



**REPORT PRESENTED BY THE BOARD OF DIRECTORS ON THE RESOLUTION TO BE PROPOSED AT THE ORDINARY GENERAL SHAREHOLDERS' MEETING UNDER ITEM THREE OF THE AGENDA REGARDING THE SHARE CAPITAL REDUCTION TO REFUND CONTRIBUTIONS TO SHAREHOLDERS BY DECREASING THE PAR VALUE OF THE SHARES, AND THE RELATED AMENDMENT TO ARTICLE 5 OF THE ARTICLES OF ASSOCIATION**

---

**I. Purpose of the report**

The report is prepared in accordance with Article 318 of the Companies Act (*Ley de Sociedades de Capital*) with respect to Article 286 thereof, to justify the proposal submitted for approval at the Ordinary Shareholders' Meeting of *Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.* (the "Company") regarding the reduction, if applicable, of share capital by €19,231,578.34 to refund contributions to shareholders by decreasing the par value of each share by €0.23, in accordance with Article 317 of the Companies Act, with an appropriate amendment to Article 5.1 of the Articles of Association regarding share capital and shares.

Article 318 of the Companies Act states that decisions to reduce share capital must be adopted by the General Meeting with the requirements laid-down for amending the Articles of Association.

In this respect, according to Article 286 of the Companies Act, to submit to the General Shareholders Meeting a proposal for amendment of the Articles of Association, directors must draft the wording of the proposed amendment in full and, in joint stock companies, also draft a written report justifying the proposal.

**II. Applicable legislation**

Article 317.1 of the Companies Act regulating types of capital reductions states that they may be carried out to refund contributions, and specify in section 2 of the same article states that reductions may be effected by decreasing the par value of stakes or shares, or redeeming or grouping these equities.

According to Article 318.1 of the Companies Act, a decision to reduce share capital must be adopted by the general meeting and shall be subject to approval complying with the requirements laid down for amending the Articles of Association which, for joint stock companies, according to Article 286 therein, requires the directors to draft the wording of the proposed amendment and a written report justifying the proposal.

In addition to the general requirements to amend Articles of Association, Article 318.2 of the Companies Act details the minimum content of the resolution adopted by the general

meeting and states that the decision shall specify at least the amount of the capital reduction, its purpose, how it shall be implemented and the term for its implementation. It shall also indicate the amount to be paid, if any, to shareholders.

The proposal to reduce share capital that the Board of Directors is submitting for approval at the Ordinary General Shareholders' Meeting includes the minimum content required in the aforementioned Articles of Companies Act.

The proposal states that the proposed amount of the share capital reduction is €19,231,578.34; that the purpose of the capital reduction is to refund contributions to shareholders; that the proposed capital reduction will be implemented by decreasing the par value of all the outstanding shares by €0.23, with shareholders needing to carry out any exchange, as the shares are represented by book entries; and the amount to be paid, if any, to shareholders, will coincide with the amount by which the par value of the outstanding shares will be reduced; i.e. €0.23 per share.

It is also included the proposed term for the implementation of the capital reduction that, if approved, shall be within one month following the end of the term for exercising the right to object by the creditors the capital reduction set out on Article 336 of the Companies Act.

### **III. Report justifying the proposal to reduce capital in order to refund contributions to shareholders by decreasing the par value of the shares**

The decision adopted by the Board of Directors to submit a proposal to the General Meeting to reduce capital to refund contributions to shareholders by decreasing the par value of shares seeks to optimise and streamline the equity of the Company and its Group which, after the integration of official secondary markets and securities registration, clearing and settlement systems that began in 2002 and gave rise to the Company, is greater than that which experience and the application of the equity criteria issued by the European Banking Authority seem to indicate.

The Board of Directors has assessed the various alternatives for reducing capital and decided that the best for all shareholders would be to decrease the par value of the shares to refund the shareholders the contributions they made to the Company.

All shareholders shall be treated equally, as the capital reduction shall be implemented in the same way for each share issued and outstanding.

Moreover, the Board of Directors considers that this will reinforce the Company's strategic positioning by providing the Company with a capital structure that will enable it to cope with the challenges that lie ahead with greater guarantees of success.

As a result of the proposal to reduce share capital, Article 5.1 of the Articles of Association will have to be amended to reflect the reduction and the new par value of the shares of €3.00 per share.