



REPORT SUBMITTED BY THE BOARD OF DIRECTORS AT THE COMPANY'S GENERAL SHAREHOLDERS' MEETING AS ITEM FIVE ON THE AGENDA TO JUSTIFY THE PROPOSED RESOLUTION CONCERNING THE MODIFICATION OF THE GENERAL SHAREHOLDERS' MEETING REGULATIONS.

I.- Purpose of the report.

This report has been prepared pursuant to the provisions of article 5 of the General Shareholders' Meeting Regulations in order to explain and justify the proposal presented to the Ordinary Shareholders' Meeting of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME or the Company), for approval to modify various articles of the General Shareholders' Meeting regulations in force.

The proposed resolution that the Board of Directors submits to the Ordinary General Shareholders' Meeting contains the complete text of the modifications proposed.

To help the shareholders compare the new version of the articles whose modification is proposed, included with the current version, as an Annexe to this report, for information purposes, is a literal transcription of both texts, in two columns, side by side, highlighting the proposed amendments to the text currently in force which is transcribed in the left hand column.

II.- Applicable legislation.

Article 512 of *Royal Decree 1/2010 of 2 July approving the Spanish Capital Companies Act* (hereinafter the Spanish Capital Companies Act), applicable to listed joint stock companies, states that the General Shareholders' Meeting of a company authorised to trade its shares on an official secondary market must approve a specific regulation for the General Shareholders' Meeting.

Article 5 of BME's General Shareholders Meeting Regulations states that the Meeting of Shareholders, at the proposal of the Board of Directors, must propose any change to the Meeting's Regulations along with a report justifying the proposal.

III.- Report justifying the proposal to modify the Articles of Association.

Since the approval of the General Shareholders' Meeting Regulations by the Extraordinary General Shareholders' Meeting on 5 June 2006, various regulations affecting the organisation, operation and competences of the General Shareholders' Meetings of joint stock companies have been approved. Among the regulations affecting this type of company are *Law 3/2009 of 3 April, on Structural Modifications to Companies, Royal Decree 1/2010 of 2 July approving the comprehensive text of the Spanish Capital Companies Act, and Royal Decree 13/2010 of 3 December on fiscal, labour and liberalisation measures designed to encourage investment and to create jobs*, which amends the Spanish Capital Companies Act (Ley de Sociedades de Capital), among others.



The amendments made since that date to legislation on the regulation of joint stock companies, and in particular listed companies, justify the presentation by the Board of Directors to this General Shareholders' Meeting, specifically as Item 4 on the Agenda, of a series of amendments to the text of the Articles of Association.

Given the foregoing, and the fact that during the time elapsed possible improvements to the General Shareholders' Meeting Regulations have been detected, it is deemed advisable for the Board of Directors to propose to the General Shareholders' Meeting that various amendments be made to the text of the General Shareholders' Meeting Regulations to bring them in line with the new legislation and the provisions of the Articles of Association and to correct any errors, and to modernise and perfect the current regulations.

A detailed justification of the proposal to modify the General Shareholders' Meeting Regulations is given below in which, as set forth in Recommendation 5.a) of the Unified Good Governance Code, those articles or groups of articles to be voted on that are substantially independent are presented separately.

III.1. Justification of the proposal to amend section 2 of article 6 and remove section 3 from article 6, and to modify section 1 of article 8, in relation to the deadline for holding the ordinary General Shareholders' Meeting, and the removal of the reference to the deadline for presenting the Annual Corporate Governance Report.

Article 86.1 of the Securities Market Act states that individual and consolidated financial reports and management reports corresponding to supervised entities must be approved within the first four months of the close of the financial year.

Article 84.1 of that same legal text lists the individuals and entities which are subject to the regime of supervision, inspection and sanctions provided for in the law, under the responsibility of the Spanish Securities Market Commission (CNMV). Section b), includes among those entities companies that own all the shares of the governing bodies of the official secondary markets, the governing entities of multilateral trading systems and the companies that manage securities registration, and settlement systems.

In accordance with the provisions of this regulation, BME is a company that comes under CNMV supervision and, as such, its annual financial statements must be approved within the first four months of the close of the financial year and not within the first six months, as stated in articles 6.2 and 8.1 of the General Shareholders' Meeting Regulations in force.

Since 2008 the Annual Corporate Governance Report is included in the Company's individual and consolidated management reports as set forth in article 526 of the Spanish Capital Companies Act. After this documentation has been prepared by the Board of Directors it is made available to the public, without coinciding with the publication of the notice of the General Shareholders' Meeting.

Therefore, Regulation 3 of the CNMV's Circular 1/2004 states that as soon as the entity's management body approves the Annual Corporate Governance Report, it must notify this as a significant event and make it available to shareholders and investors on the Company's website, as well as through other means, and no later than on the date of the notice of the General Shareholders' Meeting.



Pursuant to the provisions of the regulations mentioned, the Company distributes the Annual Corporate Governance Report when the annual financial statements are prepared, prior to publication of the notice of the General Shareholders' Meeting.

The modification of section 3 of article 10 of the Articles of Association is also proposed, in the same terms, in item 4, section 4.1 of the Agenda of the General Shareholders' Meeting.

The proposed modification to section 2 of article 6 and the removal of section 3 from article 6, and the modification of section 1 of article 8 of the General Shareholders' Meeting Regulations, and of section 3 of article 10 of the Articles of Association has a dual purpose. Firstly, so that the term for approving the annual financial statements set forth in the Articles of Association is in line with the legal provision applicable to the Company, and secondly to eliminate a reference to the date of publication of the Annual Corporate Governance Report that is not in keeping with the Company's usual practice.

III.2. Justification for the proposed modification of section 1.f) of article 7 to regulate the situations in which agreement by the Ordinary General Shareholder's Meeting is not required for the merger or spin-off of the Company under the Companies Structural Modifications Act.

Law 3/2009 of 3 April regarding structural modifications to commercial companies came into effect on 4 July 2009, withdrawing articles 223 to 259 of Chapter VIII of the Spanish Companies Act then in force, in relation to the transformation, merger and spin-off of stock companies.

This law which regulates structural modifications to commercial companies provides among other things that in certain situations of mergers and spin-offs where the companies involved are directly or indirectly fully owned, or where one of them has an interest in the other that exceeds 90 per cent, approval by the General Shareholders' Meeting of one or of all of them, whichever is the case, is not necessary if they meet the legal requirements on the matter.

As indicated, these are operations between companies in the same Group where the interest is equal to or higher than ninety per cent and where the objective is the internal reorganisation of the corporate groups.

Section 1 f) of article 7 of the General Shareholders' Meeting Regulations in force empowers said Shareholders' Meeting to agree to a merger or spin-off of the Company, without specifying, given that at the time of approval this is not possible, the possibility for intra-group operations, that this would not affect the value of the Company, to be adopted without first being approved by the General Shareholders' Meeting.

The reason for the modification proposed in this article is to adapt the text of the General Shareholders' Meeting Regulations to the provisions of Structural Modifications to Companies Act, stipulating that the General Shareholders' Meeting will be responsible for resolutions on mergers or spin-offs, except in cases where no resolution by this body of the company is required under the applicable legislation.



III.3 Justification for the proposal to modify section 1 of article 9 in relation to publication of notice of the General Shareholder's Meeting.

Article 173 of the latest version of the Spanish Capital Companies Act approved by *Royal Decree Law 13/2010 of 3 December, on fiscal, labour and liberalisation measures designed to encourage investment and create jobs*, eliminates the need for companies with websites to publish the notice of the General Shareholders' Meeting in one of the local daily newspapers with the highest readership.

After making this change, General Shareholders' Meetings of those companies that have their own website may be convened through publication of a notice in the Official Gazette of Business Register and on the Company's website.

The reason for the change proposed in section 1 of article 9 of the General Shareholders' Meeting Regulations is to include the obligation to call the General Shareholders' Meeting through a notice published on the Company's website, but also to continue to publish it in a newspaper, in order to extend the dissemination and scope of the notice to shareholders who, despite today's technological progress, may still be unfamiliar with the Internet and not have access to the web.

Section 4.2 of Item 4 on the Agenda of the ordinary General Shareholders' Meeting therefore proposes the modification of section 1 of article 12 of the Articles of Association.

III.4 Justification for the inclusion of a new section 3 in article 10 to include a reference to the Electronic Shareholder Forum.

Law 12/2010 of 30 June which amends the Audit Act, the Securities Market Act and the Public Companies Act, introduced into article 177 of the Securities Market Act the obligation for listed companies to enable an Electronic Shareholder Forum on their websites to facilitate communication among shareholders before General Shareholders' Meetings are held.

After the withdrawal of *article 117 of the Securities Market Act*, in accordance with *Royal Decree 1/2010 of 2 July which approved the comprehensive text of the Spanish Capital Companies Act*, this obligation was included, under identical terms, in article 528 of the Spanish Capital Companies Act.

The reason for the proposal to incorporate a new section 3 in article 10 of the General Shareholders' Meeting Regulations in relation to information on the notice of the Meeting on the Company's website, is to include this new statutory obligation in the General Shareholders' Meeting Regulations.

III.5 Justification for the proposal to modify section 1 of article 13 in relation to the situations in which a reinforced majority is required for adopting resolutions at the General Shareholders' Meeting.

Section 2 of article 201 of the Spanish Capital Companies Act states that to pass the resolutions referred to in article 194 of this Act, votes in favour of two thirds of the capital present or represented at the Shareholders' Meeting are necessary when attended at the second call by shareholders with 25% or more, and less than 50% of the subscribed capital with voting rights.



Section 1 of article 194 of the Spanish Capital Companies Act sets forth the resolutions that must be adopted with a qualified quorum, in other words 50% of the subscribed capital at first call, and 25% at second call.

Therefore, this quorum will be necessary to reach a valid agreement on capital increases and reductions; any other amendment to the Articles of Association, the issuance of debentures, the elimination or restriction of pre-emptive subscription rights in relation to new shares; the Company's change in status, merger, spin-off or the transfer of all its assets and liabilities, and the transfer of registered address abroad.

The reason for modifying section 1 of article 13 of the General Shareholders' Meeting Regulations is to include all the resolutions contained in said article 201.1, in relation to article 194.1 of the Spanish Capital Companies Act.

The proposal to modify section 2 of article 22 of the Articles of Association to that same effect was submitted to the Ordinary General Shareholders' Meeting as Item 4, section 4.4, on the Agenda of the General Shareholders' Meeting.

III.6 Justification for the proposal to modify section 7 of article 19 to replace the reference to an article withdrawn from the Securities Market Act.

Paragraph 4 of the overriding provision of Royal Decree 1/2010 of 2 July, approving the Spanish Capital Companies Law, withdraws Section X (articles 111 to 117) from Law 24/1988, of 24 July, on the Securities Market, in relation to listed companies, with the exception of sections 2 and 3 of article 114 and articles 116 and 116bis.

Paragraph 2 of section 7 of article 19 of the General Shareholders' Meeting Regulations refers to article 114.1 of the Securities Market Law which regulates the exercise of the right of directors to vote in response to a public request for representation. Hence the request to replace that reference with the equivalent article in the Spanish Capital Companies Law, article 514.

COMPLETE TEXT OF THE MODIFICATION OF BME'S GENERAL SHAREHOLDERS' MEETING REGULATIONS PROPOSED TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING

| CURRENT WORDING | PROPOSED WORDING |
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| <p>Article 6. Types of Meetings [...]</p> <p>2. An Ordinary General Shareholders' Meeting must be called and held within the first six months of each financial year, in order to appraise the company's management, approve, where appropriate, the previous year's accounts and adopt a resolution on the distribution of profits. Resolutions may also be adopted on any other issue which falls within the competence of the Shareholders' Meeting, provided that it is included in the agenda and that there is a quorum at the Meeting of the minimum capital required by law or under the Articles of Association.</p> <p>All other meetings which differ from the description of the previous paragraph shall be classified as Extraordinary General Shareholders' Meetings.</p> <p>3. The Board of Directors shall present the Annual Corporate Governance Report to the shareholders at the ordinary General Shareholders' Meeting.</p> | <p>Article 6. Types of Meetings [...]</p> <p>2. An Ordinary General Shareholders' Meeting must be called and held within the <u>first four months from the close</u> of each financial year, in order to appraise the company's management, approve, where appropriate, the previous year's accounts and adopt a resolution on the distribution of earnings. Resolutions may also be adopted on any other issue which falls within the competence of the Shareholders' Meeting, provided that it is included in the agenda and that there is a quorum at the Meeting of the minimum capital required by law or under the Articles of Association.</p> <p>Any other meeting that differs from the description of the previous paragraph shall be classified as an Extraordinary General Shareholders' Meeting.</p> <p>3. The Board of Directors shall present the Annual Corporate Governance Report to the shareholders at the ordinary General Shareholders' Meeting.</p> |
| <p>Article 7. Powers of the General Shareholders' Meeting</p> <p>1. The General Shareholders' Meeting, as the Company's governing body, will be empowered to consider and adopt agreements concerning all issues that the prevailing legislation and the Articles of Association provide for as its remit and, in general, on all matters that, within its legal area of competence, are submitted to the GSM at the request of the Board of Directors and the shareholders in the manner provided for by law.</p> <p>The powers of the General Shareholders' Meeting include, but are not limited to, the following:</p> <p>a. To decide on the approval of the individual and consolidated financial statements and the distribution of profits, as well as to appraise and, if appropriate, approve the Company's management.</p> <p>b. To appoint, re-elect and remove members of the Board of Directors and to ratify, where appropriate, the provisional appointments made by the Board via co-option.</p> | <p>Article 7. Powers of the General Shareholders' Meeting</p> <p>1. The General Shareholders' Meeting, as the Company's governing body, will be empowered to consider and adopt agreements concerning all issues that the prevailing legislation and the Articles of Association provide for as its remit and, in general, on all matters that, within its legal area of competence, are submitted to the General Shareholders Meeting at the request of the Board of Directors and the shareholders in the manner provided for by law.</p> <p>The powers of the General Shareholders' Meeting include, but are not limited to, the following:</p> <p>a. To decide on the approval of the individual and consolidated financial statements and the distribution of earnings, as well as to appraise and, if appropriate, approve the Company's management.</p> <p>b. To appoint, re-elect and remove members of the Board of Directors and to ratify, where appropriate, the provisional appointments made by the Board via co-option.</p> |

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| <p>c. To appoint and, where appropriate, to re-elect the auditors of accounts and to approve their dismissal in those instances provided for by law.</p> <p>d. To modify the Articles of Association.</p> <p>e. To approve and amend these Regulations.</p> <p>f. To approve the decrease or increase in share capital, the issuance of debentures, the alteration of legal form, merger, spin-off or winding-up and liquidation of the Company, and to authorise or delegate to the Board of Directors the implementation and adoption of resolutions as provided for by law.</p> <p>g. To authorise the acquisition of treasury shares.</p> <p>h. To adopt resolutions on any matters that the Board of Directors submits for its approval.</p> | <p>c. To appoint and, where appropriate, to re-elect the auditors of accounts and to approve their dismissal in those instances provided for by law.</p> <p>d. To modify the Articles of Association.</p> <p>e. To approve and amend these Regulations.</p> <p>f. To approve the decrease or increase in capital, the issuance of debentures, the alteration of legal form, merger, spin-off, <u>except in those cases where this is not required by the applicable legislation</u>, or the winding-up and liquidation of the Company, and to authorise or delegate to the Board of Directors the implementation and adoption of resolutions as provided for by law.</p> <p>g. To authorise the derivative acquisition of own shares.</p> <p>h. To adopt resolutions on any matters that the Board of Directors submits for its approval.</p> |
| <p style="text-align: center;">CHAPTER II</p> <p style="text-align: center;">CALLING GENERAL SHAREHOLDERS' MEETINGS AND INFORMATION TO GIVE TO SHAREHOLDERS</p> <p>Article 8. Power and obligation to call meetings</p> <p>1. The Board of Directors must call an Ordinary General Shareholders' Meeting to be held within the first six months of each year.</p> <p>[...]</p> | <p style="text-align: center;">CHAPTER II</p> <p style="text-align: center;">CALLING GENERAL SHAREHOLDERS' MEETINGS AND INFORMATION TO GIVE TO SHAREHOLDERS</p> <p>Article 8. Power and obligation to call meetings</p> <p>1. The Board of Directors must call an Ordinary General Shareholders' Meeting to be held within the <u>first four months from the close</u> of each financial year.</p> <p>[...]</p> |
| <p>Article 9. Publication of notice of Meetings and supplementary notices</p> <p>1. Notice of the General Shareholders' Meeting must be published in the Official Gazette of the Companies Register and in one of the daily newspapers with the highest readership within the province at least one month before the date set for the meeting, except in those cases in which a different period of notice is required by Law.</p> <p>A copy of the notice must be sent by the Company to the governing bodies of the markets in which the Company's shares are traded. The notice must be filed with the Spanish securities regulator (CNMV) in the form of a significant event notice and it must be posted on the Company's website.</p> <p>[...]</p> | <p>Article 9. Publication of notice of Meetings and supplementary notices</p> <p>1. Notice of the General Shareholders' Meeting must be published in the Official Gazette of the Companies Register, <u>on the Company's website</u>, and in one of the provincial daily newspapers with the highest readership at least one month before the date set for the meeting, except in those cases in which a different period of notice is required by law.</p> <p>A copy of the notice must be sent by the Company to the governing bodies of the markets in which the Company's shares are traded. The notice must be filed with the Spanish securities regulator (CNMV) in the form of a significant event notice and it must be posted on the Company's website.</p> <p>[...]</p> |
| <p>Article 10. Information regarding the calling of the General Shareholders' Meeting on the Company's website</p> | <p>Article 10. Information regarding the calling of the General Shareholders' Meeting on the Company's website</p> |

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| <p>1. On the Company's website, as well as posting the notice of the Meeting and the documents made available to the Company's shareholders, reference must be made to the right to request delivery or posting free of charge, and information must be provided concerning the rules on access to the Meeting and the procedure for obtaining an attendance card. Information should also be provided regarding any other subject of interest for following the proceedings, such as the existence or otherwise of a simultaneous interpretation facility or the possibility of an audiovisual broadcast of the General Shareholders' Meeting</p> <p>2. From the date of publication of the notice of the General Shareholders' Meeting, the Company shall post on its website all the information required by the applicable legislation, including the text of any draft resolutions for submission to the General Shareholders' Meeting which the Board of Directors may have already approved or, where appropriate, have been presented by the shareholders requesting that the Meeting be called as required by law.</p> | <p>1. On the Company's website, as well as posting the notice of the Meeting and the documents made available to the Company's shareholders, reference must be made to the right to request delivery or posting free of charge, and information must be provided concerning the rules on access to the Meeting and the procedure for obtaining an attendance card. Information should also be provided regarding any other subject of interest for following the proceedings, such as the existence or otherwise of a simultaneous interpretation facility or the possibility of an audiovisual broadcast of the General Shareholders' Meeting</p> <p>2. From the date of publication of the notice of the General Shareholders' Meeting, the Company shall post on its website all the information required by the applicable legislation, including the text of any draft resolutions for submission to the General Shareholders' Meeting which the Board of Directors may have already approved or, where appropriate, have been presented by the shareholders requesting that the Meeting be called as required by law.</p> <p><u>3. In order to facilitate communication by shareholders prior to the General Shareholders' Meetings, as soon as the meeting is called, an Electronic Shareholders Forum will be enabled on the Company website. Its content will be limited by the applicable legislation and individual shareholders and any voluntary associations of shareholders may access it under the guarantees and terms that are deemed appropriate by the Board of Directors.</u></p> |
| <p>Article 13. Quorum at Shareholders' Meetings</p> <p>1. There shall be a quorum present at a General Shareholders' Meeting at first call when the shareholders present or represented hold at least 25% of the subscribed voting share capital. At second call, the Meeting shall be valid regardless of the percentage of share capital in attendance.</p> <p>For a General Shareholders' Meeting to validly adopt a resolution for the issuance of debentures, the increase or reduction of capital, the transformation, merger or spin-off of the company and in general any amendment to the Articles of Association, at least 50% of the voting share capital must be present at first call. At second call, shareholders representing 25% of the share capital shall suffice. When shareholders representing less than 50% of the voting share capital are present, the resolutions referred to above may only be validly passed with the favourable vote of two</p> | <p>Article 13. Quorum at Shareholders' Meetings</p> <p>1. There shall be a quorum present at a General Shareholders' Meeting at first call when the shareholders present or represented hold at least 25% of the subscribed voting share capital. At second call, the Meeting shall be valid regardless of the percentage of share capital in attendance.</p> <p>For a General Shareholders' Meeting to validly adopt a resolution for the issuance of debentures, <u>the suspension or limitation of pre-emptive rights to acquire new shares</u>, the increase or <u>reduction</u> of capital, the transformation, merger or spin-off of the Company, <u>the transfer of the registered address abroad</u> and in general any amendment to the Articles of Association, at least 50% of the voting share capital must be present at first call. At second call, shareholders representing 25% of the share capital shall suffice. When shareholders</p> |

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| <p>thirds of the capital present or represented at the Meeting.</p> <p>[...]</p> | <p>representing less than 50% of the voting share capital are present, the resolutions referred to above may only be validly passed with the favourable vote of two thirds of the capital present or represented at the Meeting.</p> <p>[...]</p> |
| <p>Article 19. Voting and adopting resolutions</p> <p>[...]</p> <p>7. For the purposes of the provisions of the foregoing paragraphs, it shall be deemed that the shares present at the Meeting are those which appear in the attendance list, minus those whose owners or representatives left the Meeting before the vote and informed the Presiding Panel or, where appropriate, the Notary Public that they were leaving.</p> <p>Additionally, when the decisions being discussed are those referred to in Article 114.1 of the Spanish Securities Market Law, other shares that will not be deemed to be present are those for which the Directors cannot exercise the right to vote thereunder, unless the proxy substitution provided for herein has been made.</p> <p>Furthermore, when the subjects under discussion are not included on the agenda, other shares that will not be considered to be in attendance are those of shareholders who participated in the Meeting via means of remote communication.</p> <p>[...]</p> | <p>Article 19. Voting and adopting resolutions</p> <p>[...]</p> <p>7. For the purposes of the provisions of the foregoing paragraphs, it shall be deemed that the shares present at the Meeting are those which appear in the attendance list, minus those whose owners or representatives left the Meeting before the vote and informed the Presiding Panel or, where appropriate, the Notary Public that they were leaving.</p> <p>Additionally, when the decisions being discussed are those referred to in <u>article 514 of the Spanish Capital Companies Law</u>, other shares that will not be deemed to be present are those for which the Directors cannot exercise the right to vote thereunder, unless the proxy substitution provided for herein has been made.</p> <p>Furthermore, when the subjects under discussion are not included on the agenda, other shares that will not be considered to be in attendance are those of shareholders who participated in the Meeting via means of remote communication.</p> <p>[...]</p> |