REPORT PRESENTED TO THE BOARD OF DIRECTORS ON THE PROPOSED RESOLUTION PRESENTED BY THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING AS ITEM 13 ON THE AGENDA REGARDING THE GRANTING OF A PROXY TO ALLOW THE BOARD OF DIRECTORS TO ISSUE DEBENTURES, BONDS, PROMISSORY NOTES AND OTHER SIMILAR FIXED INCOME SECURITIES, BOTH SIMPLE AND EXCHANGEABLE AND CONVERTIBLE, INTO SHARES, AS WELL AS WARRANTS, AND IN THE CASE OF THE LATTER, WITH THE AUTHORITY TO EXCLUDE PRE-EMPTIVE SUBSCRIPTION RIGHTS.

I.- Purpose of the report.

This report has been prepared pursuant to article 414 and section 1 of article 511 of *Royal Decree 1/2010 of 2 July, whereby the Spanish Capital Companies Act* (hereinafter the Spanish Capital Companies Act), was approved, in order to justify the proposal submitted to the Ordinary General Shareholders' Meeting of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (the Company) for approval, to grant a proxy to issue debentures, bonds, promissory notes and other similar fixed income securities, both simple and convertible, into shares, as well as warrants, and in the case of the latter, with the authority to exclude pre-emptive subscription rights of shareholders pursuant to article 511 of the Spanish Capital Companies Act, and with the authority to increase capital by the amount required and to guarantee issues by Group companies.

Pursuant to the provisions of article 414 in relation to the requisites for issuing convertible debentures, and section 2 of article 511 in relation to the exclusion of pre-emptive subscription rights, the Board of Directors has approved this report justifying the proposed resolution submitted to the Ordinary General Shareholders' Meeting.

II.- Applicable legislation.

Articles 401 and 406 of the Spanish Capital Companies Act provide that a stock company may issue numbered series of debentures or other securities that recognise or create a debt and authorise the General Shareholders' Meeting to establish the conditions of each issue and gives the Company the responsibility for their execution.

In the case of convertible debentures, article 414 of the Spanish Capital Companies Act provides that the Company may issue debentures convertible into shares, provided the General Shareholders' Meeting determines the conditions of and procedures for conversion and agrees to increase the capital by the amount necessary.

Article 319 of the Regulations of the Companies Register provides that the General Shareholders' Meeting may grant the Board of Directors a proxy to issue fixed income securities convertible into shares.

Section 1 of article 511 of the Spanish Capital Companies Act states that in the case of listed joint stock companies, when the General Shareholders' Meeting grants directors a proxy to issue convertible debentures, it may also authorise it to exclude pre-emptive subscription rights over convertible debenture issues that have been delegated if this is in the Company's interests.

As also provided for in section 2 of article 511, the notice of the General Shareholders' Meeting containing the proposal to grant directors a proxy to issue convertible debentures, must expressly state the proposal to exclude pre-emptive subscription rights and make available to the directors a report justifying the proposal to exclude them.

Furthermore, pursuant to section 3 of that same article 511, whenever share capital is increased by means of a proxy granted by the General Shareholders' Meeting, the directors must submit a report explaining the conditions of and procedures for the conversion, which must be accompanied by the report of an auditor other than the Company's auditor, appointed for that purpose by the Business Registry, referred to in section 2.a) of article 414 of the Spanish Capital Companies Act. Those reports must be made available to the shareholders and submitted at the first General Shareholders' Meeting held after the resolution to increase the share capital is approved.

Article 7 of the Articles of Association of BME provides that the General Shareholders' Meeting may, under the terms of the current legislation, grant the Board of Directors a proxy to issue simple and convertible and/or exchangeable debentures, and to authorise the Board of Directors to determine when the issue agreed on should be made and to establish any other conditions not provided for in the resolution of the General Shareholders' Meeting.

III.- Report justifying the proposal to grant a proxy to issue simple and convertible and/or exchangeable fixed income securities.

It is now necessary to submit to the General Shareholders' Meeting for consideration the renewal of this resolution to grant a proxy, given that the five-year term of validity of the resolution adopted by the Extraordinary General Shareholders' Meeting on 5 June 2006 authorising the Board of Directors to issue simple and convertible and/or exchangeable fixed income securities will soon expire. This renewal includes an increase in the maximum amounts that the Board of Directors is authorised to issue, in order to bring them in line with the Company's circumstances and the time elapsed since the last authorisation.

The expiry of this resolution justifies the presentation of this proposal to the General Shareholders' Meeting, which will enable the Board of Directors to maintain this fast, expeditious and effective means of obtaining funding for the Company. The expeditious and flexible nature of this instrument is particularly useful under the current credit restrictions in which changing market circumstances require the Board of Directors to have access to the different sources of financing available under the most favourable financial conditions.

Therefore, the proxy proposed, and the proposal submitted to the General Shareholders' Meeting as Item 12 on the Agenda, seeks to provide the Company's management body with room for manoeuvre and the capacity for response that is necessary in the competitive environment in which it operates and where the success of a strategic initiative and a financial transaction frequently depends on the speed with which it can be carried out, without the delay and cost inevitably involved in calling and holding a General Shareholders' Meeting.

To that end, and pursuant to the provisions of article 511 of the Spanish Capital Companies Act and article 319 of the General Shareholders' Meeting Regulations, whereby the Shareholders' Meeting authorises the Board to agree to issue negotiable securities, the proposed resolution formulated as Item 13 of the Agenda is presented to the General Shareholders' Meeting for consideration.

The Board of Directors strongly recommends that all the powers delegated in accordance with the regulations in effect be readily available so that it is in a position at any time to obtain the funds necessary to enable the Company to operate in the best interests of its shareholders.

Therefore, a fast and effective financing mechanism is made available to the Board of Directors so that it can strengthen the Company's balance sheet, reinforce its financial structure and, further, undertake investment and growth initiatives, giving the Board the flexibility permitted under the Law.

One of the ways companies obtain funds is by issuing different types of debentures. Convertible and/or exchangeable debentures have a number of additional advantages. On the one hand they are favourable for the issuing Company, because they can be an efficient way of obtaining funding in terms of cost or the ability to issue new capital; on the other, because they can be interesting for investors as they offer the possibility of mixing fixed income and equities, because they include the option of being converted into shares in the Company, under certain conditions.

With regard to the amounts referred to in the proxy, article 510 of the Spanish Capital Companies Act provides for the disapplication in the case of listed joint stock companies of the limit for issuing debentures stipulated in general terms in section 1 of article 405 of the Spanish Capital Companies Act.

Notwithstanding, the proposal submitted to the General Shareholders' Meeting by the Board of Directors establishes the total maximum limit of the issues under the proxy at EUR 1.5 billion, stipulating that this limit shall not apply to the issuance of promissory notes or preferred shares, which of course means that neither, issues of promissory notes nor preferred shares will be taken into account when determining the available limit for issuing debentures. In the case of the latter instruments, a separate limit of a further EUR 1 billion as outstanding balance is foreseen for each of them.

The Board of Directors considers that, in the light of the five years elapsed since the previous proxy and the current circumstances of the Company, it would be advisable in the renewal to request an increase in the amounts authorised by the General Shareholders' Meeting of 5 June 2006, from EUR 1 billion to EUR 1.5 billion in fixed income, except for promissory notes and preference shares, whose maximum authorised outstanding balance would increase from EUR 500 million to EUR 1 billion.

At the same time the Board of Directors considers that those amounts are sufficient to enable the funds needed for the financing policy of the Company and its Group to be obtained in the securities markets.

As already mentioned, the proposal grants the Board of Directors the power to issue debentures or bonds that are convertible and/or exchangeable into outstanding shares in the

Company or warrants that entitle their holders to subscribe to shares from a new issue by the Company or to acquire outstanding shares in the Company and to agree, if appropriate, to increase the capital needed for the conversion or the exercise of the subscription option, provided this increase under the proxy does not exceed 50% of the share capital, as provided for in article 297.1.b) of the Spanish Capital Companies Act. In the case of warrants, the provisions of the Spanish Capital Companies Act will apply to the extent that they are compatible with their specific nature.

The proposal also contains the conditions and procedures for the conversion and/or exchange of debentures or bonds into shares, if the General Shareholders' Meeting decides to use the Board's proxy to issue this type of security and delegates to the Board of Directors the application of those conditions and procedures to each specific issue within the limits and according to the criteria established by the Shareholders' Meeting.

Hence the Board of Directors will be the body that will determine the conversion and/or exchange ratio of the shares issued for the conversion or the shares used to exchange convertible and/or exchangeable fixed income securities, valuing the shares using one of the procedures indicated in the following paragraphs, and the Board will decide which is the most suitable.

In any event, if the Board of Directors decides to issue convertible and/or exchangeable debentures or bonds and/or warrants under the proxy requested from the General Shareholders' Meeting, pursuant to section 2 of article 414 of the Spanish Capital Companies Act, in relation to article 511 of this regulation, when it is approved it must issue a report giving specific reasons for it, based on the criteria described above, and the conditions and procedures for the conversion and/or exchange specifically applicable to the particular issue. This report must be accompanied by the corresponding report of an auditor other than the one appointed for this purpose by the Business Register.

The resolution submitted by the Board for approval by the General Shareholders' Meeting provides that in the event of an issue of convertible and/or exchangeable debentures or bonds with a fixed conversion and/or exchange ratio, the prices of the shares for the purpose of the conversion and/or exchange established by the Board of Directors may not be less than the greater of (i) the arithmetic mean of the closing prices of the Company shares on the Electronic Trading Platform no more than three months and no less than fifteen days prior to the date of the Board meeting at which, through this proxy, the debenture or bond issue is approved, and (ii) the closing price of the shares on the Electronic Trading Platform the day before the Board meeting at which, through this proxy, the debenture or bond issue is approved.

Furthermore, if an issue is made with a variable conversion and/or exchange ratio, the share prices, for conversion and/or exchange purposes, established by the Board of Directors, shall be the arithmetic mean of the closing prices of the Company shares on the Spanish electronic trading platform no more than three months and no less than fifteen days prior to the date of conversion and/or exchange, and the Board of Directors may set a premium or, if appropriate, a discount on that price per share, which may differ at each date of conversion and/or exchange of each issue. Notwithstanding, if the Board establishes a discount on that price per share, it may not be more than 30% of the trading price of the share during the period prior to the date of conversion and/or exchange of the debentures or bonds into shares as established by the Board of Directors.

Therefore the Board deems that with the criteria established for setting the price of shares for the purpose of conversion and/or exchange, both in the case of the fixed conversion and/or exchange ratio, there is a sufficient degree of flexibility to set the value of the shares for the purpose of conversion and/or exchange in accordance with the conditions of the market and other conditions applicable, although this must at least be substantially equivalent to their market value when the Board agreed to issue the convertible and/or exchangeable shares, and/or warrants.

In any case, as an absolute minimum, for the purpose of converting and/or exchanging debentures for shares, the value of the share may never be less than its nominal value, as stipulated in article 415 of the Spanish Capital Companies Act.

IV. Report justifying the proposal to grant a proxy to exclude pre-emptive subscription rights.

Thus, the proxy authorising the issue of fixed income securities, in accordance with the provisions of section 1 of article 511 of the Spanish Capital Companies Act and in cases where the issue results in convertible debentures or bonds and warrants on newly issued shares, includes the power for the Board of Directors to exclude the pre-emptive subscription rights of shareholders when this is necessary to obtain funds on international markets, the use of bookbuilding techniques, or otherwise if in the company's interests.

The Board of Directors considers that this additional possibility which notably increases the room for manoeuvre and the capacity for response offered by the simple delegation of the power to issue convertible securities, is justified on the one hand by the speed and flexibility demanded by today's financial markets, in order to take advantage of favourable market conditions.

On the other hand, because such a measure may be necessary when there is the intention to secure funds in international markets allowing access to new sources of financing or using bookbuilding techniques.

Lastly, the exclusion of pre-emptive subscription rights makes it possible to optimize the financial conditions of issues and lower the associated costs (especially, the commissions charged by financial entities participating in the issue) compared with an issue with pre-emptive subscription rights, and at the same time it reduces the effect of distortion when trading the Company's shares during the issuance period.

In any case, it must be expressly stated that the total or partial exclusion of pre-emptive subscription rights is just one of the proxies granted to the Board of Directors by the General Shareholders' Meeting, and the decision to exercise it will depend on the Board of Directors itself, according to the circumstances in each case and in accordance with legal requirements.

If when exercising those proxies, the Board of Directors decides to exclude pre-emptive subscription rights in relation to a given capital increase, in accordance with the provisions of section 2 of article 414, in relation to item 3 of said article 511 of the Spanish Capital Companies Act, when the agreement is adopted it must issue a report explaining specifically why it would be in the interest of the Company, justifying the measure, which will be the subject of a complementary auditor's report by an auditor other than one from the company appointed by the respective Business Register.

Moreover, it may sometimes be deemed advisable, for legal or other reasons, to issue securities under this proposal, through a subsidiary, and secured by the Company's head office. It is considered important, therefore, to authorise the Board of Directors to guarantee on behalf of the Company and, within the aforementioned limits, the possibility of issing securities at a future date, which while this resolution is valid, could be handled by subsidiaries, so that the Board of Directors can be granted the greatest flexibility to structure securities issues as it deems fit under the circumstances

Moreover, a request would be made for admission to trade the securities under the proxy, in any official or non-official, or organised or non-organised, national or foreign secondary market.

If approved, the proposed resolution will set aside the resolution adopted by the Extraordinary Shareholders' Meeting held on 5 June 2006.