
DISSEMINATION OF INFORMATION	<ul style="list-style-type: none"> Primary sources of information. Primary data flow services. Dissemination of material information. Collection and processing of primary sources of information. Index user licence. Transaction Cost Analysis. Development and operation of financial market access systems. 	<ul style="list-style-type: none"> BME Market Data Infobolsa Sociedad de Bolsas Visual Trader Systems. Visual Trader Systems 	<ul style="list-style-type: none"> Large providers. Online brokers. Specialised Internet portals. (ESIs and credit entities). Professional and private segment. Information providers. Financial Intermediaries. Private and institutional investors. Order gatherers.
IT & CONSULTING	<ul style="list-style-type: none"> Strategic advisory services for financial markets. Technological advisory services. Business continuity. Financial communication. Management software for financial institutions. Technological solutions for financial advisory and portfolio management. 	<ul style="list-style-type: none"> MEFF Tecnología y Servicios BME Innova Openfinance 	<ul style="list-style-type: none"> Financial markets. Regulated government agencies and financial institutions. Large companies, financial entities, SMEs, and users of financial entities. Financial entities
TRAINING	<ul style="list-style-type: none"> Training programmes. Tailored programmes. FIA accreditation. Cooperation with other institutions. Training for BME shareholders. 	<ul style="list-style-type: none"> Instituto BME Bolsas de Valores BME Innova 	<ul style="list-style-type: none"> Financial sector professionals and from regulatory bodies, private investors, students, etc. Media Police, Judges and Magistrates.



NEW BME PROJECTS IN 2015

In 2015, BME Innova renewed its UNE-EN ISO 9001:2008 international quality seal granted by AENOR, which, attests to the quality of all its activities. In keeping with this, and as the objective in terms of quality for 2015, BME Innova has carried out different processes of continuous improvement in its business operations, with special emphasis with regard to suppliers and customers. Thus, in 2015 it has carried out a customer satisfaction survey for users of its Integrated Regulatory Reporting Service, obtaining a medium / high satisfaction rating. Based on the results of that satisfaction survey it has also prepared an improvement plan that will take place during 2016.

In 2015, BME continued to develop products and services which respond to the needs of market clients and users and the new requirements of companies and financial market participants.

New services.

On 15 January 2015, BME expanded and improved its services for equity derivatives enabling entities to clear and report their bilateral equity derivative trades online, via a FIX interface, or using a market terminal.

On 18 February 2015, BME launched BME *Securities Solutions*, a raft of services for financial entities in the area of equities post-trade, clearing and custody. This offers entities a technical solution to being stock market members, BME Clearing members and Iber-clear participants, depending on their business model.

In 2015, *Visual Trader System S.L.* widened the services offered to its customers in order to provide them with more advanced trading and information systems. On 18 February 2015, it activated a connection protocol for its customers to access more than 50 markets to provide information on the customers' security and cash positions and the risks deriving from unsettled transactions. On 11 June 2015, it launched the Transaction Cost Analysis (*VisualTCA*) service providing information on the costs involved in executing a transaction on markets in which it operates directly and in the other markets in which it trades through other brokers. Moreover it opened in London the third centre for accessing the Spanish stock market. The centre is equipped with the communications infrastructure needed for investors to connect with the Spanish trading platforms in the securities and derivatives markets.

Following a report from the European Securities and Markets Authority (ESMA), BME Clearing received CNMV authorisation on 30 July 2015 to launch new equities segments in which clearing and central counterparty services will be provided for purchasing and selling equities and OTC interest rate derivatives (interest rate swaps, IRSs), in which interest rate derivatives traded on the OTC market will be cleared, primarily IRSs and forward rate agreements (FRAs). This new OTC interest rate derivative segment started up on 30 November 2015, while the Equities segment is expected to be operational in April 2016.

Annual gathering of the FIA



New services for post-trade clients: Securities Solutions





BME meets user needs



On 26 August 2015, Europe's Agency for the Cooperation of Energy Regulators (ACER) authorised REGIS-TR to operate as a Registered Reporting Mechanism (RRM), enabling it to facilitate the reporting of orders and trades in wholesale energy spot and derivative markets.

Through BME Market Data, BME has announced its intention to apply for Approved Publication Arrangement (APA) status: a new figure defined in MiFID II as part of the new European regime for post-trade transparency that will enable market participants to meet the regulatory requirements of MiFID II. On 3 December 2015, the company also unveiled a new service for publishing in real time, relevant event notices and other financial information sent by issuers to the Comisión

Nacional del Mercado de Valores. The aim of the service is to enhance transparency and raise the international visibility of the companies listed in the markets operated by the BME group.

During the year, BME Innova launched Phase III of the Service Against Market Abuse (SICAM), which can be used to analyse and monitor orders and trades in international markets, and issued new modules of the Integrated Regulatory Reporting System (SIR) to fulfil the CNMV's information requirements.

On the international front, BME reaffirmed its commitment in Latin America with BME Innova completing a consultancy project in May 2015 on technolo-

gical infrastructure requirements and solutions for the operating systems of the public debt securities market in Peru.

Lastly, on 17 March 2015 the first phase of the project entitled "Modernisation of the securities market of the State of Algeria" launched in 2012 was completed. This involved starting up the primary public debt market, developed by BME Innova in collaboration with Analistas Financieros Internacionales (AFI) on behalf of the Algerian Finance Ministry. The project was funded by the Hispanic-Algerian Fund (Fondo Hispano-Argelino), and continued with the successful development and start-up of the bilateral secondary public debt market on 23 November 2015.

New products.

In 2015, BME extended the series of IBEX 35® indexes with the creation of new traded indexes based on the IBEX35®: IBEX 35® Leverage Net X10 and IBEX 35® Inverse X10, which began to be calculated and disseminated in real time on 30 March 2015; and IBEX 35® Banks, IBEX 35® Energy and IBEX 35® Construction, which started to be calculated and disseminated in real time on 26 November 2015.

Meanwhile, on 21 January 2015 MEFF launched a new stock dividend futures contract which serves as a hedge of dividend risk and opens up new opportunities when executing strategies and trading.

Algeria's Fixed Income platform has been developed by BME





1.3. COMMUNICATION CHANNELS WITH USERS

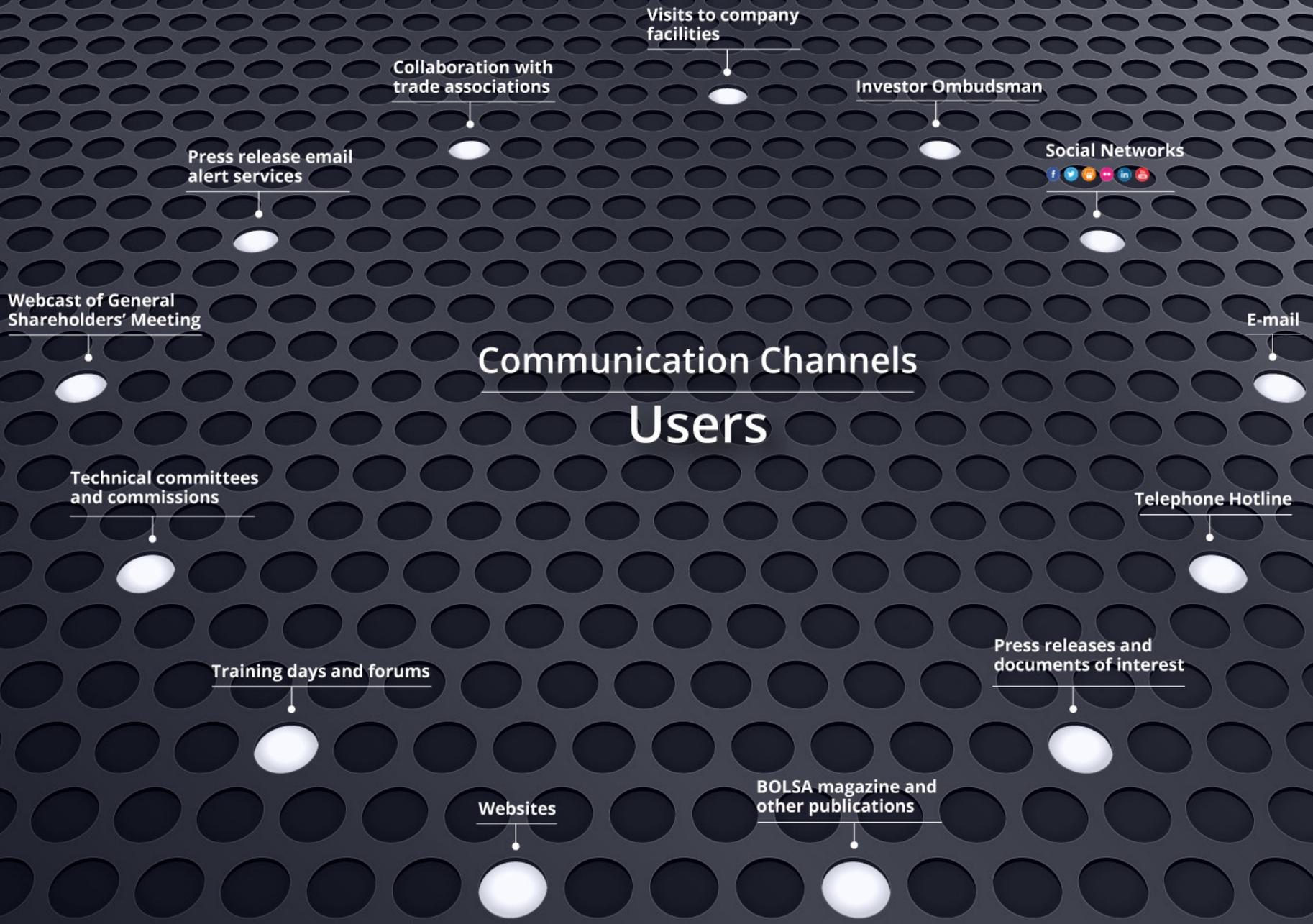
BME has various traditional and modern means of communication to ascertain the doubts, needs and opinions of both direct and indirect users and it now has a social media presence (Twitter (@GrupoBME), YouTube, Flickr, Slideshare and LinkedIn), where it publishes its results and the activities of the various group companies, as well as bringing BME closer to its investors, potential customers and the media.

Instituto BME, meanwhile, provides training on Facebook for the youngest users as a new means of communication. The account had 345 followers at year end.

Hand-in-hand with these virtual channels, BME places great importance on direct, personal and fluid relationships between its employees and direct and indirect users.



Screenshot of BME's twitter account





BME meets user needs



BME is also in touch with the market participants through various technical committees where they can among others, exchange their opinions, suggestions and needs with regard to the workings, development and activity of the markets and systems managed by BME: the Iberclear Technical Advisory Committee, the subgroup entrusted with the design of the central counterparty entity for the Registration, Clearing and Settlement System reform project; and MEFF's Supervisory and Oversight Committee.

BME raises awareness of its activity through active participation, promotion and organisation of forums, workshops, trade fairs and other relevant activities regarding the securities market. In 2015, these included:

- Organisation of the seventh edition of "Mercado Financiapyme";
- BME's participation through BME Clearing in the 40th edition of the International Futures Industry Conference in Boca Raton, Florida;
- Co-organisation, together with Soci ete G en erale, of the third IBEX Trading Day;
- Participation in the fifth annual Spain Investors' Day;
- Participation in the first Islamic Finance and Investment Forum organised in Madrid by International Islamic Financial Market (IIFM) – and international organisation that sets the global standards of the Islamic financial services industry – and the Autonomous University of Madrid;
- Participation in the eighth edition of Forinvest through the Valencia Stock Exchange;
- Co-organisation, together with two other entities, of the fourth Spanish Small & Mid Caps Conference, held in New York;
- Organisation of the 11th MedCap Forum;
- Co-organisation in Paris along with Soci ete G en erale Corporate & Investment Banking of a new edition of the Spanish Mid Cap Conference;
- Organisation of the 17th Latibex Forum; and
- Participation in SIBOS, : the financial sector's leading fair, which was held in Singapore.

BME was also involved in various workshops in

Spain Investors' Day 2015



BME meets user needs



securities markets, including: organising numerous events to provide information on the reform of the clearing and settlement system in Spain and developments in sector regulations; commemoration of the first full year of the Alternative Fixed Income Market (MARF); co-hosting together with the European Finance Centre, Barcelona (BCFE) of the conference "Reform of the corporate governance framework for listed companies"; co-participation with El Nuevo Lunes of the workshop "Financial education, a challenge for companies, institutions and citizens"; and hosting of the event "Latest developments in debt capital markets for Spanish infrastructures" on the financing of infrastructure projects through fixed-income markets.



BME supports Valencia's financial community at the Forinvest fair



BME stand at SIBOS 2015



1.4. USER PROTECTION

As the management body for Spanish financial markets and systems, BME is responsible for market participants and retail investors, even though they are not direct customers, as it considers its position enables it to help them exercise their rights.

In BME's dealings with retail investors, worth noting are the services provided by the Investor Ombudsmen, set up and maintained by the stock exchange governing companies of Madrid, Barcelona and Valencia to aid and protect investors. The Investor Ombudsman handles their queries and complaints, attempts to prevent complaints and claims from being filed regarding transactions carried out on the stock exchange, and endeavours to provide conditions to clarify facts and concerns posed by investors and intermediates between parties in conflict. When litigious claims are lodged, the Investor Ombudsman ascertains the details thereof and, if the individuals fail to reach an agreement with the stock market members, issues a non-binding final report the claim.

1.5. USER EDUCATION

As the manager of Spanish financial markets and systems, BME endeavours to actively participate in fostering a the financial culture of finance in Spain. In this regard, it subscribes to the Recommendation on Principles and Good Practices for Financial Education and Awareness of the Organisation for Economic Co-operation and Development (OECD).

Given its significant role in the financial markets, BME regards publicising and raising awareness of financial matters in the most accessible and comprehensive manner possible to be just another function of its business activity, as well as an important channel for end customers and brokers in markets to express their concerns, interests, demands and worries.

The importance BME attaches to education is reflected in Instituto BME, whose sole activity is to organise educational services related to financial markets in general and issues directly related to BME's own market and systems products in particular,

although this activity may be complemented with additional educational initiatives carried out by other group companies.

Also, Instituto BME, through its training programs, provides guidance and training in environmental, social and corporate governance to students, among which are employees of the issuers of securities in Spain.

Instituto BME assures customers seeking educational services that its quality commitment extends beyond the mere provision of services, to the ultimate goal of addressing their true education needs, meeting their expectations and generating the utmost satisfaction. This has been accredited since 1998 through the AENOR Registered Firm Certificate, renewed each year in accordance with the UNE-EN ISO 9001:2008 quality standard.



BME meets user needs



In 2015 BME has created and launched the FIA certification, a professional accreditation focused on Financial Markets and Products, issued by Instituto BME. The certification provides its holders with added credibility as it is backed by an institution that stands out at world level for the quality of its financial and technical training as well as for granting licences to operate in the Spanish financial markets.

BME Innova has also increased its contact with and training for SICAM users in order to provide them with the right training on the new guidelines of the European Market Abuse Directives.

Also this year BME and Ibercaja signed a collaboration agreement to promote financial culture and training, the goal of which is the development of joint activities in relation to the spread of financial culture among Ibercaja's employees and clients and society in general.



New training programmes: FIA Certification



Signing of the BME-Ibercaja agreement