

REPORT PRESENTED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE TO THE BOARD OF DIRECTORS OF BOLSAS Y MERCADOS ESPAÑOLES, SOCIEDAD HOLDING DE MERCADOS Y SISTEMAS FINANCIEROS, S.A. IN ACCORDANCE WITH ARTICLE 529.NOVODECIES OF THE CORPORATE ENTERPRISES ACT.

This report was issued by the Appointments and Remuneration Committee in accordance with article 529.novodecies of the Corporate Enterprises Act and constitutes the explanatory report of the Board of Directors' proposal to amend the Directors' Remuneration Policy for 2019, 2020 and 2021, approved by the Ordinary General Shareholders' Meeting held on 25 April 2019 (hereinafter "the current Remuneration Policy" or "the current Policy").

I. Applicable legislation.

Article 529.novodecies of the Corporate Enterprises Act establishes that the Directors' Remuneration Policy shall be approved by the shareholders at the General Shareholders' Meeting at least every three years as a separate point on the agenda.

Section 2 of this article requires that the Board of Directors proposal on the Directors' Remuneration Policy be reasoned and accompanied by a specific report by the Appointments and Remuneration Committee. Both documents shall be made available to shareholders on the Company's website from the time the General Shareholders' Meeting is called, and they may also request to have them delivered or posted free of charge, mention shall be made of this right in the call notice of the Meeting.

In addition, section 3 of this Article states that: "*the remuneration policy thus approved shall remain in force for three years following the year in which it was approved by the General Shareholders' Meeting. Any amendment or substitution of it during this period shall require the prior approval of the General Shareholders' Meeting, pursuant to the procedure established for its approval*".

By virtue of the foregoing article, any proposal by the Board of Directors to amend or substitute the Remuneration Policy must be reasoned and accompanied by a specific report from the Appointments and Remuneration Committee, documents which will be published on the Company's website from the time the General Shareholders' Meeting is called, and which shareholders may also request to have delivered or posted free of charge; express mention of this right will be made in the call notice of the General Shareholders' Meeting.

II. Evidence supporting the proposed amendment to the Directors' Remuneration Policy for the years 2019, 2020 and 2021, approved by the Ordinary General Shareholders' Meeting held on 25 April 2019.

Coinciding with the ordinary General Shareholders' Meeting held on 25 April 2019, the process to amend the corporate governance structure of the Company culminated with the allocation of all the executive functions vested in the Chairman to the Chief Executive Officer.

Since then, the Chief Executive Officer, assisted by the Company's management team, has performed the highest executive functions against a complex backdrop of great uncertainty,

in a sector that is in a progressive process of integration, which may give rise to significant corporate transactions for the Company and its shareholders.

These exceptional circumstances have required and continue to require special dedication and commitment from the Company's management team headed by the Chief Executive Officer to overcome the multiple challenges that the Company faces.

For this reason, the Appointments and Remuneration Committee has considered it pertinent to submit the proposal to include the possibility of extraordinary variable remuneration, that is neither recurring nor consolidable in the Directors' Remuneration Policy, to the ordinary General Shareholders' Meeting; the purpose of this initiative is to encourage the Chief Executive Officer and remunerate the commitment and dedication shown in the exercise of the responsibilities conferred.

Furthermore, the Appointments and Remuneration Committee has estimated that with the incorporation of this new remuneration concept, the Board of Directors will have flexible remuneration mechanisms in place that will allow it, if necessary, to adopt the remuneration measures it deems appropriate to retain, motivate and commit, even further if possible, the Chief Executive Officer as the person with ultimate responsibility for the Company's management team.

In turn, the Appointments and Remuneration Committee has considered that the incorporation of this remuneration concept is compatible with the Company's business strategy, values and long-term interests and that it will contribute to the generation of value for the Company's shareholders, in particular, minority shareholders.

Notwithstanding the foregoing, the establishment, where appropriate, of this extraordinary variable remuneration in favour of the Board of Directors would be accompanied by the establishment of variable remuneration in favour of the Company's management team, under the terms and conditions, if deemed appropriate, established by the Board of Directors, at the proposal of the Appointments and Remuneration Committee.

III. Proposed amendments to the Directors' Remuneration Policy.

The amendments to be included in the Remuneration Policy exclusively affect the remuneration system concepts applicable to the CEO.

Notwithstanding the foregoing, with a to improving the wording of the Remuneration Policy and pursuant to the best corporate governance practices, amendments have been included in the Introduction and a new, additional section 12 has been included regarding the maximum total amount of remuneration for Directors, both in their capacity as such and for the executive duties they perform.

III.1 Amendments that affect the Introduction of the Directors' Remuneration Policy.

The deletion of sections 1.1 and 1.2 from the Introduction has been proposed, referring to the new developments introduced in the Directors' Remuneration Policy for 2019, 2020 and 2021 compared to the Remuneration Policy previously in force, and that mainly derived from the allocation of the executive duties of the Chairman to the Chief Executive Officer, coinciding with the ordinary General Shareholders' Meeting held on 25 April 2019.

It is believed that preserving these headings could cause confusion, as they have become outdated and do not adapt to the Company's corporate governance structure currently in force.

Along these same lines, the incorporation of a new section 1.1 in the Introduction has been proposed to replace the previous ones to provide a summary of the proposals submitted for approval to the ordinary General Shareholders' Meeting.

The text to be included would be as follows:

“1.1 Proposed amendments to the Directors' Remuneration Policy.

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, has considered it appropriate to submit a proposal to modify the Directors' Remuneration Policy for 2019, 2020 and 2021 to the 2020 ordinary General Shareholders' Meeting with a view to including the possibility that the CEO, in view of the exceptional circumstances at the Company and the additional requirements in terms of commitment, initiative, difficulty, endeavour and dedication in the performance of the duties assigned, receive an extraordinary, non-recurring nor consolidable variable remuneration.

Furthermore, in line with the best corporate governance practices, including a new section 12 in the Directors' Remuneration Policy has been proposed with a view to specifying that this Policy will serve as a means of defining the maximum annual amount for Directors, both for the performance of their duties as such and the performance of their executive duties.”

III.2 Amendments that affect the general principles of the Directors' Remuneration Policy.

Amending section 3.3, regarding "Characteristics of the policy for remunerating executive Director" has been proposed, with a view to adding the following to the characteristics of the executive director's remuneration system: "It makes it possible to remunerate, when necessary, the special dedication and commitment required from the Executive Director for the fulfilment of the business strategy and the long-term interests of the Company."

III.3 Amendments that affect the elements of the CEO's remuneration system.

Amending section 6 of the Remuneration Policy under the name "Components of the remuneration system applicable to the CEO" has been proposed.

Thus, in the introduction to this section, amending the table detailing the components of the CEO's remuneration system is proposed, in the following terms:

Component	Key aspects
Fixed remuneration	<i>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.</i>
Short-term variable remuneration	<i>Each year, with a view to adapting to standard market practices, with payment linked to the fulfilment of quantitative and qualitative objectives.</i> <i>Of an extraordinary nature, to remunerate the special dedication and commitment to the achievement of BME's strategic objectives.</i>
Medium- and long-term variable remuneration	<i>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.</i>

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

Furthermore, introducing the basic characteristics of the new remuneration component for the Chief Executive Officer, including the non-recurring and non-consolidable condition of cash remuneration as well as the maximum limit is proposed as part of a new section 6.6, under the name "Extraordinary variable remuneration".

The aim of this remuneration component is to include a certain degree of flexibility that allows the Board of Directors to encourage, when it deems it necessary, the Chief Executive Officer, to promote a close relationship and a desire to remain at the Company.

The proposed terms of the new section 6.6 are as follows:

"6.6 Extraordinary variable remuneration.

Notwithstanding the provisions of the preceding sections, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, may agree, on an extraordinary basis, on variable remuneration in cash for the CEO, in response to unique and exceptional circumstances, such as significant or transformational transactions or other similar circumstances, the result of which substantially and favourably benefits the Company and its shareholders, and that entail a higher level of commitment, initiative, difficulty, endeavour and dedication in the exercise of the duties assigned to this position.

This extraordinary variable remuneration will be dependent on the achievement of the quantitative and/or qualitative targets set by the Board of Directors at any time, at the proposal of the Appointments and Remuneration Committee, which shall be reflected, should they take effect, in the Annual Report on Directors' Remuneration.

The value of this extraordinary variable remuneration that, where appropriate, shall be paid may not be more than three times his/her fixed annual remuneration.

This extraordinary variable remuneration shall be, where appropriate, exceptional remuneration, it shall be neither recurring nor consolidable. Given its extraordinary nature, expressly unrelated to any other ordinary remuneration concept, the amount received by the Chief Executive Officer as extraordinary variable remuneration shall not form part of the regulatory basis for calculating any severance pay, benefits or social benefits or, in short, the calculation of any other similar amount to which the CEO was entitled by virtue of his business relationship or should the employment relationship with the Company be suspended, or terminated. Furthermore, this extraordinary variable remuneration shall not be subject to the claw-back clause in the CEO's contract, which exclusively refers to ordinary variable remuneration."

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III.4 Incorporation of a new section 12, on the maximum annual limit of Directors' remuneration.

In line with the best corporate governance practices, including an additional section summarising all the remuneration items that will together constitute the maximum total amount that the Company may pay to Directors for all concepts on a yearly basis is proposed.

The text to include would be as follows:

"12.- MAXIMUM ANNUAL LIMIT OF THE DIRECTORS' REMUNERATION.

"The maximum total amount that the Company may pay to its Directors in each of the three years covered by this Policy shall be calculated by adding together the following items:

- A. The maximum amount of remuneration to be paid to all Directors in their capacity as such, pursuant to the agreement adopted by the ordinary General Shareholders' Meeting held on 25 April 2019, reflected in section 4.1 of this Policy amounts to the maximum annual amount of €2,000,000; this limit shall remain in force until the General Shareholders' Meeting approves its amendment;*
- B. The amount to be paid to executive Directors in the application of the different remuneration components listed and detailed in section 6 of this Policy; and*
- C. The amount of compensation, where applicable, provided for in section 7, on the main conditions of the CEO's contract in the event of termination with the right to severance pay"*

IV. General criteria on which the amendment of the Directors' Remuneration Policy is based.

The Directors' Remuneration Policy seeks to remunerate Director with executive functions at the Company by setting up competitive remuneration packages that attract and retain highly distinguished professionals, and at the same time establishing a stable link and long-term commitment over time between remuneration, the Company's results, shareholders' interests and risks assumed.

Based on these objectives, and with a view to rewarding the extraordinary effort, work, dedication and commitment of the CEO, and ensuring that the Company has the necessary instruments to, where appropriate, retain his service at the Company and motivate him to maintain his high degree of dedication and commitment, the Appointments and Remuneration Committee has considered it pertinent to submit the proposal to amend the Remuneration Policy under the terms described above to the Board of Directors.

Specifically, the Appointments and Remuneration Committee considers that the possibility of paying extraordinary variable remuneration to the Chief Executive Officer will allow, where appropriate, the Company to remunerate his special dedication, commitment, endeavour and commitment in achieving BME's strategic objectives.

The exceptional nature of this new remuneration component does not alter the appropriate and proportional combination of the fixed remuneration and the variable remuneration received by the Chief Executive Officer, nor the balanced and efficient relationship between the remuneration received in cash and the remuneration in the form of Company shares.

Moreover, following best practices in matters of good corporate governance, a significant part of the variable component of the remuneration is deferred over time, being derived from medium- and long-term incentive plans and settled in Company shares, and provision is made so that under certain circumstances, the Company can reclaim these ordinary variable components from the CEO.

In any case, the Directors' remuneration must be aligned with the general strategy, the values and the long-term interests of the Company and its shares; therefore, it would appear appropriate to provide for the possibility of receiving, at certain intervals, when in the judgement of the Board of Directors and the Appointments and Remuneration Committee

there are unique and exceptional circumstances that justify proceeding in this manner, extraordinary variable remuneration.

V. Conclusion.

Based on the foregoing, the Appointments and Remuneration Committee concludes that the amendment of the Directors' Remuneration Policy, under the terms detailed in section III of this report, which, at the proposal of this Committee, the Board of Directors shall submit to the ordinary General Shareholders' Meeting pursuant to the current legislation, is in line with the general criteria and the rationale of the Directors' Remuneration Policy, best practices in remuneration matters and allows BME to retain the most qualified professionals, who are necessary for the successful development of its activity.

**PROPOSED RESOLUTION WHICH THE BOARD OF DIRECTORS WILL SUBMIT AT THE
COMPANY'S ORDINARY GENERAL SHAREHOLDERS' MEETING AS ITEM FIFTH ON
THE AGENDA**

FIFTH - Approval, if appropriate, of the amendment to the Directors' Remuneration Policy in accordance with the provisions of article 529 novodecies of the Ley de Sociedades de Capital (the "Companies Act").

Under this item on the agenda, the amendment to the Director Remuneration Policy for 2019, 2020 and 2021, as approved by the Ordinary General Shareholders' Meeting held on 25 April 2019 (hereinafter, "the Remuneration Policy") is submitted for approval by the Ordinary General Shareholders' Meeting, which, if approved, would apply in 2020 and 2021.

In this connection, the Appointments and Remuneration Committee, based on the powers allocated thereto by Article 529.quindecies.3.g), of the Companies Act and Article 20.2.i), of the Regulations of the Board of Directors, has proposed the approval of an amendment to the Remuneration Policy to the Board of Directors, based on the need for flexible mechanisms that, where appropriate, provide for the remuneration of the CEO for the special dedication and commitment of the management team required to fulfil the business strategy and the long-term interests of the Company.

The proposed amendments to the Remuneration Policy can be summarised as:

1. Amendments that affect the elements of the CEO's remuneration system.

The Board of Directors and the Appointments and Remuneration Committee believe establishing the possibility of paying the CEO an extraordinary variable remuneration is appropriate when they consider that, based on unique and exceptional circumstances, relating to significant or transformational transactions undertaken by the Company that require the special effort, work, dedication and commitment of the CEO, in his role as chief executive of the Company.

As determined as part of the proposed amendment of the Remuneration Policy, the receipt of this remuneration will be linked, in any case, to the fulfilment of quantitative and/or qualitative targets to be defined at the corresponding time by the Board of Directors and sets the amount sum that, as applicable, may be paid to the CEO. If this extraordinary variable remuneration is paid out, details shall be provided given in the corresponding Annual Report on Directors' Remuneration.

This proposed extraordinary variable remuneration is consistent with the remuneration system provided for in Article 40 of the Articles of Association and Article 30 of the Board of Directors Regulations, and with the remuneration system applicable to the Chief Executive Officer set out in the Directors' Remuneration Policy approved by the Ordinary General Shareholders' Meeting on 25 April 2019.

Furthermore, it is believed that through this variable remuneration system it will be possible to establish a stable and permanent link between remuneration, the Company's results, the interests of the shareholders and the risks assumed.

As a result of this proposal to establish the possibility of paying extraordinary variable remuneration, section 3.3 on "*Characteristics of the policy for remunerating executive*

Directors" , and section 6 "*Components of the remuneration system applicable to the CEO*", of the Directors' Remuneration Policy need to be amended under the terms reflected in the report of the Appointments and Remuneration Committee that accompanies this proposed resolution and in the revised text of the Directors' Remuneration Policy made available to shareholders.

2. The addition of a new section 12 regarding the total amount to be paid to Directors.

With a view to ensuring compliance with the best corporate governance practices, including a new section 12 has been proposed summarising the total maximum amount that may be paid to Directors by the Company each year, both in their capacity as Directors and in line with the executive functions allocated to the CEO.

These amendments are also reflected in the Introduction to the Remuneration Policy, by proposing the deletion of references to the amendments made in the Directors' Remuneration Policy for 2019, 2020 and 2021 in comparison to the previous Remuneration Policy, that are now outdated, and their replacement with a reference to the amendment now proposed.

The Board of Directors considers that the amendment of the Remuneration Policy submitted for approval, in addition to satisfying all applicable internal regulations, is reasonably proportionate to the Company's importance, its financial position and the market standards of similar companies.

In addition to this reasoned proposal for the approval of the amendment to the Remuneration Policy, the specific report of the Appointments and Remuneration Committee and a restated version of the Directors' Remuneration Policy for 2019, 2020 and 2021 are submitted with the amendments highlighted to make it easier to identify them.

If the amendment of the Directors' Remuneration Policy at Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., submitted to the ordinary General Shareholders' Meeting, is not approved, the Directors' Remuneration Policy for 2019, 2020 and 2021 shall remain in force under the terms approved by the ordinary General Shareholders' Meeting held on 25 April 2019.

Proposal: To approve, in accordance with the provisions of article 529.novodecies of the Companies Act, the amendment to the Directors' Remuneration Policy of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., for 2019, 2020 and 2021.