



**REPORT SUBMITTED BY THE BOARD OF DIRECTORS AT THE ORDINARY GENERAL SHAREHOLDERS' MEETING AS ITEM THREE ON THE AGENDA CONCERNING THE MODIFICATION OF THE ARTICLES OF ASSOCIATION.**

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**I.- Purpose of the report.**

This report has been drawn up pursuant to the provisions of article 286 of *Royal Decree 1/2010, of 2 July, approving the Ley de Sociedades de Capital*(the "Companies Act") to explain and justify the proposal submitted for approval to the Ordinary General Shareholders' Meeting of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME or the Company), to amend section 1 of article 26 of the Articles of Association in force.

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

To help the shareholders compare the new version of the article the Board is proposing to be amended, with the current version, as an Annexe to this report, for information purpose, is a literal transcription of both texts, in two columns, side by side, highlighting in the right side column the proposed amendment to the text currently in force which is transcribed in the left side column.

**II.- Applicable legislation.**

Section 1 of article 285 of the Companies Act provides that any amendment to the Articles of Association is within the remit of the General Shareholders' Meeting.

In relation to the modification of the Articles of Association, pursuant to article 286 of the Companies Act the Directors must draft the complete text of the proposed amendment and, in the case of joint stock companies, a written report justifying the change.

In accordance with the provisions of article 287, the notice of the General Shareholders' Meeting must clearly state which items are to be amended, as well as the authorisation entitling the shareholders to examine, at the Company's registered address, the full text of the proposed changes and, in the case of joint stock companies, the report on those changes, and to ask for these documents to be delivered or sent to them free of charge.

Amendment to the Articles of Association is conditioned to authorisation from the *Comisión Nacional del Mercado de Valores* (the Spanish Securities Market Commission, "CNMV"), pursuant to additional provision no. 17 of Law 24/1988 of 28 July on the Securities Market.



**III.- Explanatory report on the proposal to amend the Articles of Association.**

As a result of the sale of stakes in the Company's share capital by certain shareholders represented on the Board of Directors since the last Ordinary General Shareholders' Meeting, five (5) Board members, who are Proprietary Directors, have stood down.

These resignations are a response to changes in the Company's shareholder structure resulting from the sale of significant stakes held by long-standing shareholders. The Appointments and Remuneration Committee has performed an in-depth review of the situation as it stands, concluding that it is appropriate and necessary to propose that the Board of Directors modify the size of the Board.

After analysing the Appointments and Remuneration Committee's proposals, the Board of Directors concluded that the changes in shareholder structure warrant reducing the maximum and minimum number of Board members established in section 1 of Article 26 of the Company's Articles of Association, in compliance with Recommendation 9 of the Unified Code of Good Governance for listed companies. This decrease in size will ensure maximum effectiveness and participation.

It has been determined that the most appropriate size of the Company's Board members would be between a minimum of nine (9) and a maximum of fifteen (15) members. It is proposed that this change be included in Article 26, section 1, of the Company's Articles of Association.



**COMPLETE TEXT OF THE MODIFICATIONS TO THE ARTICLES OF ASSOCIATION  
PROPOSED TO THE ORDINARY GENERAL SHAREHOLDERS MEETING**

OLD VERSION	NEW VERSION PROPOSED
<p><b>Article 26º.- Number, types and appointment of Board members</b></p> <p>1. The Board of Directors shall consist of a minimum of twelve and a maximum of twenty members, it being the responsibility of the shareholders at a General Shareholders' Meeting to determine the number, which they may do either by adopting an explicit resolution or indirectly by filling vacancies or appointing new directors, within the upper limit specified above. Without prejudice to the foregoing, it shall at all times be up to the Board to propose to the General Shareholders' Meeting the number of directors that is most in line with the recommendations on good corporate governance based on the Company's shareholder structure.</p> <p>Without prejudice to the competence of the shareholders at a General Shareholders' Meeting to appoint and remove directors, the voluntary pooling of the shares reaching a figure of capital that is equal to or greater than the result of dividing the share capital by the number of Board members, shall entitle the holders of such shares to appoint the directors who, exceeding whole fractions, are deducted from the related proportion. If use is made of this power, the shares so pooled shall not intervene in the appointment of the remaining members of the Board.</p> <p>(...)"</p>	<p><b>Article 26º.- Number, types and appointment of Board members</b></p> <p>1. The Board of Directors shall consist of a minimum of <del>nine</del> <del>twelve</del> and a maximum of <del>fifteen</del> <del>twenty</del> members, it being the responsibility of the shareholders at a General Shareholders' Meeting to determine the number, which they may do either by adopting an explicit resolution or indirectly by filling vacancies or appointing new directors, within the upper limit specified above. Without prejudice to the foregoing, it shall at all times be up to the Board to propose to the General Shareholders' Meeting the number of directors that is most in line with the recommendations on good corporate governance based on the Company's shareholder structure.</p> <p>Without prejudice to the competence of the shareholders at a General Shareholders' Meeting to appoint and remove directors, the voluntary pooling of the shares reaching a figure of capital that is equal to or greater than the result of dividing the share capital by the number of Board members, shall entitle the holders of such shares to appoint the directors who, exceeding whole fractions, are deducted from the related proportion. If use is made of this power, the shares so pooled shall not intervene in the appointment of the remaining members of the Board.</p> <p>(...)"</p>