

5. Clearing Activity

+3%

the average daily cleared cash in equities

281

million, the open interest at the close of December in the Interest Rate Swaps (IRS) segment

+34%

increase in trading of xRolling FX® contracts

As a Central Counterparty, BME Clearing manages clearing in its six segments: the Financial and Currency Derivatives segment, the Equities segment (transactions involving securities traded on the stock exchange), the Fixed Income segment (simultaneous and repo transactions), the Energy segment (with derivatives on electricity and gas), the Interest Rate Derivatives segment and the Digital Assets segment.

Financial Derivatives

Widespread increases in risk assets and indices in 2024, where the IBEX 35®, after the DAX, was one of the best-performing indicators in European markets, closing with a 14.78% gain. In terms of volatility, according to the VIBEX® Volatility Index (an indicator that allows for tracking the volatility of the Spanish market using the most liquid IBEX® index options, and gives us a measure of how investors perceive risk), the average daily implied volatility in 2024 was 12.68%, 2 points lower than in the same period the previous year.

The total volume of Financial Derivatives traded on MEFF in 2024 totaled 28.59 million contracts, 4.43% less than in the previous year. IBEX 35® options have increased by 45.69%, while the IBEX 35® Future and Mini-IBEX Future have remained in line with the pre-

vious year, with a 1.96% decline and a 0.74% increase, respectively.

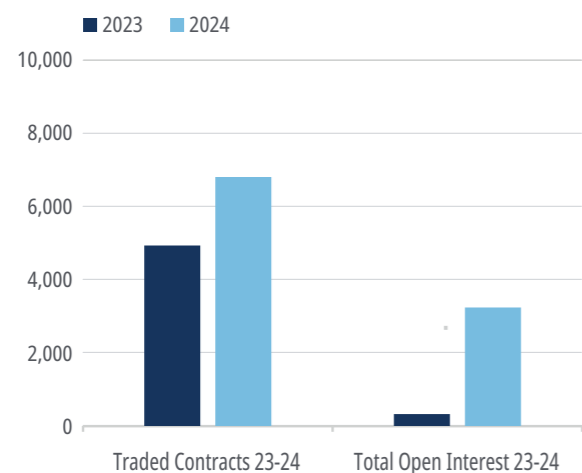
Regarding the forex market, trading in xRolling FX contracts reached 7,385 contracts in 2024, a 34.3% increase compared to 2023. The open interest multiplied by 8, reaching 3,110 contracts due to the entry of institutional investors into the product (in addition to the retail segment that was already active). Fund managers highlight the contract size, flexibility and cost savings as the most important competitive advantages of xRolling FX in portfolio hedging with structural or long-term positions.

It is worth noting that, starting this year, banking institutions will be able to benefit from the lower capital consumption of xRolling FX futures contracts compared to FX Forwards in their currency risk hedging



xRolling FX®

TRADING VOLUME 23-24



operations. On January 1, CRR-III came into force, the last phase of the implementation of the EU's Basel III regulations, which since 2013, as a consequence of the 2007-2008 global financial crisis, has meant very significant changes for banks, focusing on increasing the quality and quantity of regulatory capital that they must maintain to cover possible losses. The most significant changes in this final phase relate to the calculation of market risk, counterparty risk and the valuation risk of derivatives (CVA). Thus, in the case of FX Forwards, for example, the capital consumption weighting factor is 20% if the counterparty is AAA-rated (or 50% if it is BBB-rated), compared to 2% for xRolling FX, because BME Clearing is the central counterparty in all transactions. This significantly reduces capital consumption and optimizes cash flows thanks to the multilateral netting carried out by the CCP.

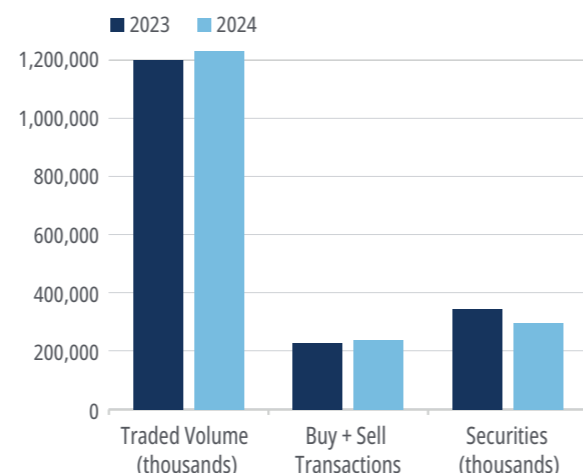
Equity

The equities segment provides the central counterparty service for securities traded on the Spanish stock exchange.

In 2024, an average of 234,414 transactions (buy and sell) were recorded daily, representing a 4.7% increase compared to the same period last year. The average daily traded cash (one-sided) cleared was 1.2 billion euros, 3% more than in 2023 and with an average volume of securities of 297.3 million per day.

Equity BME Clearing

DAILY AVERAGE VOLUMES 23-24



Repo

In the Fixed Income Securities Segment, a new program has been introduced that establishes incentives applicable to the two most relevant fees in the BME Clearing segment: the registration and clearing fee, and the spread on cash collateral remuneration, as well as the fee applied to collateral in securities.

The Fixed Income Securities Segment allows Members to clear simultaneous transactions and classic repos of government debt from Italy, Portugal, Germany, France, the Netherlands and Austria.

The registration of all the aforementioned government debts can be done bilaterally through Iberclear. For Spanish debt, there is also a book of transactions traded on the BrokerTec platform, which is a leader in Europe for electronic repo trading. All settlements are made through T2S.

During this year, repos with cash adjusted by term were traded with an average of 68 billion euros per month, representing an average term of 25 days throughout the year.

In December, a total of 56 transactions amounting to 4.7 billion euros were cleared at BME Clearing REPO, while the effective forward adjusted value recorded was 76.1 billion euros in an average term of 10 days.

Energy

Since 2011, the Energy Segment has provided central counterparty services for energy derivatives transactions. It started with electricity derivatives in the Spanish market and expanded in 2018 to include Natural Gas derivatives, for which BME Clearing offers the entire curve up to Cal+10 for electricity contracts and Cal+2 for gas contracts. The number of participants has been growing at a steady pace, with more than 230 accounts in electricity and over 50 in gas. Despite the energy crisis of 2022, which significantly drained liquidity in energy markets, the energy segment has continued to grow and innovate, launching new Natural Gas and Liquefied Natural Gas contracts at the start of this year.

While it is true that liquidity remains significantly lower than the pre-crisis average, volatility has decreased, stabilizing prices. This has had a direct impact on the reduction of required margins, fostering a partial recovery of liquidity in electricity derivatives. In the gas markets, however, with a dynamics less aligned with central counterparty clearing, a slower recovery is observed. The cumulative volume of electricity at the close of 2024 was 6,322,574 MWh and the open interest was 4,550,314 MWh. The volume in the gas futures markets is less optimistic. Participants mainly engage in purely bilateral transactions through credit lines, resulting in a recovery that, if anything, is slower. At the close of 2024, the volume registered in gas was 827,117 MWh and the open interest was 338,963 MWh.

The uncertainty of the past years seems to be slowly dissipating; however, there is still some way to go before approaching the numbers seen prior to 2022.

IRS Swaps

The interest rate swaps segment offers central counterparty services for interest rate derivative transactions. The main interest rate swap (IRS) transactions are denominated in euros.

The activity was initiated in 2016, so far involving Spanish companies. However, following the integration with SIX, several initiatives have been implemented to improve the segment, including the connection of BME Clearing to both Bloomberg and Tradeweb as trading venues, so that entities can electronically trade their transactions in

these venues, and then send them to BME Clearing immediately or STP (straight-through-processing). These connections complement the possibility of continuing to record transactions bilaterally if they are not traded on a trading venue.

In the last 13 months, a total volume of 7.6 million euros has been recorded. The open interest at the close of December 2024 was 281 million euros. The average residual term of transactions is between 2 and 10 years, where 63% of the open position is concentrated in terms of volume.

In anticipation of the regulatory changes under discussion due to EMIR 3.0 and the requirement for active accounts from European entities, BME Clearing has proposed a complete overhaul of the segment, including the expansion of operations in multiple currencies and an increase in the types of collateral accepted. Additionally, an unprecedented collaboration program has been launched, open to all participants, with the aim of incentivizing liquidity, boosting activity, attracting both domestic and international entities, and resulting in new transactions that increase both the cleared volume and the open interest.

Digital Asset Futures

Following the regulatory approval last year of the Digital Asset Derivatives Segment, which marked a milestone in this market environment, the sector has continued to be impacted by the process of cryptocurrency consolidation, as well as by the consolidation of its participants, and has yet to reach this new cycle of maturity. As a result, institutional investors are required to demand security, transparency, and regulation for this type of instrument, something that BME Clearing can offer through the clearing of cryptocurrency index futures, settled by difference and denominated in dollars.

The regulatory approval granted to BME Clearing by the Spanish regulator (CNMV) represents a step forward by SIX in commitment, innovation, and security in digital asset markets, as it is the first European Central Counterparty authorized to clear these products following the exhaustive verification processes required by European regulation (EMIR) for this type of product, with the favorable opinions of other European supervisors and bodies.