



REPORT ON THE POLICY ON DIRECTORS' REMUNERATION PURSUANT TO ARTICLE 29.3 OF THE BME BOARD OF DIRECTORS REGULATIONS

Article 29.3 of the Board of Directors' Regulations of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (hereinafter BME) states that *"at the ordinary General Shareholders Meeting the Board shall make available to the shareholders a report on the policy on Directors' remuneration"*.

In this respect, pursuant to the faculties conferred to the Appointments and Remuneration Committee regarding remunerations by the Board of Directors Regulations and in accordance with corporate governance recommendations, as in year 2008 with regard to the policy on Directors' remuneration for year 2007, BME's Appointments and Remuneration Committee in the meeting held on 18 March 2009, has prepared the following report relating to the policy on the Company's Directors' remuneration, to be submitted to the Company's Board of Directors.

This report will be made available to the shareholders of BME together with the call of the Company's ordinary General Shareholders Meeting.

Procedure for approving the Directors' remuneration.

Articles 40 of the Articles of Association and 29 of the Board of Directors' Regulation of BME state that directorships are remunerated, and reserve for the shareholders at the General Shareholders' Meeting the responsibility of setting the amount of the remuneration to be received by the Directors.

The aforementioned article 29 reserves for the shareholders at the General Shareholders' Meeting the responsibility of approving any remuneration in addition to that relating to their status as Directors payable to Directors with executive functions in the Company, based on service provision, senior management or similar contracts entered into by the Company and such Directors.

In this respect, any resolution passed by the Board of Directors or draft resolution submitted to the General Shareholders' Meeting relating to Directors' remuneration shall require a prior report by the Appointments and Remuneration Committee. This prior report must take into account corporate governance standards and market conditions, bearing in mind the Company's nature and activity, as well as the Directors' commitment in performing their functions. In any event, for submission to the General Shareholders' Meeting, the Board of Directors will express an opinion on the amount of the fixed remuneration and the per diems for attendance at Board and Committees meetings, the items of any type of variable remuneration, and, where applicable, the pension systems.

Directors' remuneration policy for the last three financial years.

The remuneration of the members of the Board of Directors of BME, as laid down in the aforementioned articles 40 of the Articles of Association and 29 of the Board of Directors Regulations, shall consist of a **fixed sum** and the relevant **per diems** for attending meetings.

The amount of the fixed sum and the per diems, both for the Board and for each of its Committees, shall be established each year at the General Shareholders' Meeting.

Directors will receive the annual fixed sum provided that in the course of the year they have attended at least to eight Board Meetings.

2007

In accordance with these criteria, a resolution was adopted at the ordinary General Shareholders' Meeting of BME held on 26 April 2007, at the proposal of the Board of Directors and on the basis of the favourable report of the Appointments and Remuneration Committee, approving the following remuneration:

- Fixed sum for the Directors: EUR 25,000.
- Per diems for the Directors for attending each of the meetings of the Board of Directors, Executive Committee, Audit Committee, Appointments and Remuneration Committee, and Markets and Systems Operating Procedures Committee: EUR 900 except for the Chairman of each of these bodies, who will receive double that amount.

2008

In accordance with the same criteria as for 2007, BME's ordinary General Shareholders' Meeting held on 30 April 2008, at the proposal of the Board of Directors and on the basis of the favourable report of the Appointments and Remuneration Committee, approved the following remuneration:

- Fixed sum for the Directors: EUR 30,000.
- Per diems for the Directors for attending each of the meetings of the Board of Directors, Executive Committee, Audit Committee, Appointments and Remuneration Committee, and Markets and Systems Operating Procedures Committee: EUR 1,100 except for the Chairman of each of these bodies, who will receive double that amount.

Detailed information itemised by heading on the remuneration of the members of the Board of Directors is to be found in years 2007 and 2008 consolidated Annual Financial Statements of BME.

2009

In accordance with the same criteria as for former years and subject, as appropriate, to approval thereof by the Board of Directors and to final approval at the ordinary General Shareholders' Meeting of BME, the Appointments and Remuneration Committee, following principles of prudence and moderation, has approved the following proposal relating to the Directors' remuneration for 2009:

- Fixed sum for the Directors: EUR 30,000
- Per diems for the Directors for attending each of the meetings of the Board of Directors, Executive Committee, Audit Committee, Appointments and Remuneration Committee, and Markets and Systems Operating Procedures Committee: EUR 1,100 except for the Chairman of each of these bodies, who will receive double that amount.

BME Directors receive no other type of remuneration such as profit-sharing or bonuses, contributions on behalf of Directors to pension schemes, allowances, delivery of shares or share option rights, nor any other item of remuneration other than the aforementioned fixed remuneration and per diems; in any event, without prejudice to the amounts received by the executive Directors for performing their executive functions in the Company or the per diems that Directors may receive as members of the Board of Directors of any other BME Group company.

Additionally, and as explained below, BME's executive Directors are amongst the beneficiaries of the medium-term incentive scheme approved at the Company's ordinary Shareholders' Meeting held on 30 April 2008.

Changes in Directors' remuneration.

As shown in the following table, the Company has applied the same policy on Directors' remuneration since its incorporation without any changes being made to it.

Year	Fixed fee	Per diems
2003 (Shareholders' resolution, 26 June 2003)	EUR 20,000	EUR 751
2004 (Shareholders' resolution, 28 April 2004)	EUR 20,000	EUR 751
2005 (Shareholders' resolution, 27 April 2005)	EUR 21,000	EUR 790
2006 (Shareholders' resolution, 25 April 2006)	EUR 24,000	EUR 862
2007 (Shareholders' resolution, 26 April 2007)	EUR 25,000	EUR 900
2008 (Shareholders' resolution, 30 April 2008)	EUR 30,000	EUR 1,100

Medium-term remuneration scheme

The Appointments and Remuneration Committee at its meeting held on 24 January 2008 analyzed the proposal on the medium-term incentive scheme for the management team as an integral, additional and complementary part of the general remuneration plan, aimed at the management team members, including the Company's executive Directors, extended throughout years 2008, 2009 and 2010 and payable during the first quarter of 2011.

This proposal, amended by further resolutions of the Appointments and Remuneration Committee on 26 February and 25 March 2008, was submitted by the Board of Directors to the ordinary General Shareholders' Meeting of the Company held on 30 April 2008, where the proposal was approved under item eight of the Agenda, in the following terms:

“1.- To approve a medium-term variable remuneration scheme to be implemented by the Company and its subsidiaries for members of the management team, including the executive directors, for the purposes envisaged in article 130 and the fourth additional provision of the Companies Act, the characteristics of which are as follows:

(a) Description: The Remuneration Scheme is a medium-term incentive scheme for the BME management team, consisting of the possibility of obtaining a variable remuneration amount payable either in cash or, should the Company so decide, in BME shares.

The amount of the incentive payable to each of the beneficiaries will depend on a reference incentive equal to the average annual variable remuneration of the beneficiary for years 2008, 2009 and 2010, multiplied by a minimum of 1 and a maximum of 3, applicable on an individual basis to each of the beneficiaries.

The multiplier applicable to executive Directors will be 2.5.

The criteria used to apply the multiplier coefficient to the rest of the beneficiaries will be their individual level of remuneration, their level of responsibility in the organisation and their degree of involvement in achieving the Scheme's objective.

Obtainment of the incentive will depend on achieving a 30% increase in the Total Shareholder Return (TSR) for the complete period of three years that the Scheme will be in force.

(b) Beneficiaries: The Remuneration Scheme is for the executive Directors, the senior management (members of the Coordination Committee and the Secretary of the Company and of the Board of Directors) and second management level executives of the Group companies who are such at any given time and who are designated as beneficiaries of the Scheme.

In the event of the termination of employment of any of the Scheme beneficiaries, the individual concerned will cease to be entitled to receive any amount arising out of the Scheme, except in the event of death, retirement, disability, unfair dismissal or termination for objective reasons or for reasons attributable to the Company.

(c) Term: The term of the Remuneration Scheme shall be three years, without prejudice to any partial settlements that may be made from it as a result of the termination of the employment of any of the beneficiaries under the terms and conditions set forth in paragraph b) above. In this respect, the Scheme will remain in force throughout 2008, 2009 and 2010 and will be payable during the first quarter of 2011.

However, the Scheme will be wound up early if, while it is in force, BME undergoes a merger with another entity that results in a change in control, or the control of BME is taken over by another entity by any means.

(d) Cost: If the objective is fully met, the cost of this Scheme is calculated to be EUR 2,530,000 for each of the three years of its term.

(e) Number of shares: Should the Company decide that a portion of the remuneration should consist of the delivery of BME shares, the maximum number of BME shares to be delivered to the beneficiaries of the Remuneration Scheme would be the result of dividing the amount of the incentive payable to the beneficiaries by the final value of the BME shares. Taking as a reference the share price at close of market on 20 March 2008, the maximum number of BME shares that could be delivered to the Scheme beneficiaries will not exceed 337,333 shares, which represents 0.40% of BME's share capital, and of them a maximum of 60,246 shares, representing 0.07% of the share capital, could be allocated to the executive directors.

2.- To authorise the Appointments and Remuneration Committee, with express powers of substitution, to set up, formalise and arrange for the implementation of this Remuneration

Scheme, adopting such resolutions as may be necessary to do so and in particular, but not limited to, to do the following:

(a) To set up the Remuneration Scheme and to appoint the Beneficiaries of the Scheme at any given time.

(b) To develop and set the specific conditions of the Remuneration Scheme in all aspects not envisaged herein.

(c) To draw up, sign and submit such communications and supplementary documentation as may be necessary or advisable, before any public or private body, for the purposes of setting up and implementing the Remuneration Scheme.

(d) To carry out any action, declaration or formality before any public or private, domestic or foreign, body or entity or register to obtain any authorisation or verification necessary to set up and implement the Remuneration Scheme.

(e) And, in general, to carry out such actions and to sign such documents as may be necessary or advisable, whether public or private, for the validity, effectiveness, setting up, development, implementation and satisfactory completion of the Remuneration Scheme and of the previously adopted resolutions.”

Subsequently, by virtue of the faculties granted by the General Shareholders' Meeting, the Appointments and Remuneration Committee, at its meeting held on 2 July 2008, approved that the Remuneration Scheme should consist of the delivery of BME shares and therefore, the maximum amount of BME shares to be delivered to the beneficiaries of the Remuneration Scheme would be the result of dividing the amount of the incentive payable to the beneficiaries by the final value of the BME shares.

In this regard, BME's Board of Directors at its meeting held on 31 July 2008, approved the purchase of 337.333 own shares, which represents 0.40% of BME's share capital, which are the maximum amount of shares to be delivered to the beneficiaries of the Scheme if executed. Of these shares, a maximum of 60,246 shares, representing 0.07% of the share capital, may be allocated to the executive directors.

Chairman's remuneration as Chairman of the Board of Directors and senior executive of the Company.

Article 40 of the Articles of Association states that the arrangements for Directors' remuneration shall be compatible with Directors who have executive functions within the Company being able to receive other remuneration apart from that to which they are entitled as Directors based on the aforementioned executive functions. This same article of the Articles of Association reserves for the shareholders at the General Shareholders Meeting the responsibility of approving this remuneration which, as laid down, may consist of allowances, variable pay, pensions or compensation of any kind.

In this respect and as provided for in the aforementioned provisions, the Board of Directors has submitted the remuneration conditions of Mr. Antonio J. Zoido Martínez, as Chairman of the Board of Directors and the Company's chief executive officer, to the ordinary General Shareholders' Meeting for approval.

Chairman's fixed and variable remuneration for 2007.

At the ordinary General Shareholders' Meeting of the Company held at second call on 26 April 2007, the following resolution was passed concerning the remuneration of the Chairman of the Board of Directors:

"To resolve that having regard to the functions he performs as Chairman of the Board of Directors and chief executive officer of the Company and for all the activities he performs at Group companies, the Chairman should receive as fixed remuneration the sum of EUR 687,000. The Chairman shall in addition receive a sum of variable remuneration, the amount of which shall be determined on the basis of the degree of fulfilment of the Company's budget for the 2007 financial year.

The system for determining the variable remuneration shall be subject to the following criteria:

Compliance with the budget	Percentage of fixed sum to be received as variable remuneration	Amount of the variable pay	Total amount of remuneration
100%	25%	EUR 171,750	EUR 858,750
110%	40%	EUR 274,800	EUR 961,800
120%	50%	EUR 343,500	EUR 1,030,500
Over 130%	60 %	EUR 412,200	EUR 1,099,200

In the event of 90% fulfilment of the budget, the amount of the variable remuneration shall be 10% of the fixed remuneration, i.e. EUR 68,700.

If the budget fulfilment does not exceed 90%, the amount of the variable remuneration shall vary between 0 and 10% of the fixed remuneration, to be determined by the Board of Directors at the proposal of the Appointments and Remuneration Committee, based on the circumstances prevailing.

If the degree of budget fulfilment falls between two of the aforementioned steps, the percentages of the fixed remuneration set for the two steps concerned shall be extrapolated to determine the amount of the variable remuneration.

The foregoing criteria shall apply to the 2007 financial year unless the shareholders at the General Shareholders Meeting resolve otherwise.

In addition, the General Shareholders Meeting is informed that consideration is being given to a long-term remuneration system that would include a pension allowance which, at the appropriate time, will be submitted for approval, as appropriate, to the competent corporate body."

In compliance with the provisions of the Board of Directors Regulations and in accordance with corporate governance recommendations and practice, at their meeting on 24 January 2008, the members of the Appointments and Remuneration Committee confirmed that in view of the fact that the degree of fulfilment of the Company's budget for the financial year 2007 was over 130%, the variable pay to be received by the Chairman for 2007, in implementation of the shareholders' resolution adopted at the ordinary General Shareholders' Meeting on 26 April 2007, amounted to the sum of EUR 412,200.

Chairman's fixed and variable remuneration for 2008.

The ordinary General Shareholders' Meeting of BME at its meeting held at second call on 30 April 2008, approved the following resolution with regard to the Chairman's remuneration:

"It is agreed that the Chairman, based on his duties as Chairman of the Board of Directors and most senior executive of the Company and considering all the activities he performs at the Group, shall receive the amount of 715.854 Euros in fixed sum, such amount being the result of applying a 4,2 per cent increase, corresponding to the retail price index (RPI) of 2007 increase, to the remuneration received in 2007.

Furthermore, the Chairman shall also receive variable pay which shall depend on the degree of compliance with the Company's budget for financial year 2008, subject to the terms set forth below:

<i>Compliance with the budget</i>	<i>Percentage of fixed pay to be received as variable remuneration</i>	<i>Amount of the variable pay</i>	<i>Total amount of remuneration</i>
80%	20%	EUR 143,171	EUR 859,025
90%	40%	EUR 286,342	EUR 1,002,196
100%	60%	EUR 429,512	EUR 1,145,366
110%	80%	EUR 572,683	EUR 1,288,537
Over 120%	100 %	EUR 715,854	EUR 1,431,708

Should the degree of compliance with the Company's budget be less than 80 per 100, the Chairman shall not receive any variable pay.

If the degree of compliance with the budget is between two of the figures set forth above, the percentages of fixed sum for both figures shall be extrapolated to set the amount of variable pay.

All the above, without prejudice to the per diems he may be entitled to receive for attending the relevant meetings.

The above criteria shall apply to the financial year 2008."

In compliance with the provisions of the Board of Directors Regulations and in accordance with corporate governance recommendations and practice, at their meeting on 24 February 2009, the members of the Appointments and Remuneration Committee confirmed that in view of the fact that the degree of fulfilment of the Company's budget for the financial year 2007 was 87 per 100, the variable pay to be received by the Chairman for 2008, in implementation of the shareholders' resolution adopted at the ordinary General Shareholders' Meeting on 30 April 2008, amounts to the sum of EUR 243,390.

Chairman's fixed and variable remuneration for 2009.

Subject, as appropriate, to the approval of the Company's Board of Directors and to final approval thereof at the ordinary General Shareholders' Meeting of BME, the Appointments and Remuneration Committee, following a policy of prudence and continuity with respect to 2008, has resolved to propose that the Chairman, based on his duties as Chairman of the Board of Directors and most senior executive officer of the company and considering all the activities he performs at the Group, shall receive as fixed remuneration, the amount of EUR 715,854.

Furthermore, the Chairman shall also receive variable pay which shall depend on the degree of compliance with the Company's budget for financial year 2009.

The system for setting variable remuneration shall be based on the following criteria:

Degree of compliance with budget	Percentage of fixed sum to be received as variable remuneration
80%	20%
90%	40%
100%	60%
110%	80%
Greater than 120%	100%

Should the degree of compliance with the Company's budget be less than 80%, the Chairman shall not receive any variable pay.

If the degree of compliance with the budget is between two of the figures set forth above, the percentages of fixed sum for both figures shall be extrapolated to set the amount of variable pay.

The Board of Directors, following the proposal of the Appointments and Remunerations Committee, will adjust up or down the results obtained applying the above criteria up to 25% at the most, based on comparing the results by companies in the same sector and attending to the operation management of the Company.

Additionally, and as explained above, the Chairman – as executive Director of the Company - is amongst the beneficiaries of the medium-term incentive scheme for the management team members, approved at the Company's ordinary Shareholders' Meeting held on 30 April 2008.

Pension allowance.

The ordinary General Shareholders' Meeting of BME held on 30 April 2008 approved, following the proposal of the Board of Directors and with the previous favourable report from the Appointments and Remuneration Committee, to set up a pension commitment payable in the event of death, disability or retirement of the Chairman having regard to the functions

he performs as Chairman of the Board of Directors and most senior executive officer of the Company, to be externalized by taking out a specific insurance policy. This pension commitment consists of a defined contribution insurance policy.

The entitlement to receive payment of the retirement benefit arising out of this resolution shall be incompatible with the entitlement to receive payment of any compensation to which Sr. Zoido may be entitled as a result of the termination of his office at the Company, as referred to in this report.

The resolution of the ordinary General Shareholders' Meeting was as follows:

"To resolve, having regard to the functions he performs as Chairman of the Board of Directors and Chief Executive of the Company, to set up a pension commitment payable in the event of the death, disability or retirement of the Chairman, to be externalized by taking out a specific insurance policy.

This pension commitment will consist of a defined contribution insurance policy, in which the premiums payable by the Company will be as follows:

An initial premium of seven hundred and fifteen thousand eight hundred and fifty four Euros (715,854 Euros), equal to the amount of Mr. Zoido's fixed remuneration for 2008.

Two annual premiums for years 2009 and 2010, for the same amount as the initial premium plus the retail price index (RPI) increases for each of those years.

Receipt by Mr. Zoido of the benefits arising out of this commitment shall be conditional upon the event giving rise to the benefit (death, disability or retirement) occurring while Mr. Zoido renders his services for the Company.

If Mr. Zoido's retirement occurs before BME has paid all of the contributions referred to above, Mr. Zoido will be entitled to receive the amounts paid up until the time of his retirement.

The entitlement to receive payment of the retirement benefit arising out of this resolution shall be incompatible with the entitlement to receive payment of any compensation to which Mr. Zoido may be entitled as a result of the termination of his office at the Company.

The Appointments and Remuneration Committee is expressly authorised, with the power of substitution, to set up, formalise and implement this private pension allowance scheme for the Chairman. For these purposes, the Appointments and Remuneration Committee may adopt such resolutions and formalise such public and private documents as may be necessary or advisable for the scheme to be fully effective, all in conformity with the basic lines contained herein."

In this regard, the members of the Appointments and Remuneration Committee, by virtue of the faculties conferred by the ordinary General Shareholders' Meeting, at its meeting held 25 November 2008, reviewed in detail the contents of the draft agreement related to the pensions scheme for the Chairman in order to analyze, value and confirm that the terms of the resolution of the Shareholders' Meeting were included therein; and empowered the Secretary of the Appointments and Remuneration Committee to sign the agreement in the name and on behalf of the company.

Such agreement was subscribed on 18 December 2008.

Compensation.

With regard to the possible compensation to be received by the Chairman in the event of termination of his office, the shareholders at the extraordinary General Shareholders'

Meeting of BME held on 5 June 2006, adopted the following resolution under item 10 on the Agenda:

"The shareholders at the General Shareholders Meeting resolve that in the event of the termination of office of the Chairman of the Board of Directors, he shall be entitled to receive an amount equal to three times the annual fixed remuneration that has been set by the General Shareholders Meeting at the time of termination. Payment of this amount shall carry with it a non-competition obligation on the part of the Chairman for three years at companies not belonging to the Bolsas y Mercados Españoles Group that have an identical or similar corporate purpose or activity. In the event of any breach of this obligation, the Chairman will be obliged to return the amount received.

The aforementioned amount shall not be payable to the Chairman in the event of his voluntary resignation from office, breach of his duties or existence of the necessary circumstances for Bolsas y Mercados Españoles to bring a corporate action of liability against him.

This resolution is subject to the condition precedent that the Company makes the Offering that is the subject of the Second Resolution and that the shares of the Company are effectively admitted for trading on the Stock Exchanges under the terms of the preceding Third Resolution.

This resolution shall automatically cease to have any validity or effect if by 31 December 2006 the Company's shares have not been admitted for trading on the aforementioned Stock Exchanges, through the Spanish Stock Exchange Interconnection System."

The terms of this shareholders' resolution have been included in the service agreement entered into by BME and Mr. Antonio J. Zoido Martínez, after receipt of a report by the Appointments and Remuneration Committee and approval by the Company Board of Directors.

Amounts received by the Directors in 2008.

The following table shows the amounts received by BME Directors in the performance of their functions as members of the Company's Board of Directors in 2008, in application of the regulations and the resolutions referred to in this report:

HEADING	AMOUNT
Fixed remuneration	EUR 716,000
Variable pay	EUR 243,000
Per diems	EUR 372,000 ⁽¹⁾
Statutory compensation	EUR 330,000 ⁽²⁾

(1) The per-diems received by Mr. Manuel Pizarro Moreno, who resigned as member of the Board of Directors of BME and of the Sociedad Rectora de la Bolsa de Valores de Madrid on January 2008 are included in this amount.

(2) This amount relates to the fixed sum received by the members of the Board of Directors pursuant to article 40 of the Articles of Association.