



**"BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE  
MERCADOS Y SISTEMAS FINANCIEROS, S.A."**

---

**"DIRECTORS' REMUNERATION POLICY"**

## CONTENTS

1.	INTRODUCTION: REGULATORY FRAMEWORK AND PROPOSED RESOLUTIONS	1
2.	INTERNAL RULES AND REGULATIONS OF BME	2
3.	GENERAL PRINCIPLES OF THE DIRECTORS' REMUNERATION POLICY OF BME	4
4.	COMPONENTS OF THE REMUNERATION SYSTEM APPLICABLE TO THE DIRECTORS IN THEIR CAPACITY AS SUCH	6
5.	COMPONENTS OF THE REMUNERATION SYSTEM APPLICABLE TO THE CHAIRMAN	7
6.	MAIN TERMS OF THE CHAIRMAN'S CONTRACT	10
7.	COMPONENTS OF THE REMUNERATION SYSTEM APPLICABLE TO THE CEO	11
8.	MAIN TERMS OF THE CEO'S CONTRACT	14
9.	REMUNERATION PAID TO DIRECTOS FOR THEIR FUNCTIONS AND POSITIONS AT COMPANIES' GROUP	16
10.	ADDITION OF NEW EXECUTIVE DIRECTORS	17
11.	APPLICATION OF THE POLICY	17
12.	TERM OF THE REMUNERATION POLICY	18

## 1. INTRODUCTION: REGULATORY FRAMEWORK AND PROPOSED RESOLUTIONS

Royal Legislative Decree 1/2010, of 2 July, which approved the Consolidated Text of the Companies Act (*Ley de Sociedades de Capital*, stipulates, *inter alia*, that listed companies must have a remuneration policy for Directors. It also states that the director remuneration policy must adapt to the remuneration scheme set out in the articles of association and be approved at the General Shareholders' Meeting at least every three years as a separate item on the agenda.

According to article 529 novodecies of the Companies Act and the transitional provision of Law 31/2014 amending the Companies Act in order to improve corporate governance, the Directors' remuneration policy for 2016, 2017 and 2018 (the "**Remuneration Policy**" or the "**Policy**") of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. ("**BME**" or the "**Company**") was included in BME's 2014 Annual Report on Directors' Remuneration, which was voted on favourably by the ordinary General Shareholders' Meeting ("**General Meeting**") held on 30 April 2015.

The Remuneration Policy of the members of the Board of Directors (hereinafter the "**Board of Directors**" or the "**Board**") did not undergo any changes in 2016 with regard to the components of remuneration to be received by Directors (hereinafter the "**Directors**"), both in their capacity as Directors and for the executive functions discharged at the Company.

The above notwithstanding, following the approval on 18 February 2015 by the Spanish National Securities Commission (Comisión Nacional del Mercado de Valores or the "CNMV") of the Good Governance Code for Listed Companies (hereinafter the "**Good Governance Code**"), which contains additional recommendations regarding director remuneration, BME's Appointments and Remuneration Committee carried out a thorough review of the Directors' Remuneration Policy included in the 2014 Annual Report on Directors' Remuneration.

To help the Company comply with the commitment undertaken to carry out appropriate monitoring of best corporate governance practices, the Appointments and Remuneration Committee submitted a proposal to the Board of Directors to amend the Directors' Remuneration Policy, which will put to vote at the ordinary General Shareholders' Meeting.

The Appointments and Remuneration Committee's proposal does not affect the components of remuneration paid to Directors in their capacity as such nor those to be paid for discharging executive functions at the Company.

The proposed amendments to the Remuneration Policy affect only (i) the amounts of per diems for attending the Board of Directors meetings and the meetings of the Board committee paid to Directors in their capacity as such, which had remained unchanged since 2008 and, (ii) the design of the system for calculating ordinary variable cash remuneration of the Executive Chairman of the Company's Board of Directors (hereinafter, the "**Chairman**"), in accordance with the terms set out below.

The remaining components of remuneration of Directors, both in their capacity as such, and of executive Directors, are unchanged.

### 1.1. Update of attendance fees paid to Directors in their capacity as such and the new maximum annual remuneration of all Directors in their capacity as such.

The proposal is to update, effective from 1 January 2016, the amounts of per diems for attendance to meeting, which have been unchanged since 2008. The update is considered necessary to remunerate Director for their dedication, abilities and responsibilities.

In accordance with article 217.3 of the Companies Act, the proposed maximum amount of annual remuneration for all members of the Board of Directors in their capacity as directors must be submitted for approval at the General Meeting, and included in the Remuneration Policy in accordance with article 529 septdecies, section 1, therein.

The proposed increase in remuneration is in any event in keeping with criteria of prudence and moderation that characterise the BME Remuneration Policy.

1.2. Amendment of the system for calculating the Chairman's annual variable remuneration.

The proposal is to replace the system for calculating the ordinary variable remuneration of the Chairman used until now, which depended on the level of compliance with the Company's budget, with a system based on compliance with a number of quantitative and qualitative variables, in line with the recommendations regarding director remuneration set out in the Good Governance Code.

Therefore, the proposed amendment, following approval by the General Shareholders' Meeting, would affect the Chairman's ordinary variable remuneration with effect from the 2016 financial year.

1.3. Proposed resolutions.

Consequently, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, has approved the accompanying Directors' Remuneration Policy for the Company on March 16, 2016 and, accordingly, lays before the General Shareholders' Meeting:

- (i) the Directors' Remuneration Policy of BME, drawn up in accordance with the provisions of the Companies Act; and
- (ii) the maximum amount of annual remuneration of all members of the Board of Directors in their capacity as directors which, in accordance with article 217.3 of the Companies Act, must be approved by the General Shareholders Meeting and shall remain in force until any amendments thereto are approved.

Any remuneration paid to Directors for the exercise or termination of their positions and for the performance of executive functions shall be in accordance with this Policy.

The present Policy was approved by the Board of Directors bearing in mind (i) the changes in legislation included in the Companies Act to comply with the provisions regarding director remuneration included therein; (ii) the Company's internal rules and regulations (Articles of Association and Regulations of the Board of Directors) in force at the date of approval of the Policy; and (iii) the resolutions adopted at the General Shareholders' Meeting.

## **2. INTERNAL RULES AND REGULATIONS OF BME.**

Both the Articles of Association and the Regulations of the Board of Directors of BME set out the principles and fundamental bases on which the Company's Directors' Remuneration Policy is based.

Regarding Director remuneration, article 40 of BME's Articles of Association establishes the following:

**"Article 40.- Directors' remuneration"**

*The position of Director is remunerated. The remuneration shall consist of a fixed sum and the relevant per diems for attending meetings, without prejudice to the reimbursement of any expenses duly accounted for that Directors may incur when attending meetings.*

*For this purpose, when the Directors' remuneration policy is approved, the General Meeting shall establish the maximum annual remuneration to be paid to Directors acting as such. The Board of Directors will distribute this remuneration among its members, at the Board's discretion, on the basis of the type of Director and the offices, functions and commitment of each of them on the Board and the Board Committees.*

*Regardless of the remuneration set forth above, executive Directors may be remunerated by means of the delivery of shares, share option rights or any system of remuneration linked to the share value, subject to the adoption of a shareholders' resolution that must contain the particulars required by law.*

*The arrangements for Directors' remuneration set forth herein 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 and, as appropriate, on service provision, senior management or similar contracts that may be entered into by the Company and such Directors, and may consist of fixed and/or variable remuneration, termination benefits, pensions or compensation of any kind. The Board of Directors shall be responsible for approving any other remuneration that they may receive for carrying out executive functions in accordance with the Directors' remuneration policy approved at the General Shareholders' Meeting".*

The Regulations of BME's Board of Directors also states, regarding Director remuneration, that:

**"Article 30.- Directors' remuneration.**

*1. The remuneration to be received by Directors acting as such and based on the executive functions attributed thereto will be brought into line with that established for such purpose in the Articles of Association and in the Directors' remuneration policy, which will be approved at the General Shareholders' Meeting pursuant to current legislation.*

*2. The remuneration of Directors acting as such shall be determined by the Board of Directors within the maximum annual remuneration to be paid to the Board of Directors as set forth in the remuneration policy. For the purpose of setting each Director's individual remuneration, the functions and responsibilities attributed thereto, membership on Board Committees and any other objective circumstances deemed relevant shall be taken into account.*

*3. The Board of Directors shall adopt the resolutions relating to setting Directors' remuneration based on the executive functions carried out under the terms and conditions of the contracts entered into with these Directors and which, in any case, will be in line with the remuneration policy".*

In accordance with the foregoing, the following provides a description of the principles and fundamental bases on which the BME Directors' Remuneration Policy is based.

### 3. GENERAL PRINCIPLES OF THE DIRECTORS' REMUNERATION POLICY OF BME.

#### 3.1. Principles and fundamental bases.

The remuneration of the Directors of BME is determined by taking into consideration that established in (i) legislation applicable to capital companies, specifically, Real Legislative Decree 1/2010, of 2 July, approving the Consolidated Text of the Companies Act (*Ley de Sociedades de Capital*); (ii) the Company's Articles of Association and Board of Directors Regulations; and (iii) the resolutions adopted at the General Shareholders' Meeting.

In addition, BME takes into account good corporate governance recommendations and best market practices in determining the Directors' Remuneration Policy.

Taking into consideration the foregoing, the general principles and fundamental bases on which the BME's Directors' Remuneration Policy is based are as follows:

- Transparency: Information on Director remuneration is transparent.
- Prudence: The remuneration of Directors is reasonably proportionate to the Company's importance, its financial position and the market standards of similar companies.
- Link to performance: Director remuneration is compatible with and linked to the corporate strategy, values and long-term interests of the Company and shareholders, and is designed to promote the long-term profitability and sustainability of BME.
- Balance: For Executive Directors, the remuneration structure shows a balanced and efficient relationship between fixed and variable components, with an appropriate proportion of variable components linked to (i) the delivery of medium- and long-term objectives, and (ii) the deferred delivery of shares of the Company.

The BME Remuneration Policy seeks to attract, retain and engage highly distinguished professionals, while at the same time establish a stable link and long-term commitment between remuneration, results and shareholder interests, thereby delivering the long-term objectives of the Company.

Article 40 of the Articles of Association states that the position of Director is remunerated and determines the remuneration systems applicable to Directors in accordance with their status.

In accordance with this article and article 30 of the Board of Directors Regulations, the Remuneration Policy distinguishes between the remuneration of Directors as such and the remuneration of Directors who carry out executive functions (hereinafter, "**Executive directors**").

The characteristics of the remuneration scheme for each category of Director is described below.

#### 3.2. Characteristics of the policy for remuneration Directors in their capacity as such.

In application of the principles set out in section 3.1 above regarding the system for remuneration of BME Directors in their capacity as such, this remuneration has the following characteristics:

- It is aligned with corporate governance standards and market circumstances, bearing in mind the Company's nature and activity.
- It compensates in accordance with the positions and responsibilities assumed on the Board and its delegate bodies. The amount of fees for attending meetings depends on the position and responsibility undertaken by each Company, whereby the amounts of attendance fees are higher for the Chairmen of the Board of the Directors and the Board committees.
- It compensates the effective commitment to the position. It comprises an amount for belonging to the Board of Directors, complemented by fees for attending the meetings of the Board of Directors and, where appropriate, of Board Committee. Directors must attend at least eight meetings of the Board of Directors over the course of the year to be eligible to receive the fixed remuneration for membership of the Board.
- Directors may be compensated reasonably for their dedication, abilities and responsibilities without this compromising their duty of loyalty or affecting their objectivity in the defence of corporate interests.
- Lastly, in accordance with the recommendations included in the Good Corporate Governance Code, Directors as such are not included in variable remuneration schemes.

### 3.3. Characteristics of the policy for remunerating executive Directors.

The characteristics of the remuneration scheme for executive Directors are as follows:

- Compensation is paid for discharging executive functions.
- There is a balanced and efficient relationship between fixed and variable components.
- Variable remuneration has a medium- and long-term component to encourage strategic behaviour by Directors, in addition to remuneration based on the delivery of short-term results. This remuneration system links an appropriate proportion of the variable component to (i) medium- and long-term objectives, and (ii) the deferred delivery of shares of the Company.
- This remuneration system is compatible with and linked to the corporate strategy, values and long-term interests of the Company, and is designed to promote the long-term profitability and sustainability of the Company.
- It takes into consideration market trends and is positioned in accordance with the Company's strategic approach, and suffices to attract and retain the best professionals.

Therefore, the Remuneration Policy is geared towards generating value for the Company, endeavouring to be aligned with shareholder interests and strict compliance with prevailing regulations on director remuneration at listed companies.

The components of the specific Director remuneration system based on the preceding principles and fundamental bases are described below.

#### **4. COMPONENTS OF THE REMUNERATION SYSTEM APPLICABLE TO DIRECTORS IN THEIR CAPACITY AS SUCH.**

Remuneration of Directors acting as such consists of a fixed amount ("fixed remuneration") based on the effective dedication of each Director. It also includes fees for attending meetings, which may take into account the position and level of responsibility assumed, without prejudice to the reimbursement of any expenses duly accounted for that Directors may incur to attend meetings.

Upon approving the Directors' Remuneration Policy, the General Meeting establishes the maximum annual remuneration to be paid to Directors acting as such. In addition, the Board of Directors shall distribute this remuneration among its members, at the Board's discretion, taking into account and assessing the functions and responsibilities attributed to each Director, as well as any other objective circumstances deemed relevant by the Board.

As set forth in article 40 of the Articles of Association and article 217.3 of the Companies Act, in addition to this Policy, also submitted for approval at the General Shareholders' Meeting is the proposed maximum annual amount that BME may pay to all Directors acting as such of EUR 1,200,000, which shall remain in force until a resolution is adopted at the General Shareholders' Meeting to amend this amount.

The Appointments and Remuneration Committee has proposed before the Board of Directors that the members of the Board receive the following remuneration in 2017:

- Fixed remuneration per Director: Directors shall receive EUR 30,000 when they have attended at least eight meetings of the Board of Directors over the course of the year or the corresponding proportional part depending on the date of their appointment as Director. In addition, the Lead Director shall also receive a fixed remuneration of EUR 20,000 for performing the additional responsibilities attributed to this post by the Regulations of the Board of Directors which comprise (i) chairing the Board of Directors in the absence of the Chairman and Deputy Chairman; (ii) giving voice to the concerns of non-executive directors and (iii) coordinating the Chairman succession plan; and
- Fees for attending each of the Board of Directors, Executive Committee, Audit Committee, Appointments and Remuneration Committee and Markets and Systems Operating Procedures Committee meetings: EUR 1,500, except in the case of the Chairman of each body, who shall receive EUR 3,000.

These amounts shall remain unchanged until the Board of Directors resolves an amendment, which must be disclosed in the Annual Report on Directors' Remuneration submitted each year for consideration by the General Shareholders' Meeting.

The Director Remuneration Policy proposes an update to the amount of attendance fees paid to Directors, from €1,100 in 2008 to €1,500, without affecting the fixed remuneration, which has been frozen at €30,000 since 2008.

In light of this situation, it appears reasonable that while the Directors' Remuneration Policy is effective, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, may agree to progressively and, in any case prudently, increase in this amount. The increase would be implemented in any event in keeping with the criteria of prudence and moderation governing BME's remuneration policy and below the maximum annual amount to be paid to Directors acting as such to be submitted to the General Shareholders' Meeting as an integral part of the Directors' Remuneration Policy.

Should new members be added to the Board of Directors while this Policy is effective, the same remuneration system would apply to them.

## 5. COMPONENTS OF THE REMUNERATION SYSTEM APPLICABLE TO THE CHAIRMAN.

Article 40 of the Articles of Association states that Directors who have executive functions and, as appropriate, service provision, senior management or similar contracts that may be entered into by the Company, may receive, in addition to the remuneration described in the preceding paragraph, fixed and/or variable remuneration, termination benefits, pensions or compensation of any kind.

In addition, the same article states that executive Directors may be remunerated by means of the delivery of shares, share option rights or any system of remuneration linked to the share value, subject to the adoption of a shareholders' resolution that must contain the particulars required by law.

Accordingly, the remuneration system for the Chairman comprises the following components:

Component	Key aspects
<b>Fixed remuneration</b>	Determined based on the level of responsibility in the Company and the position, ensuring that it is competitive relative to other companies similar to BME.
<b>Short-term variable remuneration</b>	Designed to adapt to standard market practices, with payment linked to the delivery of quantitative and qualitative objectives.
<b>Medium- and long-term variable remuneration</b>	Designed to encourage medium- and long-term commitment to the Company's shareholders. The system is instrumented through the grant of plans with overlapping cycles. Each cycle lasts three years.

### 5.1. Fixed remuneration.

The fixed remuneration paid to the Chairman for discharging his duties reflects his level of responsibility in the Company, the position held and professional experience, ensuring that it is competitive relative to that of other companies similar to BME.

In this respect, the annual fixed remuneration of the Chairman for 2016 is €732,319. This remuneration refers to a full year. Therefore, should the Chairman resign before the beginning or end of the financial year, he shall be paid the amounts effectively accrued, in proportion to the time worked during that year.

The Chairman's fixed remuneration is not expected to change significantly in 2017 and 2018. Nevertheless, the Board of Directors shall review the remuneration annually and decide whether it needs to be adjusted in accordance with the Chairman's level of responsibilities at any given time, the Company's performance and based on a market analysis of the fixed remuneration paid to equivalent executive positions at comparable companies. Any adjustments to the fixed annual remuneration shall be made in accordance with the criteria of prudence and moderation governing the BME Remuneration Policy.

This amount shall be the sum of the monetary remuneration and remuneration in kind which, as appropriate, may be paid to the Chairman by the Company. The Chairman currently receives his fixed remuneration entirely in cash.

Any attendance fees earned by the Chairman for attending Board of Directors and Executive Committee meetings must be added to this amount, if applicable. However, the Chairman does not receive the fixed remuneration established for Directors acting as such.

## 5.2. Annual variable remuneration.

Annual variable remuneration in cash paid to the Chairman is determined in accordance with the achievement of objectives established by the Board of Directors at the proposal of the Appointments and Remuneration Committee. The annual variable remuneration system for the Chairman includes quantitative indicators linked to the Company's results and business performance, and qualitative indicators linked to certain strategic variables of the Company and the Chairman's performance.

The criteria used to determine and calculate the Chairman's annual variable remuneration are as follows:

- Maintain the maximum limit of annual variable remuneration at the Chairman's fixed remuneration.
- Base the variable remuneration of the Chairman for each year on the ordinary variable remuneration effectively received the preceding year.
- Link the Chairman's annual variable remuneration to quantitative and qualitative variables.

The objectives established for the calculation of the annual variable remuneration of the three years the Policy is in effect are as follows:

- (i) quantitative (objective related to the annual performance of consolidated EBITDA compared to the prior year), representing 80% of the annual variable remuneration, and
- (ii) qualitative (objective related to the performance of revenue not linked to volumes; the Company's efficiency ratio; and satisfactory performance of functions), representing 20% of the annual variable remuneration. The evaluation of performance is conducted through the reports on the Chairman's evaluation and the functioning of the Board of Directors.

Accordingly, 80% of the Chairman's variable remuneration is linked to the performance of the Company's consolidated EBITDA compared to the preceding year, increased or decreased by the same proportion that the Company's consolidated EBITDA increases or decreases relative to the preceding year. The remaining 20% shall be linked to the aforementioned qualitative criteria.

The Chairman will lose the right to receive the annual variable remuneration in cash when the consolidated EBITDA of the Company decreases by more than 20% compared to the previous year.

In this case, for the determination and calculation of the annual variable remuneration in cash corresponding to the year following that in which the right to receive this remuneration was lost, the following particularities will be taken into account:

- The calculation basis of the variable remuneration of the Chairman will be the arithmetic mean of the last two annual variable remunerations effectively received; and,
- The quantitative objective will be the annual change in the consolidated EBITDA compared to the arithmetic mean of the consolidated EBITDA of the two previous financial years.

This variable remuneration structure will remain unchanged over the period of coverage of the Remuneration Policy without prejudice to any annual revision by the Board of Directors at the proposal of the Appointments and Remuneration Committee of the variable remuneration system's qualitative variables in order to align them with the interests of the Company and its shareholders.

In any event, the Board of Directors shall consider that the objectives established for the three years covered by the Directors' Remuneration Policy are appropriate to measure the Chairman's contribution to BME's results.

### 5.3. Medium- and long-term variable remuneration.

In accordance with article 40 of the Articles of Association and in order to adapt the variable remuneration of executive Directors to the recommendations of the CNMV that part of variable remuneration should be deferred, part of the variable remuneration of executives Directors is linked to the delivery of shares over the medium and long term.

To this end, executive Directors may participate in medium- and long-term incentive plans linked to strategic conditions and objectives, either cash- or equity-settled, established by the Company for its senior managers.

The 2014-2019 medium- and long-term variable remuneration plan is currently in force.

This plan entailed assigning a number of theoretical units to beneficiaries in 2014, 2015 and 2016, as the basis for calculating the shares to be delivered to the beneficiaries, if appropriate, subject to fulfilment of the plan's objectives in 2017, 2018 and 2019.

This plan was approved by the General Shareholders' Meeting of the Company in 2014 and entailed the promise to deliver ordinary shares of BME to executive Directors and senior managers over the medium and long term.

The specific number of shares to be delivered depends on the performance of the efficiency ratio and the Total Shareholder Return of BME, for comparison purposes with the performance of these indicators for another five benchmark companies during the following periods:

- (i) 1 January 2014 to 31 December 2016;
- (ii) 1 January 2015 to 31 December 2017; and
- (iii) 1 January 2016 to 31 December 2018.

The number of BME shares to be delivered to the Chairman for participation in the Plan is calculated by dividing the number of theoretical units assigned in each year in two parts, each being linked to one of the two indicators (performance of the efficiency ratio or Total Shareholder Return), and each being multiplied by a factor of

0 to 1.5 according to BME's final ranking among the five benchmarked companies. Each metric associated with the Plan carries a 50% weighting.

The maximum number of BME shares included in the Plan that can be delivered to the Chairman is 79,992 shares.

The Chairman will receive the shares that correspond to him by the Company over a period of several years; the Plan therefore includes a mechanism such that the shares are received over a prolonged and drawn out period of time in accordance with the principles of long-term time horizon and interests indicated in this Remuneration Policy.

The Chairman may not carry out, either directly or indirectly, any hedging transactions on the value of any shares he may receive under the Plan.

The Plan is recurring in nature; the Board of Directors shall propose successive approvals to the General Shareholders' Meetings, which shall be presented, as appropriate, in compliance with the applicable legal requirements at any given time.

#### 5.4. Long-term savings schemes.

As stipulated in article 40 of the Articles of Association and based on the functions that the Chairman has attributed thereto as Chairman of the Board of Directors and Chief Executive Officer, the shareholders at the ordinary General Shareholders' Meeting held on 30 April 2008 approved, at the request of the Board of Directors and following a favourable report from the Appointments and Remuneration Committee, the establishment of a pension plan in cases of death, disability or retirement of the Chairman, a commitment that was outsourced on 18 December 2008 by taking out a specific insurance policy. This pension obligation consisted of a defined contribution insurance policy, in which three annual premiums were paid in 2008, 2009 and 2010.

In accordance with that established in this resolution, no contributions have been made to this pension obligation since 2011.

The right to collect any retirement benefits arising from this obligation is incompatible with the right to collect any termination benefits to which Mr. Zoido Martínez may be entitled as a result of ceasing to perform his functions in the Company.

At 31 December 2015, the total amount of the accumulated funds deriving from this insurance policy is €2,508,306.17.

## 6. **MAIN TERMS OF THE CHAIRMAN'S CONTRACT.**

The main terms and conditions of the Chairman's contract are as follows:

- Duration: The Chairman exercises senior management functions at BME as the Chairman of the Board of Directors and CEO of the Company, and has entered into a service agreement with the Company, the terms and conditions of which were unanimously approved by the Board of Directors, following a report from the Appointments and Remuneration Committee. The term of this service agreement is conditional on Antonio Zoido Martínez maintaining the position of Chairman.
- Exclusivity: During the period in which Mr. Zoido holds the post of Chairman he assumes the obligation of not engaging in any activity that may give rise to competition with the Company or any of the companies of its Group, either directly or indirectly, through any persons, companies or investments made in any manner, and

must provide his services to the Company and the companies of its Group exclusively and with absolute dedication.

- **Termination benefits:** This service provision contract also contains the Chairman's termination conditions agreed by the extraordinary General Shareholders' Meeting held on 5 June 2006, which granted him the right to receive an amount equivalent to three times his annual fixed remuneration at the moment of the termination.

If the Chairman voluntarily leaves the post, fails to fulfil his duties or if any of the cases needed for BME to be able to take corporate action against him for liability concur, the Chairman shall not receive the aforementioned amount.

- **Post-contractual non-competition:** This requires the Chairman, during a three-year period, to not engage in any activity that may be classed as competition with the Company or any of the companies of its Group, either directly or indirectly, through any persons, companies or investments made in any manner, and to not hold any post, or be employed or provide services at companies not included in the Group that have an identical or similar corporate purpose or activity as the Company or any of the companies of its Group. Should Mr. Zoido Martínez fail to comply with this non-competition duty during the three years following his termination as Chairman, he will lose his right to the termination benefits mentioned above and, consequently, will be required to return any amount received until this date in this connection.

In any event, the Board of Directors shall review the terms of the executive Director's contract periodically and make any changes required to comply with the Company's Remuneration Policy and internal regulations.

## 7. COMPONENTS OF THE REMUNERATION SYSTEM APPLICABLE TO THE CEO

In accordance with the provisions of article 40 of the Articles of Association, detailed in section 5 above, the remuneration system of the CEO comprises the following components:

Component	Key aspects
<b>Fixed remuneration</b>	Determined based on the level of responsibility in the Company and the post, ensuring that it is competitive relative to other companies similar to BME.
<b>Short-term variable remuneration</b>	Designed to adapt to standard market practices, with payment linked to the fulfilment of quantitative and qualitative objectives.
<b>Medium- and long-term variable remuneration</b>	Aims to strengthen the medium- and long-term commitment to the Company's shareholders. The system is instrumented through the concession of plans with overlapping cycles. Each cycle lasts three years.
<b>Welfare schemes</b>	The aim is to complete the remuneration system for the CEO with a welfare scheme.
<b>Remuneration in kind</b>	Remuneration in kind includes the provision of life and health insurance policies.

### 7.1. Fixed remuneration.

The fixed remuneration paid to the CEO for performing his duties reflects his level of responsibility in the Company, the position held and professional experience, ensuring that it is competitive relative to that of other companies similar to BME.

The annual fixed remuneration of the CEO for 2017 is EUR 500,000. This remuneration refers to a full year. Therefore, should the CEO be appointed or resign before the beginning or end of the financial year, he shall be paid the amounts effectively accrued, in proportion to the time worked during that year.

The CEO's fixed remuneration is not expected to change significantly in 2018. Nevertheless, the Board of Directors shall review the remuneration annually and decide whether it needs to be adjusted in accordance with the CEO's level of responsibilities at any given time, the Company's performance and based on a market analysis of the fixed remuneration paid to equivalent executive positions at comparable companies. Any adjustments to the fixed annual remuneration shall be made in accordance with the criteria of prudence and moderation that govern BME's Remuneration Policy.

In addition to the fixed remuneration, the CEO shall also receive the amount deriving from the attendance fees for attending meetings of the Board of Directors and its Committees, as well as the fixed remuneration established for Directors acting as such.

### 7.2. Annual variable remuneration.

Annual variable remuneration in cash paid to the CEO is determined in accordance with the achievement of objectives established by the Board of Directors at the proposal of the Appointments and Remuneration Committee. The annual variable remuneration system corresponding to the CEO is established using the same terms and criteria as for the determination and calculation of that of the Chairman.

The CEO will lose the right to receive the annual variable remuneration in cash when the consolidated EBITDA of the Company decreases by more than 20% compared to the previous year.

In this case, for the determination and calculation of the annual variable remuneration in cash corresponding to the year following that in which the right to receive this remuneration was lost, the following particularities will be taken into consideration:

- The calculation basis of the variable remuneration of the CEO will be the arithmetic mean of the last three annual variable remunerations effectively paid; and,
- The quantitative target will be the annual change in the consolidated EBITDA compared to the arithmetic mean of the consolidated EBITDA of the three previous financial years.

This variable remuneration structure will remain unchanged over the period of validity of the Remuneration Policy, without prejudice to any annual revision by the Board of Directors at the proposal of the Appointments and Remuneration Committee of the variable remuneration system's qualitative variables in order to align them with the interests of the Company and its shareholders.

In any event, the Board of Directors considers that the objectives established during the period covered by the Directors' Remuneration Policy are appropriate to measure the CEO's contribution to BME's results.

Furthermore, in relation to the annual variable remuneration of the CEO, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, may review the calculation basis, which according to its determination and calculation system, is the annual variable remuneration effectively received in the previous financial year, and whether any adjustment is deemed necessary depending on the level of responsibilities assumed by the CEO, the performance of the Company and the corresponding market analysis of the variable remuneration paid to equivalent executive positions at comparable companies. Any adjustments to the variable annual remuneration shall be made in accordance with the criteria of moderation and prudence that govern BME's Remuneration Policy.

If appropriate, the adjustments to the calculation basis of the annual variable remuneration of the CEO shall be communicated through the corresponding Report on BME's Directors Remuneration.

### 7.3. Medium- and long-term variable remuneration.

In accordance with article 40 of the Articles of Association and in order to adapt the variable remuneration of Executive Directors to the recommendations of the Good Governance Code, according to which a part of their variable remuneration should be deferred, part of the medium- and long-term variable remuneration is linked to the delivery of shares.

To this end, the CEO, in the same way as the Chairman, may participate in medium- and long-term incentive plans linked to strategic conditions and objectives, either cash- or equity-settled, established in the future by the Company for its senior managers.

The CEO is currently the beneficiary of a Share-based Variable Remuneration Plan to be implemented by the Company and subsidiary companies, aimed at members of the management team, including Executive Directors, which was approved by the Ordinary Shareholders General Meeting on 30 April 2014 and which covers the period 2014 to 2019. The CEO is subject to the same terms and conditions as the Chairman and the rest of the management team due to having held the post of General Manager of the Company in 2014, 2015 and 2016 when the theoretical units were assigned.

In 2017, 2018 and 2019, the CEO shall receive the corresponding shares according to the fulfilment of the objectives established in the Share-based Variable Remuneration Plan.

The CEO may not carry out, either directly or indirectly, any hedging transactions on the value of any shares he may receive under the Plan.

Following approval by the General Shareholders' Meeting, the CEO will be able to participate in successive medium- and long-term variable remuneration plans that may arise, if any, to be approved by the Ordinary General Shareholders' Meeting and which shall have similar requirements and conditions as the current Share-based Variable Remuneration Plan.

Among these requirements and conditions is the receipt by the beneficiaries of the shares to which they are entitled corresponding to several years; the Plan therefore

includes a mechanism such that the shares are received over a prolonged and extensive period of time in accordance with the principles of long-term time horizon and interests indicated in this Remuneration Policy.

In any event, the participation of the CEO in these types of plans shall be subject to the conditions and requirements established by the General Shareholders' Meeting in accordance with established on article 219 of the Companies Act.

#### 7.4. Welfare schemes.

The Company has a retirement linked savings plan for Directors which was established in February 2006, of which the CEO is a participant due to his capacity as General Manager.

In accordance with article 40 of the Articles of Association, BME shall consider the CEO as a participant in a welfare scheme under the same terms as those applied to Directors with an employment relationship with the Company.

The Appointments and Remuneration Committee shall adopt the resolutions relating to the annual contribution to a welfare scheme in accordance with his/her level and responsibility within the Company and within the limits established, if any, by the Board of Directors.

In any event, the amounts to be contributed to the welfare scheme shall be communicated in the Report on BME's Directors Remuneration.

#### 7.5. Remuneration in kind.

The CEO may be the beneficiary of determined remunerations in kind which include, for example, the payment of life insurance premiums and a health insurance policy to complement that of the Social Security, covering the CEO and the members of the family residing with him/her, under the same terms and with the same coverage as that of employees of the Company.

## 8. MAIN TERMS OF THE CEO'S CONTRACT

The main terms and conditions of the contract formalised with the CEO upon his appointment as such are as follows:

- Duration: The CEO shall exercise senior management functions at BME and shall sign a contract with the Company, the terms and conditions of which will be approved by the Board of Directors upon the conclusion of the Ordinary General Shareholders' Meeting approving this Policy and the subsequent favourable report from the Appointments and Remuneration Committee. The term of this contract is conditional on Mr. Javier Hernani Burzako maintaining the position of CEO.
- Exclusivity: During the period in which Mr. Hernani Burzako holds the post of CEO he assumes the obligation of not engaging in any activity that may give rise to competition with the Company or any of the companies of its Group, either directly or indirectly, through any persons, companies or investments made in any manner, and must provide his services to the Company and the companies of its Group exclusively and with absolute dedication.

- Termination benefits: In the event of the resignation of the CEO, the revocation of his powers, or the termination of the contract on the initiative of the CEO due to a non-fulfilment of the obligations assumed by the Company, the CEO shall have the right:
  - to resume his suspended employment relationship, calculating the length of time of service as CEO as if it had been an ordinary employment relationship for relevant legal purposes.
  - receive the greater of the two following amounts: (i) the payment of the amount equivalent to two years fixed and annual variable remuneration existing at the moment of termination of the employment relationship or (ii) the legal compensation pursuant to the Employment Statute at that time for any dismissal considered unfair.

If termination results from a failure to fulfil his duties as CEO of the Company duly declared by a court and/or any of the cases needed for BME to be able to take corporate action against him for liability concur, neither the resumption of the employment relationship nor the payment of the aforementioned amount will occur.

- Resumption of suspended employment relationship: In the event of voluntary resignation of the Director, the CEO will have the right to resume his suspended employment relationship, calculating the length of time of service as CEO as if it had been an ordinary employment relationship for relevant legal purposes.
- Recovery or “clawback” clause: In the event that during the two years following (i) the settlement and payment of any amount of the annual variable remuneration or (ii) the delivery of shares deriving from the medium- and long-term remuneration plan, any of the circumstances detailed below arise, BME shall have the right to demand from the responsible party the return of the aforementioned remuneration, or even compensate said return with other remunerations of any nature that the CEO has a right to receive. These circumstances are the following:
  1. When it is demonstrated that the settlement and payment of the annual variable remuneration or the delivery of shares deriving from the medium-and long-term remuneration plan have been fully or partially made based on:
    - a) information whose falsification or gross inaccuracy is subsequently and manifestly demonstrated, or
    - b) in the case that other significant factors arise that were not foreseen, or known, or evaluated by the Company at the time of the payment of the variable remuneration or the delivery of the shares, that have a negative material effect on the income statements of any of the years from the period to which the recovery or “clawback” refer.
  2. There is a significant reformulation of the financial statements of the Company, unless such reformulation is due to an amendment to the applicable accounting rules, provided that such a reformulation refers to any of the periods taken into consideration for the determination of the annual variable remuneration or the shares to be delivered in accordance with the medium-and long-term remuneration plan.

It is the responsibility of the Board of Directors, following a report by the Appointments and Remuneration Committee, to determine the existence of the circumstances that provide grounds to apply this clause, and should this be the case,

the measure and scope attributable to the significant negative effect on the variable remuneration that must be recovered and the form in which this recovery shall take place.

In any event, the Board of Directors shall review the terms of the CEO's contract periodically and make any changes required to comply with the Company's Remuneration Policy and internal regulations.

## **9. REMUNERATION PAID TO DIRECTORS FOR THE THEIR FUNCTIONS AND POSITIONS AT GROUP COMPANIES**

Regardless of the remuneration received as Directors of the Company, the members of the Board of Directors may receive remuneration from other Group companies in connection with the positions of Chairman and Directors held or other duties they perform at such companies.

As at the date of this Policy, three members of the Board of Directors receive remuneration from other Group companies in connection with the positions held or duties they perform.

### **9.1 Remuneration of Joan Hortalá i Arau.**

Joan Hortalá i Arau does not have any senior management duties at BME. His classification as executive Director arises from his status as Chairman of the management company for the Barcelona Stock Exchange, Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U. (hereinafter, "Barcelona Stock Exchange")

As Chairman of the Board of Directors of the Barcelona Stock Exchange, Mr. Hortalá i Arau receives the attendance fees agreed upon by the competent body, the amounts of which are expected to be the same as those, where applicable, for each year approved by BME's Board of Directors.

In addition to this amount, as stipulated in article 26 of the Articles of Association of the Barcelona Stock Exchange, and based on the executive powers attributed in this company, Mr. Hortalá i Arau receives fixed remuneration and variable remuneration, the amounts of which are set based on the same criteria of prudence and moderation that govern the remuneration of BME's Directors.

#### **9.1.1 Fixed remuneration.**

Mr. Hortalá i Arau's fixed remuneration for performing his functions reflects mainly his position and level of responsibility at the Barcelona Stock Exchange and his professional experience.

In this respect, the annual fixed remuneration he will receive in 2016 from the Barcelona Stock Exchange is €229,280. This remuneration refers to a full year. Therefore, should the executive Director resign before the beginning or end of the financial year, he shall be paid the amounts effectively accrued, in proportion to the time worked during that year.

Mr. Hortalá i Arau's fixed remuneration during the term of this Policy is not expected to change significantly in 2017 and 2018. Nevertheless, the Board of Directors of the Barcelona Stock Exchange shall review this remuneration annually and increase it, as appropriate, in accordance with the level of responsibilities assumed at any given time at this Company and with BME's performance as a holding company of the Barcelona Stock Exchange. Any adjustments to the fixed annual remuneration shall

be made in accordance with the criteria of prudence and moderation that govern the BME Group's Remuneration Policy.

#### 9.1.2 Annual variable remuneration.

Mr. Hortalá i Arau receives variable remuneration. The amounts of this remuneration are determined annually based on variables linked to the performance of the company in which he provides his services and based on the criteria of prudence and moderation that govern remuneration at BME.

Specifically, Mr. Hortalá i Arau receives variable remuneration linked to the amount received in this connection the previous year and to the performance of BME's results for the year to which this variable remuneration relates.

#### 9.1.3 Medium- and long-term variable remuneration.

Mr. Hortalá i Arau participates in the same medium- and long-term plans as the Chairman and is subject to the same terms and conditions.

#### 9.1.4 Long-term savings schemes.

The Company does not have any long-term savings scheme for Mr. Hortalá i Arau.

#### 9.1.5 Other remuneration of Mr. Hortalá i Arau.

Mr. Hortalá i Arau also receives attendance fees for his position on the Board of Directors of Sociedad de Bolsas, S.A.

The remuneration for the above components received each year by Mr. Hortalá are duly disclosed in BME's Annual Report on Directors' Remuneration.

### 9.2 Other Directors.

Mr. Antonio Zoido Martínez, Mr. Carlos Fernández González and Mr. Javier Hernani Burzako are remunerated for their positions and the duties they perform in other BME Group companies, the amounts of which are duly disclosed in BME's Annual Report on Directors' Remuneration.

## **10. ADDITION OF NEW EXECUTIVE DIRECTORS**

The remuneration system described above for the Chairman and the CEO shall be applicable to any Director who may be included in the Board of Directors during the term of the Remuneration Policy to perform executive duties.

In this respect, the Appointments and Remuneration Committee and the Board of Directors shall, in particular, consider the duties assigned, the responsibilities assumed, the professional experience, market remuneration for the position and any other factor considered appropriate to determine the components of the applicable remuneration system, as appropriate, for the new executive Director, which will be duly reflected in the contract to be signed between the Company and the new executive Director.

## **11. APPLICATION OF THE POLICY**

Without prejudice to the provisions of the Companies Act regarding Director remuneration policy, the Board of Directors, subject to reports by the Appointments and Remuneration Committee, shall adopt and review periodically the general principles of the Directors' Remuneration Policy, and be responsible for ensuring that it is applied. To this end, BME's

Board of Directors shall conduct an annual review of the principles and procedures contained in this document in order to make or, as appropriate, propose any amendments, adaptations, implementing regulations or regulatory criteria that may warranted.

## **12. TERM OF THE REMUNERATION POLICY**

Without prejudice to the provisions of the Companies Act regarding Director remuneration policy, the policies and procedures contained in this report shall remain in effect in 2016, 2017 and 2018, except for the amendments, adaptations, updates or substitutions agreed at any time, which will be submitted for approval by the BME General Shareholders' Meeting.