



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

"DIRECTORS' REMUNERATION POLICY FOR FINANCIAL YEAR 2019, 2020
AND 2021"

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1.- INTRODUCTION.

Royal Legislative Decree 1/2010, of 2 July, which approved the Consolidated Text of the Companies Act, stipulates, inter alia, that listed companies must have a remuneration policy for Directors. It also states that the directors' remuneration policy must adapt to the remuneration system 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.

The Directors' Remuneration Policy for the years 2016, 2017 and 2018 of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (hereinafter, "BME" or the "Company") was approved at the ordinary General Shareholders' Meeting held on 28 April 2016 and was then amended by the ordinary General Shareholders' Meeting held on 27 April 2017, among other matters, due to the commencement of the process to amend the governance structure of the Company with the appointment of a Chief Executive Officer.

In accordance with the provisions of article 529. novodecies of the Companies Act, the Directors' Remuneration Policy for 2019, 2020 and 2021 must be submitted before the ordinary General Shareholders' Meeting this financial year (2019), due to the validity of the previous Directors' Remuneration Policy having terminated.

Furthermore, to coincide with the 2019 ordinary General Shareholders' Meeting, the process to amend the corporate governance structure will culminate with the transfer of all the executive functions held by the Chairman to the Chief Executive Officer.

As a result of the foregoing, Chairman of the Board of Directors will be attributed the duties inherent in said position as well as the non-executive institutional functions and will therefore be classified as an "other external Director".

1.1 New elements of the Directors' Remuneration Policy for 2019, 2020 and 2021.

The present Directors' Remuneration Policy for 2019, 2020 and 2021 (hereinafter the "Remuneration Policy" or the "Policy") does not propose any changes with regards to remuneration components to be received by Directors both acting as such nor those they receive when discharging their executive functions at the Company, which are detailed in the Directors' Remuneration Policy for 2016, 2017 and 2018.

The proposed amendments to the present Remuneration Policy affect:

- (i) the determination of the remunerative system applicable to the Chairman of the Board of Directors in their new role as non-executive Chairman and, in particular, the determination of the amount of fixed remuneration that will be received for carrying out the duties inherent in their position as Chairperson and the institutional non-executive functions to be carried out at the Company.
- (ii) the amendment to the main conditions of the contract of the Chairman resulting from their new role as non-executive Chairman.
- (iii) the incorporation of the amounts that Directors acting as such receive as fixed remuneration and fees for attending meetings of the Board of Directors and its Committees, which were approved by the Board of Directors on 28 May 2018; and,
- (iv) as a result of the abovementioned amendments, the determination of a new maximum amount of annual remuneration for all the Directors acting as such, in accordance with the provisions set forth under article 217.3, of the Companies Act.

1.2 Proposed resolutions.

Pursuant to the foregoing, the Board of Directors submits at the proposal of the Appointments and Remuneration Committee the following before the ordinary General Shareholders' Meeting, which in all likelihood will be held on 25 April 2019:

- (i) the Directors' Remuneration Policy for 2019, 2020 and 2021, drawn up in accordance with the provisions of the Companies Act; and,
- (ii) the maximum amount of annual remuneration of all the Directors acting as such 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 discharge of or termination of their positions and for the performance of executive functions shall be in accordance with this Policy.

2. INTERNAL RULES AND REGULATIONS OF BME.

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

Regarding Director remuneration, article 40 of the 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's 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 Board of Directors' Regulations further establish in relation to 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, their 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; (ii) the Company's Articles of Association and the 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 upon 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 Directors' 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 acting as such and the remuneration of the only Director who, as of the date of approval of this Policy, discharges executive functions at the Company.

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

3.2. Characteristics of the remuneration policy of Directors acting as such.

In application of the principles set out in section 3.1 above regarding the system for remuneration of BME Directors acting 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 held on the Board and its Committees and the effective dedication thereto. In this regard, the remuneration of the Directors acting as such mainly comprises an amount for belonging to the Board of Directors, which shall be received in the case of attending a minimum number of Board meetings, complemented by fees for attending the meetings of the Board of Directors and, where appropriate, of Board Committees, the amount of which depends on the position and the responsibility assumed by each Director, whereby the amounts of attendance fees are higher for the Chairmen of the Board of Directors and the Board committees.
- It compensates the special dedication required for the discharge of certain functions and responsibilities within the Company and the Board of Directors, this being the reason for the greater remuneration of the Chairman of the Board of Directors based on the responsibilities inherent in the position and the institutional non-executive functions attributed thereto due to the special dedication required and the additional fixed remuneration received by the Lead Director.
- It is motivational to compensate 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 acting as such are not included in the variable remuneration systems.

3.3. Characteristics of the policy for remunerating executive Directors.

The remuneration system of the executive Director is as follows:

- Remuneration 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 of the executive Director, 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 ACTING 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.

The maximum remuneration of the Directors acting as such cannot exceed the annual maximum amount of remuneration to be paid that, in accordance with the provisions of article 217.3 of the Companies Act and article 40 of the Articles of Association, the General Shareholders' Meeting will establish when approving the Directors' Remuneration Policy.

The Appointments and Remuneration Committee is responsible for proposing to the Board of Directors the criteria it deems appropriate to discretionally distribute this maximum amount between its members in accordance with the category of the Director and the positions, functions and dedication assumed by each one of them on the Board of Directors and its Committees, as well as any other objective circumstance that the Board considers relevant.

4.1. Amount of the maximum annual remuneration of Directors acting as such.

Since the entry into force of the present Remuneration Policy for 2019, the maximum amount of annual remuneration of all the Directors acting as such which will total €2,000,000, an amount that will remain in force even though the General Shareholders' Meeting does not approve its amendment. This amount includes the remuneration of the Chairman of the Board of Directors for the duties inherent in said position as well as the non-executive institutional functions.

The Board of Directors will determine its distribution among the different Directors, for which it shall take into account the criteria included in this Remuneration Policy.

4.2. Remuneration of Directors acting as such.

The remuneration of Directors acting as such consists of a fixed amount ("fixed remuneration") and fees for attending Board of Directors meetings and the meetings of its delegated committees.

The amounts to be received by Directors in 2019 in connection with fixed remunerations and attendance fees will be as follows:

- Fixed remuneration per Director: Directors shall receive €50,000 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.
- Fees for attending each of the meeting of the Board of Directors and its Committees formed in accordance with the provisions of article 33 of the Articles of Association: €1,000, except the Chairman of each of the Committees, who shall receive double the amount.

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

In any case, such an amendment must be adopted following the criteria of prudence and moderation that characterise the remuneration policy of BME and always within the maximum annual amount of the remuneration for the Directors acting as such.

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

4.3. Additional fixed remuneration of the Lead Director.

The Company has deemed it appropriate to maintain the position of Lead Director irrespective of the classification of the Chairman of the Board of Directors as a non-executive Director.

The Lead Director shall also receive fixed remuneration of €20,000, as compensation for the performance of the additional duties attributed to this post under the Companies Act and the Board of Directors' Regulations in addition to the remunerative components corresponding to Directors acting as such.

4.4. Remuneration of the non-executive Chairman of the Board of Directors.

The remuneration of the non-executive Chairman for the non-executive institutional functions shall include only the fixed components, in the same manner as the remaining Directors acting as such. These consist of a fixed remuneration and the fees for attending the meetings of the Board of Directors and, where applicable, the Committees of the Board of Directors of which he/she may form part.

The amounts to be received by the Chairman of the Board of Directors in 2019 in connection with these items are as follows:

- Chairman's fixed remuneration: €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. In this regard, for 2019, this amount includes the part of the fixed remuneration received from 1 January 2019 in relation to the executive functions discharged at the Company until the ordinary General Shareholders' Meeting.

- Fees for attending the Board of Directors meetings: As Chairman of the Board of Directors the attendance fees to be received shall be double that of the Directors, in other words, €2,000.
- Fees for attending meetings of the Committees formed by the Board of Directors accordance with the provisions of article 33 of the Articles of Association: €1,000 euros. Double in the case of chairing the Committee.

The Chairman's fixed remuneration is not expected to change significantly in 2020 and 2021. In any event, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, may review this remuneration on an annual basis if an adjustment is deemed necessary. 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.

The Chairman of the Board of Directors does not accrue a variable remuneration in 2019, 2020 and 2021, the period of validity of this policy.

Remuneration outstanding relating to the executive functions discharged by the Chairman of the Board of Directors prior to the ordinary General Shareholders' Meeting of 2019.

Without prejudice to the foregoing, with regard to the executive functions that the Chairman held up until the ordinary General Shareholders Meeting held in 2019, the Chairman of the Board of Directors maintains the condition of beneficiary of the medium- and long-term incentive plans relating to conditions and strategic objectives that can be settled in cash or in shares established by the Company for its Senior Management, as well as a pension obligation in the event of death, disability or retirement.

Share-based Variable Remuneration Plans

The Chairman is the beneficiary of two Share-Based Variable Remuneration Plans approved by the ordinary General Shareholders' Meeting at its meeting on 27 April 2017 and 26 April 2018, under the terms detailed as follows.

Furthermore, the Chairman is the beneficiary of the medium-term Share-based Variable Remuneration Plan, approved at the ordinary General Shareholders' Meeting held on 30 April 2014, which expired on 31 December 2018.

The settlement of the third and final period of the Plan will take effect during 2019, however, as at the date of this Policy the necessary data is not available to demonstrate the compliance with the objectives established in the Plan and, as a result, the specific number of shares that will correspond to the Chairman will amount to a maximum total of 31,693 BME shares.

Medium-term remuneration scheme approved on 27 April 2017.

This Plan was based on the allocation in 2017 of a number of theoretical units which shall serve as the basis for calculating any shares to be delivered, subject to fulfilment of the objectives of the Plan in the year 2020.

The specific number of shares to be granted in the year 2020 shall depend on the performance of BME's Efficiency Ratio and *Total Shareholder Return* on its share price, compared with another five (5) benchmarked entities, and shall be calculated by dividing in two the number of theoretical units assigned in 2017, each being linked to one of the two indicators, and each being multiplied by a coefficient of 0 to 1.5 according to BME's final ranking among the benchmarked companies.

As a result of the maturity of this plan on 31 December 2019, the Chairman of the Board of Directors will receive a maximum of 24,067 BME shares in 2020.

Share-based Variable Remuneration Plan approved on 26 April 2018.

This Plan is based on the allocation of a number of theoretical units in 2018, 2019 and 2020, as the basis for calculating the BME shares to be delivered to the beneficiaries, if appropriate, subject to fulfilment of the objectives established in the plan for 2021, 2022 and 2023 respectively.

The specific number of shares to be delivered shall depend on the evolution of the *Total Shareholder Return* for the BME share in each of the Plan Measurement Periods, with respect to the evolution of this indicator for another five (5) benchmarked entities, provided this is positive, and shall be calculated by applying to the number of theoretical units allocated a coefficient between 0 and 1.5, depending on the position finally taken up in the classification of the benchmarked companies.

In exercise of this plan, the Appointments and Remuneration Committee, at its meeting held on 28 May 2018, proceeded with allocation of the theoretical units corresponding to the first period of the Plan and the maximum number of theoretical shares that the Chairman of the Board of Directors will receive in 2021 will be 22,573 shares.

As a result of the new role as non-executive Chairman the allocation of the theoretical units corresponding to the years 2019 and 2020 that would have been due will no longer be executed under this Share-based Variable Remuneration Plan.

Long-term savings scheme.

The ordinary General Shareholders' Meeting held on 30 April 2008 approved, at the proposal of the Board of Directors and based on the favourable report of the Appointments and Remuneration Committee, the establishment of a pension obligation in the event of death, disability or retirement of the Chairman, a commitment outsourced on 18 December 2008 through the arrangement of 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 the provisions of this resolution, no contributions have been made to this pension obligation since 2011.

5. MAIN CONDITIONS OF THE CONTRACT OF THE NON-EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS.

The Chairman of the Board of Directors has signed a business contract for services which has been amended in this financial year (2019) as a result of the change in the duties attributed in the Company. The amendment to the business contract for services will be approved by the Board of Directors, at the proposal of the Appointments and Remuneration

Committee, after the approval of the Directors' Remuneration Policy by the ordinary General Shareholders' Meeting.

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

- **Duration**: The term of this service agreement is conditional on Mr Antonio Zoido Martínez maintaining the position of Chairman of the Board of Directors.
- **Exclusivity**: During the period in which Mr Zoido Martínez 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 of the contract**: In the case of termination of the contract prior to its expiration due to resignation or by mutual agreement of the parties, Mr Antonio Zoido Martínez will lose the right to receive any form of compensation. In this regard, he shall have the right to receive the retirement benefit deriving from the long-term savings scheme referred to in section 4.4 of this Remuneration Policy.

6. COMPONENTS OF THE REMUNERATION SYSTEM APPLICABLE TO THE CEO.

Article 40 of the Articles of Association establishes that Directors who discharge executive functions within the Company can receive other remuneration apart from that they are entitled to as Directors and based on the aforementioned executive functions and, as appropriate, on service provision, senior management or similar contracts that may be entered into with the Company and these may consist of fixed and/or variable remuneration, allowances, 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.

As of the date of approval of this Policy, the only Director with executive functions in the company will be the CEO.

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

Component	Key aspects
Fixed remuneration	Determined based on the level of responsibility in the Company and the post, ensuring that it is competitive with regard to other companies similar to BME.
Short-term variable remuneration	Designed to adapt to standard market practices, with payment linked to the fulfilment of quantitative and qualitative objectives.
Medium- and long-term variable remuneration	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.

Welfare schemes	The aim is to complete the remuneration system for the CEO with a welfare scheme.
Remuneration in kind	Remuneration in kind includes the provision of life and health insurance policies.

6.1 Fixed remuneration.

The fixed remuneration paid to the CEO 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.

The annual fixed remuneration of the CEO for 2019 is €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.

During the validity of the present Remuneration Policy no significant changes are forecast in respect of the fixed remuneration of the CEO. 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 fees for attending meetings of the Board of Directors and its Committees, as well as the fixed remuneration established for Directors acting as such.

6.2 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 for the CEO 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 CEO's performance.

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

- Maintain the maximum limit of annual variable remuneration at the CEO's fixed remuneration.
- Base the variable remuneration of the CEO for each year on the ordinary variable remuneration effectively received the preceding year.
- Link the CEO'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 performance of the CEO and the functioning of the Board of Directors.

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

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 this remuneration was not received, 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 two 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 two previous financial years in which the annual variable remuneration was received.

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 shall consider 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.

Where applicable, the adjustments to the calculation basis of the annual variable remuneration of the CEO shall be communicated via the corresponding annual Report Regarding the Remuneration of BME's Directors.

6.3 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 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.

As at the date of this Directors' Remuneration Policy, the CEO is the beneficiary of Share-based Variable Remuneration Plans approved by the ordinary General Shareholders' Meeting at its meetings held on 27 April 2017 and 26 April 2018, as well as the medium-term Share-based Variable Remuneration Plan approved by the ordinary General Shareholders' Meeting held on 30 April 2014, which expired on 31 December 2018 and which will be settled this financial year (2019).

The CEO may not carry out, either directly or indirectly, any hedging transactions on the value of any shares received under the abovementioned Plans.

Similarly, the CEO, in addition to the other beneficiaries of the Share-based Variable Remuneration Plan approved by the ordinary General Shareholders Meeting at its meeting held on 26 April 2018, shall retain for a period of one year counted from the date of delivery, the BME shares net of the corresponding withholding on account of the applicable Personal Income Tax, received as a result of participating in said 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 Plans.

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 that set forth in article 219 of the Companies Act.

6.4 Welfare schemes.

The Company has a retirement linked savings plan for senior management which was established in February 2006, of which the CEO was a participant until 2017 due to his previous capacity as General Manager.

In 2017, BME entered into a pension obligation in favour of the CEO consisting of a defined contribution insurance scheme to provide cover for retirement, disability and death, with two circumstances concerning the non-acquisition or consolidation of rights:

- Termination as Director with executive functions as a result of the breach of his rights as such, when a final ruling is handed down by a Court of Law or Court of Arbitration, accordingly; or
- Termination as Director with executive functions as a result of the enforcement of corporate liability action, when a final ruling is handed down by a Court of Law or Court of Arbitration.

The Appointments and Remuneration Committee shall adopt the resolutions relating to the annual contribution to a said defined contribution insurance policy, 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 defined contribution insurance policy shall be communicated in the annual Report Regarding the Remuneration of BME's Directors.

6.5 Remuneration in kind.

The CEO may be the beneficiary of determined remuneration 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.

In any event, the amounts of the corresponding premiums will be communicated in the annual Report Regarding the Remuneration of BME's Directors.

7. MAIN TERMS OF THE CEO'S CONTRACT.

The essential terms and conditions of the contract entered into with the CEO, which was approved unanimously by the Board of Directors, with no involvement by Mr Hernani Burzako, at the proposal of the Appointments and Remuneration Committee, are as follows:

- Duration: 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) payment of the amount equivalent to two years' fixed and annual variable remuneration existing at the moment of termination of the employment relationship as CEO or (ii) the legal compensation pursuant to the Workers' 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 remuneration 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 duly 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 balances or 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.

8. REMUNERATION PAID TO DIRECTORS FOR 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, four members of the Board of Directors receive remuneration from other Group companies in connection with the positions held or duties they perform.

8.1. Remuneration of Mr Joan Hortalá i Arau.

Mr 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 Sociedad Rectora de la Bolsa de Valores de Barcelona, S.A.U. (hereinafter, the Barcelona Stock Exchange).

As Chairman of the Board of Directors of Bolsa de Barcelona, Mr Hortalá i Arau receives the attendance fees agreed upon by the competent body.

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.

8.1.1. 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 2019 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.

During the validity of the present Remuneration Policy no significant changes are forecast in respect of the fixed remuneration of the Mr Hortalá i Arau. 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 Remuneration Policy of BME Group.

8.1.2. 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.

8.1.3. Medium- and long-term variable remuneration.

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

8.1.4. Long-term savings schemes.

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

8.1.5. 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.

8.2 Other Directors.

Mr Antonio Zoido Martínez, Mr Javier Hernani Burzako and Mr Juan Carlos Ureta Domingo are remunerated for their positions and the duties they perform on the Boards of Directors of other BME Group companies, comprising fees for attending meetings, the amounts of which are duly disclosed in BME's Annual Report on Directors' Remuneration.

9. ADDITION OF NEW EXECUTIVE DIRECTORS.

The remuneration system described above for 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 discharge 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.

10. 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 a 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.

11. TERM OF THE REMUNERATION POLICY.

Without prejudice to the provisions of the Companies Act regarding the Directors' remuneration policy, the policies and procedures contained in this report shall remain in force in 2019, 2020 and 2021, except for the amendments, adaptations, updates or substitutions agreed at any time, which will be submitted for approval by the BME General Shareholders' Meeting.