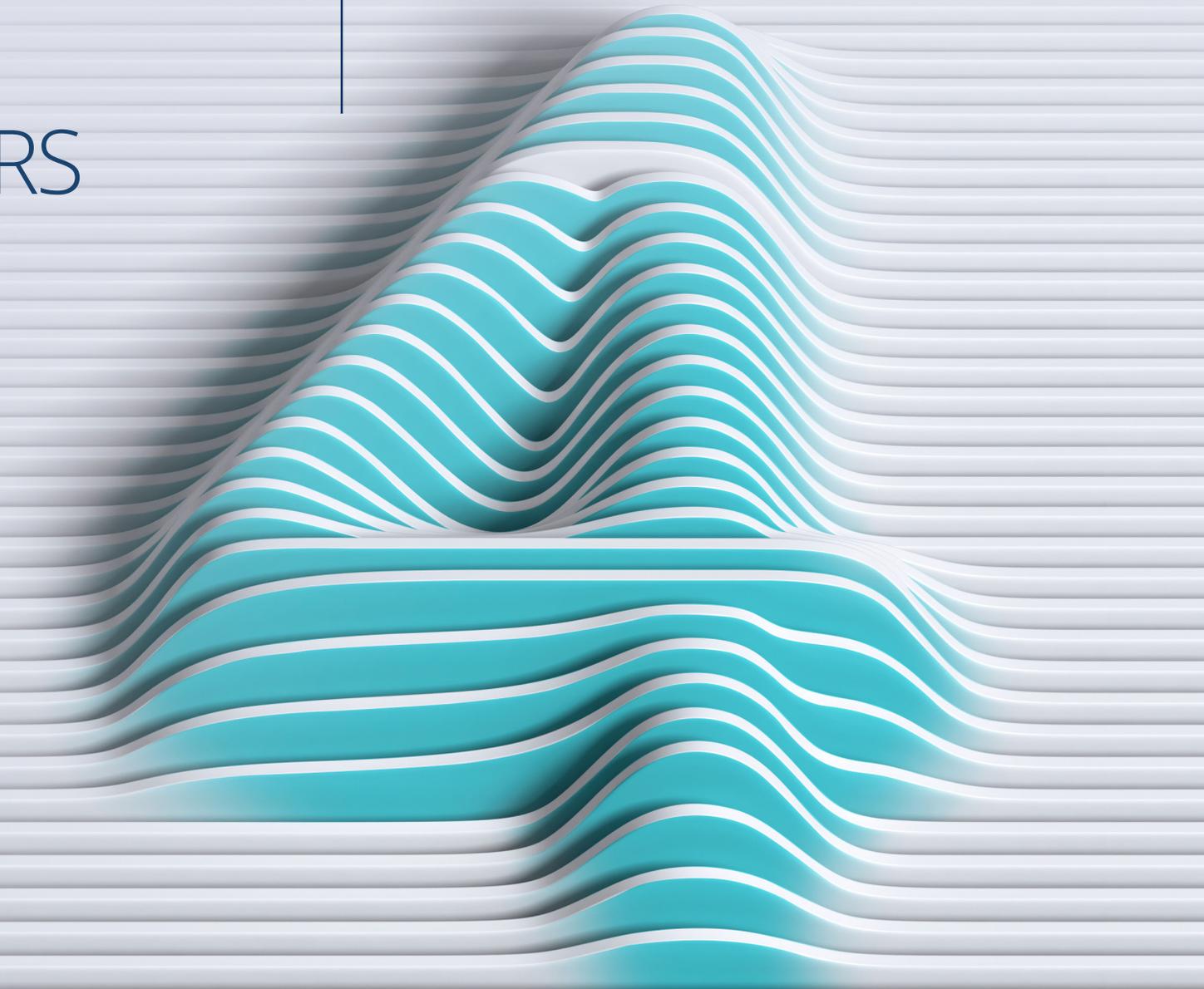


# BME SHAREHOLDERS

- 4.1. SHAREHOLDER PROFILE.
- 4.2. COMMUNICATION CHANNELS WITH SHAREHOLDERS.
- 4.3. VALUE CREATION.
- 4.4. SHAREHOLDER REMUNERATION AND OTHER BENEFITS.





#### 4. BME Shareholders

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In accordance with BME's corporate governance policy, which has been approved by its Board of Directors and applies best corporate governance practices, the Company makes on-going efforts to foster responsible, diligent and transparent management of compliance with the rights and, in the same terms, duties of shareholders.

In this regard, and so that its shareholders -which it considers one of its main stakeholders- are constantly, rather than sporadically, engaged in the life of the company, BME fosters active shareholder involvement, making available all of the resources needed for them to fully exercise their voting and dividend rights.

#### **Collaboration with National Archeological Museum.**

Digitalization of Greek vessels.  
Taking photographs of the vessels.

## 4.1 Shareholder Profile

The information in the table refers to 31 December of each year.

### General information.

	2014	2015	2016
Total number of shares	83,615,558	83,615,558	83,615,558
Avg. number of shares held per shareholder	1,668	1,546	1,447

The Company's estimated free float in 2015 and 2016 stood at 86.55% and 84.26%, respectively.

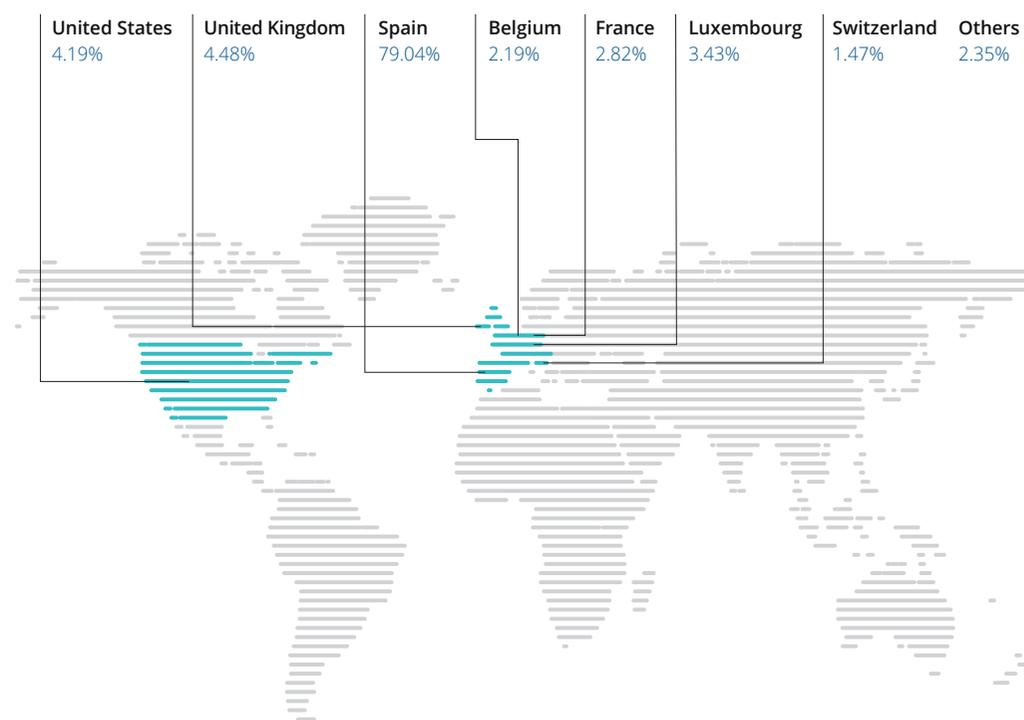
### Breakdown by type

	Institutional shareholders			Non-Controlling shareholders		
	2014	2015	2016	2014	2015	2016
Number of shareholders	2,775	3,214	3,218	47,360	50,886	54,537
% of total shareholders	5.54%	5.49%	5.57%	94.46%	94.06%	94.93%
Number of shares	54,698,948	53,681,221	49,964,449	28,916,610	29,934,337	33,656,493
% of share capital	65.42%	64.20%	59.75%	34.58%	35.80%	40.25%

### Breakdown by nationality

	Spanish shareholders			Foreign shareholders		
	2014	2015	2016	2014	2015	2016
Number of shareholders	49,621	53,565	57,210	514	535	545
% of total shareholders	98.97%	99.01%	99.06%	1.03%	0.99%	0.94%
Number of shares	53,923,665	59,851,613	65,761,630	29,691,893	27,763,945	17,859,312
% of share capital	64.49%	71.58%	78.65%	35.51%	28.42%	21.36%

### BME shares - Distribution by country (%)



## 4.2 Communication Channels with Shareholders

One of the fundamental principles guiding the corporate governance of BME is to maintain a transparent, honest, two-way relationship with shareholders, fostering their informed engagement in the life of the Company. To this end, the Company provides shareholders and other stakeholders with a range of free communication channels with equal access to cover their information needs.

BME has put in place a *policy on communication and contact with shareholders, analysts and institutional investors and proxy advisors*. The general principles of this are information transparency and equal access, accuracy, immediacy, equality of treatment and symmetrical distribution of information.

In order to foster and facilitate dialogue and a relationship of trust with the company's shareholders and other stakeholder groups, this Policy includes the various two-way communication channels set up by BME to provide an effective response to their expectations and needs, and, where it is considered beneficial, to respond to and fulfil the ideas and suggestions received through these channels.

Through these communication channels, shareholders can access information on the Company, understand its current situation, request information and submit suggestions and concerns, which are then handled by the Shareholders' Office and Investor Relations.

### A) The General Shareholders' Meeting

As provided for under Spanish law, the primary vehicle for shareholders to participate in the life of the company is the General Shareholders' Meeting. BME regards this participation as a basic pillar for understanding its shareholders' expectations, concerns and proposals. The basic rules of the organisation and operation of the General Shareholders' Meeting are set out in the Regulations of the General Shareholders' Meeting, which establish the principles for it to fulfil its functions as the Company's supreme governing body, and guarantee the rights of BME shareholders and assist them in the exercise of these.

To ensure the effective exercise of shareholders' rights to participation, before the General Shareholders' Meeting is held BME posts all documentation relating to the Meeting on its website, in both Spanish and English, from the date that the call notice is reported to the CNMV. In addition to the documentation required under prevailing legislation, this documentation also includes the reports approved by the Audit Committee on the independence of the auditor and related-party transactions, the report on the Activity of the Board of Directors, which includes reports on the activities of its delegated committees, and this Corporate Social Responsibility report.

# Communication channels Shareholders

General Shareholders' Meeting

Permanent information service for market players and regulators

Visits to company installations

Dedicated section on the corporate website

Webcast of General Shareholders' Meeting

Publications

Electronic Shareholder Forum

Social Networks



Investors Relations and the Shareholders' Office  
[accionista@grupobme.es](mailto:accionista@grupobme.es)  
[investorRelations@grupobme.es](mailto:investorRelations@grupobme.es)

Press room at  
[www.bolsasymercados.es](http://www.bolsasymercados.es)

The Company has adopted the measures it deems necessary to ensure that its shareholders can participate actively in its General Meetings and exercise their rights. These include:

- **No limits on shareholder participation**, which means any shareholder may attend the Meetings, speak and exercise their right to vote, regardless of the number of shares held. BME adheres to the "one share, one vote" principle, a concept it regards as a basic element for equality in its relationships with all of its shareholders.
- **Shareholders are provided with an attendance card**, referenced to the shareholder register, so that they can participate, as most suitable for them, in the General Shareholders' Meeting.

- **An Electronic Shareholders' Forum** is made available on the BME website, from the date of publication of the call notice in the Official Journal of the Mercantile Registry (BORME) until the General Meeting is held. The sole purpose of this is to foster communication among shareholders.

On the occasion of the General Shareholders' Meeting held on 28 April 2016, three (3) shareholders registered in the e-Forum although no proposals were submitted (seven (7) and four (4) shareholders registered prior to the 30 April 2015 and 30 April 2014 meetings, respectively, also without any proposals being put forward).

- **Shareholders unable to attend meetings in person are offered the possibility of taking part and exercising their right to vote**, be represented and receive information via remote means of communication (electronic means or regular post).

- Additionally, the General Shareholders' Meeting is **broadcast live, in Spanish and English, by a webcast** available in the "Information for Shareholders and Investors">>Corporate Governance>>General Meeting" section of the corporate website.

For the General Shareholders' Meeting held on 28 April 2016, 416 shareholders tuned in via the webcast, 311 in Spanish and 105 in English (394 in total, 299 in Spanish and 95 in English in 2014). In 2015, 565 shareholders tuned in (354 in Spanish and 211 in English).

Also, both the 2015 and the 2016 webcasts were available in sign language and on BME's various social media sites.

- **Attendees are able to take part in the General Meeting in person**, as the Company is keen to receive observations and opinions during the Meeting. Any shareholder who so desires can request information and make any points they deem relevant to the items on the agenda, and request clarifications of information disclosed to the public through the CNMV since the previous General Meeting and with regard to the auditor's report.

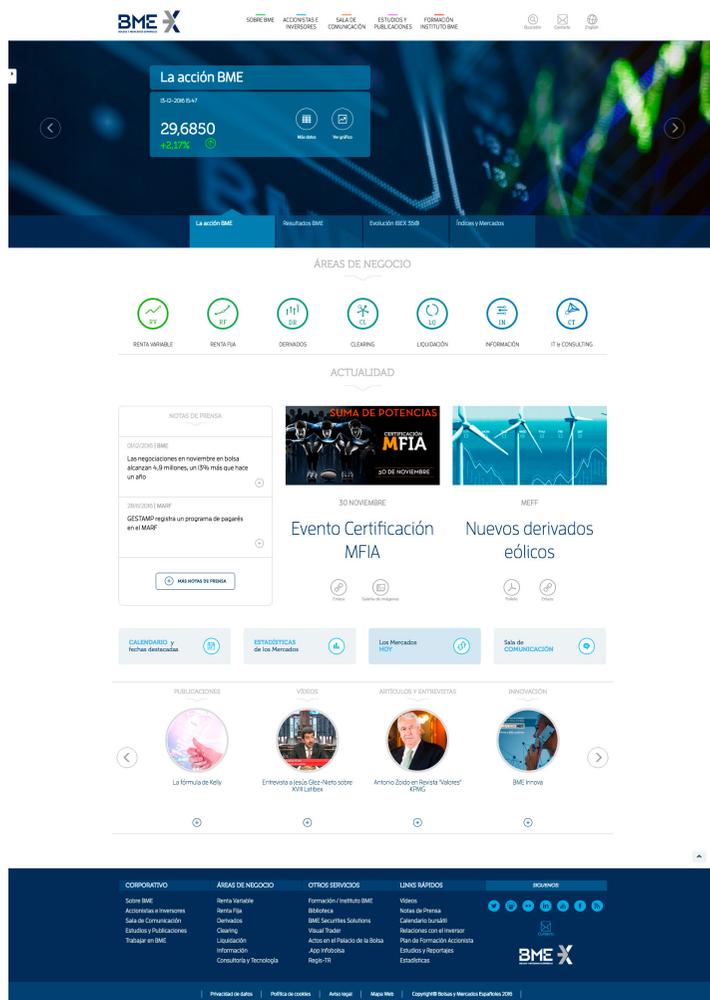
Year	Quorum or Total participants		
	2014	2015	2016
Number of shareholders	4,839	4,866	5,914

Year	Participants via remote communication (total)			Participants via remote communication (%)		
	2014	2015	2016	2014	2015	2016
Number of shareholders	4,205	4,223	5,173	86.90%	86.79%	87.47%

Year	Remote voting (Total)						Proxies (Total)					
	By post			Electronic vote			By post			Electronic means		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Number of shareholders	981	1,069	1,232	29	41	71	3,178	3,079	3,831	17	34	39



2016 General Shareholders Meeting.



BME has changed the image of its corporate website.

## B) Corporate website

BME unveiled a new version of its corporate website ([www.bolsasymercados.es](http://www.bolsasymercados.es)) in 2016, keeping up with the latest developments in internet browsing and seeking to strengthen its interactive links and improve communication with its stakeholders. This new version improves the perception of the company's image, offering upgraded functionality and dynamism, and optimised access to all information on BME and its Group companies from any mobile device.

In 2016, 57,363 users consulted the Spanish version of the "Information for Shareholders and Investors" section while 26,940 users consulted the English version (compared to 47,913 visits to the Spanish version and 7,685 visits to the English version in 2015, and 38,123 visits to the Spanish version and 7,237 visits to the English version in 2014).

The structure of the new website enables users to intuitively access information on the main aspects of BME, such as the Company's financial and corporate governance information, through its microsites.

The new website's home page includes various audio-visual resources (videos, images and podcasts) with information on BME's seven business areas. Like the other companies in the BME Group, BME's innovation subsidiary, BME Innova, launched a new version of its website in 2016. This makes it easier to find information and browse from any device, and offers access to the Company's new trust service, "BME ConfidenceNet", which guarantees clients and suppliers trust and security in transactions executed electronically.

In addition, prior to General Shareholders' Meetings the company posts all information and documentation about the meetings in the "Information for Shareholders and Investors" section of the website and on the home page for quick access. Links are also made readily available to the Shareholder e-Forum, voting mechanisms and e-proxy voting, electronic information requests and links to the webcast that go live when the company broadcasts its General Shareholders' Meetings. The way in which BME distributes information through its corporate website resulted in the Company being awarded first place in the 15th Business Transparency Awards: this is described in section 2.1.

**C) BME on social media**

BME places great importance on new communication channels with its users, as discussed in section 3.2.

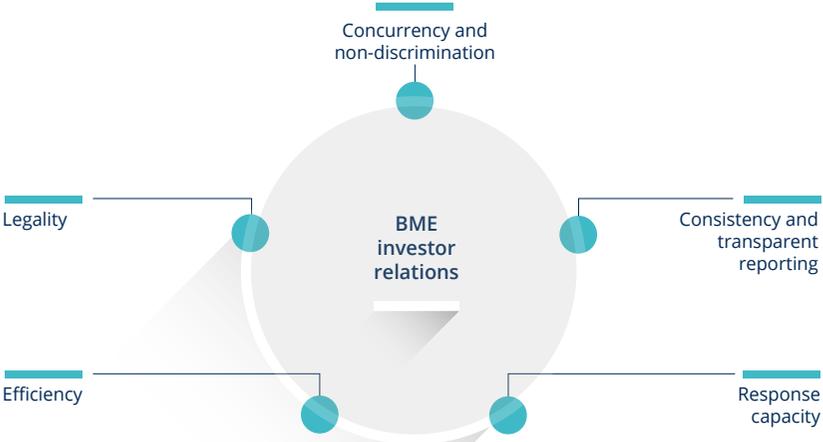
BME uses social media to provide shareholders with detailed information on its activity and business area.

**D) Investors Relations and the Shareholders' Office**

The Shareholders' Office is run by the General Secretary and Secretary to the Board of Directors, in coordination with the Financial Department. The office is an efficient, permanent and two-way communication service that allows shareholders and all other interested parties to submit any sort of query, concern or suggestion about the company in a transparent and effective manner. Requests can be by email ([accionista@grupobme.es](mailto:accionista@grupobme.es)).

BME also has an Investor Relations Department as part of the Financial Department. This department's main objective is to provide a conduit for communicating with sector professionals and market agents. Its objectives are to offer and ensure transparency and to improve the perception and understanding of the Company in the financial markets, increasing coverage of the share among analysts and investors, and contributing to the efficient formation of its share price and creating value for shareholders.

The Investor Relations Department is therefore tasked with providing information for institutional investors and stock market analysts through quarterly and annual reports, results presentations, group and one-on-one meetings and conference calls. This department responds to enquiries submitted by investors on its email ([InvestorRelations@grupobme.es](mailto:InvestorRelations@grupobme.es)).



## Functions of the Investor Relations Department

### Control and collation functions (input)

Monitor company and sector news
Business units follow-up
Interaction with financial, legal, communications and research departments, corporate governance
Drawing up activity and financial metrics for the company and sector
Monitoring shareholder and share price trends
Control standard corporate data (Web, publications)
Research reports and liaison with analysts covering the company
Analyst consensus estimate
Receive direction from shareholders and investors
Results presentation

### Dissemination functions (output)

Represent company at events
Control filter for research reports
Target shareholders and investors
Disseminate company's equity story
Transmit to management concerns, doubts and suggestions from shareholders and investors

In 2016, the Investor Relations Department was involved in 6 group meetings, 319 one-to-one meetings, 11 forums and seminars and 19 road shows, in 14 cities (New York, Boston, Toronto, Montreal, London, Paris, Madrid, Barcelona, Bilbao, Dublin, Zurich, Locarno, Andorra and Milan). The department contacted investors who collectively manage € 2.82 billion of equity.

## Investors and analysts contacted

### By means of contact

	2014	2015	2016
Conference calls	21	40	30
Events	138	116	131
Road shows	125	143	136
Visits	14	26	22
<b>Total</b>	<b>298</b>	<b>325</b>	<b>319</b>

### By country of origin

	2014	2015	2016
Spain	33	60	80
France	30	28	22
United Kingdom	78	73	76
United States	66	71	54
Other	91	93	87
<b>Total</b>	<b>298</b>	<b>325</b>	<b>319</b>

## 4.3 Value Creation

The cornerstones of BME's corporate governance policy include maximising the Company's sustainable, long-term economic value and fostering business continuity.

### Share price performance

In 2016 BME oriented the Group's resources to the optimisation of their use and to increasing the Company's value.

The BME share finished 2016 trading at 28 euros, in line with the trend followed by the market and the benchmark IBEX 35.

In this scenario, BME remains committed to its objective of maximising the company's value in order to increase shareholder value.

### BME Share price performance against the IBEX 35®

(from 01/01/2016 to 31/12/2016)



### Main share price indicators

	2014	2015	2016
Total number of shares	83,615,558	83,615,558	83,615,558
Nominal value of the share (euros)	3.00 €	3.00 €	3.00 €
At the start of the year	27.80 €	32.29 €	€
High	36.19 €	43.50 €	€
Low	27.25 €	30.10 €	€
At the close of the year	32.14 €	31.06 €	€
Stock market gain at the close of the year (%)	16.20%	-3.36%	%
Pay-out	96 %	93%	%

## Economic value generated and distributed

In 2016, BME maintained its its traditional solvency levels, without having recourse to outside funding, through the beefing up of its market infrastructure, the launch of new products, promoting its business areas and diversifying its activities.

The total capitalisation (broken down by debt) and equity for 2014, 2015 and 2016 amounted to €418,931 thousand, €433,082 thousand, and €423,792 thousand, respectively.

### Economic value generated, distributed and retained (thousand euros)<sup>(1)</sup>

	2014	2015	2016
<b>Economic value generated</b>	<b>344,929</b>	<b>348,178</b>	<b>326,585</b>
Revenues	332,901	333,987	317,289
Other net gains (losses) <sup>(2)</sup>	12,028	14,191	9,296
<b>Economic value distributed</b>	<b>311,092</b>	<b>325,936</b>	<b>319,350</b>
Operating expenses	38,012	36,062	36,477
Personnel expenses	63,668	63,898	69,498
Dividends	137,483	157,603	160,676
Income tax and other taxes <sup>(3)</sup>	70,824	67,222	51,511
Payments to capital suppliers (financial cost)	0	0	0
Payments to public bodies, donations and other investments in the community	1,105	1,151	1,188
<b>Economic value retained (profit not distributed)</b>	<b>33,837</b>	<b>22,242</b>	<b>7,235</b>
Reserves	27,441	15,860	416
Amortisation and depreciation	6,396	6,382	7,651

- (1) Due to the entry into force of CNMV Circular 5/2016 of 27 July, on accounting standards, reserved and public information and annual accounts, a new heading is included in the consolidated income statement called "Direct variable costs of operations" following the income headings and reducing them, in such a way that a "Net Income" is obtained as a subtotal. In this respect, the balance of the net turnover for the 2016 and 2015 financial years includes the net amount of the turnover after deducting the direct variable costs of the operations. Since the entry into force of the aforementioned Circular has occurred in 2016, the information for the year 2015 has been adjusted for comparative purposes, reducing the net amount of turnover by the direct variable costs of operations for the year 2015, which amounted to 1,371 thousand euros, and that in the information presented in the year 2015 were listed as "Operating costs". The financial information for the 2014 fiscal year does not appear to be adjusted to the aforementioned Circular since this reclassification does not imply significant changes in the data presented.
- (2) 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.
- (3) Includes only income tax expense and taxes reported in the year.

## 4.4 Shareholder Remuneration and Other Benefits

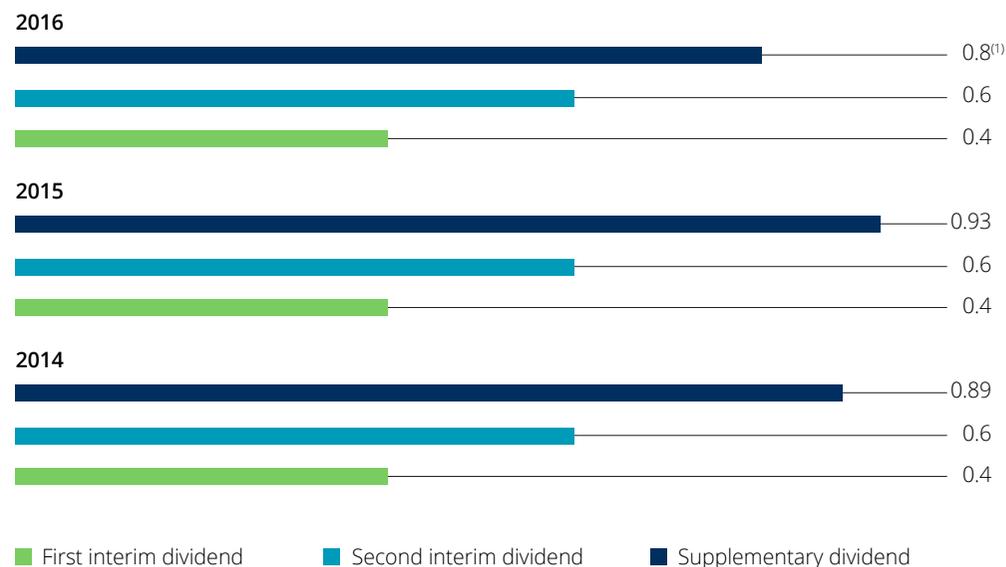
### A) Shareholder remuneration through dividends

In its ten years as a listed company to 2016, BME's shareholders have received €1.5 billion in dividends. This equates to a total shareholder return over this period of 115%.

Under the company's dividend policy, which it has maintained since 2009, shareholders receive three ordinary dividends (one final dividend and two interim dividends charged against profit for the year), in May, September and December.

In this way, BME continues implementing a policy of maximum shareholder remuneration, with a 93% ordinary Pay-Out.

### Ordinary dividends by pay-out accounting period



(1) Pending approval by General Shareholders Meeting, which will probably take place on 27 April 2017 on second call

## B) Training for shareholders

Shareholder training is another of the cornerstones of BME's corporate governance policy. As an added-value initiative for its shareholders, the Shareholder Education Programme –which is carried out by Instituto BME, the BME training centre- continued raising financial awareness in 2016, through training courses run by highly-qualified personnel in each subject. These courses are specifically designed for shareholders with limited knowledge of financial markets.

The Shareholder Education Programme involves on-site courses at BME's premises in the Madrid, Barcelona, Valencia and Bilbao stock exchanges.

### BME Shareholder education programme

	2014	2015	2016
Total number of participating shareholders	346	570	423
Total number of learning hours	45	50	50

#### Number of participating shareholders, by geographical region

	2014	2015	2016
Madrid	201	305	176
Barcelona	79	162	93
Bilbao	40	58	69
Valencia	26	45	85

#### Shareholder education, by subject (2016)

Course	Number of participating shareholders	Number of courses taught	Total training hours
Economic outlook and the macroeconomy.	34	2	5
Macro indicators and their impact on financial assets.	98	4	10
Market tools on the BME website.	53	2	5
Company valuations and fundamental analysis.	63	2	5
Introduction to international markets.	42	2	5
Rating agencies: what is a rating and what is it used for?	42	2	5
Introduction to foreign currencies.	26	2	5
Post-trading reform in Spain.	41	2	5
The ethics of finance and financial markets.	24	2	5

BME shareholders who attended training courses during 2016 were once again able to share their feedback and to submit any ideas and concerns at the end of each session. The surveys given to course participants at the end of each session revealed a high degree of satisfaction, with a rating of 4.08 out of 5 improving from a year earlier.